STATE OF MICHIGAN
DEPARTMENT OF LINCENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Bulletin 2011-12-INS

In the matter of

Annual CPI Adjustment of the Surplus Lines
Licensee fee for costs
_____/

Issued and entered
this 27th day of May 2011
By R. Kevin Clinton
Commissioner

This bulletin, effective June 1, 2011, supersedes Bulletin 2010-12-INS, dated May 26, 2010.

The Legislature amended Section 1915 of the Insurance Code of 1956, 1956 PA 218, MCL 500.1915, effective January 5, 2007. It provides in part as follows:

> (1) A licensee may not charge, in addition to the premium charged by an unauthorized insurer, a fee to cover the costs incurred in the placement of the indemnity which exceeds $50.00, unless all of the following conditions are met:
>
> (a) The fee in excess of $50.00 is filed with the commissioner and not disapproved by the commissioner within 30 days of the date it is filed with the commissioner.
>
> (b) The fee exceeds $50.00 only to the extent that the actual additional costs incurred for services performed by persons or entities unrelated to the licensee exceed that amount.
>
> (2) A fee charged pursuant to subsection (1) shall not be excessive or discriminatory. The licensee shall maintain complete documentation of all fees charged pursuant to subsection (l)(b). Those fees shall not be included as a part of the policy premium in the computation of premium taxes.

Section 1915 also requires the Commissioner to adjust the $50.00 fee June 1, 2008 and annually thereafter to reflect the percentage of change in the consumer price index (CPI) for all urban consumers in the United States city average for all items, as most recently reported by the United States department of labor, bureau of labor statistics.

By issuance of this bulletin, the Commissioner certifies that he has performed the CPI adjustment required by Section 1915. Effective June 1, 2011 through May 31, 2012, the maximum fee a surplus lines licensee may charge for costs, without application to the Commissioner but subject to all requirements of Section 1915 quoted above, is $56.00. This fee reflects the annual percentage change from May 1, 2010 – to the most recently reported CPI –April 30, 2011.

Any questions regarding this bulletin should be directed to:

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