Budget Briefing: Insurance and Financial Services

Una Jakupovic, Fiscal Analyst

December 2025

Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Department of Insurance and Financial Services

- Created by Executive Order 2013-1, the Department of Insurance and Financial Services (DIFS) is responsible for:
  - Regulating Michigan's insurance and financial services industries and licensing individuals and entities operating within these sectors
  - Consumer protection via management of consumer inquiries, investigation of consumer complaints, and consumer education
- DIFS regulates the following entities:
  - State-chartered banks and credit unions
  - Mortgage brokers, lenders, and servicers
  - Consumer finance entities
  - Insurance companies, agents, and products
  - Health maintenance organizations

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2025-26 is October 1, 2025 through September 30, 2026.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount that establishes spending authorization for a particular program or function in a budget bill.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapses: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

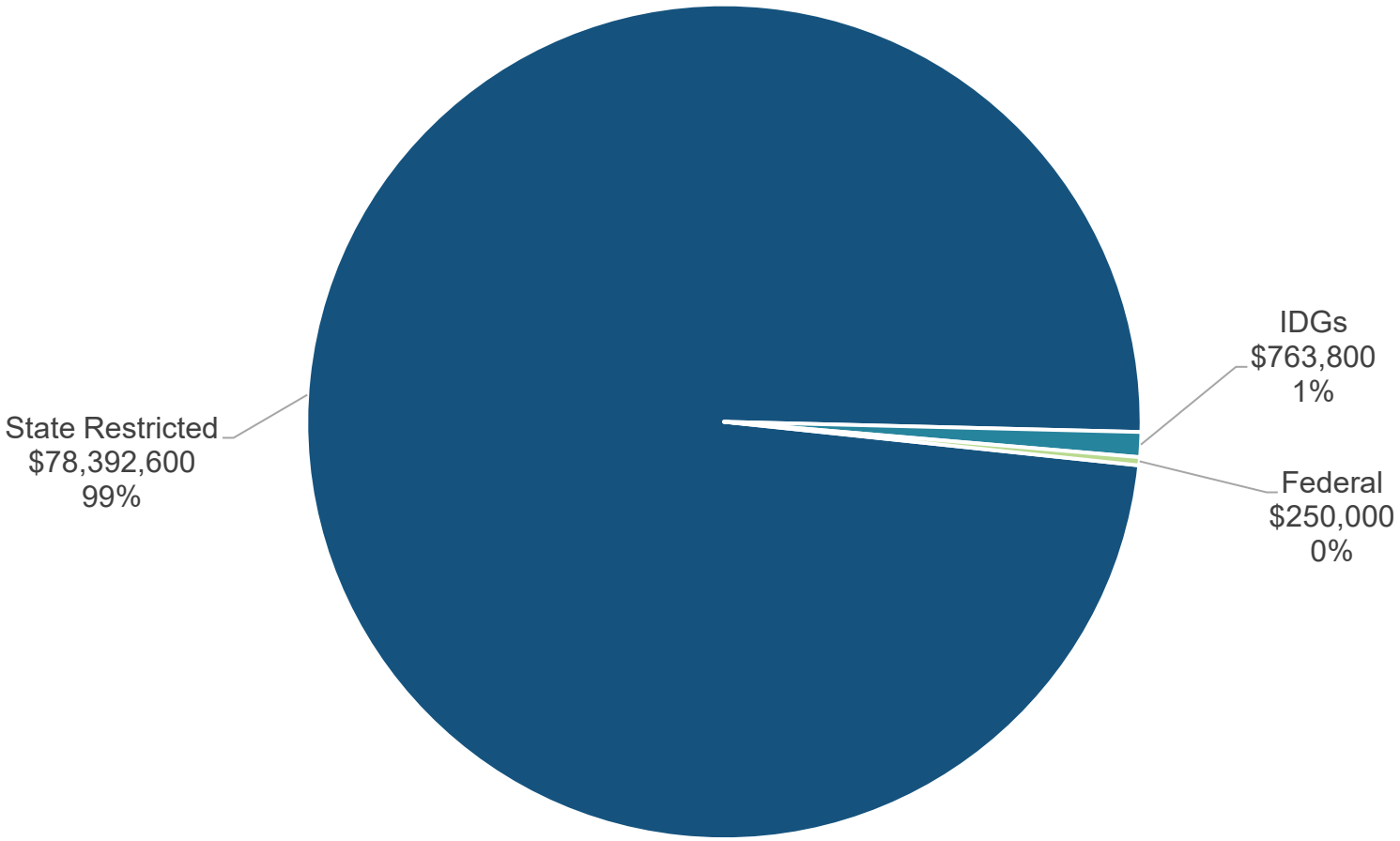
Funding Sources

FY 2025-26 DIFS Budget

Fund Source	Funding	Description
Gross Appropriations	$79,406,400	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	763,800	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	$78,642,600	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	250,000	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	0	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	78,392,600	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	$0	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

