

HOUSE BILL No. 6128

June 7, 2018, Introduced by Rep. Kosowski and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 2027 and 2151 (MCL 500.2027 and 500.2151),
section 2027 as amended by 1998 PA 26 and section 2151 as added by
2012 PA 165, and by adding section 2027a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2027. Unfair methods of competition and unfair or
2 deceptive acts or practices in the business of insurance include:
3 (a) Refusing to insure, ~~or~~ refusing to continue to insure, or
4 limiting the amount of coverage available to an individual or risk
5 because of any of the following:
6 (i) Race, color, creed, marital status, sex, or national
7 origin, except that marital status may be used to classify
8 individuals or risks for the purpose of insuring family units.
9 (ii) The residence, age, disability, or lawful occupation of

1 the individual or the location of the risk, unless there is a
2 reasonable relationship between the residence, age, disability, or
3 lawful occupation of the individual or the location of the risk and
4 the extent of the risk or the coverage issued or to be issued, but
5 subject to subparagraph (iii) **AND SECTION 2027A**. This section ~~shall~~
6 **DOES** not prohibit an insurer from specializing in or limiting its
7 transactions of insurance to certain occupational groups, types, or
8 risks as approved by the ~~commissioner of insurance~~. **DIRECTOR**. The
9 ~~commissioner~~ **DIRECTOR** shall approve the specialization for an
10 insurer licensed to do business in this state and whose articles of
11 incorporation contained a provision on July 1, 1976, requiring that
12 specialization.

13 (iii) For property insurance, the location of the risk, unless
14 there is a statistically significant relationship between the
15 location of the risk and a risk of loss due to fire within the area
16 in which the insured property is located. As used in this
17 subparagraph, "area" means a single zip code number under the
18 zoning improvement plan of the United States ~~postal service~~. **POSTAL**
19 **SERVICE**.

20 (b) Refusing to insure or refusing to continue to insure an
21 individual or risk solely because the insured or applicant was
22 previously denied insurance coverage by an insurer.

23 (c) Charging a different rate for the same coverage based on
24 sex, marital status, age, residence, location of risk, disability,
25 or lawful occupation of the risk unless the rate differential is
26 based on sound actuarial principles, a reasonable classification
27 system, and is related to the actual and credible loss statistics

1 or, **FOR NEW COVERAGES**, reasonably anticipated experience, ~~in the~~
 2 ~~ease of new coverages. This~~ **BUT SUBJECT TO SECTION 2027A. EXCEPT AS**
 3 **PROVIDED IN SECTION 2027A, THIS** subdivision ~~shall~~ **DOES** not apply if
 4 the rate has previously been approved by the ~~commissioner~~ **DIRECTOR**.

5 **SEC. 2027A. IT IS AN UNFAIR METHOD OF COMPETITION AND AN**
 6 **UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSURANCE**
 7 **FOR AN AUTOMOBILE INSURER TO REFUSE TO INSURE, REFUSE TO CONTINUE**
 8 **TO INSURE, LIMIT THE AMOUNT OF COVERAGE AVAILABLE, OR CHARGE A**
 9 **DIFFERENT RATE OR PREMIUM FOR THE SAME COVERAGE BASED ON THE CREDIT**
 10 **HISTORY OR LACK OF CREDIT HISTORY FOR AN INSURED OR APPLICANT.**

11 Sec. 2151. As used in this chapter:

12 (a) "Adverse action" means an increase in any charge for, or a
 13 reduction or other adverse or unfavorable change in the terms of
 14 coverage or amount of, any personal insurance, existing or applied
 15 for.

16 (b) "Consumer reporting agency" means any person ~~which~~ **THAT**,
 17 for monetary fees or dues or on a cooperative nonprofit basis,
 18 regularly engages in whole or in part in the practice of assembling
 19 or evaluating consumer credit information or other information on
 20 consumers for the purpose of furnishing consumer reports to third
 21 parties.

22 (c) "Credit information" means any credit-related information
 23 derived from a credit report, found on a credit report itself, or
 24 provided on an application for personal insurance. Information that
 25 is not credit-related ~~shall~~ **IS** not be considered credit
 26 information, regardless of whether it is contained in a credit
 27 report or in an application, or is used to calculate an insurance

1 score.

2 (d) "Credit report" means any written, oral, or other
3 communication of information by a consumer reporting agency bearing
4 on a consumer's credit worthiness, credit standing, or credit
5 capacity that is used or expected to be used or collected in whole
6 or in part for the purpose of serving as a factor in the rating of
7 personal insurance.

8 (e) "Insurance score" means a number or rating that is derived
9 from an algorithm, computer application, model, or other process
10 that is based in whole or in part on credit information for the
11 purposes of predicting the future insurance loss exposure of an
12 individual applicant or insured.

13 (f) "Personal insurance" means property/casualty insurance
14 written for personal, family, or household use, including
15 ~~automobile,~~ home, motorcycle, mobile home, noncommercial dwelling
16 fire, boat, personal watercraft, snowmobile, and recreational
17 vehicle, whether written on an individual, group, franchise,
18 blanket policy, or similar basis. **PERSONAL INSURANCE DOES NOT**
19 **INCLUDE AUTOMOBILE INSURANCE.**