Summary: Executive Budget Recommendation for Fiscal Year 2020-21
INSURANCE AND FINANCIAL SERVICES
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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 Year-to-Date (YTD) Appropriations

1. Auto Insurance No-Fault Reform FTEs
Includes authorization for 20.0 FTE positions for the implementation of auto insurance no-fault reforms, as required under 2019 PA 21 and 2019 PA 22. Activities that would be supported by the FTE positions include consumer inquiry and complaint processing, auto insurance fraud investigations, claim appeals processing, and rate reviews.

2. Executive Director Programs GF/GP Removal
Removes $150,000 GF/GP that was included in the FY 2019-20 budget in 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.

3. Economic Adjustments
Reflects increased costs of $1.4 million Gross for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker’s compensation, building occupancy charges, and other economic adjustments.

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as “one-time.”

Major Boilerplate Changes from FY 2019-20

Sec. 207. Out-of-State Travel – REVISED
Stipulates conditions when DIFS may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify content requirements for the report.
Major Boilerplate Changes from FY 2019-20

Sec. 210. Contingency Funding – REVISED
Appropriates up to $200,000 in federal and $1.0 million in state restricted contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revises to adjust appropriation amounts to $1.0 million in federal and $5.0 million in state restricted contingency funds.

Sec. 216. Communication with the Legislature – DELETED
Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 217. Television and Radio Productions – DELETED
Prohibits DIFS from using appropriations to develop or produce television or radio productions through a third-party vendor.

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. 219. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – DELETED
Requires General Fund appropriation for 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. 220. Insurance Bureau Fund Use – DELETED
Authorizes Insurance Bureau Fund appropriations to be used to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956.

Sec. 301. Health Insurance Rate Filings Report – DELETED
Requires DIFS to submit a report based on health insurer annual rate filings; delineates information to be included.

Sec. 306. Consumer Services Complaints Report – DELETED
Requires DIFS to submit report regarding amount of consumer complaints received, process for handling complaints, and complaint outcomes.