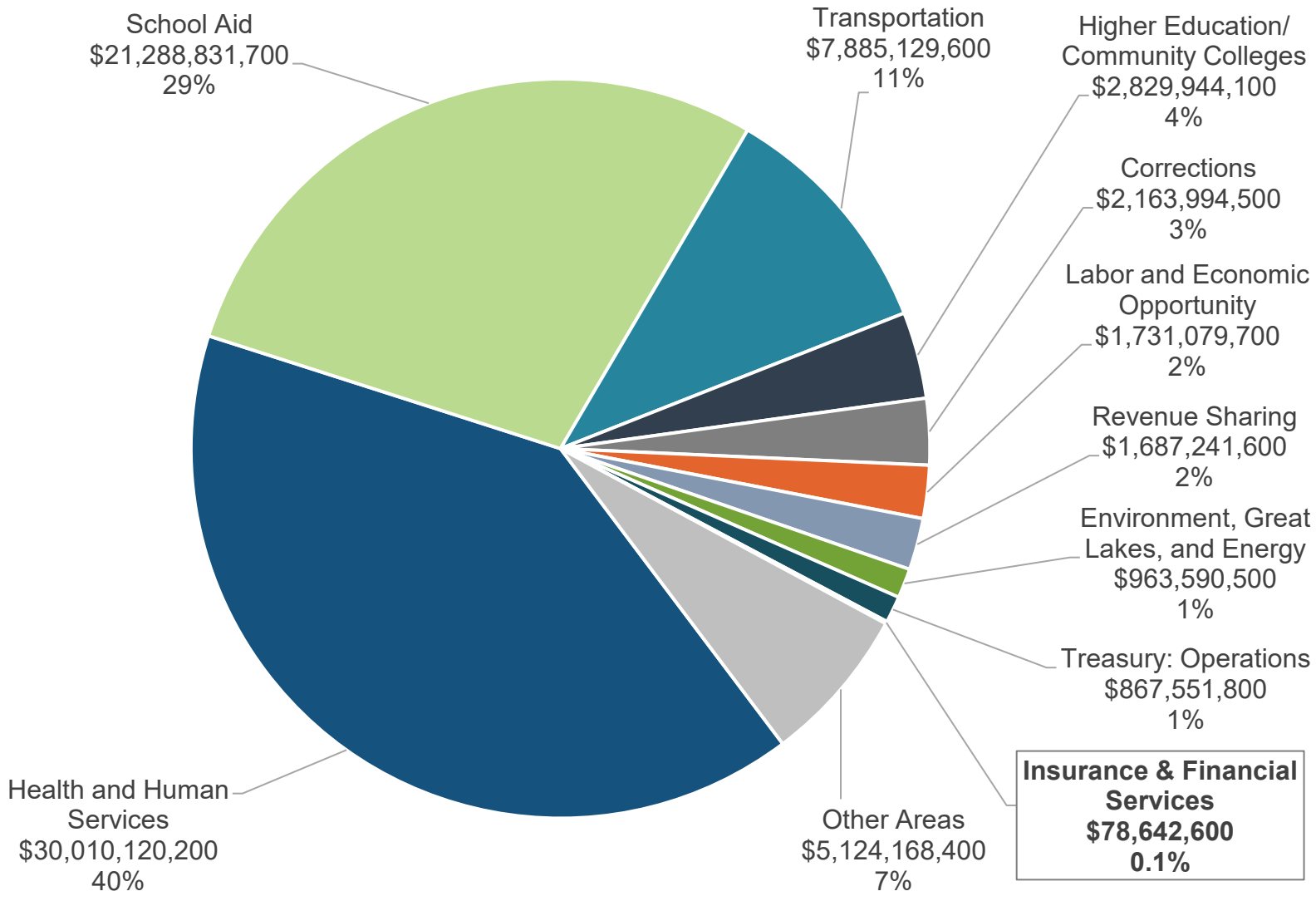
FY 2025-26 Fund Sources

Approximately **99%** of the **$79.4 million** DIFS budget is supported by state restricted revenue generated from fees and fines levied on individuals and entities regulated by DIFS.



