

SUBSTITUTE FOR
SENATE BILL NO. 196

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2024; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2024, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions	384.5

1	GROSS APPROPRIATION		\$ 74,147,900
2	Interdepartmental grant revenues:		
3	Total interdepartmental grants and		
4	intradepartmental transfers		732,100
5	ADJUSTED GROSS APPROPRIATION		\$ 73,415,800
6	Federal revenues:		
7	Total federal revenues		1,017,100
8	Special revenue funds:		
9	Total local revenues		0
10	Total private revenues		0
11	Total other state restricted revenues		72,398,700
12	State general fund/general purpose		\$ 0
13	(2) DEPARTMENTAL ADMINISTRATION AND SUPPORT		
14	Full-time equated unclassified positions	6.0	
15	Full-time equated classified positions	23.5	
16	Unclassified salaries--FTEs	6.0	\$ 910,000
17	Administrative hearings		173,700
18	Department services--FTEs	20.0	4,065,300
19	Executive director programs--FTEs	3.5	912,400
20	Property management		1,348,100
21	Worker's compensation		1,300
22	GROSS APPROPRIATION		\$ 7,410,800
23	Appropriated from:		
24	Interdepartmental grant revenues:		
25	IDG from MDLARA, for debt management		70,600
26	Special revenue funds:		
27	Bank fees		585,400

1	Captive insurance regulatory and supervision		
2	fund		56,000
3	Consumer finance fees		285,100
4	Credit union fees		967,400
5	Deferred presentment service transaction fees		260,300
6	Insurance bureau fund		2,365,300
7	Insurance continuing education fees		67,500
8	Insurance licensing and regulation fees		1,992,300
9	MBLSLA fund		759,600
10	Multiple employer welfare arrangement		1,300
11	State general fund/general purpose	\$	0
12	(3) INSURANCE AND FINANCIAL SERVICES REGULATION		
13	Full-time equated classified positions	361.0	
14	Consumer services and protection--FTEs	91.0	13,329,100
15	Financial institutions evaluation--FTEs	137.0	25,720,300
16	Insurance evaluation--FTEs	133.0	25,343,400
17	GROSS APPROPRIATION	\$	64,392,800
18	Appropriated from:		
19	Interdepartmental grant revenues:		
20	IDG from MDLARA, for debt management		636,300
21	Federal revenues:		
22	Federal revenues		1,017,100
23	Special revenue funds:		
24	Bank fees		6,234,800
25	Captive insurance regulatory and supervision		
26	fund		770,900
27	Consumer finance fees		3,035,700
28	Credit union fees		9,315,900

1	Deferred presentment service transaction fees	2,350,200
2	Insurance bureau fund	22,478,900
3	Insurance continuing education fees	1,309,600
4	Insurance licensing and regulation fees	10,249,000
5	MBLSLA fund	6,906,100
6	Multiple employer welfare arrangement	88,300
7	State general fund/general purpose	\$ 0
8	(4) INFORMATION TECHNOLOGY	
9	Information technology services and projects	2,344,300
10	GROSS APPROPRIATION	\$ 2,344,300
11	Appropriated from:	
12	Interdepartmental grant revenues:	
13	IDG from MDLARA, for debt management	25,200
14	Special revenue funds:	
15	Bank fees	145,500
16	Captive insurance regulatory and supervision	
17	fund	13,500
18	Consumer finance fees	72,000
19	Credit union fees	246,000
20	Deferred presentment service transaction fees	49,500
21	Insurance bureau fund	459,000
22	Insurance continuing education fees	9,000
23	Insurance licensing and regulation fees	1,135,300
24	MBLSLA fund	189,300
25	State general fund/general purpose	\$ 0
26	(5) ONE-TIME APPROPRIATIONS	
27	GROSS APPROPRIATION	\$ 0
28	Appropriated from:	

Special revenue funds:

State general fund/general purpose	\$	0
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PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2023-2024

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for fiscal year 2023-2024 is \$72,398,700.00 and state spending from state sources to be paid to local units of government for fiscal year 2023-2024 is \$0.00.

Sec. 202. The appropriations authorized under this part and part 1 are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in this part and part 1:

(a) "Department" means the department of insurance and financial services.

(b) "Director" means the director of the department.

(c) "FTE" means full-time equated.

(d) "IDG" means interdepartmental grant.

(e) "LARA" means the department of licensing and regulatory affairs.

(f) "MBLSLA fund" means the restricted account established under section 8 of the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1658.

