



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF FINANCIAL AND INSURANCE REGULATION  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
STANLEY "SKIP" PRUSS, DIRECTOR

KEN ROSS  
COMMISSIONER

### BILL ANALYSIS

**BILL NUMBER:** HB 5632, as introduced

**TOPIC:** Restrict commissioner from industry job for two years after leaving office

**SPONSOR:** Rep. Dan Scripps

**CO-SPONSORS:** Reps. Lesia Liss, Harold Haugh, Vincent Gregory, Andrew Kandrevas, Kate Segal, Jon Switalski, Mike Huckleberry, Dian Slavens, Douglas Geiss, Bob Constan, Rashida Tlaib, Robert Jones, Fred Durhal, George Cushingberry, Jimmy Womack, Coleman Young, LaMar Lemmons, David Nathan, Lisa Brown, Sarah Roberts, Lee Gonzales, Ellen Cogen Lipton, Gabe Leland

**COMMITTEE:** House Committee on Insurance

**Analysis Done:** December 2, 2009

### POSITION

The Office of Financial and Insurance Regulation (OFIR) supports this legislation with amendments.

### PROBLEM/BACKGROUND

The Insurance Commissioner is an elected position in some states but in Michigan the Commissioner of the Office of Financial and Insurance Regulation (OFIR) is appointed by the Governor. The Commissioner is responsible for the regulation of insurance, financial institutions, and securities in the State of Michigan. As the regulator, the Commissioner has routine contact with high level industry executives, lobbyists, the Legislature, members of the public and other individuals who have concerns or issues related to these regulated entities.

A number of former commissioners have subsequently been employed directly in the insurance industry. In an effort to remove any perception of undue industry influence, a number of states have placed limits on a commissioner's employment upon leaving office.

## **DESCRIPTION OF BILL**

The proposed legislation would restrict the OFIR Commissioner from taking a job in the insurance industry for at least 2 years after leaving office.

## **SUMMARY OF ARGUMENTS**

### **Pro**

A number of former Michigan commissioners have left office and accepted positions in the insurance industry. The proposed legislation is designed to remove perception of insurance industry influence on the position of OFIR Commissioner by restricting future employment for a period of two years.

### **Con**

The pool of qualified individuals willing to accept the position of OFIR Commissioner may be significantly reduced if the proposed restrictions are enacted.

## **FISCAL/ECONOMIC IMPACT**

OFIR has identified the following revenue or budgetary implications in this bill:

(a) To the Office of Financial and Insurance Regulation:     None known.

Budgetary:

Revenue:

Comments:

(b) To the Department of Energy, Labor & Economic Growth:     None known.

Budgetary:

Revenue:

Comments:

(c)     To the State of Michigan:                     None known.

Budgetary:

Revenue:

Comments:

(d) To Local Governments within this State: None known.

Comments:

**OTHER STATE DEPARTMENTS**

A number of state executive positions are appointed by the Governor. However, the proposal only limits the future employment opportunities of the OFIR Commissioner position.

**ANY OTHER PERTINENT INFORMATION**

Similar legislation has been introduced and/or enacted in several other states.

**ADMINISTRATIVE RULES IMPACT**

The proposed legislation would amend the Michigan Insurance Code. OFIR has general rulemaking authority under the Insurance Code, 1956 PA 218.



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Ken Ross  
Commissioner

12.2.09

Date

