

# Legislative Analysis



## INSURANCE COMPANY ADMISSIONS: ADDITIONAL FINANCIAL STATEMENTS

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### House Bill 5675

Sponsor: Rep. Virgil Smith

Committee: Insurance

Complete to 2-20-08

### A SUMMARY OF HOUSE BILL 5675 AS INTRODUCED 1-31-07

The bill would amend Chapter 4 of the Insurance Code, which deals with the authorization of insurance companies. Generally speaking, insurance companies are required under the code to obtain a certificate of authority from the Commissioner of the Office of Financial and Insurance Services (OFIS) to do business in the state. House Bill 5675 specifies that if a domestic (in-state), foreign (out-of-state), or alien (out-of-country) insurance company is required while applying for admission to furnish additional financial statements of its parent company or personal financial statements of controlling individuals of the company, all of the following would apply:

- The commissioner would have to withhold the additional financial statements from public inspection.
- The additional financial statements would be confidential.
- The additional financial statements would not be subject to subpoena.
- The additional financial statements could not be divulged to any person, except as otherwise provided.
- These confidentiality requirements would not apply in any proceeding or action brought against or by the insurance company under the Insurance Code or any other applicable state law, law of another state, or federal law.

Disclosure. The commissioner could disclose the additional financial statements for good cause as follows: (1) to the Governor or the Attorney General; (2) to any relevant regulatory agency, including regulatory agencies of other states or the federal government; (3) in connection with an enforcement action brought under the Insurance Code or another applicable act; (4) to law enforcement officials; (5) to persons authorized by the Ingham County Circuit Court to receive the information; and (6) to persons entitled to receive such information in order to discharge duties specifically provided for in the Insurance Code.

MCL 500.404a

**FISCAL IMPACT:**

The bill would have no fiscal impact on the state or local units of government.

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