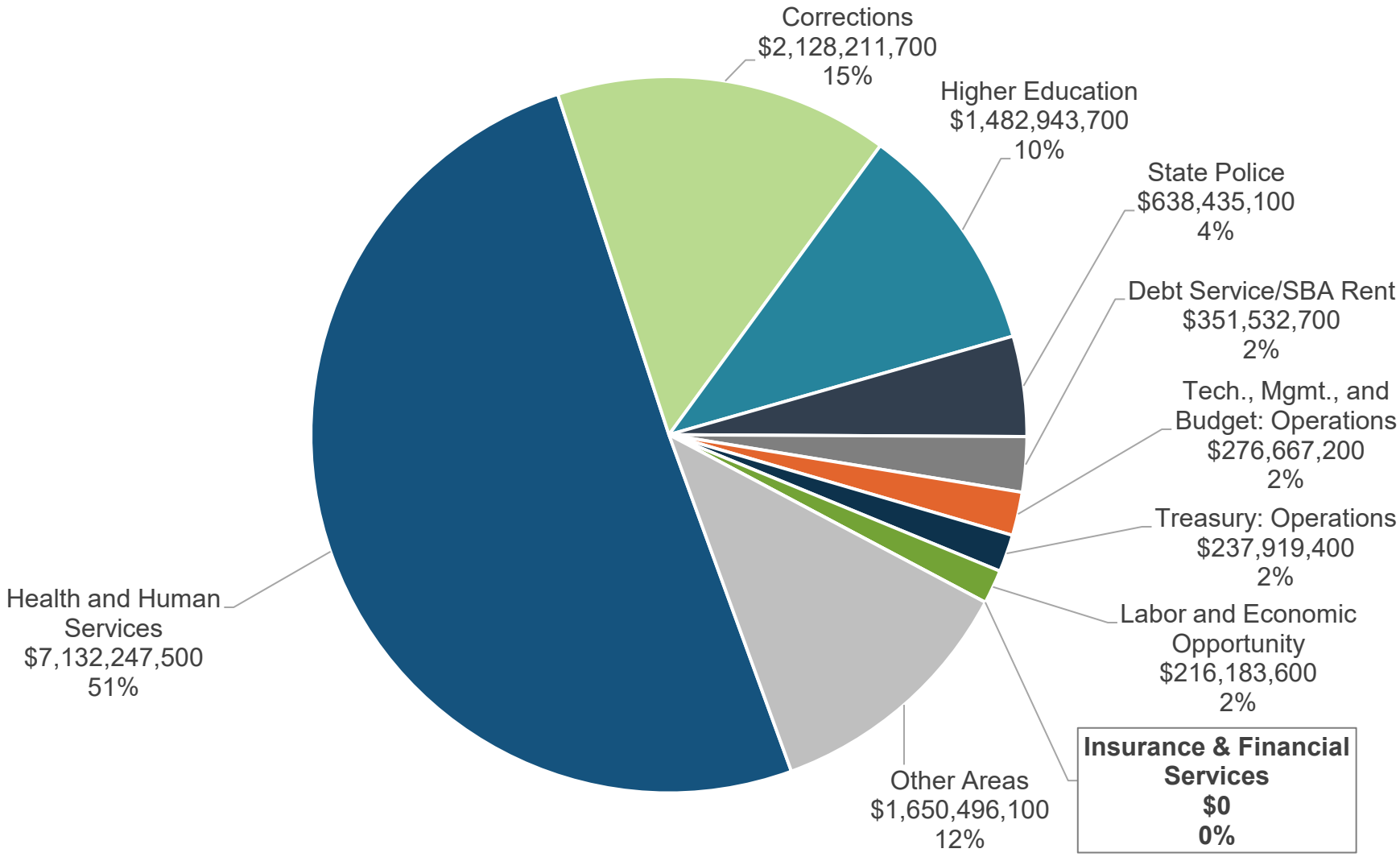
DIFS Share of Total State Budget

The DIFS budget represents approximately **one-tenth of 1%** of the **$74.6 billion** state budget (adjusted gross) for FY 2025-26.



