

HOUSE BILL NO. 5848

June 11, 2020, Introduced by Reps. Lasinski, Yancey, Stone, Bolden, Hood, Brenda Carter, Tyrone Carter, Hope, Whitsett, Sneller, Sabo, Warren, Sowerby, Cambensy, Clemente, Cherry, Manoogian, Kuppa, Hoadley, Gay-Dagnogo, Guerra, Brann, O'Malley, Kahle, Wozniak, Brixie, Peterson, Meerman, Ellison, Wittenberg, Hammoud, Kennedy, Chirkun and Cynthia Johnson and referred to the Committee on Judiciary.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 3303 and 3320 (MCL 500.3303 and 500.3320),
section 3303 as amended by 1980 PA 461 and section 3320 as amended
by 2012 PA 204.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3303. As used in this chapter:
- 2 (a) "Automobile insurance" means insurance for automobiles
- 3 which provides any of the following:
- 4 (i) Security required ~~pursuant to~~ **under** section 3101.



1 (ii) Personal protection, property protection, and residual
2 liability insurance for amounts in excess of the amounts required
3 under chapter 31.

4 (iii) Insurance coverage customarily known as comprehensive and
5 collision.

6 (iv) Other insurance coverages for a private passenger nonfleet
7 automobile as prescribed by rule promulgated by the commissioner.

8 (b) "Qualified applicant", for automobile insurance, means a
9 person who is an owner or registrant of an automobile registered or
10 to be registered in this state or who holds a valid license to
11 operate a motor vehicle, but does not include any of the following:

12 (i) A person who is not required to maintain security pursuant
13 ~~to~~**under** section 3101, unless the person intends to reside in this
14 state for 30 days or more and makes a written statement of that
15 intention on a form approved by the commissioner.

16 (ii) A person whose license to operate a vehicle is under
17 suspension or revocation, unless the suspension was made pursuant
18 ~~to~~**under** section 310, ~~310b,~~ 310d, 315, 321a, 324, ~~328,~~ 512, 515,
19 625, 625b, 625f, 748, 801c, or 907 of ~~Act No. 300 of the Public~~
20 ~~Acts of 1949, as amended, being sections~~ **the Michigan vehicle code,**
21 **1949 PA 300, MCL** 257.310, ~~257.310b,~~ 257.310d, 257.315, 257.321a,
22 257.324, ~~257.328,~~ 257.512, 257.515, 257.625, 257.625b, 257.625f,
23 257.748, 257.801c, and 257.907. ~~of the Michigan Compiled Laws.~~

24 (iii) A person whose policy of automobile insurance has been
25 ~~eancelled~~**canceled** because of nonpayment of premium or finance
26 premium within the immediately preceding 2-year period, unless the
27 applicant or insured pays in full a premium installment developed
28 under section 3350(a) before issuance, continuation, or renewal of
29 the policy.



1 (c) "Facility" means the automobile insurance placement
2 facility created ~~pursuant to~~**under** this chapter.

3 (d) "Participating member" means an insurer who is required by
4 this chapter to be a member of the facility and who in any given
5 calendar year has a participation ratio greater than zero in the
6 facility for that year.

7 (e) "Participation ratio" means the ratio of the participating
8 member's Michigan premiums or exposure units to the comparable
9 statewide totals for all participating members, as follows:

10 (i) For private passenger nonfleet automobile insurance, for
11 distribution of risk or distribution of loss, the ratio ~~shall~~**must**
12 be based on voluntary net direct automobile insurance car years
13 written in this state for the calendar year ending December 31 of
14 the second prior year as reported to the statistical agent of each
15 participating member as private passenger nonfleet exposure.

16 (ii) For all other automobile insurance, including insurance
17 for fleets, commercial vehicles, public vehicles, and garages, the
18 ratio for distribution of risks or distribution of loss ~~shall~~**must**
19 be based on the total Michigan automobile insurance gross direct
20 premiums written, including policy and membership fees, less return
21 premiums and premiums on policies not taken, without including
22 reinsurance assumed and without deducting reinsurance ceded,
23 reduced by the amount of premiums reported as private passenger
24 nonfleet for the calendar year ending December 31 of the second
25 prior year.

