

# HOUSE BILL No. 4359

March 7, 1989, Introduced by Reps. Clack, DeMars and Perry Bullard  
and referred to the Committee on Insurance.

A bill to amend section 2027 of Act No. 218 of the Public  
Acts of 1956, entitled as amended

"The insurance code of 1956,"

being section 500.2027 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2027 of Act No. 218 of the Public Acts  
2 of 1956, being section 500.2027 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 2027. Unfair methods of competition and unfair or  
5 deceptive acts or practices in the business of insurance  
6 include:

7 (a) Refusing to insure, or refusing to continue to insure,  
8 or limiting the amount of coverage available to an individual or  
9 risk because of any of the following:

1       (i) Race, color, creed, marital status, sex, or national  
2 origin, except that marital status may be used to classify  
3 individuals or risks for the purpose of insuring family units.

4       (ii) The residence, age, handicap, or lawful occupation of  
5 the individual or the location of the risk, unless there is a  
6 reasonable relationship between the residence, age, handicap, or  
7 lawful occupation of the individual or the location of the risk  
8 and the extent of the risk or the coverage issued or to be  
9 issued, but subject to subparagraph (iii). This section shall  
10 not prohibit an insurer from specializing in or limiting its  
11 transactions of insurance to certain occupational groups, types,  
12 or risks as approved by the commissioner of insurance. The com-  
13 missioner shall approve the specialization for an insurer  
14 licensed to do business in this state and whose articles of  
15 incorporation contained a provision on July 1, 1976, requiring  
16 that specialization.

17       (iii) For property insurance, the location of the risk,  
18 unless there is a statistically significant relationship between  
19 the location of the risk and a risk of loss due to fire within  
20 the area in which the insured property is located. As used in  
21 this subparagraph, "area" means a single zip code number under  
22 the zoning improvement plan of the United States postal service.

23       (b) Refusing to insure or refusing to continue to insure an  
24 individual or risk solely because the insured or applicant was  
25 previously denied insurance coverage by an insurer.

26       (c) REFUSING TO INSURE OR REFUSING TO CONTINUE TO INSURE AN  
27 INDIVIDUAL WHO HAS HAD CANCER BUT WHO HAS BEEN DIAGNOSED AS CURED

1 BY A PHYSICIAN LICENSED UNDER ARTICLE 15 OF THE PUBLIC HEALTH  
2 CODE, ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS  
3 333.16101 TO 333.18838 OF THE MICHIGAN COMPILED LAWS, TO ENGAGE  
4 IN THE PRACTICE OF MEDICINE OR OSTEOPATHIC MEDICINE AND SURGERY.

5 (D) ~~(e)~~ Charging a different rate for the same coverage  
6 based on sex, marital status, age, residence, location of risk,  
7 handicap, or lawful occupation of the risk unless the rate dif-  
8 ferential is based on sound actuarial principles, a reasonable  
9 classification system, and is related to the actual and credible  
10 loss statistics or reasonably anticipated experience in the case  
11 of new coverages. This subdivision shall not apply if the rate  
12 has previously been approved by the commissioner.