

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

MOAHR-Rules@michigan.gov

REQUEST FOR RULEMAKING (RFR)

1. Department:

Insurance and Financial Services

2. Bureau:

Insurance

3. Promulgation type:

Full Process

4. Title of proposed rule set:

Surplus Lines Insurance Fees

5. Rule numbers or rule set range of numbers:

R 500.1251 - R 500.1251

6. Estimated time frame:

6 months

Name of person filling out RFR:

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

In its current form, the rule establishes a standard for surplus lines licensees to charge a fee of over \$50.00. The rule specifically establishes: a) categories of costs considered “unrelated to the licensee,” and b) disclosure and reporting requirements for fees exceeding the \$50.00 cap. MCL 500.1915 was amended by 2020 PA 62 to eliminate the \$50.00 fee cap and to establish new fee standards and disclosure requirements for permissible fees. These amendments necessitate conforming amendments to the rule. The proposed amended rule removes language no longer relevant following the passage of 2020 PA 62 and defines expenses “unique to surplus lines” that are permitted to be included in a surplus lines insurance fee.

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, MCL 500.210, requires the Director of the Department to promulgate rules the Director deems necessary to effectuate the purposes and to execute and enforce state insurance laws. Section 1955 of the Insurance Code of 1956, MCL 500.1955, permits the Director to promulgate rules to implement Chapter 19 of the Code.

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

MCL 500.210; MCL 500.1955; 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.

The rule does not conflict with or duplicate similar rules, compliance requirements, or other standards adopted at the state, regional, or federal level.

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

No, the subject matter of the rule is not currently contained in a guideline, handbook, manual, instructional bulletin, form with instructions, or operational memoranda.

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

Yes, the rule is listed on the Department's 2022-2023 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.

The rule does not exceed similar regulations, compliance requirements, or other standards adopted at the state, regional, or federal level.

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

No, the rule does 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.

The rule amends an existing rule. The rule has not been amended since 2015, effective November 13, 2015. Technology, economic conditions, and other factors have not meaningfully changed the regulatory activity covered by the rule proposed for amendment.

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?

No, there are not any changes or developments since implementation that demonstrate there is no continued need for the rule or any portion of the rule.

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

Based on the information provided in this RFR, MOAHR concludes that there are sufficient policy and legal bases for approving the RFR. The RFR satisfies the requirements of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and Executive Order No. 2019-6.