

Michigan Office of Administrative Hearings and Rules

Administrative Rules Division (ARD)

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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RIS)**

Agency Information:

Department name:

Insurance and Financial Services

Bureau name:

Insurance

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Rule Set Information:

ARD assigned rule set number:

2023-21 IF

Title of proposed rule set:

Holding Companies

Comparison of Rule(s) to Federal/State/Association Standard

1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

There are no parallel federal rules or standards set by a state or national licensing agency or accreditation association.

A. Are these rules required by state law or federal mandate?

No, these rules are not required by state law or federal mandate.

B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

These rules do not exceed any federal standard or law.

2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

The proposed rules are based on the Insurance Holding Company System Regulatory Act (Model Act #440) and Insurance Holding Company System Model Regulation (Model Regulation #450) promulgated by the National Association of Insurance Commissioners (NAIC). These models were amended in 2020 to provide state insurance regulators a consistent framework for evaluating the financial condition of insurers at the holding company group level. The changes include new tools for monitoring the adequacy of capital (the Group Capital Calculation (GCC)) and group liquidity risks (the Liquidity Stress Test). The capital requirements align with “covered agreements” entered by the United States and the European Union and the United Kingdom pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, 31 U.S.C. §§ 313 and 314, by exempting groups from the GCC filing whose non-United States group-wide supervisor is within a “reciprocal jurisdiction” that recognizes the United States’ approach to group supervision and capital. The amendments to Model Act #440 and Model Regulation #450 are expected to become requirements for states to maintain accreditation through the NAIC, which is a program that fosters effective financial solvency regulation by allowing non-domestic states to rely on the domestic state’s related oversight in light of meeting the same baseline standards of solvency regulation.

The NAIC currently reports that as of September 2023, 27 jurisdictions have adopted Model Act #440 (adopted in part by one additional state), and 15 jurisdictions have adopted Model Regulation #450 (adoption pending in one additional state). Of those states, those similarly situated to Michigan that have adopted either or both models include Wisconsin, Iowa, Missouri, Illinois, Ohio, Kentucky, and Pennsylvania. In Michigan, insurance holding companies are regulated under Chapter 13 of the Insurance Code of 1956 (Code), MCL 500.1301 to 500.1379, and by regulatory guidance and orders issued by the Director of the Department of Insurance and Financial Services (DIFS). Chapter 13 was amended in 2022 to adopt the 2020 amendments to Model Act #440, see 2022 PA 258 to 264, and the proposed rules would adopt Model Regulation #450, as revised to include GCC provisions.

A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

The proposed rules do not exceed standards in those states, to the extent that the similarly situated state adopted laws, regulations, and/or administrative practices implementing the relevant objectives of Model Act #440 and Model Regulation #450.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

There are no laws, rules, or other legal requirements that conflict with the proposed rules. The proposed rules contain requirements applicable to insurance holding company systems that are also regulated under Chapter 13 of the Code and regulatory guidance and orders issued by the Director of DIFS. In that regard, the proposed rules may overlap with Chapter 13 of the Code and associated legal requirements, but do not duplicate requirements under Chapter 13. The proposed rules will establish through rulemaking requirements for filings that implement Chapter 13, some of which have previously been implemented through regulatory guidance and orders issued by the Director of DIFS, as authorized under the Code.

A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The proposed rules implement Chapter 13 of the Code, as explained above. There are no other federal, state, or local laws applicable to the same activity or subject matter.

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, provide a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232(8), as enacted by 2018 PA 602, does not apply to the proposed rules.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, provide either the Michigan statute that specifically authorizes the more stringent rules OR a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232(9), as enacted by 2018 PA 602, does not apply to the proposed rules.

Purpose and Objectives of the Rule(s)

6. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.

