

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:

2020-25 IF

Title of proposed rule set:

Essential Insurance

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.

This existing rule set is promulgated under Chapter 21 of the Insurance Code of 1956 (Code), 1956 PA 218, MCL 500.2101 to 500.2131, also known as the "Essential Insurance Act" or "EIA," which regulates certain aspects of automobile and home insurance. The existing rule set includes the following: 1) interpretive detail regarding excessive, inadequate, and unfairly discriminatory rates for the purposes of MCL 500.2109, 2) implementation of the complaint-resolution process created under MCL 500.2113, 3) regulation of data collection and reporting of insurers pursuant to MCL 500.2127, and 3) regulation of the exchange of claim information pursuant to MCL 500.2130. The proposed rules amend each rule in this rule set; however, the main purpose of the proposed rules is to clarify and update the complaint-resolution process, see R 500.1509 to 500.1514, and provide the Director of the Department of Insurance and Financial Services (DIFS) express authority to impose appropriate remedies and provide an additional five days to issue a written decision. Accordingly, the proposed rules do not 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?

Yes, in part. The rules pertaining to the complaint-resolution process are mandatory under MCL 500.2113(4), and the rules pertaining to the exchange of claim information are mandatory under MCL 500.2130(1).

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.

The proposed rules do not exceed a federal standard.

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

The National Association of Insurance Commissioners (NAIC) had initially issued model laws for state adoption that would regulate certain insurance by proscribing excessive, inadequate, or unfairly discriminatory rates. These terms applicable to rate regulation are commonly utilized by states and are utilized under the Code in Michigan and further addressed under these rules. Respectively, these standards aim to ensure affordable insurance, solvency of insurers, and equity among insureds. See, generally, NAIC Product Filing Review Handbook (2016), p 12. The NAIC has also issued a model law on automobile and property insurance declination, termination, and disclosure, see Model Law Nos. 720 and 725 (including a state-law reference chart), which includes complaint-and-hearing provisions that are executed within state insurance agencies and are similar to the process established under MCL 500.2113 of the Code and implemented by procedural provisions of these rules.

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

DIFS is not aware of a provision of the proposed rules that substantially exceeds standards in other states. Moreover, the proposed rules expound upon statutorily established rate standards, provide procedural mechanisms for statutorily established complaint-resolution obligations and rights, and implement statutorily established provisions relating to data collection/reporting to the extent necessary to monitor home and automobile insurance markets in Michigan and exchange of claim information to effectuate compliance with the EIA.

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

The existing and proposed rules include certain language that is, in part, duplicative of sections of the EIA that the rule(s) implement. For example, R 500.1503, 500.1504, and 500.1505, contain language addressing rating requirements that mirror certain language in MCL 500.2109. Also, the rules addressing the complaint-resolution process created under MCL 500.2113 include a re-statement of consumers' rights. See, e.g., R 500.1510(1), addressing the right to the Director's review and determination. The proposed rules do not conflict with any law, rule, or legal requirement.

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.

As explained above, the subject matter of the proposed rules is generally regulated at the state level, and thus, it is not necessary to coordinate the rules with federal or local laws. In drafting the proposed rules, DIFS has reviewed the existing rules and made certain amendments to ensure that the proposed rules are entirely consistent with the statutes that the rules implement, particularly regarding any language of the proposed rules that overlaps with the applicable statute(s). Additionally, the proposed rules minimize any unnecessary duplication by ensuring that the proposed rules' overlap with an applicable statute is necessary to clearly communicate the substance of the rule.

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules and an explanation of the exceptional circumstances that necessitate the more stringent standards is required.

MCL 24.232(8) does not apply.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, either the 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 and an explanation of the exceptional circumstances that necessitate the more stringent standards is required.

MCL 24.232(9) does not apply.

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

As explained above, the main purpose of the proposed rules is to clarify and update the complaint-resolution process, see R 500.1509 to 500.1514, and provide the Director five additional days to issue a written decision and express authority to impose appropriate remedies for improper insurance denials and incorrectly charged insurance premiums. Accordingly, the proposed rules are designed to alter the complaint-resolution process utilized by consumers, insurers, and DIFS, and this process is utilized by each consumer wishing to dispute an insurer's "denial" of automobile or home insurance or an insurer's premium charge for that insurance.

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

DIFS addressed 16 consumer disputes through the Director's review and determination in 2019 and 10 consumer disputes in 2020, as of August 17, 2020. DIFS believes this to be an appropriate estimation of the number of future consumer disputes that will be subject to the proposed rules.

