

SUBSTITUTE FOR
SENATE BILL NO. 141

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2020; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of
4 insurance and financial services for the fiscal year ending
5 September 30, 2020, from the following funds:

6 **DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

7 APPROPRIATION SUMMARY

8 Full-time equated unclassified positions 6.0

9 Full-time equated classified positions 346.5

1	GROSS APPROPRIATION	\$	68,889,800
2	Interdepartmental grant revenues:		
3	Total interdepartmental grants and intradepartmental		
4	transfers.....		723,100
5	ADJUSTED GROSS APPROPRIATION	\$	68,166,700
6	Federal revenues:		
7	Total federal revenues		1,017,600
8	Special revenue funds:		
9	Total other state restricted revenues		66,999,100
10	State general fund/general purpose	\$	150,000
11	Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT		
12	Full-time equated unclassified positions.....	6.0	
13	Full-time equated classified positions.....	22.5	
14	Unclassified salaries--6.0 FTE positions	\$	816,200
15	Administrative hearings		182,500
16	Department services--19.0 FTE positions		3,823,300
17	Executive director programs--3.5 FTE positions		1,091,900
18	Property management		1,283,500
19	Worker's compensation		<u>2,900</u>
20	GROSS APPROPRIATION	\$	7,200,300
21	Appropriated from:		
22	Special revenue funds:		
23	Bank fees		523,600
24	Captive insurance regulatory and supervision fund		3,000
25	Consumer finance fees		207,700
26	Credit union fees		877,100
27	Deferred presentment service transaction fees		279,000

1	Insurance bureau fund	2,487,900
2	Insurance continuing education fees	65,700
3	Insurance licensing and regulation fees	1,934,700
4	MBLSLA fund	670,300
5	Multiple employer welfare arrangement	1,300
6	State general fund/general purpose	\$ 150,000
7	Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION	
8	Full-time equated classified positions	324.0
9	Consumer services and protection--70.0 FTE positions .	\$ 9,402,600
10	Financial institutions evaluation--133.0 FTE positions	24,993,600
11	Insurance evaluation--121.0 FTE positions	<u>25,017,300</u>
12	GROSS APPROPRIATION	\$ 59,413,500
13	Appropriated from:	
14	Interdepartmental grant revenues:	
15	IDG - LARA, for debt management	723,100
16	Federal revenues:	
17	Federal revenues	1,017,600
18	Special revenue funds:	
19	Bank fees	5,811,100
20	Captive insurance regulatory and supervision fund	491,200
21	Consumer finance fees	2,870,200
22	Credit union fees	8,986,000
23	Deferred presentment service transaction fees	2,432,900
24	Insurance bureau fund	21,290,100
25	Insurance continuing education fees	863,700
26	Insurance licensing and regulation fees	7,958,500
27	MBLSLA fund	6,481,900

1	Multiple employer welfare arrangement	487,200
2	State general fund/general purpose	\$ 0
3	Sec. 104. INFORMATION TECHNOLOGY	
4	Information technology services and projects	\$ <u>2,276,000</u>
5	GROSS APPROPRIATION	\$ 2,276,000
6	Appropriated from:	
7	Special revenue funds:	
8	Bank fees	227,900
9	Consumer finance fees	94,000
10	Credit union fees	373,100
11	Deferred presentment service transaction fees	114,500
12	Insurance bureau fund	445,400
13	Insurance continuing education fees	23,000
14	Insurance licensing and regulation fees	735,400
15	MBLSLA fund	262,700
16	State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2019-2020

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for fiscal year 2019-2020 is \$67,149,100.00 and state spending from state sources to be paid to local units of government for fiscal year 2019-2020 is \$0.

1 Sec. 202. The appropriations authorized under this part and
2 part 1 are subject to the management and budget act, 1984 PA 431,
3 MCL 18.1101 to 18.1594.

4 Sec. 203. As used in this part and part 1:

5 (a) "Department" means the department of insurance and
6 financial services.

