

Senate Fiscal Agency  
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**SFA**



**BILL ANALYSIS**

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Senate Bill 74 (Substitute S-3 as reported)  
Senate Bill 75 (Substitute S-3 as reported)  
Senate Bill 76 (Substitute S-3 as reported)  
Senate Bill 434 (Substitute S-1 as reported)  
Sponsor: Senator Jon Cisky (Senate Bills 74, 75, and 76)  
          Senator Dianne Byrum (Senate Bill 434)  
Committee: Health Policy and Senior Citizens

Date Completed: 5-2-97

### RATIONALE

According to a February 1997 article in the *State Legislatures* magazine, "In recent years, some insurance companies have denied applications, canceled coverage, and raised rates for women who have sought legal or medical help because of injuries inflicted by their partner." Evidently, insurers justify this practice on the ground that victims of domestic violence have chosen to remain in risky and threatening circumstances. The article further states that at least half of the 16 largest insurers in the country use domestic violence as a factor in deciding whether to issue a policy and how much to charge for one. Reportedly, some 15 other states have enacted legislation to prevent insurance discrimination against victims of domestic violence. Although there apparently have been no complaints about this practice in Michigan, many people believe that this State's laws also should prohibit insurers from treating domestic violence victims differently from other applicants or insured individuals.

### CONTENT

**The bills would amend three statutes to prohibit a life insurer, an insurer that issues or renews an expense-incurred hospital, medical, or surgical policy, a health maintenance organization, or Blue Cross and Blue Shield of Michigan (BCBSM) from rating, canceling coverage on, refusing to provide coverage for, or refusing to issue or renew an insurance contract, policy, or certificate, solely because an insured, enrollee, or applicant was or had been the victim of domestic violence.**

Senate Bill 74 (S-3) and Senate Bill 434 (S-1) would amend the Insurance Code; Senate Bill 75 (S-3) would amend the Public Health Code (which governs health maintenance organizations); and Senate Bill 76 (S-3) would amend the Nonprofit Health Care Corporation Reform Act (which governs BCBSM).

The bills provide that an insurer, a health maintenance organization (HMO), or BCBSM could not be held civilly liable for any cause of action that could result from compliance with the bills' provisions. The bills would apply to all contracts, policies, or certificates issued or renewed on or after 60 days following the bills' effective dates.

Under the bills, "domestic violence" would mean causing bodily injury, serious emotional injury, or psychological trauma to a "family or household member" who was residing with or had resided with, or who had a child in common with, the person committing the domestic violence. A "family or household member" would include the following persons or their dependent: a spouse or former spouse; parent; caregiver; child; current or former intimate partner; or any other adult related by consanguinity (blood relationship) or affinity (relationship by marriage).

Senate Bills 74 (S-3) and 434 (S-1) also provide that a life insurer or an insurer that issues an expense-incurred hospital, medical, or surgical policy would not be prohibited from inquiring about, underwriting, or charging a different premium on the basis of an individual's physical or mental condition, regardless of the cause of the condition.

Further, Senate Bill 74 (S-3) specifies that a life insurer could not be prevented from refusing to issue a life insurance policy insuring a person who had been the victim of domestic violence if the individual who committed the domestic violence were the applicant for, prospective owner of, or beneficiary under the policy and one or more of the following applied:

- The applicant, prospective owner, or beneficiary under the policy was known on the basis of police or court records to have committed domestic violence.
- The insurer knew of an arrest or conviction for a domestic violence-related offense by the applicant for, prospective owner of, or beneficiary under the policy.
- The insurer had reasonable grounds to believe that the applicant for, prospective owner of, or beneficiary under the policy was committing domestic violence.

In addition, under Senate Bill 74 (S-3), a life insurer would not be prevented from refusing to issue a policy if the applicant, prospective owner, or beneficiary did not have an insurable interest in the life of the prospective insured individual.

Proposed MCL 500.2246 (S.B. 74)  
Proposed MCL 333.21072 (S.B. 75)  
MCL 550.1401 (S.B. 76)  
Proposed MCL 500.3406j (S.B. 434)

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

Domestic violence should not be considered a pre-existing condition that allows insurance companies to deny coverage for the victims or to charge victims higher rates. These individuals already have been victimized and should not be subject to discriminatory practices by insurers. Although insurers in Michigan evidently do not discriminate against domestic violence victims, these bills would establish a public policy that prevented such discrimination in the future. This State already has many statutory provisions designed to protect individuals who are or have been abused by their partners, and these bills would reinforce existing protections.

Legislative Analyst: S. Margules

## **FISCAL IMPACT**

The bills would have no apparent fiscal impact on State or local government.

Fiscal Analyst: J. Walker

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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.