

Legislative Analysis



EMERGENCY INSURANCE LAW

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6185 as reported from committee

Sponsor: Rep. Mary Whiteford

Committee: Oversight

Complete to 6-29-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6185 would repeal 1933 PA 66. Enacted during the Depression, the act states that its purpose is to preserve the solvency of insurance companies and prevent the impairment of the obligations of their contracts. The act grants the force of law to rules issued under the act by the director of the Department of Financial and Insurance Services (DIFS) and filed with the secretary of state. The act becomes effective when the governor declares a state of financial emergency as described in the act and until the governor terminates the declaration. The act's provisions include powers under certain circumstances to prescribe limits or restrictions on disbursements, loans, or investment of funds considered necessary to preserve the rights of policyholders, beneficiaries, and other claimants or creditors. A violation of the act or a regulation under the act is a misdemeanor punishable by up to 90 days in jail or a fine of up to \$500, or both, and is also considered to be a violation of the insurance law. A violation by an insurance company is cause for license revocation.

MCL 550.1 to 550.8 (repealed)

FISCAL IMPACT:

House Bill 6185 would not have an appreciable fiscal impact on the Department of Insurance and Financial Services, given the limited circumstances to which the existing law applies. The bill would not have a fiscal impact on any other units of state or local government.

POSITIONS:

A representative of the Mackinac Center for Public Policy testified in support of the bill. (6-15-22)

NFIB indicated support for the bill. (6-21-22)

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Fiscal Analyst: Marcus Coffin

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