7 (b) "Director" means the director of the department.

8 (c) "FTE" means full-time equated.

9 (d) "IDG" means interdepartmental grant.

10 (e) "LARA" means the department of licensing and regulatory
11 affairs.

12 (f) "MBLSLA fund" means the restricted account established
13 under section 8 of the mortgage brokers, lenders, and servicers
14 licensing act, 1987 PA 173, MCL 445.1658.

15 (g) "Subcommittees" means the subcommittees of the house of
16 representatives and senate appropriations committees with
17 jurisdiction over the budget for the department.

18 Sec. 204. The department and agencies receiving appropriations
19 in this part and part 1 shall use the internet to fulfill the
20 reporting requirements of this part. This requirement may include
21 transmission of reports via electronic mail to the recipients
22 identified for each reporting requirement, or it may include
23 placement of reports on an internet or intranet site.

24 Sec. 205. Funds appropriated in this part and part 1 must not
25 be used for the purchase of foreign goods or services, or both, if
26 competitively priced and of comparable quality American goods or
27 services, or both, are available. Preference must be given to goods

1 or services, or both, manufactured or provided by Michigan
2 businesses, if they are competitively priced and of comparable
3 quality. In addition, preference must be given to goods or
4 services, or both, that are manufactured or provided by Michigan
5 businesses owned and operated by veterans, if they are
6 competitively priced and of comparable quality.

7 Sec. 206. The director shall take all reasonable steps to
8 ensure businesses in deprived and depressed communities compete for
9 and perform contracts to provide services or supplies, or both. The
10 director shall strongly encourage firms with which the department
11 contracts to subcontract with certified businesses in depressed and
12 deprived communities for services, supplies, or both.

13 Sec. 207. (1) Out-of-state travel must be limited to
14 situations where the travel is approved by a departmental
15 employee's immediate supervisor and in which 1 or more of the
16 following conditions apply:

17 (a) The travel is required by legal mandate or court order or
18 for law enforcement purposes.

19 (b) The travel is necessary to protect the health or safety of
20 Michigan citizens or visitors or to assist other states in similar
21 circumstances.

22 (c) The travel is necessary to produce budgetary savings or to
23 increase state revenues, including protecting existing federal
24 funds or securing additional federal funds.

25 (d) The travel is necessary to comply with federal
26 requirements.

27 (e) The travel is necessary to secure specialized training for

1 staff that is not available within this state.

2 (f) The travel is financed entirely by federal or nonstate
3 funds.

4 (2) The department shall not approve the travel of more than 1
5 departmental employee to a specific professional development
6 conference or training seminar that is located outside of this
7 state unless a professional development conference or training
8 seminar is funded by a federal or private funding source and
9 requires more than 1 individual from the department to attend, or
10 the conference or training seminar includes multiple issues in
11 which 1 employee from the department does not have expertise.

12 (3) Not later than January 1, the department shall prepare a
13 travel report listing all travel by classified and unclassified
14 employees outside this state in the immediately preceding fiscal
15 year that was funded in whole or in part with funds appropriated in
16 the department's budget. The department shall submit the report to
17 the senate and house of representatives standing committees on
18 appropriations, the senate and house fiscal agencies, and the state
19 budget director. The report must include all of the following
20 information:

21 (a) The name of each person receiving reimbursement for travel
22 outside this state or whose travel costs were paid by this state.

23 (b) The destination of each travel occurrence.

24 (c) The dates of each travel occurrence.

25 (d) A brief statement of the reason for each travel
26 occurrence.

27 (e) The transportation and related costs of each travel

1 occurrence, including the proportion funded with state general
2 fund/general purpose revenues, the proportion funded with state
3 restricted revenues, the proportion funded with federal revenues,
4 and the proportion funded with other revenues.

5 (f) A total of all out-of-state travel funded for the
6 immediately preceding fiscal year.