26 (iii) For expenses of operation of the facility and for voting
27 rights, the ratio ~~shall~~**must** be based on the total Michigan
28 automobile insurance gross direct premiums written, including
29 policy and membership fees, less return premiums and premiums on



1 policies not taken, without including reinsurance assumed and
 2 without deducting reinsurance ceded for the calendar year ending
 3 December 31 of the second prior year.

4 (f) "Private passenger nonfleet automobile" means a motorized
 5 vehicle designed for transporting passengers or goods, subject to
 6 specific contemporary definitions for insurance purposes as
 7 provided in the plan of operation.

8 Sec. 3320. (1) The facility, with respect to private passenger
 9 nonfleet automobiles, shall provide for all of the following:

10 (a) The equitable distribution of applicants to designated
 11 participating members in accordance with the plan of operation.

12 (b) Issuance of policies of automobile insurance to qualified
 13 applicants as provided in the plan of operation.

14 (c) The appointment of a number of participating members
 15 appointed by the facility to act on behalf of the facility for the
 16 distribution of risks or for the servicing of insureds, as provided
 17 in the plan of operation and consistent with this section. The
 18 facility shall do all of the following:

19 (i) Appoint those members having the 5 highest participation
 20 ratios, as defined in section 3303(e) (i), to act on behalf of the
 21 facility.

22 (ii) Appoint other members to act on behalf of the facility who
 23 volunteer to so act and who meet reasonable servicing standards
 24 established in the plan of operation, up to a maximum of 5 in
 25 addition to those appointed pursuant to ~~under~~ subparagraph (i).

26 (iii) Appoint additional members to act on behalf of the
 27 facility as necessary to do all of the following:

28 (A) Assure convenient access to the facility for all citizens
 29 of this state.



1 (B) Assure a reasonable quality of service for persons insured
2 through the facility.

3 (C) Assure a reasonable representation of the various
4 insurance marketing systems.

5 (D) Assure reasonable claims handling.

6 (E) Assure a reasonable range of choice of insurers for
7 persons insured through the facility.

8 (d) Standards and monitoring procedures to assure that
9 participating members acting on behalf of the facility do all of
10 the following:

11 (i) Provide service to persons insured through the facility
12 equivalent to the service provided to persons insured by the
13 insurer voluntarily.

14 (ii) Handle claims in an efficient and reasonable manner.

15 (iii) Provide internal review procedures for persons insured
16 through the facility identical to those established ~~pursuant to~~
17 **under** chapter 21 for persons insured voluntarily.

18 (e) The establishment of procedures and guidelines for the
19 issuance of binders by agents upon receipt of the application for
20 coverage.

21 (f) Issuance of policies of automobile insurance to qualified
22 applicants whose licenses to operate a vehicle have been suspended
23 under section 310, 310d, 315, 321a, 324, ~~328~~, 512, 515, 625, 625b,
24 625f, 748, 801c, or 907 of the Michigan vehicle code, 1949 PA 300,
25 MCL 257.310, 257.310d, 257.315, 257.321a, 257.324, ~~257.328~~,
26 257.512, 257.515, 257.625, 257.625b, 257.625f, 257.748, 257.801c,
27 and 257.907, as provided in the plan of operation. These policies
28 may be canceled after a period of not less than 30 days if the
29 insured fails to produce proof that the suspended license has been



1 reinstated.

2 (g) Administration of the assigned claims plan as required
3 under chapter 31.

4 (2) Automobile insurance made available under this section
5 shall be equivalent to the automobile insurance normally available
6 in the voluntary competitive market in forms as approved by the
7 commissioner with any changes, additions, and amendments adopted by
8 the board of governors and approved by the commissioner.

9 Enacting section 1. This amendatory act does not take effect
10 unless Senate Bill No. ____ or House Bill No. 5846 (request no.
11 05617'20 *) of the 100th Legislature is enacted into law.

