

Legislative Analysis



REPORTING REQUIREMENTS FOR CAPTIVE INSURERS

Phone: (517) 373-8080
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Senate Bill 898 as reported from House committee

Sponsor: Sen. Joe Hune

House Committee: Insurance

Senate Committee: Insurance

Complete to 12-2-18

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

(Enacted as Public Act 397 of 2018)

SUMMARY:

Senate Bill 898 would amend the Insurance Code to modify reporting requirements for captive insurance companies.

Currently, a Michigan domestic captive insurer must make an annual report to the director of the Department of Insurance and Financial Services (DIFS) regarding its financial condition. In making this report, the captive insurer may use generally accepted accounting principles (GAAP) or, with the approval of the director of DIFS, statutory accounting principles (SAP).

The bill would also allow a Michigan domestic captive insurer to use international financial reporting standards (IFRS) in making its annual report, but only if the director of DIFS approved the use of those standards.

Currently, the annual report must be made on or before March 1 of each year. The bill would instead require the report to be made no later than 60 days after the end of the captive insurer's fiscal year.

MCL 500.4621

FISCAL IMPACT:

Senate Bill 898 would not have a fiscal impact on any unit of state or local government.

POSITIONS:

A representative of the John Hancock Life Insurance Company testified in support of the bill. (9-6-18)

The Department of Insurance and Financial Services indicated support for the bill. (9-6-18)

The Life Insurance Association of Michigan indicated support for the bill. (9-6-18)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.