

**FY 2013-14: DEPARTMENT OF INSURANCE  
AND FINANCIAL SERVICES**  
Summary: Conference Reported  
Senate Bill 189 (CR-1)



Analyst: Paul Holland

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Conference	Difference: Senate From FY 2012-13 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$707,600	\$0	\$707,600	\$707,600	\$707,600	--
<b>Federal</b>	0	2,000,000	0	2,000,000	2,000,000	2,000,000	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	0	61,627,900	0	61,627,900	61,627,900	61,627,900	--
<b>GF/GP</b>	0	15,000,000	0	12,000,000	11,000,000	11,000,000	--
<b>Gross</b>	<b>\$0</b>	<b>\$79,335,500</b>	<b>\$0</b>	<b>\$76,335,500</b>	<b>\$75,335,500</b>	<b>\$75,335,500</b>	--
<b>FTEs</b>	0.0	353.0	0.0	353.0	353.0	353.0	--

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time. (3) Executive information in this document includes changes made by Executive Budget Revision 2014-2. (4) The House did not implement Executive Revision 2014-2 within House Bill 4328 as passed by the House. (5) Senate information in this document reference Senate Bill 194 as passed by the Senate.

**Overview**

The Department of Insurance and Financial Services (DIFS) is responsible for licensing, evaluating, regulating, and promoting the insurance and financial industries operating within the state. DIFS is also responsible for providing consumer protection and educational services for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces numerous state statutes pertaining to state-chartered banks, credits unions, mortgage lenders, consumer finance entities, insurance companies and agents, and health maintenance organizations. Additionally, DIFS administers the Autism Coverage Reimbursement Program created by Public Act 101 of 2012. DIFS is organized into nine principal offices: Banking, Consumer Finance, Consumer Services, Credit Unions, Insurance Evaluation, Insurance Rates and Forms, Insurance Licensing and Market Conduct, General Counsel, and Policy. DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program within the Department of Licensing and Regulatory Affairs.

**Major Budget Changes From FY 2012-13 YTD Appropriations**

**1. Transfer OFIR Appropriations to DIFS**

Executive transfers spending authorization and FTEs for the former Office of Financial and Insurance Regulation (OFIR) within the Department of Licensing and Regulatory Affairs (LARA) to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1. Executive transfers spending authorization and FTEs equivalent to the FY 2013-14 Executive Recommendation for OFIR (including overhead charges for departmental administration, rent, property management, worker's compensation, administrative hearings, and IT projects and services) within eight line items. House does not concur. Senate concurs but rolls-down spending authorization and FTEs into nine line items. Conference concurs but rolls-down spending authorization and FTEs into fourteen line items.

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
FTE	N/A	347.0
<b>Gross</b>	<b>N/A</b>	<b>\$63,627,900</b>
Federal	N/A	2,000,000
Restricted	N/A	61,627,900

<p><b>2. Transfer Autism Coverage Reimbursement Program to DIFS</b>  <u>Executive</u> transfers spending authorization for the Autism Coverage Reimbursement Program (ACRP) within the Department of Licensing and Regulatory Affairs (LARA) to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1. <u>Executive</u> transfers spending authorization equivalent to the FY 2013-14 Executive Recommendation for the ACRP. <u>House</u> does not concur. <u>Senate</u> concurs in part, but reduces spending authorization by \$3.0 million from the \$15.0 million transferred by the <u>Executive</u>. <u>Conference</u> concurs in part, but reduces spending authorization by \$4.0 million from the \$15.0 million transferred by the <u>Executive</u>.</p>	<p><b>Gross</b> GF/GP</p>	<p><b>N/A</b> N/A</p>	<p><b>\$11,000,000</b> \$11,000,000</p>
<p><b>3. Appropriate IDG from LARA for Debt Management Regulation</b>  <u>Executive</u> includes an IDG from the Department of Licensing and Regulatory Affairs (LARA), funded with revenue generated by statutory fees on individuals and entities within the financial securities industry, to support the regulatory activities of the Department of Insurance and Financial Services (DIFS) pertaining to the Debt Management Act, 1975 PA 148. <u>House</u> does not concur. <u>Senate</u> concurs. <u>Conference</u> concurs.</p>	<p><b>Gross</b> IDG/IDT</p>	<p><b>N/A</b> N/A</p>	<p><b>\$707,600</b> 707,600</p>
<p><b>4. Include Unclassified FTE Positions for DIFS</b>  <u>Executive</u> includes 6.0 unclassified FTE positions, pursuant to Section 5 of Article II of the Michigan Constitution, for the Department of Insurance and Financial Services (DIFS). <u>House</u> does not concur. <u>Senate</u> concurs. <u>Conference</u> concurs.</p>	<p>FTE <b>Gross</b></p>	<p><b>N/A</b> N/A</p>	<p>6.0 <b>\$0</b></p>

**Major Boilerplate Changes From FY 2012-13**

**NOTES:** (1) No boilerplate language proposed specific to FY 2014-15. (2) The section numbers referenced in this document are those assigned by the Conference Committee.

**Various Standard Boilerplate Sections Added by Executive – NEW**

Executive adds sections 201, 203, 216, 218, 221, 223, 229, 231, and 234. House does not concur. Senate concurs. Conference concurs.

**Various Standard Boilerplate Sections Added by Senate – NEW**

Senate adds sections 202, 208, 209, 212, 215, 228, 1201, and 1202. House does not concur. Conference concurs.

**Various Standard Boilerplate Sections Added by Conference – NEW**

Conference adds sections 210 and 238.

**Sec. 219. Office-Space Utilization Report – NEW**

Requires DIFS to submit a report pertaining to the amount of office space paid for with the appropriation in part 1 and the actual amount of office space actually utilized during the previous fiscal year and the amount of office space that DIFS estimates will be utilized during subsequent fiscal years. Conference adds.

**Sec. 232. Television and Radio Productions – NEW**

Prohibits DIFS from developing or producing any television or radio productions. Senate adds. House does not concur. Conference concurs.

**Sec. 240. Filled FTE Report – NEW**

Stipulates that the Legislature intends that LARA does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled, FTE positions by line item during the preceding fiscal year. Conference adds.

**Sec. 310. Economic Development Report – NEW**

Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed plan for ongoing and future DIFS activities to support the economic development of the insurance or financial industries. Also, defines "economic development" for the purpose of the report. Conference adds.

**Sec. 341. Administrative Rules Restriction – NEW**

Prohibits DIFS from promulgating any rule more stringent than an applicable federal standard unless authorized by statute. Conference adds.

**Major Boilerplate Changes From FY 2012-13**

***Sec. 391. Conservatorship and Insurance Liquidation Funds – NEW***

Stipulates that funds collected by DIFS in connection with a conservatorship pursuant to section 32 of Public Act 173 or 1987 and from corporations being liquidated pursuant to Public Act 218 of 1956 shall be appropriated for expenses necessary to provide required services and shall not lapse to the general fund. Executive adds. House does not concur. Senate concurs. Conference concurs.

***Sec. 801. Autism Coverage Reimbursement Program Appropriation – NEW***

Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101. Executive adds. House does not concur. Senate concurs. Conference concurs.

***Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – NEW***

Stipulates reporting requirements pertaining to the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive adds. House does not concur. Senate concurs. Conference concurs.