

# SENATE BILL No. 1119

October 18, 2016, Introduced by Senator HOOD and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
 "The insurance code of 1956,"  
 by amending sections 2110a and 2111 (MCL 500.2110a and 500.2111),  
 as amended by 2012 PA 441.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 2110a. If uniformly applied to all its insureds, an  
 2 insurer may use factors in addition to those permitted by section  
 3 2111 for **HOME** insurance if the plan is consistent with the purposes  
 4 of this act and reflects reasonably anticipated reductions or  
 5 increases in losses or expenses. ~~This section does not affect~~  
 6 ~~benefits or obligations required under chapter 31. This section~~  
 7 ~~does not authorize an insurer to offer or prohibit an insurer from~~  
 8 ~~offering premium discount plans concerning any of the following:~~  
 9       — (a) ~~Health care services, health care providers, or health~~  
 10 ~~care facilities.~~

1 ~~—— (b) Automobile repair providers.~~

2 ~~—— (c) Materials used in the repair of an automobile.~~

3       Sec. 2111. (1) Notwithstanding any provision of this act or  
4 this chapter to the contrary, classifications and territorial base  
5 rates used by an insurer in this state with respect to automobile  
6 insurance or home insurance ~~shall~~**MUST** conform to the applicable  
7 requirements of this section.

8       (2) Classifications established under this section for  
9 automobile insurance ~~shall~~**MUST** be based only on 1 or more of the  
10 following factors, which ~~shall~~**MUST** be applied by an insurer on a  
11 uniform basis throughout this state:

12 ~~—— (a) With respect to all automobile insurance coverages:~~

13 ~~—— (i) Either the age of the driver, the length of driving  
14 experience, or the number of years licensed to operate a motor  
15 vehicle.~~

16 ~~—— (ii) Driver primacy, based on the proportionate use of each  
17 vehicle insured under the policy by individual drivers insured or  
18 to be insured under the policy.~~

19 ~~—— (iii) Average miles driven weekly, annually, or both.~~

20 ~~—— (iv) Type of use, such as business, farm, or pleasure use.~~

21 ~~—— (v) Vehicle characteristics, features, and options, such as  
22 engine displacement, ability of the vehicle and its equipment to  
23 protect passengers from injury, and other similar items, including  
24 vehicle make and model.~~

25 ~~—— (vi) Daily or weekly commuting mileage.~~

26 ~~—— (vii) Number of cars insured by the insurer or number of  
27 licensed operators in the household. However, number of licensed~~

1 ~~operators shall not be used as an indirect measure of marital~~  
2 ~~status.~~

3 ~~—— (viii) Amount of insurance.~~

4 ~~—— (b) In addition to the factors prescribed in subdivision (a),~~  
5 ~~with respect to personal protection insurance coverage:~~

6 ~~—— (i) Earned income.~~

7 ~~—— (ii) Number of dependents of income earners insured under the~~  
8 ~~policy.~~

9 ~~—— (iii) Coordination of benefits.~~

10 ~~—— (iv) Use of a safety belt.~~

11 ~~—— (c) In addition to the factors prescribed in subdivision (a),~~  
12 ~~with respect to collision and comprehensive coverages:~~

13 ~~(A) (i) The anticipated cost of vehicle repairs or~~  
14 ~~replacement, which may be measured by age, price, cost new, or~~  
15 ~~value of the insured automobile. , and other factors directly~~  
16 ~~relating to that anticipated cost.~~

17 ~~—— (ii) Vehicle make and model.~~

18 ~~—— (iii) Vehicle design characteristics related to vehicle~~  
19 ~~damageability.~~

20 ~~—— (iv) Vehicle characteristics relating to automobile theft~~  
21 ~~prevention devices.~~

22 ~~—— (d) With respect to all automobile insurance coverage other~~  
23 ~~than comprehensive, successful completion by the individual driver~~  
24 ~~or drivers insured under the policy of an accident prevention~~  
25 ~~education course that meets the following criteria:~~

26 ~~—— (i) The course shall include a minimum of 8 hours of classroom~~  
27 ~~instruction.~~

1 ~~—— (ii) The course shall include, but not be limited to, a review~~  
2 ~~of all of the following:~~