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

The proposed rules are designed to more clearly delineate between the rules applicable to a private informal managerial-level conference with the insurer and a review and determination with the Director. As noted above, the proposed rules would also provide the Director express authority to impose appropriate remedies for improper insurance denials and incorrectly charged insurance premiums. The proposed rules would also clarify what constitutes an "incorrect premium" by adding a definition of that term. The proposed rules would also provide the Director five additional days to issue a written decision and provide for alternative methods, such as video teleconference, to hold conferences with the insurer and meetings before the Director.

C. What is the desired outcome?

The desired outcome is to eliminate confusion with the applicability of certain rules throughout the complaint-resolution process and remedies imposed by the Director. Additionally, providing for alternative methods to hold private informal managerial-level conferences and meetings before the Director allows for greater flexibility to all those engaged in the complaint-resolution process and encourages participation. DIFS would also be provided more time to thoroughly analyze the disputed issue(s) and issue a written decision.

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 explained above, the main purpose of the proposed rules is to clarify and update the complaint-resolution process, see R 500.1509 to 500.1514, and provide the Director five additional days to issue a written decision and express authority to impose appropriate remedies for improper insurance denials and incorrectly charged insurance premiums. The lack of clarity in the existing rules, as described above, causes consumers and insurers to expend unnecessary effort in determining how to proceed in, and what to expect from, the complaint-resolution process. DIFS believes that such harm can be avoided or substantially reduced by the clarifications set forth in the proposed rules. Those engaged in the complaint-resolution process, including consumers, insurers, and DIFS, are currently bound by the existing rules' limitations on the manner in which private informal managerial-level conferences and meetings before the Director may be held, yet due to technological advancements, there are alternative methods available that have the potential to reduce costs and provide for more meaningful participation. DIFS believes that such harm can be entirely avoided by promulgating the proposed rules. Currently, DIFS has 10 days from the date of an insurer's reply or the meeting, as applicable, to issue a written decision, which depending on the nature of the issue(s) disputed and the volume of reviews and determinations pending in DIFS, the 10-day period may be challenging to meet; however, DIFS believes that extending this period by five additional days would provide adequate time to issue written decisions.

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

The rules have not been amended since their initial promulgation in 1981. As a result, in addition to the proposed rules' amendments to the complaint-resolution process described above, the proposed rules make stylistic changes to the remaining rules in this rule set to accommodate modern drafting conventions. Regarding the proposed rules' amendments to the complaint-resolution process, the five-day extension for the Director to issue a written decision is considered necessary due to increased complexities of some disputed issues and the potential increase in volume of disputed issues as the reform of Michigan's no-fault law begins implementation. Additional clarity and modernization of the rules pertaining to the complaint-resolution process at this time further ensures effective implementation of the no-fault reforms through efficient handling of consumer-insurer disputes regarding "denials" of automobile insurance and premium amounts charged for that insurance.

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.

As explained above, the main purpose of the proposed rules is to clarify and update the complaint-resolution process, see R 500.1509 to 500.1514, and provide the Director five additional days to issue a written decision and express authority to impose appropriate remedies for improper insurance denials and incorrectly charged insurance premiums. These amendments protect the health, safety, and welfare of Michigan citizens by facilitating a more streamlined process in which consumers may dispute denials and premiums charged for automobile and home insurance; for example, private informal managerial-level conferences and meetings before the Director may be held by video teleconference and insurers may provide consumers required notices in a manner other than traditional mail, if agreed upon by the consumer and insurer. Providing this greater flexibility also has the effect of lessening the regulatory burden currently required under the rules. There would also be more certainty regarding the remedies available pursuant to a review and determination before the Director, should the consumer wish to pursue the claim, and the proposed rules are intended to clarify certain aspects of the contents of the required consumer notices. While the proposed rules are not intended to make substantive changes to the rules' provisions regarding rate requirements, data collection/reporting, and exchange of claim information, making the technical changes in the proposed rules reduces burdens on insurers by ensuring the rule language aligns with the current applicable statutory text and utilizes modern drafting conventions.

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

DIFS has not identified a rule in the rule set that is obsolete or unnecessary.

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 changes proposed in the rules are not projected to have a meaningful fiscal impact on the agency.

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

There has not been an agency appropriation made because there is not an expenditure related to the proposed rules.

The expenditures generally associated with the rule set are subsumed within DIFS current funding sources.

