

Legislative Analysis



INSURANCE AGENT DISCLOSURE

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

House Bill 4500 as introduced
Sponsor: Rep. Douglas C. Wozniak
Committee: Insurance and Financial Services
Complete to 6-19-23

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

SUMMARY:

House Bill 4500 would amend the Insurance Code to prohibit an agent of an insurer or an agent of the insured from selling, soliciting, or negotiating an application for insurance unless the agent discloses to the insured or prospective insured that they are a representative of the insurer or the insured, as applicable, on a form issued by the director of the Department of Insurance and Financial Services (DIFS).

Under the code, an agent of the insurer is an insurance agent who sells, solicits, or negotiates an application for insurance as a representative of the insurer and not the insured or the insured's beneficiary. Conversely, an agent of the insured is an insurance agent who is not an appointed insurance agent of the insurer that the insurance policy is placed with and who is treated as representing the insured or the insured's beneficiary and not the insurer.

Proposed MCL 500.1201b

FISCAL IMPACT:

House Bill 4500 would not have a direct fiscal impact on the Department of Insurance and Financial Services. As provided under section 1244 of the Insurance Code, in the event that an insurance agent violates the provisions of the bill, the DIFS director would be required to serve the individual with a copy of the findings regarding the violation and a cease and desist order. The director would also have the ability to assess a civil fine of up to \$1,000 or \$5,000, depending on whether the individual knew or should have known that they were violating the Insurance Code. Any revenue from civil fines would be deposited to the general fund. DIFS would also have the ability to take action against the individual's license. Since the prospect of violations is only a potentiality, any costs and revenues related to violations are indeterminate, though likely negligible. There would be no fiscal impact on other units of state or local government.

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