

HOUSE BILL No. 4239

February 21, 1989, Introduced by Reps. Power, Brown, Gagliardi, Porreca, DeMars, Palamara, Scott, Ostling and Pridnia and referred to the Committee on Insurance.

A bill to amend sections 2103 and 2111 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

section 2103 as amended by Act No. 461 of the Public Acts of 1980 and section 2111 as amended by Act No. 150 of the Public Acts of 1987, being sections 500.2103 and 500.2111 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2103 and 2111 of Act No. 218 of the
2 Public Acts of 1956, section 2103 as amended by Act No. 461 of
3 the Public Acts of 1980 and section 2111 as amended by Act
4 No. 150 of the Public Acts of 1987, being sections 500.2103 and
5 500.2111 of the Michigan Compiled Laws, are amended to read as
6 follows:

1 Sec. 2103. (1) "Eligible person", for automobile insurance,
2 means a person who is an owner or registrant of an automobile
3 registered or to be registered in this state or who holds a valid
4 Michigan license to operate a motor vehicle, but does not include
5 any of the following:

6 (a) A person who is not required to maintain security pursu-
7 ant to section 3101, unless the person intends to reside in this
8 state for 30 days or more and makes a written statement of that
9 intention on a form approved by the commissioner.

10 (b) A person whose license to operate a vehicle is under
11 suspension or revocation.

12 (c) A person who has been convicted within the immediately
13 preceding 5-year period of fraud or intent to defraud involving
14 an insurance claim or an application for insurance; or an indi-
15 vidual who has been successfully denied, within the immediately
16 preceding 5-year period, payment by an insurer of a claim in
17 excess of \$1,000.00 under an automobile insurance policy, where
18 there is evidence of fraud or intent to defraud involving an
19 insurance claim or application.

20 (d) A person who, during the immediately preceding 3-year
21 period, has been convicted under, or who has been subject to an
22 order of disposition of the probate court for a violation of, any
23 of the following:

24 (i) Section 324 or 325 of Act No. 328 of the Public Acts of
25 1931, as amended, being sections 750.324 and 750.325 of the
26 Michigan Compiled Laws; section 1 of Act No. 214 of the Public
27 Acts of 1931, being section 752.191 of the Michigan Compiled

1 Laws; or under any other law of this state the violation of which
2 constitutes a felony resulting from the operation of a motor
3 vehicle.

4 (ii) Section 625 of THE MICHIGAN VEHICLE CODE, Act No. 300
5 of the Public Acts of 1949, as amended, being section 257.625 of
6 the Michigan Compiled Laws.

7 (iii) Section 617, 617a, 618, or 619 of Act No. 300 of the
8 Public Acts of 1949, as amended, being sections 257.617,
9 257.617a, 257.618, and 257.619 of the Michigan Compiled Laws.

10 (iv) Section 626 of Act No. 300 of the Public Acts of 1949,
11 as amended, being section 257.626 of the Michigan Compiled Laws;
12 or for a similar violation under the laws of any other state or a
13 municipality within or without this state.

14 (v) Section 625b of Act No. 300 of the Public Acts of 1949,
15 as amended, being section 257.625b of the Michigan Compiled
16 Laws.

17 (e) A person whose vehicle insured or to be insured under
18 the policy fails to meet the motor vehicle safety requirements of
19 sections 683 to 711 of Act No. 300 of the Public Acts of 1949, as
20 amended, being sections 257.683 to 257.711 of the Michigan
21 Compiled Laws.

22 (f) A person whose policy of automobile insurance has been
23 canceled because of nonpayment of premium or financed premium
24 within the immediately preceding 2-year period, unless the pre-
25 mium due on a policy for which application has been made is paid
26 in full before issuance or renewal of the policy.

1 (g) A person who fails to obtain or maintain membership in a
 2 club, group, or organization, if membership is a uniform
 3 requirement of the insurer as a condition of providing insurance,
 4 and if the dues, charges, or other conditions for membership are
 5 applied uniformly throughout this state, are not expressed as a
 6 percentage of premium, and do not vary with respect to the rating
 7 classification of the member except for the purpose of offering a
 8 membership fee to family units. Membership fees may vary in
 9 accordance with the amount or type of coverage if the ~~purchase~~
 10 PURCHASE of additional coverage, either as to type or amount, is
 11 not a condition for reduction of dues or fees.

