

FY 2025-26: INSURANCE AND FINANCIAL SERVICES
Summary: As Passed by the Senate
Senate Bill 178 (S-3)



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	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	Difference: Senate from FY 2024-25 Enacted	
				Amount	%
IDG/IDT	\$753,500	\$763,800	\$763,800	\$10,300	1.4
Federal	700,000	250,000	250,000	(450,000)	(64.3)
Local	0	0	0	0	--
Private	0	0	0	0	--
Restricted	77,167,900	79,241,800	77,037,800	(130,100)	(0.2)
GF/GP	0	0	0	0	--
Gross	\$78,621,400	\$80,255,600	\$78,051,600	(\$569,800)	(0.7)
FTEs	404.5	409.5	407.0	2.5	0.6

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	FY 2025-26 Senate Change from YTD
1. Attorney General Services	Gross	NA	\$330,000
Executive includes \$330,000 in state restricted authorization to support legal services provided by the Attorney General to align with growth in the number of civil and criminal case referrals by the department. <u>Senate</u> concurs with Executive.	Restricted	NA	330,000
	GF/GP	NA	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	FY 2025-26 Senate Change from YTD
2. Staffing Increases		FTE	NA
<u>Executive</u> includes \$849,200 in state restricted funding and authorization for 5.0 FTEs within three line items (Consumer Services and Protection, Insurance Evaluation, and Department Services) to support increased work volumes associated with the department's regulatory, enforcement, and consumer protection services. The positions would consist of the following:		Gross	NA
		Restricted	NA
		GF/GP	NA
<ul style="list-style-type: none"> One PRIRA analyst responsible for reviewing appeals related to health care benefits One legal research specialist to support DIFS' implementation of state and federal legislative requirements One company market regulation analyst to support DIFS' efforts related to consumer protection and cybersecurity event mitigation One insurance investigation manager to support increased investigative work associated with growth in the number of licensed entities One technology services specialist to support DIFS' technology systems. 			4.0
			\$849,200
			849,200
			\$0
<u>Senate</u> concurs in part with Executive. Senate includes funding and FTE authorization for 4.0 FTE positions (PRIRA analyst, legal research specialist, company market regulation analyst, and insurance investigation manager). Senate includes funding but no additional FTE authorization to support DIFS' technology systems.			
3. Technical Adjustments		FTE	NA
<u>Executive</u> includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to align funding to the current organizational structure and align DIFS estimated expenditures and services. Includes a transfer of 1.0 FTE from the Insurance Evaluation line item to the Consumer Services and Protection line item. <u>Senate</u> concurs in part with Executive. Senate includes an overall funding reduction of \$2.2 million across the impacted line items and a reduction of 1.5 authorized FTEs.		Gross	NA
		IDG	NA
		Restricted	NA
		Federal	NA
		GF/GP	NA
			(1.5)
			(\$2,204,000)
			600
			(1,754,600)
			(450,000)
			\$0
4. Removal of FY 2024-25 One-Time Appropriations		Gross	\$500,000
<u>Executive</u> removes \$500,000 Gross (\$0 GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:		Restricted	500,000
		GF/GP	\$0
<ul style="list-style-type: none"> Automobile Insurance Study (\$250,000 Gross) Insurance Complaints and Health Care Appeals Outreach Campaign (\$250,000 Gross) 			(500,000)
<u>Senate</u> concurs with Executive.			\$0
5. Economic Adjustments		Gross	NA
<u>Executive</u> reflects increased costs of \$955,000 Gross (\$0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. <u>Senate</u> concurs with Executive.		IDG	NA
		Restricted	NA
		GF/GP	NA
			9,700
			945,300
			\$0

Note: Existing boilerplate section numbers listed in this document are section numbers as they appear in current law. New boilerplate section numbers are section numbers as they appear in the Senate bill.

Major Boilerplate Changes from FY 2024-25

Sec. 205. Purchase of Foreign Goods – REVISED

Prohibits purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available; gives preference to goods and services from Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains. Senate revises to require giving preference to goods and services manufactured in facilities that employ union members.

Sec. 206. Communication with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law. Executive deletes. Senate retains.

Sec. 209. General Fund Lapse Report – REVISED

Requires SBO to report on estimated general fund lapses by major program or program areas at close of prior fiscal year. Executive revises to require DIFS to submit report to standard report recipients. Senate concurs with Executive.

Sec. 210. Contingency Authorization – RETAINED

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency authorization; authorizes expenditure after legislative transfer to specific line items. Executive revises to increase maximum amounts of federal contingency authorization by up to \$300,000 and state restricted authorization by up to \$5.0 million. Senate retains.

Sec. 212. Restricted Funds Report – RETAINED

Requires DIFS to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years. Executive deletes. Senate retains.

Sec. 215. Work Project Usage – RETAINED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. Executive deletes. Senate retains.

Sec. 216. Retention of Reports – RETAINED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention. Executive deletes. Senate retains.

