

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

INSURANCE BUREAU

WORKERS' COMPENSATION INSURANCE

(By authority conferred on the commissioner of insurance by sections 210, 2407, and 2419 of Act No. 218 of the Public Acts of 1956, as amended, being SS500.210, 500.2407, and 500.2419 of the Michigan Compiled Laws)

R 500.1351 Premium dispute; insurer's responsibility to provide information upon conclusion of the personal meeting.

Rule 1. (1) An insured who has reason to believe that the insured's premium charges for workers' compensation insurance are excessive as a result of unreasonable reserves or the unreasonable redemption of a claim or claims is entitled to a personal meeting with a management representative of the insurer. Upon conclusion of the personal meeting, the insurer shall provide the following information to the insured:

- (a) The action taken by the insurer.
 - (b) The facts, with supporting documentation, upon which the action is based.
 - (c) A statement explaining the insured's right to appeal the matter to the commissioner within 30 days after receipt of the information provided pursuant to this rule.
- (2) The insurer shall offer to provide the information in writing. If the insured accepts the offer, the insurer shall mail the written statement, with supporting documentation if any, by first-class mail, within 3 business days after acceptance.

History: 1983 AACCS.

R 500.1352 Premium dispute; appeal to commissioner.

Rule 2. (1) If the personal meeting involving the insured and the insurer fails to resolve the dispute, the insured is entitled to bring the matter before the commissioner for resolution. The commissioner shall rule on the reasonableness of reserves or redemptions only with respect to their application in an insurer's rating system. In making a ruling on the reasonableness of a reserve calculation used in applying an insurer's rating system, the commissioner shall take into account the following factors:

- (a) Whether or not the initial reserve amount is consistent with the information about the claim available to the insurer at the time the initial case reserve was created.
 - (b) The presence or absence of reasonable adjustments to the reserve as additional information becomes available.
- (2) The insured shall appeal the matter to the commissioner within 30 days of the date the insured receives the information provided pursuant to R 500.1351.
- (3) The insured is entitled to a review of the matter by the commissioner either by a review of written materials or through a meeting with the parties involved in the dispute.

History: 1983 AACCS.

R 500.1353 Review of premium dispute; notice; responsibilities of commissioner.

Rule 3. (1) When conducting a review of a premium dispute through written materials, the commissioner shall, by first-class mail, notify the insurer of the matter under consideration and inform the insurer of the time period within which any reply shall be made. Such notification shall be given within 10 working days after the commissioner receives the appeal.

(2) When conducting a review of a dispute through a meeting with the parties involved, the commissioner shall do the following within 10 working days after receiving the complaint:

(a) Set a time for the meeting and notify the parties, by first-class mail, of the time and place of the meeting.

(b) Inform the insurer of the time period within which any reply shall be made.

(c) The commissioner shall conduct meetings in a manner which allows the disputing parties to present relevant facts, records, dates, times, and names to substantiate their positions.

History: 1983 AACCS.

R 500.1354 Basis for premium dispute decisions by the commissioner.

Rule 4. The commissioner shall base each decision upon written materials submitted by the parties and the statements of the parties at the meeting, if any. Failure of either party to supply any information in a timely manner shall result in a decision based upon information available to the commissioner at the time of the decision.

History: 1983 AACCS.

R 500.1355 Premium dispute decisions by the commissioner.

Rule 5. (1) When reviewing a premium dispute through written materials, the commissioner shall prepare a written decision within 10 working days after the insurer submits a reply to the notice issued pursuant to R 500.1353(1) or, if a reply is not submitted, within 10 working days after the time for submitting a reply has expired.

(2) If a meeting is held, the commissioner shall prepare a written decision within 10 working days after the meeting is concluded.

(3) The commissioner shall send copies of the written decision to the parties by first-class mail.

History: 1983 AACCS.

R 500.1357 Data reporting; "statistical plan" defined.

Rule 7. (1) Each insurer subject to section 2407 of Act No. 218 of the Public Acts of 1956, as amended, through S500.2407 of the Michigan Compiled Laws, shall file with the designated advisory organization all of the historical information relating to premiums, losses, and exposures required by the statistical plans of the designated advisory organization that have been approved by the commissioner.

(2) As used in this rule, "statistical plan" means a procedure for collecting information related to workers' compensation insurance premiums, losses, or exposures on a routine or special call basis

from all insurers subject to section 2407 of Act No. 218 of the Public Acts of 1956, as amended, or from a sample of such insurers.

History: 1983 AACs.

R 500.1358 Data reporting; timing of designated advisory organization reports to data collection agency.

Rule 8. The designated advisory organization shall provide to the data collection agency annual reports of loss and exposure data by classification for the policy years and in the formats specified by the data collection agency not later than November 1 of each year.

History: 1983 AACs.

R 500.1359 Data reporting; designated advisory organization reports to commissioner.

Rule 9. The designated advisory organization shall provide to the commissioner such reports of data which it collects that the commissioner needs to monitor competition in the workers' compensation insurance market and to evaluate the effect of law changes and court decisions.

History: 1983 AACs.