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BILL ANALYSIS

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Senate Bill 546 (as introduced 9-17-25)
Sponsor: Senator Rosemary Bayer
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 9-23-25

**CONTENT**

**The bill would amend the Insurance Code to do the following:**

-- **Modify the rate of interest for insurance claims not paid in a timely manner.**
-- **Shorten, from 45 days to 30 days, the period of time during which a medical insurance company must pay an insurance claim or a health provider must fix errors in a claim.**
-- **Require an insurer to report certain information concerning unpaid claims or claims paid late beginning January 1, 2027.**

Interest Rates

Among other things, the Code requires an insurance company to pay to those it insures, their beneficiaries, or a third-party tort claimant, the benefits provided under the terms of its policy on a timely basis, generally within 60 days of an insurer receiving proof of loss.[1] This includes payment for claims filed by policyholders. Currently, an insurance company must pay 12% interest per year on claims not paid in a timely manner. The bill would delete this provision.

Instead, the bill would require an insurance company to pay interest as follows:

-- For a payment under 30 days late, 1.5% per month.
-- For a payment between 31 and 90 days late, 2% per month.
-- For a payment more than 90 days late, 4% per month.

Medical Claims

Generally, a health provider submits an insurance claim for a policyholder to the policyholder's medical insurance company. The Code requires a medical insurance company to pay a clean claim (e.g., a claim without error) within 45 days of receipt of the claim. If a claim contains errors, the health provider has 45 days to fix the errors and resubmit the claim; the period in which the insurance company must pay the claim is paused once the medical company has been notified of error and until the medical insurance company receives the resubmitted claim. If the resubmitted claim continues to include errors, the insurance company must notify the medical provider of an adverse claim determination within the remainder of the 45-days.

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[1] These provisions also apply to an individual, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity (MCL 500.114). It includes insurance producers, solicitors, counselors, adjusters, and certain nonprofit dental care corporations. It does not include not include property and casualty guaranty associations (MCL 500.2003).

The bill would reduce these 45-day time periods to 30 days. Additionally, the bill would subject a medical claim not paid in a timely manner to the interest outlined above.

Reporting Requirements

The bill would require an insurer to report the following information on its website concerning unpaid or claims paid late for which reasonable proof of loss was received in the preceding calendar year each January 1, beginning January 1, 2027:

-- The number of claims paid not later than 60 days after the claim being filed.
-- The number of claims that were not timely paid.
-- The amount of interest paid for the untimely payment of claims.

MCL 500.2006 & 500.3142

## FISCAL IMPACT

The bill would have an indeterminate but likely positive fiscal impact on State and local units of government. Insurers would be subject to civil fines if they were found to be in violation of the new provisions. Under current law, the Director of DIFS may impose a civil fine of up to $1,000 per violation or $5,000 per violation if the insurer knew that the insurer was in violation of the Code. The maximum aggregate penalty is $50,000.

Revenue collected from civil fines is used to support local libraries. The amount of revenue to the State or for local libraries that would be collected and distributed under the bill is indeterminate and dependent on the actual number of violations as well as the amount of the fines actually imposed.

It is possible that the Department could incur minor costs associated with investigating violations of the bill's provisions.

Analyst: Nathan Leaman

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