12 (h) A person whose driving record for the 3-year period
 13 immediately preceding application for or renewal of a policy,
 14 has, pursuant to section 2119a, an accumulation of more than ~~the~~
 15 ~~following:~~ 6 INSURANCE ELIGIBILITY POINTS.

16 ~~(i) Five insurance eligibility points, if the application~~
 17 ~~or renewal occurs on or before December 31, 1982.~~

18 ~~(ii) Six insurance eligibility points, if the application or~~
 19 ~~renewal occurs on or after January 1, 1983.~~

20 (2) "Eligible person", for home insurance, means a person
 21 who is the owner-occupant or tenant of a dwelling of any of the
 22 following types: a house, a condominium unit, a cooperative
 23 unit, a room, or an apartment; or a person who is the
 24 owner-occupant of a multiple unit dwelling of not more than 4
 25 residential units. Eligible person does not include any of the
 26 following:

1 (a) A person who has been convicted, in the immediately
2 preceding 5-year period, of 1 or more of the following:

3 (i) Arson, or conspiracy to commit arson.

4 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
5 or 380 of Act No. 328 of the Public Acts of 1931, as amended,
6 being sections 750.72 to 750.77, 750.112, 750.211a, 750.377a,
7 750.377b, and 750.380 of the Michigan Compiled Laws.

8 (iii) A crime under section 92, 151, 157b, or 218 of Act
9 No. 328 of the Public Acts of 1931, as amended, being sections
10 750.92, 750.151, 750.157b, and 750.218 of the Michigan Compiled
11 Laws, based upon a crime described in subparagraph (ii) committed
12 by or on behalf of the person.

13 (b) A person who has been successfully denied, within the
14 immediately preceding 5-year period, payment by an insurer of a
15 claim under a home insurance policy in excess of \$2,000.00, based
16 on evidence of arson, conspiracy to commit arson, misrepresenta-
17 tion, fraud, or ~~conspiracy~~ CONSPIRACY to commit fraud, commit-
18 ted by or on behalf of the person, if the amount of the denied
19 claim was greater than any of the following:

20 (i) For a claim under a repair cost policy, 15% of the
21 amount of insurance in force.

22 (ii) For a claim under a replacement cost policy, 10% of the
23 amount of insurance in force.

24 (c) A person who insures or seeks to insure a dwelling which
25 is being used for an illegal or demonstrably hazardous purpose.

1 (d) A person who refuses to purchase an amount of insurance
2 equal to at least 80% of the replacement cost of the property
3 insured or to be insured under a replacement cost policy.

4 (e) A person who refuses to purchase an amount of insurance
5 equal to at least 100% of the market value of the property
6 insured or to be insured under a repair cost policy.

7 (f) A person who refuses to purchase an amount of insurance
8 equal to at least 100% of the actual cash value of the property
9 insured or to be insured under a tenant or renter's home insur-
10 ance policy.

11 (g) A person whose policy of home insurance has been
12 ~~cancelled~~ CANCELED because of nonpayment of premium within the
13 immediately preceding 2-year period, unless the premium due on
14 the policy is paid in full before issuance or renewal of the
15 policy.

16 (h) A person who insures or seeks to insure a dwelling, if
17 the insured value is not any of the following:

18 (i) For a repair cost policy, at least \$7,500.00.

19 (ii) For a replacement policy, at least \$15,000.00 or
20 another amount which the commissioner may establish biennially on
21 and after January 1, 1983, pursuant to rules promulgated by the
22 commissioner under THE ADMINISTRATIVE PROCEDURES ACT OF 1969, Act
23 No. 306 of the Public Acts of 1969, as amended, BEING SECTIONS
24 24.201 TO 24.328 OF THE MICHIGAN COMPILED LAWS, based upon
25 changes in applicable construction cost indices.

26 (j) A person who insures or seeks to insure a dwelling which
27 does not meet minimum standards of insurability as established by

1 rules promulgated by the commissioner pursuant to Act No. 306 of
2 the Public Acts of 1969, as amended.

3 (k) A person whose real property taxes with respect to the
4 dwelling insured or to be insured have been and are delinquent
5 for 2 or more years at the time of renewal of, or application
6 for, home insurance.