(g) "Subcommittees" means the subcommittees of the house of representatives and senate appropriations committees with jurisdiction over the budget for the department.

1 Sec. 204. The department shall use the internet to fulfill the
2 reporting requirements of this part. This requirement must include
3 transmission of reports via email to the recipients identified for
4 each reporting requirement, and it must include placement of
5 reports on an internet site.

6 Sec. 205. To the extent permissible under section 261 of the
7 management and budget act, 1984 PA 431, MCL 18.1261, all of the
8 following apply to funds appropriated in part 1:

9 (a) The funds must not be used for the purchase of foreign
10 goods or services, or both, if competitively priced and of
11 comparable quality American goods or services, or both, are
12 available.

13 (b) Preference must be given to goods or services, or both,
14 manufactured or provided by Michigan businesses, if they are
15 competitively priced and of comparable quality.

16 (c) Preference must be given to goods or services, or both,
17 that are manufactured or provided by Michigan businesses owned and
18 operated by veterans, if they are competitively priced and of
19 comparable quality.

20 Sec. 206. The department shall not take disciplinary action
21 against an employee of the department in the state classified civil
22 service because the employee communicates with a member of the
23 legislature or a member's staff, unless the communication is
24 prohibited by law and the department is exercising its authority as
25 provided by law.

26 Sec. 207. Consistent with section 217 of the management and
27 budget act, 1984 PA 431, MCL 18.1217, the department and agencies
28 receiving appropriations in part 1 shall prepare a report on out-of-
29 state travel expenses not later than January 1 of each year. The

1 travel report must be a listing of all travel by classified and
2 unclassified employees outside this state in the immediately
3 preceding fiscal year that was funded in whole or in part with
4 funds appropriated in the department's budget. The report must be
5 submitted to the senate and house appropriations committees, the
6 senate and house fiscal agencies, and the state budget office. The
7 report must include the following information:

8 (a) The dates of each travel occurrence.

9 (b) The transportation and related costs of each travel
10 occurrence, including the proportion funded with state general
11 fund/general purpose revenues, the proportion funded with state
12 restricted revenues, the proportion funded with federal revenues,
13 and the proportion funded with other revenues.

14 Sec. 208. Funds appropriated in part 1 must not be used by a
15 principal executive department, state agency, or authority to hire
16 a person to provide legal services that are the responsibility of
17 the attorney general. This prohibition does not apply to legal
18 services for bonding activities and for those outside services that
19 the attorney general authorizes.

20 Sec. 209. Not later than December 31, the state budget office
21 shall prepare and transmit a report that provides for estimates of
22 the total general fund/general purpose appropriation lapses at the
23 close of the prior fiscal year. This report must summarize the
24 projected year-end general fund/general purpose appropriation
25 lapses by major departmental program or program areas. The report
26 must be transmitted to the chairpersons of the senate and house
27 appropriations committees and the senate and house fiscal agencies.

28 Sec. 210. (1) In addition to the funds appropriated in part 1,
29 there is appropriated an amount not to exceed \$1,000,000.00 for

1 federal contingency authorization. These funds are not available
2 for expenditure until they have been transferred to another line
3 item in part 1 under section 393(2) of the management and budget
4 act, 1984 PA 431, MCL 18.1393.

5 (2) In addition to the funds appropriated in part 1, there is
6 appropriated an amount not to exceed \$5,000,000.00 for state
7 restricted contingency authorization. These funds are not available
8 for expenditure until they have been transferred to another line
9 item in part 1 under section 393(2) of the management and budget
10 act, 1984 PA 431, MCL 18.1393.

11 Sec. 211. The department shall cooperate with the department
12 of technology, management, and budget to maintain a searchable
13 website accessible by the public at no cost that includes, but is
14 not limited to, all of the following for the department:

15 (a) Fiscal-year-to-date expenditures by category.

16 (b) Fiscal-year-to-date expenditures by appropriation unit.

17 (c) Fiscal-year-to-date payments to a selected vendor,
18 including the vendor name, payment date, payment amount, and
19 payment description.

20 (d) The number of active department employees by job
21 classification.

22 (e) Job specifications and wage rates.

23 Sec. 212. Within 14 days after the release of the executive
24 budget recommendation, the department shall cooperate with the
25 state budget office to provide the chairpersons of the senate and
26 house appropriations committees, the chairpersons of the
27 subcommittees, and the senate and house fiscal agencies with an
28 annual report on estimated state restricted fund balances, state
29 restricted fund projected revenues, and state restricted fund

1 expenditures for the prior 2 fiscal years.

