

HOUSE BILL No. 5591

January 24, 2006, Introduced by Reps. Hood, Condino, Espinoza, Lipsey, Williams, Gleason, Brown, Polidori, Meisner, Zelenko, Anderson, Plakas, Donigan, Farrah, Tobocman, Virgil Smith, Kolb, Lemmons, III and Cheeks and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 2118 and 2120 (MCL 500.2118 and 500.2120),
section 2118 as amended by 2002 PA 492, and section 2120 as amended
by 1984 PA 350.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2118. (1) As a condition of maintaining its certificate
2 of authority, an insurer shall not refuse to insure, refuse to
3 continue to insure, or limit coverage available to an eligible
4 person for automobile insurance, except in accordance with
5 underwriting rules established pursuant to this section and
6 sections 2119 and 2120.

7 (2) The underwriting rules that an insurer may establish for
8 automobile insurance shall be based only on the following:

9 (a) Criteria identical to the standards set forth in section

1 2103(1).

2 (b) The insurance eligibility point accumulation in excess of
3 the amounts established by section 2103(1) of a member of the
4 household of the eligible person insured or to be insured, if the
5 member of the household usually accounts for 10% or more of the use
6 of a vehicle insured or to be insured. For purposes of this
7 subdivision, a person who is the principal driver for 1 automobile
8 insurance policy shall be rebuttably presumed not to usually
9 account for more than 10% of the use of other vehicles of the
10 household not insured under the policy of that person.

11 (c) With respect to a vehicle insured or to be insured,
12 substantial modifications from the vehicle's original manufactured
13 state for purposes of increasing the speed or acceleration
14 capabilities of the vehicle.

15 ~~— (d) Failure by the person to provide proof that insurance~~
16 ~~required by section 3101 was maintained in force with respect to~~
17 ~~any vehicle which was both owned by the person and driven or moved~~
18 ~~by the person or by a member of the household of the person during~~
19 ~~the 6 month period immediately preceding application. Such proof~~
20 ~~shall take the form of a certification by the person on a form~~
21 ~~provided by the insurer that the vehicle was not driven or moved~~
22 ~~without maintaining the insurance required by section 3101 during~~
23 ~~the 6 month period immediately preceding application.~~

24 (D) ~~(e)~~ Type of vehicle insured or to be insured, based on 1
25 of the following, without regard to the age of the vehicle:

26 (i) The vehicle is of limited production or of custom
27 manufacture.

1 (ii) The insurer does not have a rate lawfully in effect for
2 the type of vehicle.

3 (iii) The vehicle represents exposure to extraordinary expense
4 for repair or replacement under comprehensive or collision
5 coverage.

6 (E) ~~-(f)-~~ Use of a vehicle insured or to be insured for
7 transportation of passengers for hire, for rental purposes, or for
8 commercial purposes. Rules under this subdivision shall not be
9 based on the use of a vehicle for volunteer or charitable purposes
10 or for which reimbursement for normal operating expenses is
11 received.

12 (F) ~~-(g)-~~ Payment of a minimum deposit at the time of
13 application or renewal, not to exceed the smallest deposit required
14 under an extended payment or premium finance plan customarily used
15 by the insurer.

16 (G) ~~-(h)-~~ For purposes of requiring comprehensive deductibles
17 of not more than \$150.00, or of refusing to insure if the person
18 refuses to accept a required deductible, the claim experience of
19 the person with respect to comprehensive coverage.

20 (H) ~~-(i)-~~ Total abstinence from the consumption of alcoholic
21 beverages except ~~when~~ **IF** such beverages are consumed as part of a
22 religious ceremony. However, an insurer shall not utilize an
23 underwriting rule based on this subdivision unless the insurer has
24 been authorized to transact automobile insurance in this state
25 prior to January 1, 1981, and has consistently utilized such an
26 underwriting rule as part of the insurer's automobile insurance
27 underwriting since being authorized to transact automobile

1 insurance in this state.

2 (I) ~~(j)~~ One or more incidents involving a threat,
3 harassment, or physical assault by the insured or applicant for
4 insurance on an insurer employee, agent, or agent employee while
5 acting within the scope of his or her employment so long as a
6 report of the incident was filed with an appropriate law
7 enforcement agency.

8 Sec. 2120. (1) Affiliated insurers may establish underwriting
9 rules so that each affiliate will provide automobile insurance only
10 to certain eligible persons. This subsection shall apply only if an
11 eligible person can obtain automobile insurance from 1 of the
12 affiliates. The underwriting rules shall be in compliance with this
13 section ~~, section~~ **AND SECTIONS** 2118 ~~,~~ and ~~section~~ 2119.

14 (2) An insurer may establish separate rating plans so that
15 certain eligible persons are provided automobile insurance under 1
16 rating plan and other eligible persons are provided automobile
17 insurance under another rating plan. This subsection shall apply
18 only if all eligible persons can obtain automobile insurance under
19 a rating plan of the insurer. Underwriting rules consistent with
20 this section ~~, section~~ **AND SECTIONS** 2118 ~~,~~ and ~~section~~ 2119
21 shall be established to define the rating plan applicable to each
22 eligible person.

23 (3) Underwriting rules under this section shall be based only
24 on the following:

25 (a) With respect to a vehicle insured or to be insured,
26 substantial modifications from the vehicle's original manufactured
27 state for purposes of increasing the speed or acceleration

1 capabilities of the vehicle.

2 ~~—— (b) Failure of the person to provide proof that insurance~~
3 ~~required by section 3101 was maintained in force with respect to~~
4 ~~any vehicle owned and operated by the person or by a member of the~~
5 ~~household of the person during the 6-month period immediately~~
6 ~~preceding application or renewal of the policy. Such proof shall~~
7 ~~take the form of a certification by the person that the required~~
8 ~~insurance was maintained in force for the 6-month period with~~
9 ~~respect to such vehicle.~~

10 (B) ~~—(e)—~~ For purposes of insuring persons who have refused a
11 deductible lawfully required under section ~~—2118(2)(h)—~~ **2118(2)(G)**,
12 the claim experience of the person with respect to comprehensive
13 coverage.

14 (C) ~~—(d)—~~ Refusal of the person to pay a minimum deposit
15 required under section ~~—2118(2)(g)—~~ **2118(2)(F)**.

16 (D) ~~—(e)—~~ A person's insurance eligibility point accumulation
17 under section 2103(1)(h), or the total insurance eligibility point
18 accumulation of all persons who account for 10% or more of the use
19 of 1 or more vehicles insured or to be insured under the policy.

20 (E) ~~—(f)—~~ The type of vehicle insured or to be insured as
21 provided in section ~~—2118(2)(e)—~~ **2118(2)(D)**.