

SENATE BILL NO. 329

May 29, 2025, Introduced by Senators IRWIN, MCMORROW, SHINK, MCBROOM, CHANG, BAYER, KLINEFELT, HERTEL, GEISS, CAVANAGH and POLEHANKI and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 2116b, 2118, and 2120 (MCL 500.2116b,
500.2118, and 500.2120), section 2116b as added and sections 2118
and 2120 as amended by 2019 PA 21; and to repeal acts and parts of
acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2116b. ~~(1) Subject to subsection (2), an~~ **An** automobile
2 insurer shall not refuse to insure, refuse to continue to insure,
3 limit coverage available to, charge a reinstatement fee for, or

1 increase the premiums for automobile insurance for an eligible
2 person solely because the person previously failed to maintain
3 insurance required by section 3101 for a vehicle owned by the
4 person.

5 ~~(2) This section only applies to an eligible person that~~
6 ~~applies for automobile insurance before January 1, 2022.~~

7 Sec. 2118. (1) As a condition of maintaining its certificate
8 of authority, an insurer shall not refuse to insure, refuse to
9 continue to insure, or limit coverage available to an eligible
10 person for automobile insurance, except in accordance with
11 underwriting rules established as provided in this section and
12 sections 2119 and 2120.

13 (2) The underwriting rules that an insurer may establish for
14 automobile insurance must be based only on the following:

15 (a) Criteria identical to the standards set forth in section
16 2103(1).

17 (b) The insurance eligibility point accumulation in excess of
18 the amounts established by section 2103(1) of a member of the
19 household of the eligible person insured or to be insured, if the
20 member of the household usually accounts for 10% or more of the use
21 of a vehicle insured or to be insured. For purposes of this
22 subdivision, a person who is the principal driver for 1 automobile
23 insurance policy is rebuttably presumed not to usually account for
24 more than 10% of the use of other vehicles of the household not
25 insured under the policy of that person.

26 (c) With respect to a vehicle insured or to be insured,
27 substantial modifications from the vehicle's original manufactured
28 state for purposes of increasing the speed or acceleration
29 capabilities of the vehicle.

~~(d) Except as otherwise provided in section 2116a or 2116b, failure by the person to provide proof that insurance required by section 3101 was maintained in force with respect to any vehicle that was both owned by the person and driven or moved by the person or by a member of the household of the person during the 6-month period immediately preceding application. The proof must take the form of a certification by the person on a form provided by the insurer that the vehicle was not driven or moved without maintaining the insurance required by section 3101 during the 6-month period immediately preceding application.~~

(d) ~~(e)~~ Type of vehicle insured or to be insured, based on 1 of the following, without regard to the age of the vehicle:

(i) The vehicle is of limited production or of custom manufacture.

(ii) The insurer does not have a rate lawfully in effect for the type of vehicle.

(iii) The vehicle represents exposure to extraordinary expense for repair or replacement under comprehensive or collision coverage.

(e) ~~(f)~~ Use of a vehicle insured or to be insured for transportation of passengers for hire, for rental purposes, or for commercial purposes. Rules under this subdivision must not be based on the use of a vehicle for volunteer or charitable purposes or for which reimbursement for normal operating expenses is received.

(f) ~~(g)~~ Payment of a minimum deposit at the time of application or renewal, not to exceed the smallest deposit required under an extended payment or premium finance plan customarily used by the insurer.

(g) ~~(h)~~ For purposes of requiring comprehensive deductibles of

1 not more than \$150.00, or of refusing to insure if the person
2 refuses to accept a required deductible, the claim experience of
3 the person with respect to comprehensive coverage.

4 (h) ~~(i)~~—Total abstinence from the consumption of alcoholic
5 beverages except if such beverages are consumed as part of a
6 religious ceremony. However, an insurer shall not use an
7 underwriting rule based on this subdivision unless the insurer was
8 authorized to transact automobile insurance in this state before
9 January 1, 1981, and has consistently used such an underwriting
10 rule as part of the insurer's automobile insurance underwriting
11 since being authorized to transact automobile insurance in this
12 state.

13 (i) ~~(j)~~—One or more incidents involving a threat, harassment,
14 or physical assault by the insured or applicant for insurance on an
15 insurer employee, agent, or agent employee while acting within the
16 scope of his or her employment, if a report of the incident was
17 filed with an appropriate law enforcement agency.

18 Sec. 2120. (1) Affiliated insurers may establish underwriting
19 rules so that each affiliate will provide automobile insurance only
20 to certain eligible persons. This subsection applies only if an
21 eligible person can obtain automobile insurance from 1 of the
22 affiliates. The underwriting rules must be in compliance with this
23 section and sections 2118 and 2119.

24 (2) An insurer may establish separate rating plans so that
25 certain eligible persons are provided automobile insurance under 1
26 rating plan and other eligible persons are provided automobile
27 insurance under another rating plan. This subsection applies only
28 if all eligible persons can obtain automobile insurance under a
29 rating plan of the insurer. Underwriting rules consistent with this

1 section and sections 2118 and 2119 must be established to define
2 the rating plan applicable to each eligible person.

3 (3) Underwriting rules under this section must be based only
4 on the following:

5 (a) With respect to a vehicle insured or to be insured,
6 substantial modifications from the vehicle's original manufactured
7 state for purposes of increasing the speed or acceleration
8 capabilities of the vehicle.

9 ~~(b) Except as otherwise provided in section 2116a or 2116b,~~
10 ~~failure of the person to provide proof that insurance required by~~
11 ~~section 3101 was maintained in force with respect to any vehicle~~
12 ~~owned and operated by the person or by a member of the household of~~
13 ~~the person during the 6-month period immediately preceding~~
14 ~~application or renewal of the policy. The proof must take the form~~
15 ~~of a certification by the person that the required insurance was~~
16 ~~maintained in force for the 6-month period with respect to the~~
17 ~~vehicle.~~

18 (b) ~~(e)~~ For purposes of insuring persons who have refused a
19 deductible lawfully required under section 2118(2)(h), **2118(2)(g)**,
20 the claim experience of the person with respect to comprehensive
21 coverage.

22 (c) ~~(d)~~ Refusal of the person to pay a minimum deposit
23 required under section 2118(2)(g). **2118(2)(f)**.

24 (d) ~~(e)~~ A person's insurance eligibility point accumulation
25 under section 2103(1)(h), or the total insurance eligibility point
26 accumulation of all persons who account for 10% or more of the use
27 of 1 or more vehicles insured or to be insured under the policy.

28 (e) ~~(f)~~ The type of vehicle insured or to be insured as
29 provided in section 2118(2)(e). **2118(2)(d)**.

1 Enacting section 1. Section 2116a of the insurance code of
2 1956, 1956 PA 218, MCL 500.2116a, is repealed.