



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5177 (as reported by the Committee of the Whole)
Sponsor: Representative Gerald H. Law
House Committee: Insurance
Senate Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to permit, rather than require, that automobile and home insurance risks be grouped by territory; and to provide that insurers could not "merit rate" an insured for a civil infraction under the Michigan Vehicle Code for a longer period than points were carried on the insured's driving record. The bill also would require that the Insurance Commissioner report to the Legislature, in writing, by January 1, 2000, on the bill's effect on automobile and home insurance premiums in Michigan.

Currently, the Code requires automobile insurance risks to be grouped by territory, specifies the way in which territorial base rates must be established, and permits an insurer to file for an exemption from these requirements with the Insurance Commissioner. The bill would delete these provisions, and permit automobile insurance risks to be grouped by territory. The Code also requires home insurance risks to be grouped by territory and specifies the way in which territorial base rates must be established. The bill would delete these provisions, and permit home insurance risks to be grouped by territory.

The Code requires each insurer to establish a secondary or merit rating plan for automobile insurance, other than comprehensive insurance, and requires the plan to provide for surcharges for substantially at-fault accidents and convictions for violations of Chapter 6 of the Michigan Vehicle Code (concerning traffic laws). The bill provides that, beginning 90 days after its effective date, an insurer could not merit rate an insured for a civil infraction under Chapter 6 of the Vehicle Code "for a period of time longer than that which the secretary of state's office carries points for that infraction on the insured's motor vehicle record".

MCL 500.2111

Legislative Analyst: P. Affholter

FISCAL IMPACT

The Commissioner of Insurance would incur minimal costs in providing a report by January 1, 2000. Otherwise, the bill would have no fiscal impact on State or local government.

Date Completed: 1-30-96

Fiscal Analyst: K. Lindquist
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.