



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 549 (as reported without amendment)
Sponsor: Senator Dayna Polehanki
Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend Chapter 5A (Data Security) of the Insurance Code to allow the Director of the Department of Insurance and Financial Services (DIFS) to examine and investigate the affairs of any licensee to determine whether the licensee had been or was engaged in any conduct in violation of Chapter 5A. This power would be in addition to the other powers the Director had under the Code.

MCL 500.553 et al.

BRIEF RATIONALE

According to testimony, some bad actors in the insurance industry have financially harmed residents. While insurance costs rise, residents are uncertain whether they will receive from their insurance providers what their policy should require. Some have suggested that the insurance industry needs more deterrents against these bad practices, and the bill would establish more accountability and transparency throughout the industry for the protection of residents.

FISCAL IMPACT

The bill likely would not have a significant fiscal impact on State or local units of government. The Department currently examines and investigates licensees for matters pertaining to the bill using existing appropriations; however, it is possible that the removal of some discretion on the part of the licensee under the bill could result in a need for additional resources.

The bill specifies that a licensee in violation of the Chapter's provisions could be subject to certain fines; however, these violations are already subject to these fines under current law. Any increase in civil fine revenue resulting from the bill would be due to an increase in the number of investigations for which a licensee was found to be in violation of the Code and for which the Director elected to impose a fine. Revenue collected from civil fines is used to support local libraries.

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Analyst: Nathan Leaman