STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of Insurance and Financial Services

In the matter of:

Order No. 2020-13-M

Additional Auto Insurance Refund Filings
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Issued and entered
this 8th day of July 2020
by Anita G. Fox
Director

ORDER REQUIRING ADDITIONAL AUTOMOBILE INSURANCE REFUND 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. 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 June 18, 2020, finding that COVID-19 continues to create emergency and disaster conditions across the State of Michigan, Governor Whitmer issued Executive Order 2020-127 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 July 16, 2020 at 11:59 p.m. Governor Whitmer will evaluate the continuing need for any additional declarations or extensions of the existing declarations.

The COVID-19 pandemic has resulted in significant impacts to Michigan residents, and has resulted in extreme reductions in driving activity. On May 28, 2020, the Director issued Order No. 2020-10-M, which required all insurers authorized to write automobile insurance in Michigan to submit one of the

following filings no later than June 10, 2020: 1) a plan to issue refunds, credits, or premium waivers to their customers; or 2) an explanation of why a refund, credit, or premium waiver was not warranted at this time

The COVID-19 pandemic continues to result in reductions in driving activity. As a result, auto insurers may continue to realize significant profits that they have not yet accounted for in customer refunds, credits, or premium waivers. Accordingly, this order requires all insurers authorized to write automobile insurance in Michigan to submit one of the following filings no later than July 24, 2020: 1) a plan to issue refunds, credits, or premium waivers to their customers; or 2) an explanation of why a refund, credit, or premium waiver is not warranted at this time. Both types of filings must be accompanied by detailed actuarial support. This filing is in addition to any filing made under Order 2020-10-M and must be made for all personal and commercial policies, including group and nongroup policies. Insurers that have already submitted a second filing may, but are not required to, submit an additional filing.

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 500.2109, MCL 500.2110, 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.

THEREFORE, IT IS ORDERED that all insurers authorized to write automobile insurance in Michigan must submit a filing in SERFF to obtain approval of their plan to issue premium refunds, credits, or premium waivers; or, alternatively, to explain why they are not issuing refunds, credits, or premium

waivers. Both types of filings must be submitted under the type "COVID-19 Refund/Premium Waiver-ADDITIONAL" in SERFF no later than July 24, 2020.

FURTHER, IT IS ORDERED that insurers issuing premium refunds, credits, or premium waivers must attach a filing memorandum that includes the following:

- The SERFF number associated with any filing(s) made pursuant to Order 2020-10-M.
- The amount of the refund, credit, or premium waiver by policyholder.
- The total dollar amount of refunds, credits, or premium waivers issued by the insurer as of the date of the filing.
- The summary of the method for determining the amount of refund, credit, or premium waiver.
- Parameters on which policyholders will receive the refund, credit, or premium waiver.
- Timeframe during which the refund, credit, or premium waiver applies.
- How payments will be issued (e.g., checks, direct deposit, policy credits, etc.).
- How refunds, credits, or premium waivers due to policyholders who are no longer customers of the insurer (i.e., whose policies have been discontinued or nonrenewed for any reason) will be handled.
- A communication plan for customers.
- A communication plan for customers with long term changes in driving habits (e.g., layoff or telecommuting that extends beyond the proposed timeframe).
- A communication plan for customers to have the option to change the vehicle usage on their policy immediately.

FURTHER, IT IS ORDERED that all insurers, whether or not they plan to issue refunds, credits, or premium waivers, must attach the actuarial support that they relied on to determine the amount of the

refund, credit, or premium waiver; or, alternatively, to determine that a refund, credit, or premium waiver is not warranted.

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

FURTHER, IT IS ORDERED that insurers issuing refunds, credits, or premium waivers must attach a policy form that advises the customer, at a minimum, of the following:

- Whether the amount of premium owed has been modified by the refund, credit, or premium waiver.
- That all other terms and conditions of the policy apply.

LASTLY, IT IS ORDERED that nothing in this order shall be interpreted to absolve insurers of their obligation to review requests from individual policyholders for rate reductions necessitated by changed circumstances such as decreased driving habits, change in vehicle use, or other alterations in risk.

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

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Anita G. Fox
Director