

**Department of Insurance and Financial Services
Office of Research, Rules, and Appeals**

1. Rule(s) to be **processed** between July 1, 2020 and June 30, 2021. [Give brief description.]

MOAHR # 2019-136 IF. Utilization Review. (Authority: MCL 500.3157a.) This new rule set (R 500.61 to R 500.85) is necessary to implement a utilization review program that was established under 2019 PA 21, which substantially amended the provisions of the Insurance Code of 1956 relating to no-fault automobile insurance. The utilization review program is intended to help lower overall costs of automobile insurance by ensuring that persons injured in motor vehicle accidents receive an appropriate level of care. These rules are mandatory under MCL 500.3157a(3) and include a process by which medical providers submit records to, and comply with, any decision of DIFS regarding utilization review.

MOAHR # 2020-25 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 to 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 will: a) clarify the processes applicable to review and determinations and private informal managerial level conferences; b) make technical changes to more clearly differentiate between the private informal managerial level conference that must precede a review and determination and the review and determination itself; c) provide for a remedy to be imposed by the Director to resolve a review and determination based on an incorrect premium charge; and d) make other general revisions for consistency and clarity. This rule set was identified in the 2019-2020 Annual Regulatory Plan and was previously been assigned MOAHR # 2019-24 IF. However, that index number expired.

MOAHR # 2020-18 IF. Good Moral Character. (Authority: MCL 500.210, MCL 338.43.) This is new rule set (R 500.21 to R 500.25) is intended to provide: a) standards and criteria for the Director's review of "good moral character" primarily for applicants for licensure as a solicitor, adjuster, insurance counselor, or insurance producer under MCL 500.1214, 500.1224, 500.1234, and 500.1239, respectively, under the Insurance Code of 1956; b) establish procedures for applicants to submit claims of rehabilitation; c) identify criminal convictions for which a lack of good moral character is presumed and which are not an existing bar to licensure under the Insurance Code of 1956. The above-cited sections of the Insurance Code of 1956 require those applicants to possess "good moral character." That term is defined under MCL 500.1200 by reference to MCL 338.41(1) of 1974 PA 381, which generally defines "good moral character" as the applicant's propensity to serve the public in a "fair, honest, and open manner."

MOAHR # not assigned. Credit for Reinsurance. (Authority: MCL 500.210, MCL 500.1103, MCL 500.1106.) Section 1103 of the Insurance Code of 1956 allows a ceding insurer credit, i.e., an asset or reduction from liability, if the reinsurance is ceded to an assuming insurer that meets any of subsections (2) through (6) of MCL 500.1103. The National Association of Insurance Commissioners (NAIC) has made changes to its model law and regulations to facilitate the consistency of state law with the "covered agreement" entered by the United States and European Union on September 22, 2017, authorized under 31 USC 314. The changes to the NAIC models necessitate corresponding legislative amendments and amendments to this rule set, R 500.1121 to R 500.1133, to allow for additional categories of assuming insurers that may provide a ceding insurer credit for the cession. Due to the current

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scope of DIFS' rulemaking authority under Chapter 11 of the Insurance Code of 1956, amendments to this rule set are conditioned on legislative amendments, which have not yet been enacted.

2. Rules that are obsolete or superseded and can be **rescinded** between July 1, 2020 and June 30, 2021. 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 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 NAIC valuation manual.

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 500.2080 mandates promulgation of 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

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

<https://www.michigan.gov/difs/0,5269,7-303-13167---,00.html>

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6. Please provide a list of the items identified for action in the 2020 ARP that have been completed and those that remain outstanding.

Completed

MOAHR # 2019-29 IF (Regulatory Loan Licensees): promulgated effective June 8, 2020.

MOAHR # 2019-38 IF (Pre-Licensure Education Requirements): promulgated effective December 12, 2019.

MOAHR # 2019-040 IF (Mortality Table for Individual Annuity Valuation): rescission effective June 26, 2019.

MOAHR # 2019-041 IF (Mortality Table for Group Annuity Valuation): rescission effective June 26, 2019.

Outstanding

MOAHR # 2019-32 IF (Debt Management): in progress; the rules currently reside with JCAR.

MOAHR # 2020-25 IF (Essential Insurance): in progress (see above).

MOAHR # 2020-18 IF (Good Moral Character): in progress (see above).