



Telephone: (517) 373-5383

Fax: (517) 373-1986

House Bill 5243 (Substitute H-3 as reported without amendment)

Sponsor: Representative Brad Paquette

House Committee: Insurance

Wavs and Means

Senate Committee: Insurance and Banking

CONTENT

The bill would amend Chapter 10 (Annual Audited Financial Reports) of the Insurance Code to do the following:

- -- Require certain insurers or groups of insurers to establish an internal audit function providing independent, objective, and reasonable assurance to the audit committee and management regarding the insurer's governance, risk management, and internal controls.
- -- Specify that certain general and specific audits performed would not be considered an insurance compliance self-evaluative audit.
- -- Require the internal audit function to be organizationally independent.
- -- Require the head of internal audit function to report to the audit committee regularly, but at least annually, on the period audit plan, factors that could have an adverse impact on the internal audit function's independence or effectiveness, material findings from completed audits, and the appropriateness of corrective actions implemented by management as a result of audit functions.
- -- Allow an insurer to satisfy the internal audit function requirements at the ultimate controlling parent level, an intermediate holding company level, or the individual legal entity level, if the insurer were a member of an insurance holding company system or included in a group of insurers.
- -- Require the audit committee of an insurer or group of insurers to be responsible for overseeing the insurer's internal audit function and granting the person and people performing the function suitable authority and resources to fulfill their responsibilities if required under the bill.

MCL 500.1001 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 1-9-20 Fiscal Analyst: Elizabeth Raczkowski