

**Department of Insurance and Financial Services
Office of General Counsel**

1. Rule(s) to be **processed** between July 1, 2019 and June 30, 2020.

ORR # 2019-024 IF. Essential Insurance. (Authority: MCL 500.210, 500.2113.) This existing rule set contains several rules related to administration of the Essential Insurance Act, MCL 500.2101 *et seq.* R 500.1508 through R 500.1514 relate specifically to the Director’s “review and determination” process, which evaluates consumer complaints related to declinations and terminations of automobile and/or homeowners insurance. The proposed amendments clarify the basis on which these appeals can be made, and clarify timelines and procedures employed by DIFS in review and determinations.

ORR # 2019-029 IF. Regulatory Loan Licensees. (Authority: MCL 493.21.) PA 171 of 2017 amended the Regulatory Loan Act. The proposed amendments would ensure the rules conform to the amended statute, eliminate provisions that are duplicative of those in the Regulatory Loan Act, and eliminate provisions that have become obsolete.

ORR # 2019-032 IF. Debt Management. (Authority: MCL 451.432.) PA 362 of 2014 amended the Debt Management Act. The proposed amendments would ensure the rules conform to the amended statute, and eliminate provisions that have become obsolete.

ORR # 2019-038 IF. Pre-Licensure Education Requirements. (Authority: MCL 500.210, 500.1204, 500.1204a, 500.1204b, 500.1204c.) 2008 PA 575 amended the Insurance Code producer licensing requirements, effective July 16, 2009. The pre-licensure education provisions in this rule set date from 1997-1998 and the proposed amendments would ensure the rules conform to the amended statutory requirements. In addition, MCL 500.1204a mandates promulgation of rules establishing the criteria that must be met by a person in order to render instruction in a registered insurance agent program of study; and prescribing the subject matter that a program of study must possess to qualify for registration. The proposed amendments would accomplish this purpose.

ORR # not assigned. Principle-Based Reserving. (Authority: MCL 500.210, 500.836a.) PA 571 of 2014 added MCL 500.836a to the Insurance Code. This section mandates promulgation of rules containing the minimum standards applicable to the valuation of disability plans and contracts issued before the date of the National Association of Insurance Commissioners valuation manual (see also the entry for this rule below under #3).

ORR # not assigned. Annuity/Mortality Tables. (Authority: MCL 500.210, 500.835.) PA 558 of 2016 amended MCL 500.835, effective April 10, 2017. R 500.1241 must be amended to conform to the statutory amendments.

ORR # not assigned. Loss Ratios Applicable to Individual or Family Expense Coverage. (Authority: MCL 500.210, 500.2242.) The federal Patient Protection and Affordable Care Act sets loss ratio standards for health insurance policies. This rule should be amended to apply to disability policies other than health insurance policies in order to eliminate conflict between the federal law and the rules.

ORR # not assigned. Good Moral Character. (Authority: MCL 500.210, MCL 338.41.) Sections 1214, 1224, and 1234 of the Insurance Code, MCL 500.1214, 500.1224, and 500.1234,

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require applicants for licensure as solicitors, adjusters, or insurance counselors to possess, among other things, “good moral character.” MCL 500.1201 defines that term with reference to the Occupational License for Former Offenders Act, MCL 338.41 through 338.47, which provides a general definition, but no specific standards. These rules would set forth specific standards applicable to the determination of whether an applicant possesses good moral character under Sections 1214, 1224, and 1234 of the Insurance Code.

2. Rules that are obsolete or superseded and can be **rescinded** between July 1, 2019 and June 30, 2020. Also, please identify the rules or rule sets that are least important to the mission and function of the agency, or are otherwise strong candidates for rescission.

DIFS has identified no such rules.

3. Has the agency failed to promulgate any statutorily required rules **or** failed to utilize any statutorily required rules? Please explain.

MCL 487.2068 mandates promulgation of rules necessary for the enforcement of the Consumer Financial Services Act, MCL 487.2051 et seq.

MCL 500.415 mandates promulgation of rules to carry out the purposes of Sections 412 to 414 of the Insurance Code, MCL 500.412 to 500.414, which establish procedures for the transfer of an insurer’s corporate domicile.

MCL 500.836a mandates promulgation of rules containing the minimum standards applicable to the valuation of disability plans and contracts issued before the date of the National Association of Insurance Commissioners valuation manual.

MCL 500.2080 mandates rules to regulate life insurance solicitations to fund preneed funeral and cemetery contracts.

4. Please indicate the rules that are most problematic to industry and could be reviewed to determine the most business-friendly method of regulation.

DIFS has identified no such rules.

- A. Whether there is a continued need for the rules.

N/A

- B. A summary of any complaints or comments received from the public concerning the rules.

N/A

- C. The complexity of complying with the rules.

N/A

- D. Whether the rules conflict with or duplicate similar rules or regulations adopted by the federal government or local units of government.

N/A

- E. The date of the last evaluation of the rules and the degree, if any, to which technology, economic conditions, or other factors have changed regulatory activity covered by the rules.

N/A

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5. Please provide the URL link the department or bureau is currently using to display their administrative rules.

<https://dtmb.state.mi.us/DTMBORR/AdminCode.aspx?admincode=Department&Dpt=IF>

6. Please provide a list of the items identified for action in the 2019 ARP that have been completed and those that remain outstanding.

Completed

ORR # 2018-056 IF (Credit for Reinsurance): promulgated effective January 2, 2019.

ORR # 2018-047 IF (General Rules-Adjusters for Assured): rescinded effective October 18, 2018.

Outstanding

ORR # 2019-038 IF (Pre-Licensure Education Requirements): in progress (see above).

ORR # 2019-029 IF (Regulatory Loan Licensees): in progress (see above).

ORR # 2019-032 IF (Debt Management Act): in progress (see above).

ORR # 2019-042 IF (Essential Insurance Act): in progress (see above).

ORR # not assigned (Principles-Based Reserving)

ORR # not assigned (Annuity/Mortality Tables)