

**FY 2017-18: DEPARTMENT OF INSURANCE  
AND FINANCIAL SERVICES**  
**Summary: Conference Report**  
**Article XI, House Bill 4323 (H-1) CR-1**



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

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference 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. Senate concurs. Conference 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, 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 to include a less detailed report. House retains the more detailed report but makes a revision to include a provision that out-of-state travel must be approved by a departmental employee's immediate supervisor. Senate retains the report without revision. Conference concurs with the House.

**Sec. 217. Record Retention – DELETED**

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

**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. Senate retains. Conference 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. Senate retains. Conference retains.

### ***Sec. 220. Healthy Michigan Plan Accounting Structure – REVISED***

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. Senate retains without revision. Conference concurs with the House.

### ***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. Senate retains. Conference retains.

### ***Sec. 301. Health Insurance Rate Filings Report – RETAINED***

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. Senate also 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. Conference retains current year language, including the uninsured reporting requirement.