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 burdens placed on individuals under the proposed rules (e.g., insurers must comply with the rating requirements, complaint-resolution process, data collection/reporting, and exchanging claim information; and consumers must comply with the complaint-resolution process if they wish to make a claim) are generally rights and obligations established statutorily. The proposed rules are necessary and suitable because they provide insurers further detail regarding the rating requirements and provide needed procedural requirements regarding data collection/reporting and exchanging claim information. Also, the proposed rules relating to the complaint-resolution process are necessary and suitable because they provide procedural requirements, such as deadlines and notice requirements, and provide the remedies available from the Director if it is determined that an insurer charged an incorrect premium or improperly denied a consumer automobile or home insurance.

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

As explained above, the proposed rules implement and expound upon rights and obligations established under the EIA, and the detail and procedural requirements provided for under the proposed rules are necessary and reasonable to provide insurers and consumers additional framework for insurers to comply with statutory requirements and for consumers to assert a right under MCL 500.2113.

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.

DIFS estimates that the proposed rules would not increase or decrease revenues or costs to other state or local governmental units.

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

The proposed rules do not impose a program, service, duty, or responsibility upon a city, county, town, village, or school district.

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.

Governmental units, apart from DIFS itself, do not have to take any actions to be in compliance with the 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.

There are not additional expenditures associated with the proposed rules.

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

In general, the proposed rules would not have an impact on an area due to it being rural.

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

As explained above, the proposed rules provide greater flexibility for the method in which private informal managerial-level conferences and meetings before the Director may be held. This greater flexibility may benefit consumers in rural areas to the extent they wish to pursue a claim challenging an insurer's denial or premium charge for automobile or home insurance.

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

No.

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

DIFS did not consider exempting "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.

A reduction in the economic impact of the proposed rules on small businesses is not lawful/feasible. As explained above, the proposed rules implement and expound upon statutorily created rights and obligations, and the applicable statutes do not include exemptions for small businesses.

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

The proposed rules may affect small businesses that are insurers or producers. However, DIFS does not generally collect information to readily determine which licensed insurers and producers would constitute a "small business." The proposed rules are generally applicable to all insurers underwriting automobile or home insurance under the EIA.

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.

DIFS did not establish differing compliance or reporting requirements or timetables for small businesses because the proposed rules implement statutory rights and obligations that are generally applicable to all insurers underwriting automobile or home insurance under the EIA.

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.

As explained above, the proposed rules implement and expound upon statutory rights and obligations that are generally applicable to all insurers underwriting automobile or home insurance under the EIA. Therefore, to the extent insurers may constitute a "small business," those insurers are held to the same standards and requirements. The skills necessary to comply with the proposed rules are not projected to be beyond those minimally necessary to function as an insurer in this state, given that the general subject of the rules and the applicable statutes have been in effect for approximately 40 years.

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

DIFS did not establish performance standards to replace design or operation standards, as none are required by the proposed rules.

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

The proposed rules would not have a disproportionate impact on small businesses because of 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.

To the extent an insurer constitutes a “small business,” there are reporting requirements under R 500.1515, which, consistent with MCL 500.2127, are necessary to monitor and evaluate the automobile and home insurance markets in Michigan.

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.

To the extent an insurer constitutes a “small business,” there are likely costs associated with complying with the reporting requirements, mentioned above, and with the rules pertaining to the exchange of claim information, R 500.1516 to 500.1521; and administrative expense in responding to consumers’ claims regarding an improper denial or incorrect premium for automobile or home insurance. However, these costs of compliance are generally applicable to all insurers, and the rights and obligations under the rules and applicable statutes have been in place for approximately 40 years; the proposed rules are not intended to increase compliance costs.

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.

As explained above, the proposed rules are not intended to have new costs associated with legal, consulting, or accounting services that a small business would incur. To the extent an insurer constitutes a “small business,” such costs may continue to be implicated under the proposed rules and applicable statutes relating to reporting certain data to DIFS, exchanging claim information, and complying with the complaint-resolution process.

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

Any existing costs that would continue under the proposed rules and applicable statutes are already being borne by insurers that may constitute a “small business.” As a result, the proposed rules would not cause economic harm or adversely affect competition in the marketplace.

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.

Because the proposed rules and applicable statutes are generally applicable to all insurers underwriting automobile and home insurance, DIFS’ costs in exempting or setting lesser standards for insurers that constitute “small businesses” would include further data collection from insurers and reforming DIFS’ current internal systems to accommodate parallel enforcement mechanisms. Furthermore, such exemptions and/or alternate standards would contravene the legislative purposes of the provisions of the EIA that the rules implement.

