

# Legislative Analysis

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## **ELIMINATE ANNUAL STATEMENT FILING FEE FOR FOREIGN AND ALIEN INSURERS**

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5917 as introduced**  
**Sponsor: Rep. Tom Barrett**  
**Committee: Insurance**  
**Complete to 11-29-16**

Analysis available at  
<http://www.legislature.mi.gov>

### **SUMMARY:**

The bill would amend the Insurance Code (MCL 500.240 & 438) to eliminate the \$25 filing fee for the annual statement that foreign (out-of-state) and alien (out-of-country) insurance companies must file with the director of the Department of Insurance and Financial Services.

The bill also contains a number of technical, clean-up amendments; for example, replacing the term "commissioner" with the term "director" to recognize the creation of the new Department of Insurance and Financial Services, and changing the term "agent" to "producer."

### **BACKGROUND:**

House Bill 5917 is nearly identical to House Bill 4224 as it was reported out of the House Insurance Committee on March 19, 2015, and passed by the House March 26, 2015. The sole difference is the substitution of "2016" for "2015" when referring to the effective date of the proposed act. HB 4224 was returned from the Senate with a substitute S-4 on June 9, 2016; the proposed S-4 would amend an additional 11 sections of the Code. It appears that this bill is an attempt to return to the initial intent of HB 4224.

According to committee testimony for HB 4224, the bill was requested by the Department of Insurance and Financial Services. A DIFS spokesperson said that these annual statements are obtained from the National Association of Insurance Commissioners (NAIC), so a filing fee is no longer appropriate.

### **FISCAL IMPACT:**

The fiscal impact statement for the very similar House Bill 4224 said that bill would have a nominal negative fiscal impact on the Department of Insurance and Financial Services (DIFS) by eliminating the \$25 annual statement filing fee; however, it is unlikely that the loss of revenue generated by the fee elimination would significantly impact DIFS operations. Over the past three fiscal years, this fee generated an average of \$31,595 in revenue, which is deposited into the Insurance Licensing and Regulation Fees Fund and expended to support the operation of DIFS. DIFS expended \$7.2 million of the \$8.4 million appropriated from the Fund in FY 2013-14; resulting in a carryforward balance of \$4.1 million at the close of FY 2013-14.

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