

HOUSE BILL No. 4096

January 28, 1999, Introduced by Reps. Basham, Hale, Brater and Bogardus and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 2140.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1** SEC. 2140. (1) SUBJECT TO SUBSECTION (3), IF THE COMMIS-
2 SIONER FINDS THAT A PERSON OR ORGANIZATION HAS VIOLATED A PROVI-
3 SION OF THIS CHAPTER OR THE RULES PROMULGATED PURSUANT TO THIS
4 CHAPTER, THE COMMISSIONER MAY ORDER ANY OR ALL OF THE FOLLOWING:
5 (A) PAYMENT OF A CIVIL FINE OF NOT MORE THAN \$5,000.00 FOR
6 EACH VIOLATION, AND IF THE VIOLATION IS WILLFUL, A CIVIL FINE OF
7 NOT MORE THAN \$25,000.00 FOR EACH VIOLATION. A FINE COLLECTED
8 UNDER THIS SUBDIVISION SHALL BE TURNED OVER TO THE STATE TREA-
9 SURER AND CREDITED TO THE GENERAL FUND OF THE STATE.
10 (B) A CEASE AND DESIST ORDER.

1 (C) AN ORDER TO COMPLY.

2 (D) A REFUND OF ANY OVERCHARGES WITH INTEREST AND
3 PENALTIES.

4 (2) THE COMMISSIONER MAY SUSPEND THE AUTHORITY OF A RATING
5 ORGANIZATION OR INSURER TO DO BUSINESS IN THIS STATE WHO FAILS TO
6 COMPLY WITH AN ORDER OF THE COMMISSIONER UNDER THIS SECTION
7 WITHIN THE TIME SPECIFIED BY THE ORDER, OR ANY EXTENSION OF THE
8 ORDER THAT THE COMMISSIONER MAY GRANT, BUT THE SUSPENSION SHALL
9 NOT AFFECT THE VALIDITY OR CONTINUED EFFECTIVENESS OF RATES PRE-
10 VIOUSLY FILED AND EFFECTIVE. THE COMMISSIONER SHALL NOT SUSPEND
11 THE AUTHORITY OF A RATING ORGANIZATION OR INSURER TO DO BUSINESS
12 IN THIS STATE FOR FAILURE TO COMPLY WITH AN ORDER UNTIL THE TIME
13 PRESCRIBED FOR AN APPEAL FROM THE ORDER HAS EXPIRED, OR, IF AN
14 APPEAL HAS BEEN TAKEN, UNTIL THE ORDER FOR THE SUSPENSION HAS
15 BEEN AFFIRMED. THE COMMISSIONER MAY DETERMINE WHEN A SUSPENSION
16 OF AUTHORITY SHALL BECOME EFFECTIVE, AND THE SUSPENSION SHALL
17 REMAIN IN EFFECT FOR THE PERIOD FIXED BY THE COMMISSIONER, UNLESS
18 THE COMMISSIONER MODIFIES OR RESCINDS THE SUSPENSION, OR UNTIL
19 THE ORDER UPON WHICH THE SUSPENSION IS BASED IS MODIFIED,
20 RESCINDED, OR REVERSED.

21 (3) A CIVIL FINE SHALL NOT BE IMPOSED AND THE AUTHORITY TO
22 DO BUSINESS IN THIS STATE SHALL NOT BE SUSPENDED OR REVOKED
23 EXCEPT UPON A WRITTEN ORDER OF THE COMMISSIONER, SPECIFYING THE
24 ALLEGED VIOLATION AND STATING HIS OR HER FINDINGS, MADE AFTER A
25 HEARING HELD UPON NOT LESS THAN 10 DAYS' WRITTEN NOTICE TO THE
26 PERSON OR ORGANIZATION. AN ORDER ISSUED BY THE COMMISSIONER

1 PURSUANT TO THIS SECTION SHALL NOT REQUIRE THE PAYMENT OF CIVIL
2 FINES EXCEEDING \$50,000.00.

3 (4) THE COMMISSIONER SHALL REPORT ANNUALLY TO THE SENATE AND
4 HOUSE OF REPRESENTATIVES STANDING COMMITTEES ON INSURANCE ISSUES
5 ON THE AMOUNT OF FINES COLLECTED PURSUANT TO THIS SECTION.