Chapter 13 of the Code authorizes domestic insurers to form or acquire subsidiaries and be part of a holding company system. Chapter 13 also requires certain filings with DIFS, including statements upon an acquisition or control of a domestic insurer, see MCL 500.1311; annual registration, see MCL 500.1324; annual risk enterprise reports, see MCL 500.1325a; the GCC, see MCL 500.1325b; results of the year's Liquidity Stress Test, see MCL 500.1325c; notice of certain transactions, see MCL 500.1341; and approval requests and reports regarding certain dividends, see MCL 500.1343. The proposed rules set forth procedural rules and other requirements for most of those filings and also include exemption criteria for the GCC filing, as contemplated under MCL 500.1325b. As indicated, some of the filings are triggered by certain actions or proposed actions, whereas others are required on an annual basis.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.

With respect to the GCC filing, it is a new requirement in Michigan, enacted under MCL 500.1325b, as added by 2022 PA 262. Accordingly, the statute and corresponding proposed rule, require an annual GCC filing from the ultimate controlling person of an insurer subject to registration under MCL 500.1324, unless exempted, where there was no such statutory requirement before 2022 PA 262 became effective. With respect to the remaining filings and transactions governed by the proposed rules, there is not expected to be a substantial change in insurers' and other persons' behavior in furtherance of complying with the proposed rules.

B. Describe the difference between current behavior/practice and desired behavior/practice.

Currently, persons required to submit filings under Chapter 13 of the Code do so pursuant to substantially similar criteria, as ordered by the Director under the authority of the Code. A change in behavior/practice resulting from the proposed rules is expected only in relation to implementing the new GCC filing requirements/exemptions, as contemplated under MCL 500.1325b.

C. What is the desired outcome?

By submitting the required filings and complying with Chapter 13 of the Code and the proposed rules, insurers and other regulated persons help ensure effective oversight of the financial health of the insurer or group.

7. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.

As stated above, the proposed rules establish procedural and other requirements for filings that implement Chapter 13, some of which have previously been implemented through regulatory guidance and orders issued by the Director of DIFS, as authorized under the Code. Establishing these requirements through rulemaking enhances the transparency of Michigan's adoption of Model Act #440 and Model Regulation #450 and ensures Michigan's uniformity with other states. Further, without the GCC filing exemption criteria established in the proposed rules, the statutory requirements under MCL 500.1325b will not be fully implemented, and Michigan would lack uniformity among the states in the regulation and financial oversight of holding company systems, some of which operate nationally or internationally. Finally, promulgating the proposed rules ensures that Michigan's accreditation status through the NAIC is maintained, which as explained above, is essential for the effective financial solvency regulation of insurers and groups among the states.

A. What is the rationale for changing the rules instead of leaving them as currently written?

The proposed rules establish a new rule set.

8. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The proposed rules advance Michigan's ability to oversee and monitor the financial health and solvency of insurers and groups by implementing Chapter 13 of the Code's filing requirements and ensuring that Michigan maintains its accreditation status through the NAIC. Ensuring that insurers and groups remain financially healthy and solvent protects the interests of the insurer's policyholders, securityholders, and public. Promoting uniformity among states' approaches to assessing the financial health of insurers and groups reduces burdens placed on insurers and persons subject to the proposed rules by avoiding different requirements in different states that an insurer or group operates within. Further, maintaining Michigan's accreditation through the NAIC furthers Michigan's ability to be efficient in its regulatory oversight of insurers and groups for which Michigan is not the lead state by generally relying on assessments of the accredited lead state.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

The proposed rules establish a new rule set; there are no rules within the rule set that are obsolete or unnecessary.

Fiscal Impact on the Agency

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

The proposed rules are not expected to impose additional costs on DIFS. The financial monitoring of Michigan's insurers (and holding companies under Chapter 13 of the Code) is an ongoing function of the Office of Financial and Market Regulation within DIFS. Many of the filings subject to the proposed rules are currently assessed in furtherance of those functions DIFS performs with existing resources and staff. The GCC filing requirement, while new, is statutorily established, and only exemption criteria is established in the proposed rules. Assessment of the GCC filings is expected to be incorporated into DIFS' current functions relating to financial monitoring without additional costs.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.