7 Sec. 208. Funds appropriated in this part and part 1 must not
8 be used by a principal executive department, state agency, or
9 authority to hire a person to provide legal services that are the
10 responsibility of the attorney general. This prohibition does not
11 apply to legal services for bonding activities and for those
12 outside services that the attorney general authorizes.

13 Sec. 209. Not later than November 30, the state budget office
14 shall prepare and transmit a report that provides for estimates of
15 the total general fund/general purpose appropriation lapses at the
16 close of the prior fiscal year. This report must summarize the
17 projected year-end general fund/general purpose appropriation
18 lapses by major departmental program or program areas. The state
19 budget office shall transmit the report to the chairpersons of the
20 senate and house of representatives appropriations committees and
21 the senate and house fiscal agencies.

22 Sec. 210. (1) In addition to the funds appropriated in part 1,
23 there is appropriated an amount not to exceed \$200,000.00 for
24 federal contingency funds. These funds are not available for
25 expenditure until they have been transferred to another line item
26 in part 1 under section 393(2) of the management and budget act,
27 1984 PA 431, MCL 18.1393.

1 (2) In addition to the funds appropriated in part 1, there is
2 appropriated an amount not to exceed \$1,000,000.00 for state
3 restricted contingency funds. These funds are not available for
4 expenditure until they have been transferred to another line item
5 in part 1 under section 393(2) of the management and budget act,
6 1984 PA 431, MCL 18.1393.

7 Sec. 211. The department shall cooperate with the department
8 of technology, management, and budget to maintain a searchable
9 website accessible by the public at no cost that includes, but is
10 not limited to, all of the following for the department or each
11 agency:

12 (a) Fiscal-year-to-date expenditures by category.

13 (b) Fiscal-year-to-date expenditures by appropriation unit.

14 (c) Fiscal-year-to-date payments to a selected vendor,
15 including the vendor name, payment date, payment amount, and
16 payment description.

17 (d) The number of active department employees by job
18 classification.

19 (e) Job specifications and wage rates.

20 Sec. 212. Within 14 days after the release of the executive
21 budget recommendation, the department shall cooperate with the
22 state budget office to provide the senate and house of
23 representatives appropriations committee chairs, the senate and
24 house appropriations subcommittees chairs, and the senate and house
25 fiscal agencies with an annual report on estimated state restricted
26 fund balances, state restricted fund projected revenues, and state
27 restricted fund expenditures for the fiscal years ending September

1 30, 2019 and September 30, 2020.

2 Sec. 213. The department shall maintain, on a publicly
3 accessible website, a department scorecard that identifies, tracks,
4 and regularly updates key metrics that are used to monitor and
5 improve the department's performance.

6 Sec. 214. Total authorized appropriations from all sources
7 under part 1 for legacy costs for the fiscal year ending September
8 30, 2020 are estimated at \$9,068,100.00. From this amount, total
9 agency appropriations for pension-related legacy costs are
10 estimated at \$4,408,200.00. Total agency appropriations for retiree
11 health care legacy costs are estimated at \$4,659,900.00.

12 Sec. 215. Unless prohibited by law, the department may accept
13 credit card or other electronic means of payment for licenses,
14 fees, or permits.

15 Sec. 216. The department shall not take disciplinary action
16 against an employee for communicating with a member of the
17 legislature or his or her staff.

18 Sec. 217. The department shall not use any of the funds
19 appropriated in this part or part 1 to contract with a third-party
20 vendor to develop or produce a television or radio production.

21 Sec. 218. The department, in conjunction with the department
22 of health and human services, shall maintain an accounting
23 structure within this state's accounting system that will allow
24 expenditures associated with the administration of the Healthy
25 Michigan plan to be identified.

26 Sec. 219. The amount appropriated from the general fund in
27 part 1 for executive director programs may only be expended to

1 comply with reporting requirements regarding the Healthy Michigan
2 plan under section 105d(9) of the social welfare act, 1939 PA 280,
3 MCL 400.105d.

