

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Summary: Conference Report
Article 7, House Bill 5396 (S-1) CR-1

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	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$723,100	\$728,600	\$5,500	0.8
Federal	1,017,600	1,017,100	(500)	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	70,172,100	71,570,000	1,397,900	2.0
GF/GP	150,000	0	(150,000)	(100.0)
Gross	\$72,062,800	\$73,315,700	\$1,252,900	1.7
FTEs	368.5	378.5	10.0	2.7

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial services industries operating within the state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes From FY 2019-20 YTD Appropriations

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
1. Department FTE Increase		
Includes authorization for 10.0 FTE positions, including 1.0 FTE position for the Department Services line, 5.0 FTE positions for the Consumer Services and Protection line, 2.0 FTE positions for the Financial Institutions Evaluation line, and 2.0 FTE positions for the Insurance Evaluation line. A final listing of the specific positions that will be filled by the department is currently unavailable.	FTE	NA
	Gross	NA
	GF/GP	10.0
		\$0
2. Executive Director Programs GF/GP Removal	Gross	\$1,091,900
Removes \$150,000 GF/GP that was included in the FY 2019-20 budget for the Executive Director Programs line item to support statutorily required reporting under the Healthy Michigan Plan. The GF/GP appropriation lapsed each year it was included, since DHHS completed the required reporting.	Restricted	941,400
	GF/GP	0
		(\$150,000)
3. Economic Adjustments	Gross	NA
Reflects a net increase in costs of \$1.4 million Gross for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 1, 2021), actuarially required retirement contributions, worker's compensation costs, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	5,500
	Restricted	NA
	GF/GP	NA
		1,397,900
		\$0

INSURANCE AND FINANCIAL SERVICES

Boilerplate Changes From FY 2019-20

Sec. 206. *Communication with the Legislature* – REVISED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff. Revised to allow action in instances where the communication is unlawful and to renumber the section from Sec. 216 to 206.

Sec. 216. *FTE Vacancies and Remote Work Report* – NEW

Requires DIFS to report quarterly on the number of FTE positions filled and to report semiannually on the number of employees engaged in remote work in 2020, the number of employees engaged in remote work in the reporting period, and savings achieved by remote work.

Sec. 217. *Work Project Expenditures* – NEW

Requires work project authorizations be exhausted before new appropriations are expended for the same purpose, to the extent possible in DIFS.

Sec. 218. *Healthy Michigan Plan Accounting Structure* – DELETED

Requires DIFS, in conjunction with DHHS, to maintain an accounting structure within the state's accounting system allowing Healthy Michigan Plan expenditures to be identified.

Sec. 218. *Legislature Action on Administrative Board Transfers* – NEW

Allows the legislature to intertransfer funds within the DIFS budget via concurrent resolution if the State Administrative Board transfers funds in the budget.

Sec. 219. *Appropriation for Healthy Michigan Plan Statutory Reporting Requirements* – DELETED

Requires General Fund appropriation for the Executive Director Programs line item to be expended on reporting requirements pursuant to section 105d(9) of the Social Welfare Act, 1939 PA 280.

Sec. 219. *Reports Retention* – NEW

Requires DIFS to receive and retain copies of all reports funded under part 1.

Sec. 220. *Policy Changes Report* – NEW

Requires DIFS to report on each policy change made in the prior calendar year to implement public acts affecting the department.

Sec. 222. *Television and Radio Productions* – REVISED

Prohibits DIFS from using appropriations to develop or produce television or radio productions through a third-party vendor. Revised to delete the prohibition and to require a report on any expenditure of funds to a third-party vendor for a television or radio production; and to renumber the section from Sec. 217 to 222.

Sec. 302. *Conservatorship and Insurance Liquidation Funds* – REVISED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and not to lapse to General Fund. Revised to limit the total amount appropriated under this section and section 303 to \$300,000.

Sec. 303. *Fees for Customized Listings* – REVISED

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; states that funds lapse to appropriate restricted fund accounts. Revised to limit the total amount appropriated under this section and section 302 to \$300,000.

Sec. 304. *Out-of-Network Billing Complaints Report* – NEW

Requires DIFS to report on out-of-network billing complaints received by the department.

Sec. 305. *Anti-Fraud Unit Report* – NEW

Requires DIFS to provide a midyear update to the Anti-Fraud Unit report required under section 6303 of the Insurance Code of 1956, 1956 PA 218.

Sec. 307. *Marijuana Information in Examination Manuals and Letters of Guidance* – NEW

Requires DIFS to update examination manuals and letters of guidance for state-chartered financial institutions to reflect how the department will evaluate institutions that offer services to the marijuana industry.