No specific appropriation or funding source has been made or provided; DIFS expects that the proposed rules will be effectuated without any associated expenditures that would require additional funding.

12. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The proposed rules do not require duplicative acts of any individuals. The proposed rules do relate to the administrative burden of individuals to submit filings to DIFS on behalf of insurers or groups in order to comply with Chapter 13 of the Code. The proposed rules do not impose filing requirements in addition to those statutorily mandated. The proposed rules are necessary to establish the procedural requirements relating to those filings and to fully implement the new GCC filing requirement by establishing criteria for certain exemptions. The proposed rules are suitable for their purpose because they provide clear direction for the statutory filing requirements.

A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.

The requirements in the proposed rules are in relation to filings that are statutorily mandated, and the proposed rules are needed to continue and establish practices in Michigan that are consistent with Model Regulation #450. In that regard, consistency with Model Regulation #450 may lessen the administrative burden for those individuals working on behalf of multistate or international companies in light of the uniformity among states that adopt Model Act #440 and Model Regulation #450.

Impact on Other State or Local Governmental Units

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

There are no estimated increases or decreases in revenues to other state or local governmental units as a result of the proposed rules. There are no estimated cost increases or reductions for other state or local governmental units as a result of the proposed rules.

14. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.

There are not any programs, services, duties, or responsibilities imposed upon a city, county, town, village, or school district as a result of the proposed rules.

A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.

There are no actions that such governmental units must take to be in compliance with the proposed rules.

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.

No appropriation or funding source has been provided to state or local governmental units because there are no additional expenditures associated with the proposed rules.

Rural Impact

16. In general, what impact will the rules have on rural areas?

The proposed rules will not have an impact on rural areas.

A. Describe the types of public or private interests in rural areas that will be affected by the rules.

The proposed rules will not have an impact on public or private interests in rural areas.

Environmental Impact

17. Do the proposed rules have any impact on the environment? If yes, please explain.

The proposed rules will not have an impact on the environment.

Small Business Impact Statement

18. Describe whether and how the agency considered exempting small businesses from the proposed rules.

DIFS did not consider exempting “small businesses” from the proposed rules because the proposed rules implement Chapter 13 of the Code, which does not provide statutory authority to exempt “small businesses.” Additionally, the proposed rules would adopt Model Regulation #450, which is an NAIC accreditation requirement. Moreover, the filings under Chapter 13 and the proposed rules are required for insurers in relation to their holding company system, which are typically large, complex groups that may not constitute “small businesses.”

19. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

To the extent insurance companies regulated by DIFS constitute a “small business,” it is not expected that the proposed rules will have a disproportionate impact on small businesses because of their size. The proposed rules regulate insurers in relation to the holding company systems they are a part of. Regulation of the holding company system will either not apply to “small businesses” or establishing an exemption would not be lawful or feasible because the proposed rules implement Chapter 13 of the Code, which does not authorize a small-business exemption. DIFS believes that the proposed rules, consistent with the scope of Chapter 13, more effectively achieve their purpose if applied uniformly to all insurers in relation to their holding company systems.

A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.

DIFS did not estimate the number of “small businesses” affected by the proposed rules or the probable effect, as DIFS does not maintain data reported by insurers in order to determine whether they are “small businesses.” However, it is expected that the regulation of insurance holding company systems will not have a disproportionate effect on “small business” because of their size, and moreover, any small business exemption would not be consistent with the statutory requirements under Chapter 13 of the Code.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.

The proposed rules do not establish differing compliance or reporting requirements or timetables for “small businesses.”

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

The proposed rules do not consolidate or simplify compliance and reporting requirements for “small businesses.”

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

The proposed rules do not establish any performance standards applicable to “small businesses.”

20. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.

