

**FY 2017-18: DEPARTMENT OF INSURANCE  
AND FINANCIAL SERVICES**  
**Summary: As Passed by the House**  
**Article XI, House Bill 4323 (H-1) as Amended**



**Analyst: Marcus Coffin**

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$707,600	\$707,600	\$707,600			\$0	0.0
<b>Federal</b>	2,000,000	2,014,700	2,014,700			14,700	0.7
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	63,399,600	63,869,100	63,869,100			469,500	0.7
<b>GF/GP</b>	150,000	150,000	150,000			0	0.0
<b>Gross</b>	<b>\$66,257,200</b>	<b>\$66,741,400</b>	<b>\$66,741,400</b>			<b>\$484,200</b>	<b>0.7</b>
<b>FTEs</b>	342.5	342.5	342.5			0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial service industries operating within this 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 2016-17 YTD Appropriations**

**1. Economic Adjustments**

Executive reflects an increase in costs for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, and rent increases. House concurs.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
<b>Gross</b>	NA	<b>\$484,200</b>
Federal	NA	14,700
Restricted	NA	469,500
GF/GP	NA	\$0

**2. Technical Adjustments**

Executive includes internal adjustments which have no overall Gross or GF/GP impact. Technical adjustments include the consolidation of the Regulatory Compliance, Market Conduct and Licensing and the Insurance Rates and Forms line items into the Insurance evaluation line item. House concurs.

<b>Gross</b>	NA	<b>\$0</b>
GF/GP	NA	\$0

**Major Boilerplate Changes From FY 2016-17**

**Sec. 207. Out-of-State Travel Requirements and Report – REVISED**

Stipulates limitations regarding the conditions when DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed annual report on out-of-state travel. Executive revises. House revises to include a provision that out-of-state travel must be approved by a departmental employee's immediate supervisor.

**Sec. 217. Record Retention – RETAINED**

Requires DIFS to retain all records in accordance with state and federal guidelines. Executive deletes. House retains.

**Sec. 218. Communications with the Legislature – RETAINED**

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff. Executive deletes. House retains.

**Major Boilerplate Changes From FY 2016-17**

***Sec. 219. Television and Radio Productions – RETAINED***

Prohibits DIFS from developing or producing television or radio productions. Executive deletes. House retains.

***Sec. 220. Healthy Michigan Plan Accounting Structure – RETAINED***

Requires DIFS, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system that allow for the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains, but revises to eliminate the requirement that the department provide relevant accounting structures and business objects codes.

***Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED***

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939. Executive deletes. House retains.

***Sec. 301. Health Insurance Rate Filings Report – REVISED***

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. Executive deletes this section. House revises to eliminate the requirement for the department to report on estimated percentage of state population that is uninsured for more than 6 months in a calendar year.