

Act No. 62  
Public Acts of 2020  
Approved by the Governor  
March 17, 2020  
Filed with the Secretary of State  
March 17, 2020  
EFFECTIVE DATE: March 17, 2020

**STATE OF MICHIGAN  
100TH LEGISLATURE  
REGULAR SESSION OF 2020**

Introduced by Rep. Rendon

## **ENROLLED HOUSE BILL No. 5174**

AN ACT to amend 1956 PA 218, entitled “An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” by amending section 1915 (MCL 500.1915), as amended by 2006 PA 644.

*The People of the State of Michigan enact:*

Sec. 1915. (1) A licensee may charge a fee as follows:

(a) For a surplus lines insurance policy, a fee in addition to a commission only if the fee is not included in the premium and the fee is reasonable to cover underwriting and other expenses that are unique to surplus lines.

(b) For a personal lines insurance policy, a fee not to exceed the greater of \$100.00 or 10% of the personal lines insurance policy premium.

(2) All of the following apply to a fee charged under subsection (1):

(a) The fee must not be excessive or discriminatory. The licensee shall maintain complete documentation of all fees charged and evidence of the disclosure required under subdivision (b).

(b) The fee must be fully disclosed in detail to the insured, whether directly or through another licensed insurance producer, in writing before the sale. The fee must be separately itemized on any of the following:

(i) The policy declarations page.

(ii) The billing statement.

(iii) Other documentation provided to the purchaser setting forth the cost of the policy.

(c) The fee must not be included as a part of the policy premium in the computation of premium taxes.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives

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Secretary of the Senate

Approved \_\_\_\_\_

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Governor