

**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:

Holding Companies

5. Rule numbers or rule set range of numbers:

R 500.71 to R 500.100

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.

Michigan regulates the acquisition of control of, and merger with, insurance companies and transactions between insurance companies and affiliated entities. Statutory requirements for such insurance holding company systems are set forth in Chapter 13 of the Insurance Code of 1956, MCL 500.1301 to 500.1379, and are implemented by the Director of the Department of Insurance and Financial Services (Department), in part, through required registration and statement filings on forms and instructions, as prescribed by the Director. These requirements are based on the model Insurance Holding Company System Regulatory Act and Regulation promulgated by the National Association of Insurance Commissioners (NAIC).

The proposed rules ensure that Michigan's oversight of insurance holding company systems are aligned with the NAIC models to strengthen and clarify existing regulatory requirements, including implementation of the group capital calculation (GCC) and liquidity stress test, as adopted under the NAIC models and enacted in Michigan under a series of public acts amending Chapter 13. See 2022 PA 258 to 263. These requirements are intended to strengthen financial solvency regulatory requirements for insurers and give state insurance regulators a better understanding of risks to insurance groups and their policyholders. A state's adoption of the NAIC models is generally required for a state to maintain its accreditation through the NAIC, and the changes relevant to the GCC are anticipated to become part of the accreditation requirements. The GCC is also intended to comply with the "Covered Agreements" between the United States and the European Union (EU) and the United Kingdom (UK), and such compliance ensures that a supervisor in the EU or UK could not impose its own group capital calculation on a United States group operating in that jurisdiction.

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

By authority conferred on the Director of the Department.

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

Sections 210 and 1361 of the Insurance Code of 1956, 1956 PA 218, MCL 500.210 and 500.1361, and 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. The proposed rules are not mandated under applicable statutory authority.

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 proposed rules do not conflict with or duplicate any similar rules, compliance requirements, or other standards adopted at the state, regional, or federal level, apart from their implementation of the NAIC model law and regulation, as explained above.

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

Yes. As adopted annually under the Director's order, insurance holding company forms and instructions are issued and made publicly available on the Department's webpage.

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

No. The proposed rules are not listed on the department's current 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 proposed rules do 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 proposed 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.

The proposed rules would establish a new 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?

No. As stated above, the proposed rules would establish a new 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