



**House
Legislative
Analysis
Section**

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HOMEOWNER INSURANCE: SENIOR DISCOUNTS

House Bill 5504 as introduced
First Analysis (2-22-90)

Sponsor: Rep. Gregory E. Pitoniak
Committee: Insurance

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H.B. 5504 (2-22-90)

THE APPARENT PROBLEM:

The essential insurance act within the Insurance Code restricts the factors upon which an insurance company selling homeowner insurance can base its classifications for the purpose of establishing rates for individual policies. These include such factors as the amount and type of coverage, security devices, fire protection class, construction of the structure, loss experience of the insured, and the geographical location of the risk. Age is not one of the factors specified. Reportedly, at least one company is selling special group home insurance coverage exclusively to senior citizens in Michigan (an activity said to be the subject of Insurance Bureau scrutiny), and other insurers would like to be able to compete for that business by offering discounts to seniors on individual policies.

THE CONTENT OF THE BILL:

The bill would amend the Insurance Code to permit insurance companies to offer premium discount plans on homeowner insurance for people 55 years of age and older provided each plan is uniformly applied throughout the state.

MCL 500.2111d

FISCAL IMPLICATIONS:

According to the Insurance Bureau, the bill has no revenue or budgetary implications. (2-20-90)

ARGUMENTS:

For:

Insurance companies are able under the Insurance Code to offer discounts to senior citizens for auto insurance but not for individual home insurance policies. This bill would permit (not require) companies to offer such discounts, thus allowing companies that are interested to compete for the business of senior citizens against companies that are offering group home insurance to seniors.

Against:

Insurance regulators have said they are "not aware of any studies which point to a direct correlation between the age of the occupant and the risk of loss under a homeowner's policy."

POSITIONS:

The Insurance Bureau does not oppose the bill. (2-20-90)
The Michigan Insurance Federation supports the bill since it is permissive and promotes competition. (2-21-90)