7 (l) A person who has failed to procure or maintain member-
8 ship in a club, group, or organization, if membership is a uni-
9 form requirement of the insurer, and if the dues, charges, or
10 other conditions for membership are applied uniformly throughout
11 this state, are not expressed as a percentage of premium, and do
12 not vary with respect to the rating classification of the member
13 except for the purpose of offering a membership fee to family
14 units. Membership fees may vary in accordance with the amount or
15 type of coverage if the purchase of additional coverage, either
16 as to type or amount, is not a condition for reduction of dues or
17 fees.

18 (3) "Home insurance" means any of the following, but does
19 not include insurance intended to insure commercial, industrial,
20 professional, or business property, obligations, or liabilities:

21 (a) Insurance for an insured's dwelling of a type described
22 in subsection (2), provided by a Michigan standard policy as
23 described in section 2832.

24 (b) ~~When~~ IF contained in or indorsed to a Michigan stan-
25 dard policy providing insurance for the insured's residence,
26 other insurance intended primarily to insure nonbusiness
27 property, obligations, and liabilities.

1 (c) Other insurance coverages for an insured's residence as
2 prescribed by rule promulgated by the commissioner pursuant to
3 Act No. 306 of the Public Acts of 1969, as amended. A rule pro-
4 posed for promulgation by the commissioner pursuant to this sec-
5 tion shall be transmitted in advance to each member of the stand-
6 ing committee in the house and in the senate which has jurisdic-
7 tion over insurance.

8 (4) "Insurance eligibility points" means all of the
9 following:

10 (a) Points calculated, according to the following schedule,
11 for convictions, determinations of responsibility for civil
12 infractions, or findings of responsibility in probate court:

13 (i) For a violation of ~~any~~ A lawful speed limit by more
14 than 15 miles per hour, or careless driving, 4 points.

15 (ii) ~~For~~ EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH
16 (iv), FOR a violation of ~~any~~ A lawful speed limit by more than
17 10 miles per hour, but less than 16 miles per hour, 3 points.

18 (iii) ~~For~~ EXCEPT AS PROVIDED IN SUBPARAGRAPH (vi), FOR a
19 violation of ~~any~~ A lawful speed limit by 10 miles per hour or
20 less, 2 points.

21 (iv) For a violation of ~~any~~ A POSTED 55 MILES PER HOUR
22 speed limit by ~~+5~~ MORE THAN 10 miles per hour ~~or~~ BUT less
23 THAN 16 MILES PER HOUR on a roadway which had a lawfully posted
24 maximum speed of 70 miles per hour as of January 1, 1974, 2
25 points.

1 (v) ~~For~~ EXCEPT AS PROVIDED IN SUBPARAGRAPH (vi), FOR all
2 other moving violations pertaining to the operation of motor
3 vehicles, 2 points.

4 (vi) FOR A VIOLATION OF A POSTED 55 MILES PER HOUR SPEED
5 LIMIT BY 10 MILES PER HOUR OR LESS THAT OCCURS ON OR AFTER
6 NOVEMBER 29, 1987, NO POINTS SHALL BE CALCULATED.

7 (b) Points calculated, according to the following schedule,
8 for determinations that the person was substantially at-fault, as
9 defined in section 2104(4):

10 (i) For the first substantially at-fault accident, 3
11 points.

12 (ii) For the second and each subsequent substantially
13 at-fault accident, 4 points.

14 (5) "Insurer" means an insurer authorized to transact in
15 this state the kind or combination of kinds of insurance consti-
16 tuting automobile insurance or home insurance, as defined in this
17 chapter.

18 Sec. 2111. (1) Notwithstanding any provision of this code
19 and this chapter to the contrary, classifications and territorial
20 base rates used by any insurer in this state with respect to
21 automobile insurance or home insurance shall conform to the
22 applicable requirements of this section.

23 (2) Classifications established pursuant to this section for
24 automobile insurance shall be based only upon 1 or more of the
25 following factors, which shall be applied by an insurer on a uni-
26 form basis throughout the state:

1 (a) With respect to all automobile insurance coverages:

2 (i) Either the age of driver; the length of driving
3 experience; or the number of years licensed to operate a motor
4 vehicle.

5 (ii) Driver primacy, based upon the proportionate use of
6 each vehicle insured under the policy by individual drivers
7 insured or to be insured under the policy.

8 (iii) Average miles driven weekly, annually, or both.

9 (iv) Type of use, such as business, farm, or pleasure use.

