

**STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012**

**Introduced by Reps. Shaughnessy, Opsommer, Glardon, Howze, Roy Schmidt, Johnson, Hooker, Rendon,
Kandrevas and LeBlanc**

ENROLLED HOUSE BILL No. 4595

AN ACT to amend 1956 PA 218, entitled “An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” (MCL 500.100 to 500.8302) by adding section 2154.

The People of the State of Michigan enact:

Sec. 2154. (1) Notwithstanding any other law, rule, or regulation, an insurer that uses credit information shall, on written request from an insured or insurance applicant, provide reasonable exceptions to the application of that credit information on the insurer’s rates, rating classifications, or company or tier placement for an insured or insurance applicant who has experienced and whose credit information has been directly influenced by any of the following events:

(a) Catastrophic event, as declared by the federal or state government.

(b) Serious illness or injury, or serious illness or injury to an immediate family member.

(c) Death of a spouse, child, or parent.

(d) Divorce or involuntary interruption of legally owed alimony or support payments.

(e) Identity theft.

(f) Temporary loss of employment for a period of 3 months or more, if it results from involuntary termination.

(g) Military deployment overseas.

(h) Predatory lending resulting in the foreclosure of, or commencement of proceedings or an action to foreclose, a mortgage of real property owned by the insured or insurance applicant.

(i) Other events, as determined by the insurer.

(2) If an insured or insurance applicant submits a request for an exception under subsection (1), an insurer may, but is not required to do, any of the following:

(a) Require a reasonable written and independently verifiable documentation of the event.

(b) Require the insured or insurance applicant to demonstrate that the event had direct and meaningful impact on the insured's or insurance applicant's credit information.

(c) Require a request to be made no more than 60 days from the date of the application for insurance or the policy renewal.

(d) Grant an exception even if the insured or insurance applicant did not provide an initial request for an exception in writing.

(e) Grant an exception where the insured or insurance applicant asks for consideration of repeated events or the insurer has considered this event previously.

(3) A law, rule, or regulation relating to underwriting, rating, or rate filing is not violated by any insurer as a result of granting an exception under this section.

(4) The insurer shall provide notice to insureds and insurance applicants that reasonable exceptions are available and information about how to inquire further.

(5) Within 30 days of the insurer's receipt of sufficient documentation of an event described in subsection (1), the insurer shall inform the insured or insurance applicant of the outcome of his or her request for a reasonable exception. This communication shall be in writing or provided in the same medium as the request for a reasonable exception.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 96th Legislature are enacted into law:

(a) Senate Bill No. 300.

(b) House Bill No. 4593.

(c) House Bill No. 4594.

(d) House Bill No. 4596.



Clerk of the House of Representatives



Secretary of the Senate

Approved

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Governor