

**Midwest Forum
Notes from Michigan Office of Finance and Insurance Regulation Presentation
Lansing, Michigan
September 9, 2010**

The AICP Midwest Forum held its fall chapter meeting in Lansing, Michigan on September 9 2010. This was our chapter's first meeting in Michigan and it gave us the opportunity to meet more of our Michigan members. The meeting included presentations by Robert Lutton and Karen Dennis of the Office and Finance and Insurance Regulation regarding recent changes in the state's filing requirements.

Mr. Lutton, Departmental Analyst, gave an update on the impact of the recent changes to the P&C filing requirements in Michigan. He gave a brief history of the filing requirements dating back to 1997, when Bulletin 97-03 was issued by the Office. The goal at that time in 1997 was to reduce paperwork, and so a number of forms were exempted from the OFIR review and approval process. Then Bulletin 2009-11-INS was issued in May, 2009, which modified Bulletin 97-03. The goal of the Bulletin was to require the prior filing and approval of personal lines auto forms starting July 1, 2010, and personal lines homeowners forms starting September 1, 2010. Then Order No. 10-005-M was issued in January, 2010 to further explain why OFIR has decided to begin reviewing/approving these forms again. Bulletin 2010-02-INS was also issued in January, 2010 further explaining the rescission of the 1997 exemption order.

Mr. Lutton reported that while there may have been some concern with speed-to-market, this was addressed by OFIR first by hiring a number of new forms analysts. There are now eight P&C analysts who review form and rate filings. Second, Michigan Insurance Code 500.2236 (1) says "Failure of the commissioner to act within 30 days after submittal constitutes approval," so carriers may consider forms approved 30 days after the date of filing.

Finally, Mr. Lutton answered questions that were previously submitted anonymously by AICP members. Those questions and answers are as follows:

- **Q: What specific actions can insurers do to create/maintain a positive working relationship with OFIR?**

A: Mr. Lutton said that perhaps a better question would be, "what can OFIR do to create/maintain a positive relationship?" Mr. Lutton said that carriers should feel free to contact OFIR staff and let them know what they can do for the carrier. OFIR staff very much welcome carriers contacting them at any time with questions or concerns.

- **Q: By the insurer calling OFIR to ask 'is this ok' questions does this in any way create an 'alert' for that insurer?**

A: No. Mr. Lutton indicated that OFIR gets lots of questions from various sources (email, phone, etc.) but OFIR is not keeping a log or flagging any companies because of the questions. Mr. Lutton also reminded us that a number of OFIR employees are former

employees of insurance carriers. Ms. Dennis provided comments on this same topic, indicating that many OFIR staff can see both sides (carrier and regulator) of an issue.

- **Q: Any suggestions on the best/easiest way to learn/interpret the insurance code?**

A: Mr. Lutton reminded us that the Insurance code is contained within Chapter 500. He suggested that we review Bulletins, Orders and Letters that correspond to some of the statutes to help with interpretation.

- **Suggestion: FAQ section about typical subjects that come up for insurers.**

A: Mr. Lutton thanked us for this suggestion, and indicated he will pass it along to management.

- **Suggestion: A broader lookup feature for finding subject within the insurance code – currently if you aren't using the *exact* word, you can't find the subject you're doing a search on.**

A: Mr. Lutton thanked us for this suggestion, and indicated he will pass it along to management.

- **Q: Will Commercial Products soon fall under the approval requirement in any way?**

A: Mr. Lutton indicated that there is no way to know for sure if this will change in the future.

- **Q: Multiple questions were submitted regarding the new Annual Financial Reporting Model regulation.**

A: As Mr. Lutton and Ms. Dennis work in forms and rate review areas, they will forward these questions to the appropriate OFIR personnel.

Karen Dennis, Departmental Manager from the Michigan Office of Financial and Insurance Regulation, gave an update on the impact of the recent changes to the life and health filing requirements in Michigan. Ms. Dennis provided us with a summary of the lines of life and health business OFIR previously required to be reviewed/approved, which were:

- Rates for individual health policies
- HMO filings
- BCBS of Michigan filings
- AFDS dental/vision filings

With the recent filing requirement changes, OFIR will now review:

- Individual health policy forms
- Disability forms (both short and long term)

- Group health and annuities forms
- Life insurance forms
- Advertising forms for medicare supplement
- Credit life, both forms and rates
- Stop loss, both forms and rates

Ms. Dennis advised the audience that, although OFIR staff make every attempt follow a 30-day turnaround on filings, and although 500.2236 says that “Failure of the commissioner to act within 30 days after submittal constitutes approval,” the life/health analysts prefer that carriers do not deem their filings approved. Instead, if the 30-day time period expires, OFIR life/health analysts ask carriers to withdraw their filings and resubmit them.

Because of the life/health staff’s awareness of the 30-day turnaround, sometimes staff can give carriers little time to respond on a filing. In these cases, Ms. Dennis encouraged the audience to call or email the analyst in charge of the filing to let them know of issues in responding so quickly. Analysts will try to work with carriers in this situation.

Ms. Dennis also reminded carriers that a 45-day deemer period exists for advertising forms.

Next, Ms. Dennis spoke about the data call for policy forms. She provided us with an update by telling us that the details for the data call are still being worked out. While the proposed date for the call to go out was 9/1, a new date has not been set. However, it is still anticipated that the call’s deadline for the past five years’ forms will remain 12/31/2010, and forms that are 6-10 years old will remain May, 2011. The data call will be for “currently in use” forms. When asked by an audience member, Ms. Dennis said that the details are still being worked out on what specific date(s) carriers will have to go back to, but that should be clarified in the formal written data call when it is released. Ms. Dennis indicated that the details on how the call will be issued (Bulletin, Letter, Order, etc.) are also still being worked out. Finally, the process for submitting responses to the call are still being worked out, but it is anticipated that responses will be submitted via a special SERFF filing. Currently OFIR staff are discussing their options, but it is anticipated that perhaps a set of TOIs will be created, and data call responses via SERFF will be a little different than a normal SERFF filing. Ms. Dennis said that none of this is set in stone; these details are still being worked out and she and that no additional information is available at this time.

- **Q: At times, the readability score is very difficult to get within the proper range. Especially when it is a very short endorsement. Any ideas on what we can do – when we are using actual policy language from the base policy or is this taken into consideration during the analyst’s review?**

A: An audience member provided more information on how to achieve a better readability score, which was to score it with another companion form (if it is being used

with another form), but if that does not work, both Ms. Dennis and Mr. Lutton suggested that carriers call OFIR when this difficulty arises, and OFIR will attempt to work with the carrier.

- **Q: Will the Health Care Reform bill affect your office, if so, how?**

A: The addition of PPACA will result in additional work for OFIR reviewers, but Ms. Dennis is confident they will be able to meet the challenge.

- **Q: Are you expecting more filings because of it, and if so, how will you handle the increase in work load?**

A: OFIR has responded by adding additional staff. Three new people were added, bringing the total number of life/health analysts to five.

We are grateful to Mr. Lutton and Ms. Dennis for their comments and for their openness to our comments and suggestions. You may send any questions to them at luttonr@michigan.gov and dennisk1@michigan.gov.