STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of Insurance and Financial Services

In the matter of:

Order No. 2020-11-M

Worker's Compensation Insurance Filings
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Issued and entered
this 17th day of June 2020
by Anita G. Fox
Director

ORDER REQUIRING WORKER'S COMPENSATION INSURANCE FILINGS

On March 10, 2020, Governor Whitmer issued Executive Order 2020-04, which declared a state of emergency across the State of Michigan due to the COVID-19 pandemic. Since then, the virus has spread across Michigan, bringing deaths in the thousands, confirmed cases in the tens of thousands, and deep disruption to this state's economy, homes, and educational, civic, social, and religious institutions. On April 1, 2020, in response to the widespread and severe health, economic, and social harms posed by the COVID19 pandemic, Governor Whitmer issued Executive Order 2020-33 which expanded Executive Order 2020-4 and declared both a state of emergency and a state of disaster across the state of Michigan under section 1 of article 5 of the Michigan Constitution of 1963, the Emergency Management Act, and the Emergency Powers of the Governor Act of 1945. On May 22, 2020, finding that COVID-19 continues to create emergency and disaster conditions across the State of Michigan, Governor Whitmer issued Executive Order 2020-99 and Executive Order 2020-100 to continue the emergency declaration under the Emergency Powers of the Governor Act and to issue new emergency and disaster declarations under the Emergency Management Act through June 19, 2020 at 11:59 p.m.

The COVID-19 pandemic has resulted in significant impacts to Michigan employers, and has resulted in significant reductions in worker's compensation claims activity. Some worker's compensation

insurers, recognizing that their loss exposures have been greatly reduced, have already filed plans to provide an adjustment, credit, or endorsement to their customers as a result of the COVID-19 pandemic.

This order requires all insurers authorized to write worker's compensation insurance in Michigan who have not already submitted a filing, or who have not yet implemented an adjustment, credit, or endorsement, to submit one of the following filings no later than June 26, 2020: 1) a plan to offer an adjustment, credit, or endorsement to their employer customers; or 2) an explanation of why an adjustment, credit, or endorsement is not warranted at this time. Both types of filings must be accompanied by detailed actuarial support.

The Director has authority under MCL 500.249 to initiate proceedings to ascertain compliance with the provision of the insurance laws of this state. These filings are required to ascertain compliance with the following sections of the Insurance Code: MCL 500.2236, MCL 500.2403, and MCL 500.2408.

Insurers are reminded that Section 2236 of the Insurance Code, MCL 500.2236, requires that filings must be submitted 30 days prior to the effective date. However, Section 2408 of the Insurance Code, MCL 500.2408, allows insurers to include a written request in the filing memorandum for an effective date prior to the expiration of the 30-day period. DIFS will expedite its review of these filings. Upon approval, DIFS will advise insurers of the earliest possible effective date. If insurers forms are exempt from filing in accordance with MCL 500.2236(8)(3), MCL 500.2406(4) requires that filings be submitted no later than the date the filing is effective.

THEREFORE, IT IS ORDERED that all insurers authorized to write worker's compensation insurance in Michigan who have not already submitted a filing regarding an adjustment, credit, or endorsement, and who have not yet implemented an adjustment, credit, or endorsement, must submit a filing in SERFF to obtain approval of their plan to implement adjustments, credits, or endorsements; or, alternatively, to explain why they are not issuing adjustments, credits, or endorsements. Both types of

filings must be submitted under the type "COVID-19 Refund/Premium Waiver" in SERFF, no later than June 26, 2020.

FURTHER, IT IS ORDERED that insurers issuing an adjustment, credit, or endorsement must attach a filing memorandum that includes the following:

- Timeframe during which the adjustment, credit, or endorsement will apply.
- If applicable, how any payment will be issued to policyholders.
- A communication plan for the adjustment, credit, or endorsement to policyholders.

FURTHER, IT IS ORDERED that all insurers, whether or not they plan to issue adjustments, credits, or endorsements, must attach the actuarial support that they relied on to determine the amount of the adjustment, credit, or endorsement; or, alternatively, to determine that an adjustment, credit, or endorsement is not warranted.

FURTHER, IT IS ORDERED that insurers issuing adjustments, credits, or endorsements must attach copies of any notices that will to be sent to policyholders, whether in hard copy or electronically.

LASTLY, IT IS ORDERED that nothing in this order shall be interpreted to absolve insurers of their obligation to review requests from policyholders for adjustments, credits, or endorsements necessitated by changed circumstances such as change in duties or other alterations in risk.

Any violation of this order will result in appropriate administrative action.

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Anita G. Fox
Director