

# HOUSE BILL NO. 6267

December 10, 2024, Introduced by Reps. Grant, Scott, McFall and McKinney and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 2021, 2106, 2108, 2112, 2458, and 2652 (MCL 500.2021, 500.2106, 500.2108, 500.2112, 500.2458, and 500.2652), sections 2021, 2112, 2458, and 2652 as amended by 2015 PA 141 and sections 2106 and 2108 as amended by 2019 PA 21.

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

1           Sec. 2021. An unfair method of competition and an unfair or  
2 deceptive act or practice in the business of insurance includes  
3 failure by a rating organization and an insurer that makes its own  
4 rates, within a reasonable time after receiving written request for

1 the information and on payment of a reasonable charge, to furnish  
2 to an insured affected by a rate made by it, or to the insured  
3 authorized representative, all pertinent information to the rate.  
4 Pertinent information under this section does not include  
5 information that is a trade secret as determined by the director  
6 under section ~~2108(5)~~-**2108** or ~~2406(6)~~-**2406**.

7       Sec. 2106. (1) Except as specifically provided in this  
8 chapter, chapter 24 and chapter 26 do not apply to automobile  
9 insurance and home insurance.

10       (2) ~~Subject to section 2108(6), an~~ **An** insurer shall file rates  
11 with the department for approval in compliance with this act.

12       (3) An insurer may use rates for home insurance as soon as  
13 those rates are filed.

14       (4) To the extent that other provisions of this act are  
15 inconsistent with this chapter, this chapter governs with respect  
16 to automobile insurance and home insurance.

17       Sec. 2108. (1) On the effective date of a manual of  
18 classification, manual of rules and rates, rating plan, or  
19 modification of a manual of classification, manual of rules and  
20 rates, or rating plan that an insurer proposes to use for home  
21 insurance, the insurer shall file the manual or plan with the  
22 director. For automobile insurance, an insurer shall file a manual  
23 or plan described in this subsection in accordance with subsection  
24 ~~(6)~~-**(7)**. Each filing under this subsection must state the  
25 character and extent of the coverage contemplated. An insurer that  
26 is subject to this chapter and that maintains rates in any part of  
27 this state shall at all times maintain rates in effect for all  
28 eligible persons meeting the underwriting criteria of the insurer.

29       (2) An insurer may satisfy its obligation to make filings

1 under subsection (1) by becoming a member of, or a subscriber to, a  
2 rating organization licensed under chapter 24 or chapter 26 that  
3 makes the filings, and by filing with the director a copy of its  
4 authorization of the rating organization to make the filings on its  
5 behalf. This chapter does not require an insurer to become a member  
6 of or a subscriber to a rating organization. An insurer may file  
7 and use deviations from filings made on its behalf. The deviations  
8 are subject to this chapter.

9 (3) A filing under this section must be accompanied by a  
10 certification by or on behalf of the insurer that, to the best of  
11 the insurer's information and belief, the filing conforms to the  
12 requirements of this chapter.

13 (4) A filing under this section must include information that  
14 supports the filing with respect to the requirements of section  
15 2109. The information may include 1 or more of the following:

16 (a) The experience or judgment of the insurer or rating  
17 organization making the filing.

18 (b) The interpretation of the insurer or rating organization  
19 of any statistical data it relies on.

20 (c) The experience of other insurers or rating organizations.

21 (d) Any other relevant information.

22 **(5) A manual of rules or modification of a manual of rules**  
23 **filed with the department must contain, at a minimum, all of the**  
24 **following:**

25 (a) **A table of contents.**

26 (b) **The rating steps or rate order of calculations.**

27 (c) **All rating rules.**

28 (d) **All minimum premium rules.**

29 (e) **All waived premium rules.**

1           **(f) All payment plan options, including required downpayments.**

2           **(g) A description of the handling of terminations.**

3           **(h) A description of the handling of reinstatements.**

4           **(i) A description of the coverages offered, and any rules**  
5 **related to limitations or restrictions to those coverages.**

6           **(j) A description of discounts and surcharges applied, and any**  
7 **rules related to when the discounts and surcharges apply.**

8           **(6)** ~~(5)~~—Except as otherwise provided in this subsection, the  
9 department shall make a filing under this section and any  
10 accompanying information open to public inspection on filing. An  
11 insurer or a rating organization filing on the insurer's behalf may  
12 designate information included in the filing or any accompanying  
13 information as a trade secret. The insurer or the rating  
14 organization filing on behalf of the insurer shall demonstrate to  
15 the director that the designated information is a trade secret. If  
16 the director determines that the information is a trade secret, the  
17 information is not subject to public inspection and is exempt from  
18 disclosure under the freedom of information act, 1976 PA 442, MCL  
19 15.231 to 15.246. As used in this subsection, "trade secret" means  
20 that term as defined in section 2 of the uniform trade secrets act,  
21 1998 PA 448, MCL 445.1902. However, trade secret does not include  
22 filings and information accompanying filings under this section  
23 that were subject to public inspection before January 11, 2016.

24           **(7)** ~~(6)~~—For automobile insurance, an insurer shall file a  
25 manual or plan in accordance with chapter 24, except that the  
26 manual or plan must remain on file for a waiting period of 90 days  
27 before it becomes effective, which period may not be extended by  
28 the director, and the waiting period applies regardless of whether  
29 supporting information is required by the director under section

1 2406(1). ~~Upon~~ **On** written application by the insurer, the director  
 2 may authorize a filing that he or she has reviewed to become  
 3 effective before expiration of the waiting period.

