

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**

**500.2601 Scope of chapter.**

Sec. 2601.

(1) This chapter applies to the following kinds of insurance as written on risks located in this state by and companies, associations, or other carriers, including reciprocals:

- (a) Property insurance, as defined in section 610.
- (b) Marine insurance, as defined in section 614.
- (c) Inland navigation and transportation insurance, as defined in section 616.
- (d) Automobile insurance (limited), as defined in section 620.
- (2) "Inland marine insurance" shall be considered to include:

(a) Insurance against loss of or damage to domestic shipments, bridges, tunnels, and other inland instrumentalities of transportation or communication, excluding buildings, their furniture and furnishings, fixed contents, and supplies held in storage.

(b) Insurance defined by ruling of the commissioner as inland marine insurance.

(3) This chapter does not apply to any of the following:

- (a) Reinsurance, other than joint reinsurance to the extent stated in section 2658.
- (b) Insurance against loss of or damage to:
  - (i) Imports, exports, or domestic shipments.
  - (ii) Bridges, tunnels, or other instrumentalities of transportation and communication.
  - (iii) Aircraft and attached equipment.
  - (iv) Vessels and watercraft under construction or owned by or used in a business or having a straight-line hull length of more than 24 feet.
- (c) Insurance against loss resulting from liability arising out of the ownership, maintenance, or use of:
  - (i) Imports, exports, or domestic shipments.
  - (ii) Aircraft and attached equipment.
  - (iii) Vessels and watercraft that are under construction or owned by or used in a business or having a straight-line hull length of more than 24 feet.
- (d) Motor vehicle insurance, nor to insurance against liability arising out of the ownership, maintenance, or use of motor vehicles.

(e) Companies organized and doing business under chapter 68.

(f) Insurance that meets both of the following:

- (i) Is sold to an exempt commercial policyholder.
- (ii) Contains a prominent disclaimer that states "This policy is exempt from the filing requirements of section 2236 of the insurance code of 1956, 1956 PA 218, MCL 500.2236." or words that are substantially similar.

(4) If any kind of insurance, subdivision, or combination thereof, or type of coverage, subject to this chapter, is also subject to regulation by another rate regulatory chapter of this act, an insurer to which both chapters are otherwise applicable shall file with the commissioner a designation as to which rate regulatory chapter shall be applicable to it with respect to such kind of insurance, subdivision, or combination thereof, or type of coverage.

(5) If, pursuant to subsection (6), the commissioner certifies the absence of a reasonable degree of competition for a specified classification, type, or kind of insurance, the commissioner may order that each insurer file for prior approval, subject to the provisions of this chapter, any changes to its manuals of classification, manuals of rules and rates, and rating plans the insurer proposes to use for that specified classification, type, or kind of insurance. The order shall state, in writing, the reasons for the commissioner's decision to order the filing. An order issued under this subsection expires 2 years after the date of issuance. If such an order is in effect, rates to which the order applies shall be filed at least 30 days before their proposed effective date. Failure of the commissioner to act within 30 days after submittal constitutes approval.

(6) A determination concerning the existence of a reasonable degree of competition shall take into account a reasonable spectrum of relevant economic tests, including the number of insurers actively engaged in writing the insurance in question, the present availability of that insurance compared to the availability in comparable past periods, the underwriting return of that insurance over a reasonable period of time sufficient to assure reliability in relation to the risk associated with that insurance, and the difficulty encountered by new insurers entering the market in order to compete for the writing of that insurance.

**History:** 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1970, Act 180, Imd. Eff. Aug. 3, 1970 ;-- Am. 2002, Act 664, Eff. Mar. 31, 2003

**Compiler's Notes:** In subsection (1), the phrase "as written on risks located in this state by and companies" evidently should read "as written on risks located in this state by any companies".

**Popular Name:** Act 218