3 ~~—— (A) The effects of aging on driving behavior.~~

4 ~~—— (B) The shapes, colors, and types of road signs.~~

5 ~~—— (C) The effects of alcohol and medication on driving.~~

6 ~~—— (D) The laws relating to the proper use of a motor vehicle.~~

7 ~~—— (E) Accident prevention measures.~~

8 ~~—— (F) The benefits of safety belts and child restraints.~~

9 ~~—— (G) Major driving hazards.~~

10 ~~—— (H) Interaction with other highway users, such as~~  
11 ~~motorcyclists, bicyclists, and pedestrians.~~

12 ~~—— (3) Each insurer shall establish a secondary or merit rating~~  
13 ~~plan for automobile insurance, other than comprehensive coverage. A~~  
14 ~~secondary or merit rating plan required under this subsection shall~~  
15 ~~provide for premium surcharges for any or all coverages for~~  
16 ~~automobile insurance, other than comprehensive coverage, based upon~~  
17 ~~any or all of the following, when that information becomes~~  
18 ~~available to the insurer:~~

19 ~~—— (a) Substantially at fault accidents.~~

20 (b) Convictions for, determinations of responsibility for  
21 civil infractions for, or findings of responsibility in probate  
22 court for civil infractions for violations under chapter VI of the  
23 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.  
24 However, an insured shall not be merit rated for a civil infraction  
25 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL  
26 257.601 to 257.750, for a period of time longer than that which the  
27 secretary of state's office carries points for that infraction on

1 the insured's motor vehicle record.

2 ~~—— (4) An insurer shall not establish or maintain rates or rating~~  
 3 ~~classifications for automobile insurance based on sex or marital~~  
 4 ~~status.~~

5 ~~—— (5) Notwithstanding other provisions of this chapter,~~  
 6 ~~automobile insurance risks may be grouped by territory.~~

7 ~~—— (6) This section does not limit insurers or rating~~  
 8 ~~organizations from establishing and maintaining statistical~~  
 9 ~~reporting territories. This section does not prohibit an insurer~~  
 10 ~~from establishing or maintaining, for automobile insurance, a~~  
 11 ~~premium discount plan for senior citizens in this state who are 65~~  
 12 ~~years of age or older, if the plan is uniformly applied by the~~  
 13 ~~insurer throughout this state. If an insurer has not established~~  
 14 ~~and maintained a premium discount plan for senior citizens, the~~  
 15 ~~insurer shall offer reduced premium rates to senior citizens in~~  
 16 ~~this state who are 65 years of age or older and who drive less than~~  
 17 ~~3,000 miles per year, regardless of statistical data.~~

18 (C) LOSS EXPERIENCE OF AND PRIOR CLAIMS BY THE INSURED.

19 (3) ~~(7)~~ Classifications established under this section for  
 20 home insurance other than inland marine insurance provided by  
 21 policy floaters or endorsements shall **MUST** be based only on 1 or  
 22 more of the following factors:

23 (a) Amount and types of coverage.

24 (b) Security and safety devices, including locks, smoke  
 25 detectors, and similar, related devices.

26 (c) Repairable structural defects reasonably related to risk.

27 (d) Fire protection class.

1 (e) Construction of structure, based on structure size,  
2 building material components, and number of units.

3 (f) Loss experience of the insured, based on prior claims  
4 attributable to factors under the control of the insured that have  
5 been paid by an insurer. An insured's failure, after written notice  
6 from the insurer, to correct a physical condition that presents a  
7 risk of repeated loss ~~shall be considered~~ **IS** a factor under the  
8 control of the insured for purposes of this subdivision.

9 (g) Use of smoking materials within the structure.

10 (h) Distance of the structure from a fire hydrant.

11 (i) Availability of law enforcement or crime prevention  
12 services.

13 **(4)** ~~(8)~~ Notwithstanding other provisions of this chapter, home  
14 insurance risks may be grouped by territory.

15 ~~— (9) An insurer may use factors in addition to those permitted~~  
16 ~~by this section for insurance if the plan is consistent with the~~  
17 ~~purposes of this act and reflects reasonably anticipated reductions~~  
18 ~~or increases in losses or expenses.~~