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BILL ANALYSIS

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Senate Bill 1361 (Substitute S-1 as reported)
Sponsor: Senator Alan Sanborn
Committee: Banking and Financial Institutions

CONTENT

The bill would create a new act entering Michigan into the Interstate Insurance Product Regulation Compact. The purposes of the Compact include the following:

- Developing uniform standards for insurance products covered under the Compact.
- Establishing a central clearinghouse to receive and review insurance products covered under the Compact and, in some cases, related advertisements submitted by insurers.
- Giving appropriate regulatory approval to product filings and advertisements satisfying the applicable uniform standard.
- Improving coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform standards and review of products.

The Interstate Insurance Product Regulation Commission created under the Compact has the power to develop uniform standards for product lines, receive and provide prompt review of filed products, and give approval to those product filings satisfying applicable uniform standards. The Compact establishes a management committee, consisting of 14 members: one from each of the six compacting states with the largest premium volume for individual and group annuities, life, disability income, and long-term care insurance products; four members from compacting states with at least 2% of the market, based on premium volume, other than the first six states; and four members from compacting states with less than 2% of the market. The Compact also requires the establishment of a legislative committee consisting of state legislators or their designees, to monitor the operations of the Commission and make recommendations to it.

The Compact requires the Commission to promulgate reasonable rules, including uniform standards, and establishes a procedure for a compacting state to opt out of a uniform standard.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. Staff from the Office of Financial and Insurance Services (OFIS) within the Department of Labor and Economic Growth indicate that most of the insurance filings that would be regulated by the Compact do not currently require filings in Michigan. Thus, the regulation provided through the Compact would not change the revenue or costs of OFIS.

Date Completed: 9-12-06

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