

HOUSE BILL No. 4951

June 28, 1989, Introduced by Rep. Hollister 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; and to add sections 2027a and 2027b.

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 and sections 2027a and 2027b are added to read as
4 follows:

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

1 (a) Refusing to insure, or refusing to continue to insure,
2 or limiting the amount of coverage available to an individual or
3 risk because of any of the following:

4 (i) Race, color, creed, marital status, sex, SEXUAL
5 ORIENTATION, or national origin, except that marital status may
6 be used to classify individuals or risks for the purpose of
7 insuring family units.

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

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

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

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

12 (D) CHARGING A DIFFERENT RATE FOR THE SAME COVERAGE BASED ON
13 SEXUAL ORIENTATION.

14 SEC. 2027A. THE FOLLOWING ARE UNFAIR METHODS OF COMPETITION
15 AND UNFAIR AND DECEPTIVE ACTS OR PRACTICES IN THE BUSINESS OF
16 INSURANCE WITH REGARD TO POLICIES ISSUED OR RENEWED AFTER THE
17 EFFECTIVE DATE OF THIS SECTION:

18 (A) REQUIRING OR REQUESTING, DIRECTLY OR INDIRECTLY, AN
19 INDIVIDUAL TO REVEAL WHETHER THE INDIVIDUAL HAS OBTAINED A TEST
20 FOR THE PRESENCE OF HTLV-III OR AN ANTIBODY TO HTLV-III AND, IF
21 THE TEST WAS OBTAINED, THE RESULTS OF THE TEST.

22 (B) CONDITIONING THE PROVISION OF INSURANCE COVERAGE ON
23 WHETHER AN INDIVIDUAL HAS OBTAINED A TEST FOR THE PRESENCE OF
24 HTLV-III OR AN ANTIBODY TO HTLV-III AND, IF THE TEST WAS
25 OBTAINED, THE RESULTS OF THE TEST.

26 (C) CONSIDERING IN THE DETERMINATION OF RATES OR ANY OTHER
27 ASPECT OF INSURANCE COVERAGE PROVIDED TO AN INDIVIDUAL WHETHER AN

1 INDIVIDUAL HAS OBTAINED A TEST FOR THE PRESENCE OF HTLV-III OR AN
2 ANTIBODY TO HTLV-III AND, IF THE TEST WAS OBTAINED, THE RESULTS
3 OF THE TEST.

4 SEC. 2027B. (1) AN INSURER SHALL NOT INCLUDE AN INQUIRY
5 ABOUT THE APPLICANT'S OR INSURED'S SEXUAL ORIENTATION IN AN
6 APPLICATION FOR DISABILITY OR LIFE INSURANCE OR, DIRECTLY OR
7 INDIRECTLY, INVESTIGATE IN CONNECTION WITH AN APPLICATION FOR
8 DISABILITY OR LIFE INSURANCE THE APPLICANT'S OR INSURED'S SEXUAL
9 ORIENTATION.

10 (2) AN INSURER SHALL NOT USE THE MARITAL STATUS, OCCUPATION,
11 GENDER, MEDICAL HISTORY, BENEFICIARY DESIGNATION, OR THE ZIP CODE
12 OR OTHER TERRITORIAL CLASSIFICATION OF AN APPLICANT OR INSURED OR
13 ANY OTHER FACTOR TO ESTABLISH, OR ASSIST IN ESTABLISHING, AN
14 APPLICANT'S OR INSURED'S SEXUAL ORIENTATION.