10 (v) Vehicle characteristics, features, and options, such as
11 engine displacement, ability of vehicle and its equipment to pro-
12 tect passengers from injury; and other similar items, including
13 vehicle make and model.

14 (vi) Daily or weekly commuting mileage.

15 (vii) Number of cars insured by the insurer or number of
16 licensed operators in the household. However, number of licensed
17 operators shall not be used as an indirect measure of marital
18 status.

19 (viii) Amount of insurance.

20 (b) In addition to the factors prescribed in subdivision
21 (a), with respect to personal protection insurance coverage:

22 (i) Earned income.

23 (ii) Number of dependents of income earners insured under
24 the policy.

25 (iii) Coordination of benefits.

26 (iv) Use of a safety belt.

1 (c) In addition to the factors prescribed in subdivision
2 (a), with respect to collision and comprehensive coverages:

3 (i) The anticipated cost of vehicle repairs or replacement,
4 which may be measured by age, price, cost new, or value of the
5 insured automobile, and other factors directly relating to that
6 anticipated cost.

7 (ii) Vehicle make and model.

8 (iii) Vehicle design characteristics related to vehicle
9 damageability.

10 (iv) Vehicle characteristics relating to automobile theft
11 prevention devices.

12 (d) With respect to all automobile insurance coverage other
13 than comprehensive, successful completion by the individual
14 driver or drivers insured under the policy of an accident preven-
15 tion education course which meets the following criteria.

16 (i) The course shall include a minimum of 8 hours of class-
17 room instruction.

18 (ii) The course shall include, but not be limited to, a
19 review of all of the following:

20 (A) The effects of aging on driving behavior.

21 (B) The shapes, colors, and types of road signs.

22 (C) The effects of alcohol and medication on driving.

23 (D) The laws relating to the proper use of a motor vehicle.

24 (E) Accident prevention measures.

25 (F) The benefits of safety belts and child restraints.

26 (G) Major driving hazards.

1 (H) Interaction with other highway users such as
2 motorcyclists, bicyclists, and pedestrians.

3 (3) ~~Before February 1, 1987, each~~ EACH insurer shall
4 establish and maintain premium discount plans pursuant to the
5 following:

6 (a) ~~An~~ UNTIL JULY 1, 1991, AN automobile theft prevention
7 premium discount plan. A premium discount plan required under
8 this subdivision shall provide for a premium discount for automo-
9 bile comprehensive coverage based upon the installation of an
10 approved automobile theft prevention device. As used in this
11 subdivision, "approved automobile theft prevention device" means
12 a device which is designed to prevent the theft of an insured's
13 automobile and which is approved by the board of directors of the
14 automobile theft prevention authority.

15 (b) ~~An~~ UNTIL JULY 1, 1991, AN automobile safety belt pre-
16 mium discount plan. A premium discount plan required under this
17 subdivision shall provide for a premium discount for automobile
18 personal protection insurance of not less than 20%. A premium
19 discount plan established ~~pursuant to~~ UNDER this subdivision
20 may require the insured individual to certify in writing that he
21 or she will wear a safety belt while operating the insured motor
22 vehicle in compliance with section 710e of the Michigan vehicle
23 code, Act No. 300 of the Public Acts of 1949, being section
24 257.710e of the Michigan Compiled Laws, as a condition to receiv-
25 ing the premium discount. If an insured receives a premium dis-
26 count after providing such certification and is injured while
27 operating a motor vehicle without wearing a safety belt at the

1 time of the injury, an insurer may subsequently deny to such
2 insured the right to participate in any premium discount plan
3 established by the insurer pursuant to this subdivision for a
4 period of 12 months. An insurer which reduces its personal pro-
5 tection insurance rates after December 1, 1985 by not less than
6 20% and does not increase such rates for a period of 12 months
7 shall be considered to be in compliance with this subdivision.

8 ~~(c) This subsection shall not apply on and after July 1,~~
9 ~~1991.~~

10 (4) Each insurer shall establish a secondary or merit rating
11 plan for automobile insurance. A secondary or merit rating plan
12 required under this subsection shall provide for premium sur-
13 charges for any or all coverages for automobile insurance, based
14 upon any or all of the following, when that information becomes
15 available to the insurer:

16 (a) Substantially at-fault accidents.