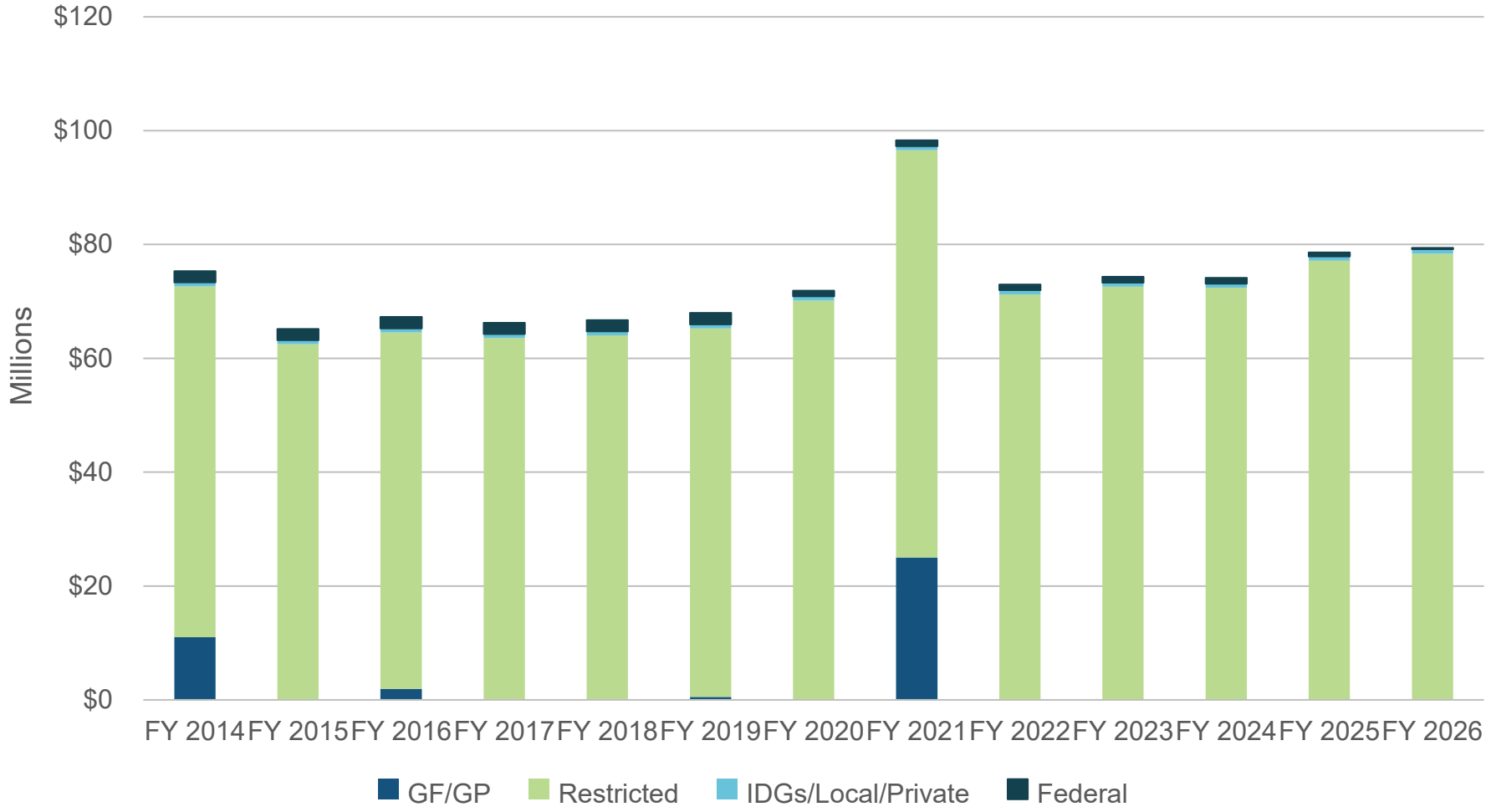
DIFS Share of Total GF/GP Budget

The DIFS budget does not include any of the state's **$14.1 billion** GF/GP budget for FY 2025-26.



DIFS Funding History

DIFS' GF/GP funding substantially declined in FY 2014-15, due to elimination of the Autism Coverage Fund appropriation. A sizeable restricted funding increase was included in FY 2019-20 for No-Fault reform. In FY 2020-21, $25.0 million