2 Sec. 213. The department shall maintain, on a publicly
3 accessible website, a department scorecard that identifies, tracks,
4 and regularly updates key metrics that are used to monitor and
5 improve the department's performance.

6 Sec. 214. (1) Funds appropriated in part 1 must not be used to
7 restrict or interfere with actions related to diversity, equity,
8 and inclusion (DEI); to restrict or impede a marginalized
9 community's access to government resources, programs, or
10 facilities; or to diminish, interfere with, or restrict an
11 individual's ability to exercise the right to reproductive freedom.

12 (2) From the funds appropriated in part 1, a local unit of
13 government shall report any action or policy that attempts to
14 restrict or interfere with the duties of the local health officer.

15 Sec. 215. To the extent permissible under the management and
16 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director shall
17 take all reasonable steps to ensure geographically disadvantaged
18 business enterprises compete for and perform contracts to provide
19 services or supplies, or both. The director shall strongly
20 encourage firms with which the department contracts to subcontract
21 with certified businesses in depressed and deprived communities for
22 services, supplies, or both.

23 Sec. 216. (1) On a quarterly basis, the department shall
24 report to the senate and house appropriations committees, the
25 subcommittees, and the senate and house fiscal agencies the
26 following information:

27 (a) The number of FTEs in pay status by type of staff and
28 civil service classification.

29 (b) A comparison by line item of the number of FTEs authorized

1 from funds appropriated in part 1 to the actual number of FTEs
2 employed by the department at the end of the reporting period.

3 (2) By March 1 of the current fiscal year, the department
4 shall report to the senate and house appropriations committees, the
5 subcommittees, and the senate and house fiscal agencies the
6 following information:

7 (a) Number of employees that were engaged in remote work in
8 2023.

9 (b) Number of employees authorized to work remotely and the
10 actual number of those working remotely in the current reporting
11 period.

12 (c) Estimated net cost savings achieved by remote work.

13 (d) Reduced use of office space associated with remote work.

14 Sec. 217. Appropriations in part 1, to the extent possible by
15 the department, must not be expended until all existing work
16 project authorization available for the same purposes is exhausted.

17 Sec. 219. The department and agencies receiving appropriations
18 in part 1 shall receive and retain copies of all reports funded
19 from appropriations in part 1. Federal and state guidelines for
20 short-term and long-term retention of records shall be followed.
21 The department may electronically retain copies of reports unless
22 otherwise required by federal or state guidelines.

23 Sec. 220. Not later than April 1, the department shall report
24 on each specific policy change made to implement a public act
25 affecting the department that took effect during the prior calendar
26 year to the senate and house appropriations committees, the
27 subcommittees, the joint committee on administrative rules, and the
28 senate and house fiscal agencies.

29 Sec. 221. (1) From the funds appropriated in part 1, the

1 department shall do all of the following:

2 (a) Report to the senate and house appropriations committees,
3 the senate and house fiscal agencies, the senate and house policy
4 offices, and the state budget office any amounts of severance pay
5 for a department director, deputy director, or other high-ranking
6 department official not later than 14 days after a severance
7 agreement with the director or official is signed. The name of the
8 director or official and the amount of severance pay must be
9 included in the report required by this subdivision.

10 (b) Maintain an internet site that posts any severance pay in
11 excess of 6 weeks of wages, regardless of the position held by the
12 former department employee receiving severance pay.

13 (c) By February 1, report to the subcommittees, the senate and
14 house fiscal agencies, the senate and house policy offices, and the
15 state budget office on the total amount of severance pay remitted
16 to former department employees during the fiscal year ending
17 September 30, 2023, and the number of former department employees
18 that were remitted severance pay during the fiscal year ending
19 September 30, 2023.

20 (2) As used in this section, "severance pay" means
21 compensation that is both payable or paid upon the termination of
22 employment and in addition to either wages or benefits earned
23 during the course of employment or generally applicable retirement
24 benefits.

25 Sec. 223. It is the intent of the legislature that the
26 department maximize the efficiency of the state workforce and,
27 where possible, prioritize in-person work. Each executive branch
28 department, agency, board, or commission that receives funding
29 under part 1 must post its in-person, remote, or hybrid work policy

1 on its website.

2 Sec. 224. Unless prohibited by law, the department may accept
3 credit card or other electronic means of payment for licenses,
4 fees, or permits.