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

As explained above, the legislative purpose of the EIA is generally to ensure fair and equitable rates while maintaining a reasonable degree of competition in the automobile and home insurance markets in Michigan. See Bill Analysis, SB 428, 1979 PA 145 (12-17-79). These public interests, which are further advanced by the existing and proposed rules, would be undercut by exempting or lessening standards for small businesses. Furthermore, as explained above, the rules implement and expound upon rights and obligations established by the Legislature, and there is a general public interest in upholding the legislative intent for the EIA and the rules that implement the EIA to generally apply to all insurers underwriting automobile or home insurance under the EIA.

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

DIFS has not specifically involved 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 has not specifically involved small businesses in the development of the proposed rules.

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

DIFS does not collect data on insurers’ compliance costs with the rules; however, as mentioned above, the EIA and the rules have been in effect for approximately 40 years, and the proposed rules are not intended to increase compliance costs.

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

Insurers and, to some degree, insurance producers (agents) will be directly affected by 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.

As explained above, the proposed rules are not intended to impose additional costs on businesses or 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.

Individuals of the public may have nominal indirect costs associated with filing a claim for a private informal managerial-level conference with an insurer or a review and determination with the Director; however, a consumer fee is not established under the rules and costs of participating in a private informal managerial-level conference are borne by the insurer.

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

Individuals who believe an insurer improperly denied or charged an incorrect premium for automobile or home insurance and wish to dispute the denial or charge are affected by the rules.

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

These individuals are affected directly by the proposed rules pertaining to the complaint-resolution process; for example, aspects regarding their notice of rights are clarified under R 500.1508, there is greater flexibility provided for receiving notices from insurers and the manner in which a private informal managerial-level conference or meeting before the Director is held, and the remedies for improper denials and incorrectly charged premiums are clarified.

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

As explained above, the proposed rules affect insurers and, with respect to the rules' complaint-resolution provisions, individuals as well. While the proposed rules are intended to have a generally neutral effect on costs, insurers and individuals may experience cost reductions when taking advantage of the alternative methods of providing notices and holding private informal managerial-level conferences provided under the proposed rules.

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 proposed rules would continue to facilitate the general aims of the EIA: to ensure fair and equitable insurance is provided to consumers while maintaining a reasonable degree of competition in the automobile and home insurance markets in Michigan. The proposed rules benefit those involved in the complaint-resolution process by, as explained above, clarifying and updating the process and providing the Director five additional days to issue a written decision and express authority to impose appropriate remedies for improper denials and incorrectly charged premiums for automobile and home insurance.

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

The proposed rules are not intended to impact business growth or job creation 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.

As explained above, insurers underwriting automobile and home insurance, pursuant to the EIA, are affected by the proposed rules; whereas, insurers not offering insurance in those markets are not subject to the rules. Only individuals wanting to dispute a denial or premium charge for these types of insurance are affected by the rules.

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.

DIFS relied upon the following sources in compiling the regulatory impact statement:

-Legislative history of the EIA:

<https://cdm16110.contentdm.oclc.org/utills/getfile/collection/p16110coll6/id/147659/filename/150536.pdf>

-Other states' law and/or standards regulating "essential insurance" and applicable rating requirements.

-NAIC handbooks and model laws: https://www.naic.org/prod_serv_model_laws.htm

-Internal DIFS systems reporting the number of consumer disputes resolved by the Department pursuant to MCL 500.2113 and these rules.

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

Estimates reported under Question #6 were made by accessing DIFS' internal record-keeping systems and under the assumption that recent consumer dispute history will be similar to future claim activity. Estimates relating to costs were based on the assumption that the proposed rules do not significantly reform the core rights, obligations, and requirements under the rules; it was assumed that providing flexible options for providing consumer notices and holding private informal managerial-level conferences and meetings before the Director could provide a potential reduction in cost to either the consumer, insurer, and/or DIFS.

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

DIFS believes at this time that the EIA and these proposed rules continue to serve an essential function in regulating the automobile and home insurance markets in Michigan and provide important consumer protections. Accordingly, DIFS does not believe that there are reasonable alternatives to the proposed rules that would achieve the same or similar goals; as explained above, the rules are, in part, mandated under the EIA.

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

None exist, as DIFS does not believe that there are reasonable alternatives to the proposed rules that would achieve the same or similar goals.

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.

There are no private market-based mechanisms appropriate for establishing a regulatory program similar to that proposed in the rules. The EIA, as a general matter, provides the public policy in this state for regulating rates, among other matters, used by automobile and home insurers, and the proposed rules generally implement that public policy, as evidenced under the EIA.

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.

DIFS did not consider significant alternatives during the development of the proposed rules.

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

There are no instructions regarding the method of complying with the rules.