

HOUSE BILL No. 5841

May 29, 1990, Introduced by Reps. Brown, Clack, Pitoniak, Stallworth, Rocca, Bennett and Varga and referred to the Committee on Insurance.

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

"The insurance code of 1956,"

as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, by adding section 2111d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding section 2111d to read as
4 follows:

5 SEC. 2111D. (1) AN AUTOMOBILE INSURANCE INSURER MAY CON-
6 TRACT WITH AUTOMOBILE REPAIR BUSINESSES FOR THOSE AUTOMOBILE
7 REPAIR BUSINESSES TO PROVIDE AUTOMOBILE REPAIR SERVICES PAYABLE
8 UNDER THE INSURER'S AUTOMOBILE INSURANCE POLICIES.

1 (2) AN AUTOMOBILE INSURANCE INSURER SHALL PROVIDE FOR A
2 PREMIUM DISCOUNT FOR AUTOMOBILE PHYSICAL DAMAGE COVERAGE BASED
3 UPON AN INSURED'S WRITTEN AGREEMENT TO USE AN AUTOMOBILE REPAIR
4 BUSINESS UNDER CONTRACT WITH THE INSURER FOR ANY AUTOMOBILE
5 REPAIR SERVICE PAYABLE UNDER THE INSURED'S AUTOMOBILE INSURANCE
6 POLICY. A WRITTEN AGREEMENT BETWEEN THE INSURER AND THE INSURED
7 UNDER THIS SUBSECTION SHALL PROVIDE BOTH OF THE FOLLOWING:

8 (A) THAT THE INSURED IS OBLIGATED TO USE AN AUTOMOBILE
9 REPAIR BUSINESS UNDER CONTRACT WITH THE INSURER IF THE DAMAGE TO
10 THE INSURED MOTOR VEHICLE IS COVERED BY THE AUTOMOBILE INSURANCE
11 POLICY AND OCCURRED WITHIN 30 MILES OF AN AUTOMOBILE INSURANCE
12 REPAIR BUSINESS UNDER CONTRACT WITH THE INSURER.

13 (B) THAT AN INSURED WHO DOES NOT USE AN AUTOMOBILE REPAIR
14 BUSINESS UNDER CONTRACT WITH THE INSURER FOR COVERED DAMAGE TO AN
15 INSURED MOTOR VEHICLE THAT OCCURRED WITHIN 30 MILES OF AN AUTOMO-
16 BILE INSURANCE REPAIR BUSINESS UNDER CONTRACT WITH THE INSURER
17 OBLIGATES THE INSURER ONLY TO PAY THE GREATER OF THE FOLLOWING:

18 (i) THE COST THE AUTOMOBILE INSURANCE REPAIR BUSINESS UNDER
19 CONTRACT WITH THE INSURER CLOSEST TO THE SITE WHERE THE COVERED
20 DAMAGE TO THE VEHICLE OCCURRED WOULD HAVE CHARGED FOR THE REPAIR
21 SERVICE.

22 (ii) EIGHTY PERCENT OF THE COST OF THE REPAIR SERVICES
23 PERFORMED.