
A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 2105, 2110a, 2111, 2111a, and 2151 (MCL 500.2105, 500.2110a, 500.2111, 500.2111a, and 500.2151), sections 2110a and 2111 as amended by 2012 PA 441, section 2111a as added by 2006 PA 610, and section 2151 as added by 2012 PA 165.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2105. (1) No policy of automobile insurance or home insurance shall be offered, bound, made, issued, delivered, or renewed in this state on and after January 1, 1981, except in conformity MUST COMPLY with this chapter. This chapter shall not apply to policies of automobile insurance or home insurance offered, bound, made, issued, delivered or renewed in this state
before January 1, 1981.

(2) This EXCEPT AS PROVIDED IN SUBSECTION (3), THIS chapter
shall DOES not apply to insurance written on a group, franchise,
blanket policy, or similar basis which THAT offers home insurance
or automobile insurance to all members of the group, franchise
plan, or blanket coverage who are eligible persons.

(3) AN INSURER, INCLUDING, BUT NOT LIMITED TO, AN INSURER THAT
WRITES INSURANCE AS DESCRIBED IN SUBSECTION (2) AND AN INSURER THAT
IS EXEMPTED FROM ANY OF THE REQUIREMENTS OF THIS CHAPTER FOR ANY
REASON, INCLUDING AN EXEMPTION UNDER SECTION 2129, SHALL NOT
ESTABLISH OR MAINTAIN RATES OR RATING CLASSIFICATIONS FOR
AUTOMOBILE INSURANCE BASED ON ANY FACTORS OTHER THAN AS REQUIRED
UNDER SECTION 2111.

Sec. 2110a. If uniformly applied to all its insureds, an
insurer may use factors in addition to those permitted by section
2111 for HOME insurance if the plan is consistent with the purposes
of this act and reflects reasonably anticipated reductions or
increases in losses or expenses. This section does not affect
benefits or obligations required under chapter 31. This section
does not authorize an insurer to offer or prohibit an insurer from
offering premium discount plans concerning any of the following:
_____ (a) Health care services, health care providers, or health
care facilities.
_____ (b) Automobile repair providers.
_____ (c) Materials used in the repair of an automobile.

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

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

(a) With respect to all automobile insurance coverages:
   (i) Either the age of the driver; the length of driving experience; or the number of years licensed to operate a motor vehicle.
   (ii) Driver primacy, based on the proportionate use of each vehicle insured under the policy by individual drivers insured or to be insured under the policy.
   (iii) Average miles driven weekly, annually, or both.
   (iv) Type of use, such as business, farm, or pleasure use.
   (v) Vehicle characteristics, features, and options, such as engine displacement, ability of the vehicle and its equipment to protect passengers from injury, and other similar items, including vehicle make and model.
   (vi) Daily or weekly commuting mileage.
   (vii) Number of cars insured by the insurer or number of licensed operators in the household. However, number of licensed operators shall not be used as an indirect measure of marital status.
   (viii) Amount of insurance.

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

(i) Earned income.

(ii) Number of dependents of income earners insured under the policy.

(iii) Coordination of benefits.

(iv) Use of a safety belt.

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

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

(ii) Vehicle make and model.

(iii) Vehicle design characteristics related to vehicle damageability.

(iv) Vehicle characteristics relating to automobile theft prevention devices.

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

(i) The course shall include a minimum of 8 hours of classroom instruction.

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

(A) The effects of aging on driving behavior.

(B) The shapes, colors, and types of road signs.
(C) The effects of alcohol and medication on driving.

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

(E) Accident prevention measures.

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

(G) Major driving hazards.

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

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

(a) Substantially at-fault accidents.

(b) Convictions for, determinations of responsibility for civil infractions for, or findings of responsibility in probate court for civil infractions for violations under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.

However, an insured shall not be merit rated for a civil infraction under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750, for a period of time longer than that which the secretary of state's office carries points for that infraction on the insured's motor vehicle record.