17 (b) Convictions for, determinations of responsibility for
18 civil infractions for, or findings of responsibility in probate
19 court for civil infractions for, violations under chapter VI of
20 the Michigan vehicle code, Act No. 300 of the Public Acts of
21 1949, as amended, being sections 257.601 to 257.750 of the
22 Michigan Compiled Laws. HOWEVER, A VIOLATION OF A POSTED
23 55 MILES PER HOUR SPEED LIMIT BY 10 MILES PER HOUR OR LESS THAT
24 OCCURS ON OR AFTER NOVEMBER 29, 1987 SHALL NOT BE CONSIDERED BY
25 AN INSURER IN ITS SECONDARY OR MERIT RATING PLAN.

1 (5) An insurer shall not establish or maintain rates or
2 rating classifications for automobile insurance based upon sex or
3 marital status.

4 (6) Notwithstanding other provisions of this chapter, auto-
5 mobile insurance risks shall be grouped by territory, and terri-
6 torial base rates for coverages shall be established as provided
7 in section 2111a and as follows:

8 (a) An insurer shall not be limited as to the number of ter-
9 ritories employed in its rating plan.

10 (b) ~~AN~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
11 1986 TO JUNE 30, 1991, AN insurer shall not employ more than 20
12 different territorial base rates for an automobile insurance
13 coverage. ~~This subdivision shall not apply from February 28,~~
14 ~~1986 to June 30, 1991.~~

15 (c) A territorial base rate may be made applicable in 1 or
16 more territories contained in the rating plan of the insurer.

17 (d) ~~AN~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
18 1986 TO JUNE 30, 1991, AN insurer shall not employ a territorial
19 base rate for an automobile insurance package policy that is less
20 than 45% of the highest territorial base rate for the same
21 policy, all other rating classifications being the same. ~~This~~
22 ~~subdivision shall not apply from February 28, 1986 to June 30,~~
23 ~~1991.~~

24 (e) ~~AN~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
25 1986 TO JUNE 30, 1991, AN insurer shall not employ a territorial
26 base rate in a territory for an automobile insurance package
27 policy that is less than 90% of the territorial base rate

1 employed in any adjacent territory for the same policy, all other
2 rating classifications being the same. ~~This subdivision shall~~
3 ~~not apply from February 28, 1986 to June 30, 1991.~~

4 (7) ~~An~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
5 1986 TO JUNE 30, 1991, AN insurer may elect at any time to exempt
6 itself from the requirements of subsection (6) by filing for an
7 exemption with the commissioner. An insurer electing this exemp-
8 tion shall initially file a rating plan in which no territorial
9 base rate for an automobile insurance package policy is less than
10 45% of the highest territorial base rate for the same policy, all
11 other rating classifications being the same. Five years from the
12 date of the initial filing the insurer shall be prohibited from
13 using a rating plan in which any territorial base rate for an
14 automobile insurance package policy will be less than 67% of the
15 highest territorial base rate for that same policy, all other
16 rating classifications being the same. An insurer's election of
17 an exemption under this subsection is permanent, final, and not
18 subject to change. ~~This subsection shall not apply from~~
19 ~~February 28, 1986 to June 30, 1991.~~

20 (8) ~~Beginning 1 year after the effective date of this sec-~~
21 ~~tion, if~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28, 1986
22 TO JUNE 30, 1991, IF an insurer can demonstrate to the commis-
23 sioner, after an opportunity for an evidentiary hearing held pur-
24 suant to the administrative procedures act of 1969, Act No. 306
25 of the Public Acts of 1969, as amended, being sections 24.201 to
26 24.328 of the Michigan Compiled Laws, that clear and significant
27 financial impairment exists in the geographic territory or

1 territories in question because of the need for an additional
2 territorial base rate, or for a greater variance in the adjacent
3 geographic territory differential contained in subsection (6)(e),
4 the additional territorial base rate, a greater variance, or
5 both, shall be permitted for use by the insurer or a licensed
6 rating organization on behalf of that insurer, at such time as
7 the need exists. Evidence shall not include financial impairment
8 resulting from exemptions granted to other insurers. ~~This sub-~~
9 ~~section shall not apply from February 28, 1986 to June 30, 1991.~~