Sec. 217. Report on Policy Changes for Public Act Implementation – RETAINED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive deletes. Senate retains.

Sec. 220. Increased Payment Options – REVISED

Allows DIFS to accept credit card or other electronic means of payment. Executive retains. Senate revises to require that at least one electronic method of payment offered does not incur additional fees.

Sec. 221. Insurance Bureau Fund Use – REVISED

Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with Insurance Code of 1956. Executive deletes. Senate revises to require DIFS to report the names of those seeking reimbursements and the number of times each individual seeks a reimbursement.

Sec. 222. State Fiscal Recovery Fund (SFRF) – REVISED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation. Executive deletes. Senate revises to delete language authorizing state budget director to reallocate appropriated funds, language requiring state budget director to notify appropriations committees of reallocations, and language allowing state budget director and department to make necessary accounting transactions. Senate also revises to require departments receiving appropriations to notify standard report recipients if an appropriation of funds described in this section is projected to lapse.

Major Boilerplate Changes from FY 2024-25

Sec. 223. General Fund Expenditures – NEW

Requires that general fund appropriations not be expended if federal or private grant funding is available for the same expenditures; requires the department to notify standard report recipients not later than 10 days after making a required reduction in expenditures that includes information on the insufficient fund source, the cause, and the government functions that will be affected. Executive does not include. Senate includes the new language.

Sec. 224. Unenforceable Boilerplate – NEW

Requires DIFS to submit a report containing information about the sections determined to be unenforceable; allows the department to coordinate with the Executive Office of the Governor or other state departments to compile a statewide report. Executive does not include. Senate includes the new language.

Sec. 225. Report on Federal Policy Changes – NEW

Requires DIFS to submit a report detailing federal policy changes that are expected to affect department operations, affect groups the department engages with, and affect regulations that impact those groups. Executive does not include. Senate includes the new language.

Sec. 226. Single Recipient Grants – NEW

Requires grant funding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires department to follow state procurement statutes, including bidding requirements; requires the department to work with SBO to develop application and grant agreement processes; provides requirements for identifying grant sponsorship; provides timeframes for receiving and expending grant funding; requires SBO to post on a public website information on grant recipients and projects. Executive does not include. Senate includes the new language.

Sec. 301. Health Insurance Rate Change Report – REVISED

Requires DIFS to electronically transmit the annual health insurance rate change report prepared pursuant to 45 CFR 154.301(b), including the total number of objections issued for insurance filings. Executive revises to remove requirement that the report be distributed to standard report recipients. Senate concurs with Executive.

Sec. 304. Annual Reports Transmission – RETAINED

Requires DIFS to electronically transmit the annual report required under the Insurance Code of 1956 and the Banking Code of 1999. Executive deletes. Senate retains.

Sec. 305. Financial Institutions Marihuana Evaluation Guidance – DELETED

Requires DIFS to update examination manuals and letters of guidance to reflect how institutions will be evaluated that provide financial services to businesses involved in the marihuana industry. Executive deletes. Senate concurs with Executive.

Sec. 306. Automobile Insurance Rate Filings Report – REVISED

Requires DIFS to report on filings received from auto insurers in the previous calendar year, including the number of auto insurance rate filings received, the average number of days to process filings, and the number of objections issued. Executive deletes. Senate revises to require report be distributed additionally to the chair of the senate committee that addresses financial and insurance issues.

Sec. 307. Customer Service Outreach and Education – REVISED

Requires DIFS to expend \$600,000 to add up to 3.0 FTEs to provide customer service outreach or education relating to financial services and insurance, with at least 1.0 FTE trained and experienced to assist catastrophic accident survivors. Executive deletes. Senate revises to require a report that includes the number of auto insurance customers assisted, number of complaints addressed, and number of complaint results in favor of the complainant and in favor of the respondent.

Sec. 308. Outreach and Education Plan – REVISED

Requires DIFS to create a plan to increase outreach, education, and support services, with consideration of demographics and areas with greatest need; allows DIFS to partner with other state agencies to meet requirements. Executive deletes. Senate revises to require DIFS create a plan to establish satellite offices to provide in-person customer service, considering demographic variables and highest need areas when choosing locations; allow DIFS to partner with the Secretary of State.

Major Boilerplate Changes from FY 2024-25

Sec. 401. Automobile Insurance Reform Study – DELETED

Requires DIFS to study and report on the effects of the 2019 automobile insurance reform; allows DIFS to consult or contract with policy research entities; recommends that the study consider impacts on costs, participants, demographics, and access to care and providers, as well as the total impact on insured accident victims and access to long-term care providers. Executive deletes. Senate concurs with Executive.

Sec. 402. Outreach Campaign and Report – DELETED

Requires DIFS to provide an outreach campaign informing residents of DIFS services and information, including filing complaints and appealing health insurance denials; allows campaign to include paid advertising, media outreach, and targeted outreach to stakeholders; requires DIFS to report on outreach campaign expenditures. Executive deletes. Senate concurs with Executive.