The proposed rules are not expected to have a disproportionate impact on small businesses because of their size or geographic location.

21. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.

The proposed rules implement the filings required under Chapter 13 of the Code. To the extent those filings are considered a “report” and would be applicable to any “small business” that is an insurer/group, the filings are statutorily required. Accordingly, cost of preparation would not be a result of the proposed rules alone.

22. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

The proposed rules are not expected to affect the cost of compliance with the holding company system requirements established in the first instance under Chapter 13 of the Code for “small businesses” subject to the proposed rules, if any.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.

The proposed rules are not expected to affect the cost of legal, consulting, or accounting services incurred to comply with the holding company system requirements established in the first instance under Chapter 13 of the Code by “small businesses” subject to the proposed rules, if any.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

The proposed rules are not expected to result in costs incurred by “small businesses” subject to the proposed rules, if any.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

The proposed rules implement the filing requirements under Chapter 13 of the Code that are generally applicable to insurers in relation to their holding companies. To administer or enforce a rule that exempts or sets lesser standards for compliance by any “small business,” DIFS would likely incur costs associated with any FTEs needed to establish and administer a separate process for compliance applicable only to “small businesses,” potential legal challenges to enforcement of a rule that is not consistent with the scope of Chapter 13, and potential loss of DIFS’ accreditation status granted by the NAIC, which currently creates substantial efficiencies for DIFS by allowing DIFS to coordinate with and rely on the work of other NAIC accredited states with respect to insurers domiciled in those other states. The fiscal impact on DIFS is indeterminate, as the costs incurred may vary depending on the nature of the process of compliance applicable to “small businesses,” if any, and the actions of third persons, such as the NAIC or party wishing to challenge the validity of the rule.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

The proposed rules, along with the filings required under Chapter 13 of the Code, provide for the state regulation and oversight of insurers in relation to their holding company systems in order to effectively monitor their financial health. Specifically, the GCC filing requirement and Liquidity Stress Test provide state regulators with tools to monitor risks and solvency at the group level. Any exemption from the proposed rules for “small businesses” would jeopardize Michigan’s ability to assess insurers’ and their groups’ financial health, which could adversely affect insurers’ ability to make payments on claims of policyholders.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rules.

DIFS did not specifically involve “small businesses” in the development of the proposed rules.

A. If small businesses were involved in the development of the rules, please identify the business(es).

DIFS did not specifically involve "small businesses" in the development of the proposed rules.

Cost-Benefit Analysis of Rules (independent of statutory impact)

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

The proposed rules establish a new rule set. As the filings implemented by the proposed rules are required under Chapter 13 of the Code, the proposed rules should not result in increased statewide compliance costs for businesses or groups. Additionally, businesses and groups subject to Chapter 13 and the proposed rules have already been complying with substantially similar requirements, pursuant to the Director's order authorized under the Code. With respect to the new GCC filing requirement, the proposed rules establish exemption criteria, not requirements in addition to those established under Chapter 13, and many business and groups subject to the proposed rules are required to comply with substantially similar requirements when operating in other jurisdictions, further minimizing their compliance costs in Michigan.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.

Insurers subject to Chapter 13 of the Code and "ultimate controlling persons" of those insurers are directly affected by, bear the cost of, or directly benefit from the proposed rules.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

The proposed rules are not expected to result in additional costs imposed on businesses and other groups.

29. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The proposed rules are not expected to result in compliance costs on individuals or the public; entities as insurers and groups are regulated under Chapter 13 of the Code and the proposed rules.

A. How many and what category of individuals will be affected by the rules?

Individuals will not be directly affected by the proposed rules.

B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?

Individuals will not be qualitatively or quantitatively impacted by the proposed rules.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

Cost reductions to individuals or governmental units as a result of the proposed rules is unlikely. The proposed rules do fully implement exemptions to the GCC filing requirements under MCL 500.1325b; application of those exemptions could result in cost reductions to insurers and/or their holding company systems to the extent that duplicative or unnecessary filings are avoided under an exemption.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.