GF/GP was appropriated for the Post-Acute Auto Injury Provider Relief Fund; all GF/GP funding was eliminated in FY 2021-22.



Note: DIFS functions were appropriated within LARA prior to FY 2013-14

Appropriation Areas

DIFS Appropriation Areas

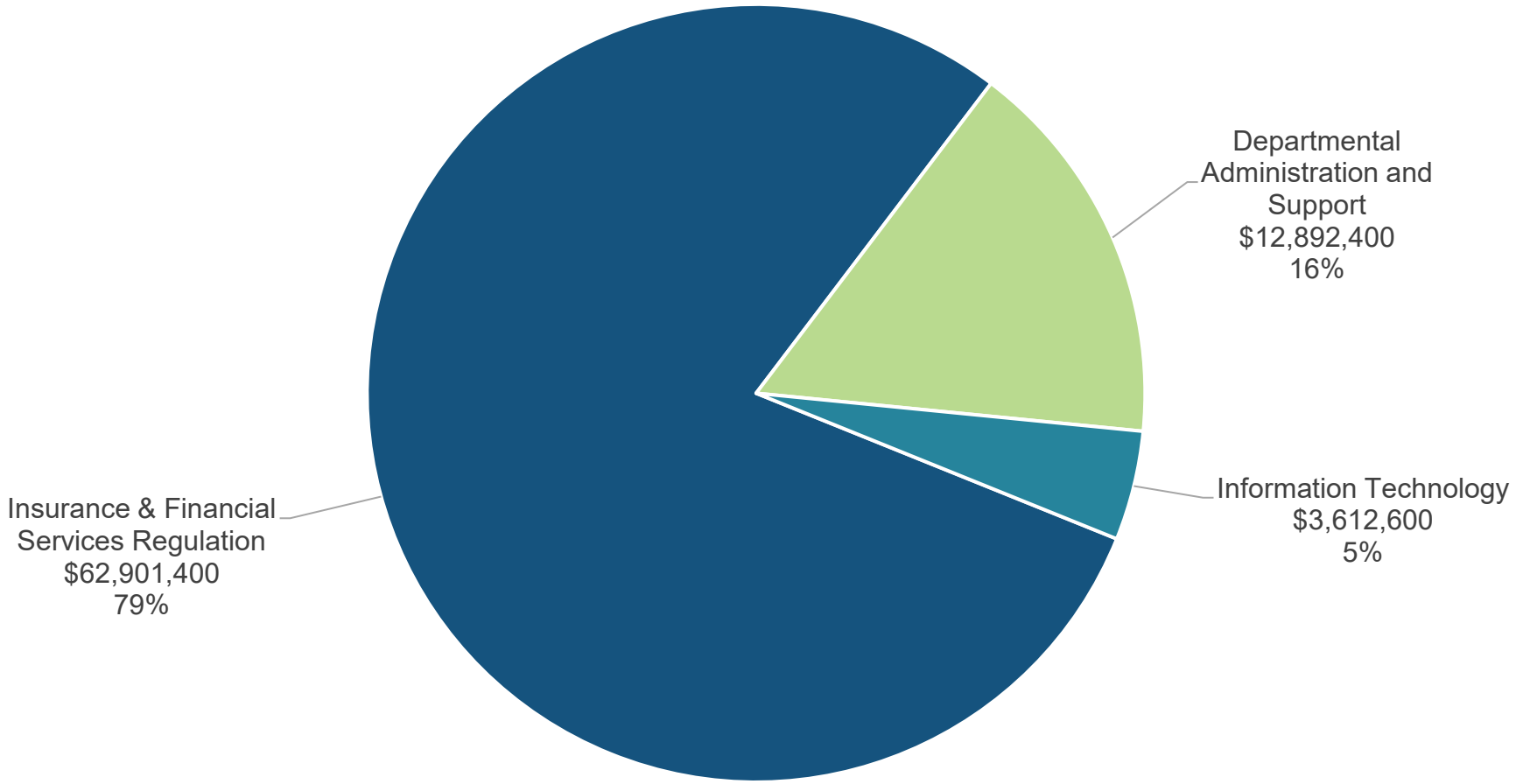
Departmental Administration and Support: Unclassified salaries, executive direction, administrative functions, and various overhead expenses