10 (9) ~~If~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
11 1986 TO JUNE 30, 1991, IF the commissioner finds, solely on the
12 evidence presented, that a greater variance in the adjacent geo-
13 graphic territory differential than that authorized under subsec-
14 tion (6)(e) is justified, the increase in variance shall not
15 exceed 100% of that authorized under that subsection. ~~If~~
16 EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28, 1986 TO
17 JUNE 30, 1991, IF an increase in variance in the adjacent geo-
18 graphic territory differential greater than 100% of that autho-
19 rized under subsection (6)(e) is justified, the commissioner
20 shall require the creation of an additional territorial base
21 rate. ~~This subsection shall not apply from February 28, 1986 to~~
22 ~~June 30, 1991.~~

23 (10) ~~An~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
24 1986 TO JUNE 30, 1991, AN exemption granted under subsections (8)
25 and (9) shall be applicable only to the geographic territory or
26 territories in question, and only to the insurer requesting the

1 exemption. ~~This subsection shall not apply from February 28,~~
2 ~~1986 to June 30, 1991.~~

3 (11) ~~An~~ EXCEPT DURING THE PERIOD OF TIME FROM FEBRUARY 28,
4 1986 TO JUNE 30, 1991, AN insurer shall not have more than 5
5 exemptions in force at any 1 time. For purposes of determining
6 the number of existing exemptions, each additional territorial
7 base rate or each increase in variance in the adjacent geographic
8 territory differential granted, shall be considered to be a sepa-
9 rate exemption. ~~This subsection shall not apply from February~~
10 ~~28, 1986 to June 30, 1991.~~

11 (12) This section shall not be construed as limiting insur-
12 ers or rating organizations from establishing and maintaining
13 statistical reporting territories. This section shall not be
14 construed to prohibit an insurer from establishing or maintain-
15 ing, for automobile insurance, a premium discount plan for senior
16 citizens in this state who are 65 years of age or older, if the
17 plan is uniformly applied by the insurer throughout this state.
18 If an insurer has not established and maintained such a premium
19 discount plan for senior citizens, the insurer shall offer
20 reduced premium rates to senior citizens in this state who are 65
21 years of age or older and who drive less than 3,000 miles per
22 year, regardless of statistical data.

23 (13) Classifications established pursuant to this section
24 for home insurance other than inland marine insurance provided by
25 policy floaters or endorsements shall be based only upon 1 or
26 more of the following factors:

1 (a) Amount and types of coverage.

2 (b) Security and safety devices, including locks, smoke
3 detectors, and similar, related devices.

4 (c) Repairable structural defects reasonably related to
5 risk.

6 (d) Fire protection class.

7 (e) Construction of structure, based on structure size,
8 building material components, and number of units.

9 (f) Loss experience of the insured, based upon prior claims
10 attributable to factors under the control of the insured which
11 have been paid by an insurer.

12 (g) Use of smoking materials within the structure.

13 (h) Distance of the structure from a fire hydrant.

14 (i) Availability of law enforcement or crime prevention
15 services.

16 (14) Notwithstanding other provisions of this chapter, home
17 insurance risks shall be grouped by territory, and territorial
18 base rates for coverages shall be established as follows:

19 (a) An insurer shall not be limited as to the number of ter-
20 ritories employed in its rating plan. However, an insurer shall
21 not employ more than 3 different territorial base rates for a
22 home insurance coverage. A territorial base rate may be made
23 applicable in 1 or more territories contained in the rating plan
24 of the insurer.

25 (b) An insurer shall not employ a territorial base rate for
26 home insurance for owner-occupied dwelling policies that is less

1 than 70% of the highest territorial base rate for the same
2 policy, all other rating classifications being the same.

3 (c) An insurer shall not employ a territorial base rate for
4 home insurance for renter or tenant policies that is less than
5 65% of the highest territorial base rate for the same policy, all
6 other rating classifications being the same.

7 (15) ~~An insurer shall not utilize factors other than those~~
8 ~~prescribed in this section in establishing classifications for~~
9 ~~automobile insurance and home insurance until January 1, 1982.~~
10 ~~However, on and after January 1, 1982, an~~ AN insurer may utilize
11 factors in addition to those specified in this section, if the
12 commissioner finds, after a hearing held pursuant to the adminis-
13 trative procedures act of 1969, Act No. 306 of the Public Acts of
14 1969, as amended, being sections 24.201 to 24.328 of the Michigan
15 Compiled Laws, that the factors would encourage innovation, would
16 encourage insureds to minimize the risks of loss from hazards
17 insured against, and would be consistent with the purposes of
18 this chapter.