4 (8) ~~(7)~~—An insurer shall not make, issue, or renew a contract  
 5 or policy except in accordance with filings that are in effect for  
 6 the insurer under this chapter.

7 (9) ~~(8)~~—A filing under this chapter must specify that the  
 8 insurer will not refuse to insure, refuse to continue to insure, or  
 9 limit the amount of coverage available because of the location of  
 10 the risk, and that the insurer recognizes those practices to  
 11 constitute redlining. An insurer shall not engage in redlining as  
 12 described in this subsection.

13 Sec. 2112. (1) Subject to subsection (3), at least annually,  
 14 in conjunction with a renewal notice, a bill, or other notice of  
 15 payment due issued to a policyholder in conjunction with an  
 16 automobile or home insurance contract, an insurer shall send to the  
 17 policyholder a written notice that all of the following information  
 18 is available and will be provided to the policyholder on request:

19 (a) A description of the specific rating classifications by  
 20 which the rates and premiums for the policy have been determined.  
 21 The notice must be of sufficient detail and clarity so that the  
 22 policyholder can reasonably verify the applicability and accuracy  
 23 of the rating classifications.

24 (b) A general explanation of the extent to which rates or  
 25 premiums vary among policyholders on the basis of the rating  
 26 classifications used by the insurer.

27 (c) Sources and reasonable procedures by which the  
 28 policyholder can obtain from the insurer additional information  
 29 sufficient for the policyholder to calculate and confirm the

1 accuracy of his or her specific premium.

2 (d) Relevant information regarding the rights of the  
3 policyholder, under sections 2113 and 2114, to appeal the  
4 application of the insurer's rating plan in determining his or her  
5 premium, to obtain documentation from the insurer regarding the  
6 determination of the rate, to appeal the application of the  
7 insurer's underwriting rules to the policyholder, to request an  
8 informal conference with the insurer, and to file with the director  
9 a complaint as an aggrieved person.

10 (e) A description of all of the insurer's underwriting rules  
11 based on insurance eligibility points and a description of all of  
12 the underwriting rules of the insurer's affiliates based on  
13 insurance eligibility points.

14 (f) A suggestion that the policyholder contact his or her  
15 agent to determine if he or she is eligible for insurance from an  
16 affiliate of the insurer or under a different rating plan of the  
17 insurer that would provide to the policyholder insurance at a more  
18 favorable premium.

19 (2) In a written notice provided under subsection (1), the  
20 insurer shall provide the policyholder with a telephone number and  
21 an Internet address, by either of which the policyholder may  
22 contact the insurer to request the information listed in subsection  
23 (1). On request of the policyholder, the insurer shall provide the  
24 policyholder with the requested information in either a written or  
25 electronic format, as requested by the policyholder.

26 (3) An insurer is not required to provide information to an  
27 insured under this section that is a trade secret as determined by  
28 the director under section ~~2108(5)~~**2108** or ~~2406(6)~~**2406**.

29 Sec. 2458. Each rating organization and insurer that makes its

1 own rates, within a reasonable time after receiving written request  
2 for the information and on payment of a reasonable charge, shall  
3 furnish to an insured affected by a rate made by the rating  
4 organization or insurer, or to the insured's authorized  
5 representative, all pertinent information as to the rate. Pertinent  
6 information under this section does not include information that is  
7 a trade secret as determined by the director under section ~~2108(5)~~  
8 **2108** or ~~2406(6)~~.—**2406**. Each rating organization and insurer that  
9 makes its own rates shall provide within this state reasonable  
10 means for a person aggrieved by the application of its rating  
11 system to be heard, in person or by his or her authorized  
12 representative, on his or her written request to review the manner  
13 in which the rating system has been applied in connection with the  
14 insurance afforded to him or her. If the rating organization or  
15 insurer fails to grant or reject the request within 30 days after  
16 it is made, the applicant may proceed in the same manner as if his  
17 or her application had been rejected. A party affected by the  
18 action of the rating organization or insurer on the request may  
19 appeal, within 30 days after written notice of the action, to the  
20 director, who, after a hearing held on not less than 10 days'  
21 written notice to the appellant and to the rating organization or  
22 insurer, may affirm or reverse the action. A person who requests a  
23 hearing before the director under this section may be represented  
24 at the hearing by an attorney. A person, other than an individual,  
25 that requests a hearing before the director under this section may  
26 also be represented by an officer or employee of that person. An  
27 individual who requests a hearing before the director under this  
28 section may also be represented by a relative of the individual.

29       Sec. 2652. Each rating organization and insurer that makes its

1 own rates, within a reasonable time after receiving written request  
2 for the information and on payment of a reasonable charge, shall  
3 furnish to an insured affected by a rate made by it, or to the  
4 insured's authorized representative, all pertinent information as  
5 to the rate. Pertinent information under this section does not  
6 include information that is a trade secret as determined by the  
7 director under section ~~2108(5)~~**2108** or ~~2406(6)~~**2406**. Each rating  
8 organization and insurer that makes its own rates shall provide  
9 within this state reasonable means for a person aggrieved by the  
10 application of its rating system to be heard, in person or by his  
11 or her authorized representative, on his or her written request to  
12 review the manner in which the rating system has been applied in  
13 connection with the insurance afforded him or her. If the rating  
14 organization or insurer fails to grant or reject the request within  
15 30 days after it is made, the applicant may proceed in the same  
16 manner as if the applicant's application had been rejected. A party  
17 affected by the action of the rating organization or the insurer on  
18 the request may appeal, within 30 days after written notice of the  
19 action, to the director, who, after a hearing held on not less than  
20 10 days' written notice to the appellant and to the rating  
21 organization or insurer, may affirm or reverse the action.