



Senate Fiscal Agency
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Senate Bill 101 (as enacted)
Sponsor: Senator Sarah Anthony
Senate Committee: Health Policy
House Committee: Insurance and Financial Services

PUBLIC ACT 28 of 2023

Date Completed: 7-7-23

RATIONALE

During the COVID-19 pandemic, insurance board members and other contributors were temporarily allowed to hold meetings electronically. This allowance expired on September 30, 2022, requiring insurance board meetings to be held in person again. According to testimony before the Senate Committee on Health Policy, members of an insurance board often must choose between taking time off to travel to participate in meetings in person or be deemed absent; however, attending meetings electronically may lower travel costs, increase participation among board members and other contributors in the State, increase flexibility of meeting times, and increase overall business efficiency. Accordingly, it was suggested that the Code reflect current business and technological practices by deleting the September 30, 2022, sunset on provisions allowing an insurance board to hold meetings electronically.

CONTENT

The bill amended Chapter 52 (Corporate Powers, Procedures of Stock and Mutual Insurers) of the Insurance Code to eliminate September 30, 2022, sunsets on provisions that allowed stockholders or directors to adopt bylaws permitting, and to conduct, meetings through electronic means.

Under the Code, the stockholders or members of a corporation may adopt bylaws that they consider advisable. Until September 30, 2022, the bylaws could have provided for the following:

- One or more directors could have participated in a regular or special meeting of the board, or a committee of the board, or conducted the meeting by means of electronic communication devices that enabled all participants in the meeting to communicate with each other and would have been deemed present and in person at the meeting.
- Any meeting of the stockholders or members could have been conducted by means of electronic communication devices by which all stockholders or members participating could have participated simultaneously and would have been deemed present.

In addition, until September 30, 2022, if bylaws had to be amended to allow meetings to be conducted through electronic communication devices, an amendment could have been adopted electronically to do so.

Until September 30, 2022, the Code allowed a meeting of stockholders or members to be conducted by means of electronic communication devices by which all members participated simultaneously. The stockholders or members participating in the meeting would have been deemed present. Until that date, the Code also allowed a board of directors to permit one or more directors to participate in a regular or special meeting of the board, or committee of the board, to conduct the meeting by means of electronic communication devices that enabled all

participants in the meeting to communicate with each other. A director participating in the meeting would have been deemed present in person at the meeting.

The bill deleted the September 30, 2022, sunsets described above (which, in effect, allowed those provisions to resume).

The bill took effect May 8, 2023.

MCL 500.5228 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Opposing Argument

Some believe that allowing meetings to be held electronically may undermine public participation. Neither the bill or the Code specify what constitutes an "open meeting" when a meeting is held electronically. Stockholders or directors of insurance boards may capitalize on this and make their meetings more difficult to access to the public. The bill should not have been enacted before "open meetings" standards were established that guaranteed public participation.

Opposing Argument

Some believe that allowing meetings to be held electronically without sufficient requirements for board member conduct creates a situation where the voting members of an insurance board could choose to not pay attention to the meeting's proceedings. According to testimony before the Senate Committee on Health Policy, board members could walk away from electronically-held meetings at any time. The bill should not have been enacted before standards were established for board member conduct within insurance board meetings.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Raczkowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.