

HOUSE BILL No. 5740

February 22, 2006, Introduced by Reps. Hildenbrand, Hune, Gaffney and Mortimer and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1950 (MCL 500.1950), as added by 1980 PA 341.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1950. Notwithstanding section 1920(1), a resident of this
2 state may obtain insurance from an unauthorized insurer in this
3 state through a licensee under this chapter. ~~Unless the resident~~
4 ~~insists that the insurance be placed with an unauthorized insurer~~
5 ~~which is not recognized by the commissioner as eligible, the~~ **THE**
6 licensee shall first attempt to place the insurance with authorized
7 insurers or, if that is not possible, with eligible unauthorized
8 insurers before placing the insurance with an unauthorized insurer
9 not recognized as eligible, and shall certify to the commissioner

1 on a form prescribed by the commissioner that these attempts were
2 made. If the insurance is placed with an insurer which is neither
3 an authorized insurer nor an eligible unauthorized insurer, upon
4 obtaining coverage, the licensee shall do all of the following:

5 (a) Mail or deliver to the resident the following notice:

6 "This insurance has been placed with an insurer not licensed by the
7 state of Michigan nor recognized by the insurance commissioner as
8 an eligible unauthorized insurer. In case of any dispute relative
9 to the terms or conditions of the policy or the practices of the
10 insurer, the insurance commissioner may not be able to assist in
11 the dispute. In case of insolvency, payment of claims is not
12 guaranteed." A copy of the notice shall be filed with the
13 commissioner.

14 (b) Collect from the resident insured appropriate premium
15 taxes and report the transaction to the commissioner on a form
16 prescribed by the commissioner. If the resident insured fails to
17 pay the taxes when due, the insured shall be subject to a civil
18 fine of not more than \$1,000.00, plus accrued interest from the
19 inception of the insurance.