(2) RATES AND PREMIUMS FOR AUTOMOBILE INSURANCE MUST BE DETERMINED BY APPLICATION OF THE FOLLOWING FACTORS AS PROVIDED IN SUBSECTION (3).
(A) THE INSURED'S DRIVING SAFETY RECORD.

(B) THE NUMBER OF MILES THE INSURED DRIVES ANNUALLY.

(C) THE NUMBER OF YEARS OF DRIVING EXPERIENCE THE INSURED HAS HAD.

(D) ANY OTHER FACTORS THAT THE DIRECTOR ADOPTS BY RULE, AS PROVIDED IN SUBSECTION (4).

(3) IN APPLYING FACTORS UNDER SUBSECTION (2), AN INSURER SHALL GIVE THE GREATEST WEIGHT TO THE FACTOR IN SUBSECTION (2)(A), THE SECOND GREATEST WEIGHT TO THE FACTOR IN SUBSECTION (2)(B), THE THIRD GREATEST WEIGHT TO THE FACTOR IN SUBSECTION (2)(C), AND THE LEAST WEIGHT TO THE FACTORS ALLOWED UNDER THE RULES PROMULGATED UNDER SUBSECTION (2)(D).

(4) SUBJECT TO SUBSECTION (5), THE FACTORS ADOPTED BY THE DIRECTOR UNDER SUBSECTION (2)(D) MAY INCLUDE ANY FACTOR THAT IS EXPRESSLY ALLOWED FOR ESTABLISHING RATES FOR AUTOMOBILE INSURANCE UNDER ANOTHER SECTION OF THIS CHAPTER OR ANY OTHER FACTOR THAT HAS A SUBSTANTIAL RELATIONSHIP TO THE RISK OF LOSS. THE RULES PROMULGATED UNDER SUBSECTION (2)(D) MUST PRESCRIBE THE METHOD FOR MEASURING THE RESPECTIVE WEIGHT TO BE GIVEN TO EACH FACTOR IN DETERMINING AUTOMOBILE INSURANCE RATES AND PREMIUMS.

(5) An insurer shall not establish or maintain rates or rating classifications AND PREMIUMS for automobile insurance based IN ANY WAY on sex—THE FOLLOWING:

(A) SEX or marital status.

(B) CREDIT INFORMATION, AS THAT TERM IS DEFINED IN SECTION 2151.

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

(6) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE USE OF ANY FACTOR TO DETERMINE RATES AND PREMIUMS FOR AUTOMOBILE INSURANCE OTHER THAN A FACTOR LISTED IN SUBSECTION(2)(A) TO (C) OR A FACTOR CONTAINED IN RULES PROMULGATED UNDER SUBSECTION (2)(D) IS UNFAIR DISCRIMINATION FOR PURPOSES OF CHAPTER 20.

(7) (6) This section does not limit insurers or rating organizations from establishing and maintaining statistical reporting territories. This section does not prohibit an insurer from establishing or maintaining, for automobile insurance, a premium discount plan for senior citizens in this state who are 65 years of age or older, IF THE PLAN IS APPLIED IN ACCORDANCE WITH SUBSECTIONS (2) TO (4) AND if the plan is uniformly applied by the insurer throughout this state. If an insurer has not established and maintained a premium discount plan for senior citizens, the insurer shall offer reduced premium rates to senior citizens in this state who are 65 years of age or older and who drive less than 3,000 miles per year, regardless of statistical data. IN ACCORDANCE WITH SUBSECTIONS (2) TO (4).

(8) (7) Classifications established under this section for home insurance other than inland marine insurance provided by policy floaters or endorsements MUST be based only on 1 or more of the following factors:

(a) Amount and types of coverage.

