

Michigan Office of Administrative Hearings and Rules
Administrative Rules Division (ARD)

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REQUEST FOR RULEMAKING (RFR)

1. Department:

Insurance and Financial Services

2. Bureau:

Insurance

3. Promulgation type:

Full Process

4. Title of proposed rule set:

Good Moral Character

5. Rule numbers or rule set range of numbers:

R 500.21 through R 500.25

6. Estimated time frame:

6 months

Name of person filling out RFR:

Julie Agueros

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7. Describe the general purpose of these rules, including any problems the changes are intended to address.

Chapter 12 of the Insurance Code of 1956, 1956 PA 218, MCL 500.1200 to 500.1247, requires applicants for certain licenses to possess “good moral character.” See MCL 500.1224 (adjuster), MCL 500.1234 (insurance counselor), MCL 500.1214 (solicitor), and MCL 500.1239, as amended by 2019 PA 124, effective May 21, 2020 (resident and nonresident insurance producer). “Good moral character” is defined under MCL 500.1200 by reference to the definition of the term under section 1(1) of 1974 PA 381, MCL 338.41(1), which states in relevant part, that the term means “the propensity on the part of the person to serve the public in the licensed area in a fair, honest, and open manner.” The purpose of the rules is to provide standards and criteria for the Department Director’s review of good moral character, establish procedures for applicants to submit claims of rehabilitation, and 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.

8. Please cite the specific promulgation authority for the rules (i.e. department director, commission, board, etc.).

Section 210 of the Insurance Code of 1956, 1956 PA 218, MCL 500.210, requires the Department Director to promulgate rules the Director deems necessary to effectuate the purposes and to execute and enforce state insurance laws.

A. Please list all applicable statutory references (MCLs, Executive Orders, etc.).

MCL 500.210; Executive Reorganization Order No. 2013-1, MCL 550.991.

B. Are the rules mandated by any applicable constitutional or statutory provision? If so, please explain.

No.

9. Please describe the extent to which the rules conflict with or duplicate similar rules, compliance requirements, or other standards adopted at the state, regional, or federal level.

These rules do not conflict with or duplicate similar rules, compliance requirements, or other standards adopted at the state, regional, or federal level. These rules constitute a new rule set providing procedures and standards necessary to effectively administer the good-moral-character requirement for licensure under MCL 500.1224, MCL 500.1234, MCL 500.1214, and MCL 500.1239 in light of the statutory definition of the term established under MCL 500.1200 and MCL 338.41.

10. Is the subject matter of the rules currently contained in any guideline, handbook, manual, instructional bulletin, form with instructions, or operational memoranda?

No. However, the Department currently provides general information relating to background checks for adjuster, counselor, solicitor, and producer applicants on its website, which is available as follows:

Adjusters, counselor, solicitors: https://www.michigan.gov/difs/0,5269,7-303-22535_60490_23030-235848--,00.html.

Producers: <https://www.michigan.gov/difs/0,5269,7-303-22535-71987--,00.html>.

See also general information available to applicants, which is available as follows:

Adjusters: https://www.michigan.gov/difs/0,5269,7-303-22535_60490_23030---,00.html.

Counselors: https://www.michigan.gov/difs/0,5269,7-303-22535_60490_23035---,00.html.

Solicitors: https://www.michigan.gov/difs/0,5269,7-303-22535_23049---,00.html.

Producers: https://www.michigan.gov/difs/0,5269,7-303-22535_23031---,00.html, and

https://www.michigan.gov/difs/0,5269,7-303-22535_23032---,00.html.

11. Are the rules listed on the department's annual regulatory plan as rules to be processed for the current year?

Yes, the rules are listed on the Department's 2019-2020 annual regulatory plan.

12. Will the proposed rules be promulgated under Section 44 of the Administrative Procedures Act, 1969 PA 306, MCL 24.244, or under the full rulemaking process?

Full Process

13. Please describe the extent to which the rules exceed similar regulations, compliance requirements, or other standards adopted at the state, regional, or federal level.

These rules do not exceed similar regulations, compliance requirements, or other standards adopted at the state, regional, or federal level. These rules constitute a new rule set providing procedures and standards necessary to effectively administer the good-moral-character requirement for licensure under MCL 500.1224, MCL 500.1234, MCL 500.1214, and MCL 500.1239 in light of the statutory definition of the term established under MCL 500.1200 and MCL 338.41.

14. Do the rules incorporate the recommendations received from the public regarding any complaints or comments regarding the rules? If yes, please explain.

The rules do not incorporate any recommendations received from the public regarding any complaints or comments.

15. If amending an existing rule set, please provide the date of the last evaluation of the rules and the degree, if any, to which technology, economic conditions, or other factors have changed the regulatory activity covered by the rules since the last evaluation.

Not applicable; these rules do not amend an existing rule set.

16. Are there any changes or developments since implementation that demonstrate there is no continued need for the rules, or any portion of the rules?

Not applicable; these rules do not amend an existing rule set.

17. Is there an applicable decision record (as defined in MCL 24.203(6) and required by MCL 24.239(2))? If so, please attach the decision record.

No