5 Sec. 225. The department shall submit a report to the
6 subcommittees, the senate and house fiscal agencies, and the state
7 budget office by September 30 detailing any expenditure of funds
8 for a television or radio production that was made to a third-party
9 vendor in the fiscal year ending September 30, 2024. The report
10 must include all of the following information for each expenditure:

11 (a) Total amount of the expenditure.

12 (b) Fund source for the expenditure.

13 (c) Name of any vendor that created the production and the
14 amount paid to each vendor.

15 (d) Purpose of the production.

16 Sec. 226. From the funds appropriated in part 1 from the
17 insurance bureau fund, funds may be expended to support legislative
18 participation in insurance activities coordinated by insurance and
19 legislative associations, in accordance with section 225 of the
20 insurance code of 1956, 1956 PA 218, MCL 500.225.

21
22 **INSURANCE AND FINANCIAL SERVICES REGULATION**

23 Sec. 301. The department shall provide a report to the
24 subcommittees, the senate and house fiscal agencies, and the state
25 budget office by September 30 based on the annual rate filings from
26 health insurance issuers that includes all of the following:

27 (a) The number that are approved by the department.

28 (b) The number that are denied by the department.

29 (c) The percentage of rate filings processed within the

1 applicable statutory time frames.

2 (d) The average number of calendar days to process rate
3 filings.

4 Sec. 302. In addition to the funds appropriated in part 1, the
5 funds collected by the department in connection with a
6 conservatorship under section 32 of the mortgage brokers, lenders,
7 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
8 collected by the department from corporations being liquidated
9 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
10 500.8302, must be appropriated for all expenses necessary to
11 provide for the required services. Funds are available for
12 expenditure when they are received by the department of treasury
13 and must not lapse to the general fund at the end of the fiscal
14 year.

15 Sec. 303. The department may make available to interested
16 entities customized listings of nonconfidential information in its
17 possession. The department may establish and collect a reasonable
18 charge to provide this service. The revenue from this service is
19 appropriated when received and must be used to offset expenses to
20 provide the service. Any balance of this revenue collected and
21 unexpended at the end of the fiscal year must lapse to the
22 appropriate restricted fund.

23 Sec. 305. The department shall update examination manuals and
24 letters of guidance to state-chartered financial institutions as
25 necessary to reflect how the department will evaluate institutions
26 that provide banking or other financial services to marihuana-
27 related businesses or businesses that transport, test, grow,
28 process, or sell marihuana based on state law and guidance. The
29 department may also include guidance or information on how federal

1 law and regulations may impact state-chartered institutions.

2 Sec. 307. From the funds appropriated in part 1, within 15
3 days after the catastrophic claims association charges its members
4 the total premium under section 3104(7)(d) of the insurance code of
5 1956, 1956 PA 218, MCL 500.3104, the department shall work with the
6 catastrophic claims association to disclose to the public on its
7 website all data used in computing the premium and expected losses
8 and expenses, including the amount that covers incurred but not
9 reported losses for the period and any adjustment for any excess or
10 deficient premiums from previous periods and the actuarial
11 computation used in making these determinations, including
12 estimates and assumptions. The disclosure must include, but not be
13 limited to, all of the following:

14 (a) The actuarial computation used in making determinations of
15 unpaid losses and loss adjustment expenses.

16 (b) All documents used in establishing the following:

17 (i) The calculation of the present value of disbursements
18 expected to be made in the ultimate settlement of the claims
19 reported.

20 (ii) The actuarial tables used to reflect the probabilities of
21 each claimant surviving to incur the costs projected.

22 (iii) The calculation of incurred but not reported losses.

23 (iv) The actuarial assumptions and calculations used in
24 producing the short-term discount rate and the long-term discount
25 rate.

26 (v) The forecasts producing the economic assumptions for claim
27 cost inflation and investment returns used.

28 (vi) The current economic data and historical long-term
29 Consumer Price Index data for any cost component categories used in

1 producing inflation assumptions.

2 (vii) The loss development analysis undertaken in connection
3 with the provision for unpaid losses and loss adjustment expenses.

4 (viii) The trend analysis for both frequency and severity
5 undertaken in connection with the provision for unpaid losses and
6 loss adjustment expenses.

7 (c) The annual actuarial evaluation used in establishing the
8 premium.

9 (d) The annual assessment reports of members used in
10 establishing the premium.

11 (e) The annuity model used by the opining actuary in his or
12 her actuarial opinion projecting future payment streams at the
13 claimant level and the mortality adjustment applied.

14 (f) Any explanatory memorandum explaining the various
15 components of the premium and the judgments made to produce the
16 premium.