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

(c) Repairable structural defects reasonably related to risk.
(d) Fire protection class.
(e) Construction of structure, based on structure size, building material components, and number of units.
(f) Loss experience of the insured, based on prior claims attributable to factors under the control of the insured that have been paid by an insurer. An insured's failure, after written notice from the insurer, to correct a physical condition that presents a risk of repeated loss shall be considered a factor under the control of the insured for purposes of this subdivision.
(g) Use of smoking materials within the structure.
(h) Distance of the structure from a fire hydrant.
(i) Availability of law enforcement or crime prevention services.

(9) (g) Notwithstanding other provisions of this chapter, home insurance risks may be grouped by territory.
(10) (g) An insurer may use factors in addition to those permitted by this section for HOME insurance if the plan is consistent with the purposes of this act and reflects reasonably anticipated reductions or increases in losses or expenses.

Sec. 2111a. (1) Notwithstanding IF THE DISCOUNT IS APPLIED IN ACCORDANCE WITH section 2111, an automobile insurer may offer a premium discount to insureds 50 years of age and older who successfully complete a traffic accident prevention course that THE automobile insurer determines meets all of the criteria listed in subsection (3).

(2) An automobile insurer may provide the discount under subsection (1) for 3 years after successful completion of an
initial or refresher traffic accident prevention course.

(3) To qualify under subsection (1), a traffic accident prevention course shall provide for MUST MEET all of the following requirements:

(a) For an initial traffic accident prevention course, includes INCLUDE not less than 8 hours of classroom instruction taught by an instructor certified by the entity PERSON offering the course. For a refresher traffic accident prevention course, includes INCLUDE not less than 4 hours of classroom instruction taught by an instructor certified by the entity PERSON offering the course.

(b) Includes, INCLUDE, but is not limited to, instruction in all of the following areas:

(i) The effects of aging on driving behavior.
(ii) The shapes, colors, and types of road signs.
(iii) The effects of alcohol and other drugs, including medications, on older drivers.
(iv) Laws relating to the proper use of a motor vehicle and safe driving behavior.
(v) Traffic crash avoidance and prevention measures.
(vi) The benefits and proper use of motor vehicle occupant protection systems.
(vii) Major driving hazards and risk factors associated with traffic crash prevention.
(viii) Interaction with other highway users, such as emergency vehicles, trucks, motorcyclists, bicyclists, and pedestrians.

(c) Provides, upon PROVIDE, ON successful completion of the
course, a certificate of completion that may be used in applying
for an automobile insurance premium discount under subsection (1).

Sec. 2151. As used in this chapter:

(a) "Adverse action" means an increase in any charge for, or a
reduction or other adverse or unfavorable change in the terms of
coverage or amount of, any personal insurance, existing or applied
for.

(b) "Consumer reporting agency" means any person which, THAT,
for monetary fees or dues or on a cooperative nonprofit basis,
regularly engages in whole or in part in the practice of assembling
or evaluating consumer credit information or other information on
consumers for the purpose of furnishing consumer reports to third
parties.

(c) "Credit information" means any credit-related information
derived from a credit report, found on a credit report itself, or
provided on an application for personal insurance. Information that
is not credit-related shall IS not be considered credit
information, regardless of whether it is contained in a credit
report or in an application, or is used to calculate an insurance
score.

(d) "Credit report" means any written, oral, or other
communication of information by a consumer reporting agency bearing
on a consumer's credit worthiness, credit standing, or credit
capacity that is used or expected to be used or collected in whole
or in part for the purpose of serving as a factor in the rating of
personal insurance.

(e) "Insurance score" means a number or rating that is derived
from an algorithm, computer application, model, or other process that is based in whole or in part on credit information for the purposes of predicting the future insurance loss exposure of an individual applicant or insured.

(f) "Personal insurance" means property/casualty insurance written for personal, family, or household use, including automobile, home, motorcycle, mobile home, noncommercial dwelling fire, boat, personal watercraft, snowmobile, and recreational vehicle, whether written on an individual, group, franchise, blanket policy, or similar basis. PERSONAL INSURANCE DOES NOT INCLUDE AUTOMOBILE INSURANCE.