Insurance and Financial Services Regulation: Regulatory oversight of the insurance and financial services industries, legal counsel, and consumer services and protection

Information Technology: Supports information technology services and projects provided for DIFS by the Department of Technology, Management, and Budget

FY 2025-26 Gross Appropriations

About **21%** of the **$79.4 million** DIFS budget supports executive and administrative functions and overhead expenses.



Major Budget Topics

Major Restricted Funds

Restricted funding totals **$78.4 million**, or about **99%** of the DIFS budget. The following funds comprise **$71.0 million**, or approximately **91%** of the restricted funding in the budget.

Fund	Revenue Source	DIFS Appropriation Amount and Purpose
Insurance Bureau Fund	Fees from insurers and individuals/entities licensed under Insurance Code of 1956	$34.3 million for regulatory activity
Insurance Licensing and Regulation Fees	Fees from insurers, HMOs, and individuals/entities for insurance solicitor, counselor, adjustor, and agent licensure	$10.7 million for operational expenses
Credit Union Fees	Fees and fines from state-chartered credit unions	$10.4 million for examination and supervision expenses
Mortgage Brokers, Lenders, and Servicers Licensing Act Fund	Fees for licensure to broker, lend, or service mortgages	$7.7 million for administration and enforcement of applicable laws
Bank Fees	Fees from state-chartered banks	$7.9 million for operations and enforcement costs

Entities Licensed by DIFS

Type of Entity	Number Regulated in 2023	Number Regulated in 2024	Change (Decrease)
HMOs	26	28	2
Banks	69	67	(2)
Credit Unions	125	117	(8)
Domestic Insurance Companies	118	115	(3)
Foreign Insurance Companies	1,619	1,617	(2)
Insurance Agents	422,861	444,496	21,635
Insurance Agencies	25,327	26,762	1,435
Mortgage Licensees	19,974	16,071	(3,903)
Deferred Presentment Companies	210	198	(12)
Other Consumer Finance	2,518	2,685	167

*As reported in DIFS Annual Report

For more information about the Insurance and Financial Services budget:

HFA Resources

http://www.house.mi.gov/hfa/InsFinancialServices.asp

Contact Information

Una Jakupovic

Fiscal Analyst

ujakupovic@house.mi.gov

(517) 373-8080