4 Sec. 220. From the funds appropriated in part 1 from the
5 insurance bureau fund, funds may be expended to support legislative
6 participation in insurance activities coordinated by insurance and
7 legislative associations, in accordance with section 225 of the
8 insurance code of 1956, 1956 PA 218, MCL 500.225.

9 **INSURANCE AND FINANCIAL SERVICES REGULATION**

10 Sec. 301. The department shall provide a report to the
11 subcommittees, the senate and house fiscal agencies, and the state
12 budget director by September 30 based on the annual rate filings
13 from health insurance issuers that includes all of the following:

14 (a) The number that are approved by the department.

15 (b) The number that are denied by the department.

16 (c) The percentage of rate filings processed within the
17 applicable statutory time frames.

18 (d) The average number of calendar days to process rate
19 filings.

20 Sec. 302. In addition to the funds appropriated in part 1, the
21 funds collected by the department in connection with a
22 conservatorship under section 32 of the mortgage brokers, lenders,
23 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
24 collected by the department from corporations being liquidated
25 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
26 500.8302, must be appropriated for all expenses necessary to

1 provide for the required services. Funds are available for
2 expenditure when they are received by the department of treasury
3 and must not lapse to the general fund at the end of the fiscal
4 year.

5 Sec. 303. The department may make available to interested
6 entities customized listings of nonconfidential information in its
7 possession. The department may establish and collect a reasonable
8 charge to provide this service. The revenue from this service is
9 appropriated when received and must be used to offset expenses to
10 provide the service. Any balance of this revenue collected and
11 unexpended at the end of the fiscal year must lapse to the
12 appropriate restricted fund.

13 Sec. 304. From the funds appropriated in part 1, the
14 department shall conduct a study to determine the feasibility of an
15 auto insurance marketplace including, but not limited to, the
16 ability to allow consumers to compare insurance rates, discounts,
17 and features from different insurance producers.

18 Sec. 305. The department shall provide a report to the
19 subcommittees, the senate and house fiscal agencies, and the state
20 budget director by September 30 providing a total calculation of
21 cost savings that the anti-fraud unit within the department has
22 achieved for this state and consumers throughout the fiscal year.
23 If the necessary data is available, the report must include an
24 itemized listing and description of cost savings that the anti-
25 fraud unit has achieved. Any itemization must also state which of
26 the following industries the applicable savings were achieved in:

27 (a) Financial services.

1 (b) Auto insurance.

2 (c) Health insurance.

3 (d) Life insurance.

4 (e) Any other category of insurance.

5 Sec. 306. The department must produce a report and transmit
6 the report to the subcommittees, senate and house fiscal agencies,
7 and state budget director by December 31. The report must include
8 all of the following information for the prior fiscal year:

9 (a) The number of complaints received by the office of
10 consumer services, with number of complaints specified for auto
11 insurers, health insurers, life insurers, other types of insurers,
12 banks, credit unions, deferred presentment service providers,
13 mortgage loan originators, and other consumer finance license
14 types.

15 (b) A description of the process that the office of consumer
16 services uses to resolve complaints.

17 (c) A description of the types of complaints received by the
18 office of consumer services pertaining to auto insurers, with
19 counts of the number of complaints of that type received.

20 (d) The number of investigations that the office of consumer
21 services initiated and the number of investigations that the office
22 closed.

23 (e) The number of recoveries that the office of consumer
24 services secured and the total value of those recoveries.

25 (f) The number and type of enforcement actions taken against
26 licensees as a result of complaints received by the office of
27 consumer services.

1 (g) A description of the staffing level and staff
2 responsibilities in the office of consumer services.

3 Sec. 307. Not later than January 1, 2020, from the funds
4 appropriated in part 1, the department shall draft and issue an
5 examination manual and letter of guidance to state-chartered
6 financial institutions that choose to provide banking or other
7 financial services to marihuana-related businesses or that
8 otherwise handle funds pertaining to the transport, testing,
9 growth, processing, or sale of marihuana.