



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 973 (as reported without amendment)

Sponsor: Senator Mike Rogers

Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to permit the Insurance Commissioner to exempt insurers from the requirement to file rates, rating systems, manuals of classification, manuals of rules and rates, rating plans, or modifications of those items for automobile and home insurance. If the Commissioner ordered an exemption under this provision, specific sections of Chapter 24 of the Code would apply to automobile insurance, and specific sections of Chapter 26 would apply to home insurance. (These sections would be added or amended by Senate Bill 974 and pertain to rating packages.)

Before issuing an exemption, the Commissioner would have to determine that a reasonable degree of competition existed with respect to the specific classifications, kinds, or types of insurance to which the exemption applied. In making that determination, the Commissioner would have to consider all of the following:

- The extent to which an insurer controlled the automobile or home insurance market or any portion of it.
- Whether the total number of insurers writing automobile or home insurance in Michigan was sufficient to provide multiple options to purchasers of that insurance.
- Whether the overall rate level was excessive, inadequate, or unfairly discriminatory.
- The availability of automobile or home insurance to purchasers in all geographic areas of the State.
- Any other factors the Commissioner considered relevant.

The Commissioner could rescind an exemption if he or she determined that the basis on which it was ordered no longer existed.

MCL 500.2106

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill would change the way rates and forms are regulated for property casualty insurance. The Commissioner could exempt insurers from filing their forms and rates with the Insurance Bureau if he or she believed that there was a reasonable amount of competition. This change would reduce the administrative responsibilities for the Bureau, but it is unclear as to the extent to which this would lead to administrative savings as there would be no reduction in staff. The Bureau believes that with the increased efficiency there would be some long-term administrative savings.

Date Completed: 5-20-96

Fiscal Analyst: M. Barsch

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.