The primary and direct benefit of the proposed rules is to ensure that DIFS can effectively and accurately monitor the financial health of insurers and their holding systems operating in Michigan, at the individual-insurer level and at the group level. The secondary or indirect benefit of the proposed rules is to ensure uniformity among jurisdictions, which allows for a more efficient and effective framework for state oversight because it provides insurers and groups that operate nationally or internationally with consistent standards and provides state regulators the ability to confidently rely on other states' prior determinations and assessments through the NAIC accreditation program with respect to insurers domiciled outside of the state but operating within the state.

32. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.

The proposed rules should not impact business growth or job creation (or elimination) in Michigan.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

Businesses that are insurers and entities within the holding company system are disproportionately affected by the proposed rules as a result of their industrial sector, given that Chapter 13 of the Code statutorily determines the scope of Michigan's regulation of insurance holding company systems. There are no individuals or businesses that are disproportionately affected by the proposed rules as a result of their segment of the public, business size, or geographic location.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.

The following sources were used in compiling the regulatory impact statement: NAIC Model Law, Insurance Holding Company System Regulatory Act (#440), available at: https://content.naic.org/sites/default/files/MO440_0.pdf; NAIC Model Regulation, Insurance Holding Company System Model Regulation (#450), available at: https://content.naic.org/sites/default/files/MO450_0.pdf; NAIC Accreditation Program standards, information available at: <https://content.naic.org/cipr-topics/accreditation>; NAIC Financial Regulation Standards and Accreditation (F) Committee's new and anticipated standards, available at: https://content.naic.org/cmte_f.htm; NAIC State Adoption Map of the models noted above, available at: https://content.naic.org/sites/default/files/smi_state_adoption_maps_models.pdf; and DIFS' existing Insurance Holding Company Forms, available at: <https://www.michigan.gov/difs/forms/insurance>.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.

It was estimated and assumed that the regulation of insurance holding company systems and relevant insurers are complex, national or international businesses that are unlikely to be considered "small businesses." Further, the regulation of such entities may result in compliance costs, but those costs stem from statutory requirements and standards under Chapter 13 of the Code, not the proposed rules, and that any such costs are already being absorbed by the regulated entities, or will soon be absorbed, due to the fact that those entities likely operate in other jurisdictions with substantially similar filing requirements and rules. It was further assumed that applying the GCC exemption criteria established in the proposed rules would be fully absorbed by DIFS' current operating practices when otherwise administering Chapter 13 by monitoring insurance holding company systems.

Alternative to Regulation

35. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.

DIFS has not identified reasonable alternatives to the proposed rules that would achieve the same or similar goals. As explained above, the proposed rules will establish through rulemaking requirements for filings that implement Chapter 13 of the Code, some of which have previously been implemented through regulatory guidance and orders issued by the Director of DIFS, as authorized under the Code. In light of the recent GCC requirements, as reflected in Model Act #440 (adopted in relevant part under MCL 500.1325b) and Model Regulation #450, and its incorporation in to the NAIC's Accreditation Program, there are no reasonable alternatives to the proposed rules.

A. Please include any statutory amendments that may be necessary to achieve such alternatives.

There are no such alternatives.

36. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

It would not be feasible to establish a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms; the monitoring of the financial health of insurers and their holding company systems is under the authority of state insurance regulators. DIFS is unaware of private market-based systems utilized by other states as an alternative to adopting state laws and regulations that are substantially similar to Model Act #440 and Model Regulation #450.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

DIFS did not consider any significant alternatives to the proposed rules, for the reasons stated above.

Additional Information

38. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

The forms referenced within the proposed rules will be made available on DIFS' website and will likely include instruction regarding the form's content. Those forms are expected to be substantially similar to the forms currently available on DIFS webpage at <https://www.michigan.gov/difs/forms/insurance>.