

HOUSE BILL No. 5937

April 23, 2002, Introduced by Rep. Richner and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 2236, 2242, 2401, 2403, 2406, 2418, 2450,
2601, 2603, 2606, 2646, 2706, 3606, 4430, and 6514 (MCL 500.2236,
500.2242, 500.2401, 500.2403, 500.2406, 500.2418, 500.2450,
500.2601, 500.2603, 500.2606, 500.2646, 500.2706, 500.3606,
500.4430, and 500.6514), sections 2236, 2403, 2406, and 2418 as
amended by 1993 PA 200, sections 2242 and 3606 as amended by 1990
PA 305, section 2401 as amended by 1982 PA 8, section 2706 as
added by 1982 PA 501, section 4430 as amended by 1993 PA 349, and
section 6514 as added by 1990 PA 350, and by adding sections 2417
and 2617; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2236. (1) A basic insurance policy form or annuity
2 contract form shall not be issued or delivered to any person in

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1 this state, and an insurance or annuity application form if a
2 written application is required and is to be made a part of the
3 policy or contract, a printed rider or indorsement form or form
4 of renewal certificate, and a group certificate in connection
5 with the policy or contract, shall not be issued or delivered to
6 a person in this state, ~~until a copy of the form is filed with~~
7 ~~the insurance bureau and approved by the commissioner as conform-~~
8 ~~ing with the requirements of~~ UNLESS IT CONFORMS WITH this act
9 and IS not inconsistent with ~~the~~ law. ~~Failure of the commis-~~
10 ~~sioner to act within 30 days after submittal shall constitute~~
11 ~~approval. All such forms, except policies of disability insur-~~
12 ~~ance as defined in section 3400, shall be plainly printed with~~
13 ~~type size not less than 8-point unless the commissioner deter-~~
14 ~~mines that portions of such a form printed with type less than~~
15 ~~8-point is not deceptive or misleading.~~

16 (2) An insurer ~~may satisfy its obligations to make form~~
17 ~~filings by becoming~~ THAT IS a member of, or a subscriber to, a
18 rating organization, licensed under section 2436 or 2630, which
19 makes ~~such~~ FORM filings ~~and by filing~~ SHALL FILE with the
20 commissioner a copy of its authorization of the rating organiza-
21 tion to make the filings on its behalf. NO MEMBER OF OR SUB-
22 SCRIBER TO A RATING ORGANIZATION SHALL ISSUE A FORM DEVELOPED BY
23 A RATING ORGANIZATION UNTIL A COPY OF THE FORM IS FILED WITH THE
24 OFFICE OF FINANCIAL AND INSURANCE SERVICES AND APPROVED BY THE
25 COMMISSIONER AS CONFORMING WITH THIS ACT AND NOT INCONSISTENT
26 WITH LAW. FAILURE OF THE COMMISSIONER TO ACT WITHIN 30 DAYS
27 AFTER SUBMITTAL OF THE FORM CONSTITUTES APPROVAL. Every member of

1 or subscriber to a rating organization shall adhere to the form
2 filings made on its behalf by the organization except that an
3 insurer may file with the commissioner a substitute form, and
4 thereafter if a subsequent form filing by the rating organization
5 affects the use of the substitute form, the insurer shall review
6 its use and notify the commissioner WHETHER to withdraw its sub-
7 stitute form. AN INSURER SHALL FILE THAT PORTION OF A DOCUMENT
8 OR FORM THAT AFFECTS OR ESTABLISHES A RELATIONSHIP BETWEEN GROUP
9 DISABILITY INSURANCE AND PERSONAL PROTECTION INSURANCE BENEFITS
10 SUBJECT TO EXCLUSIONS OR DEDUCTIBLES PURSUANT TO SECTION 3109A.

11 (3) UPON WRITTEN NOTICE TO THE INSURER OR RATING ORGANIZA-
12 TION, THE COMMISSIONER MAY DISAPPROVE ANY FORM USED OR TO BE USED
13 IN THIS STATE IF HE OR SHE FINDS 1 OR MORE OF THE FOLLOWING:

14 (A) THAT IT IS UNFAIRLY DISCRIMINATORY, MISLEADING, DECEP-
15 TIVE, OBSCURE, OR ENCOURAGES MISREPRESENTATION.

16 (B) THAT IT PROVIDES BENEFITS OR CONTAINS OTHER PROVISIONS
17 THAT ENDANGER THE INSURER'S SOLVENCY.

18 (C) THAT, FOR A POLICY ONLY, IT FAILS TO PROVIDE THE EXACT
19 NAME AND THE FULL ADDRESS OF THE INSURER. THIS SUBDIVISION DOES
20 NOT APPLY TO A RIDER OR ENDORSEMENT.

21 (D) THAT IT DOES NOT CONFORM WITH THIS ACT OR A RULE PROMUL-
22 GATED BY THE COMMISSIONER, OR IS OTHERWISE INCONSISTENT WITH
23 LAW.

24 (4) WHEN WRITTEN NOTICE IS PROVIDED TO AN INSURER PURSUANT
25 TO SUBSECTION (3), THE NOTICE SHALL SPECIFY THE OBJECTIONABLE
26 PROVISIONS OR CONDITIONS AND STATE THE REASONS FOR THE
27 COMMISSIONER'S DECISION. IF THE FORM IS LEGALLY IN USE BY THE

1 INSURER IN THIS STATE, THE NOTICE SHALL GIVE THE EFFECTIVE DATE
2 OF THE COMMISSIONER'S DISAPPROVAL, WHICH SHALL NOT BE LESS THAN
3 30 DAYS AFTER THE MAILING OR DELIVERY OF THE NOTICE TO THE
4 INSURER. IF THE FORM IS NOT LEGALLY IN USE, THEN DISAPPROVAL
5 SHALL BE EFFECTIVE IMMEDIATELY.

6 (5) IF THE COMMISSIONER DETERMINES THAT CERTAIN FORMS MAY
7 HAVE A TENDENCY NOT TO CONFORM WITH THE REQUIREMENTS OF THIS ACT,
8 THE COMMISSIONER MAY ORDER THAT INSURERS FILE FOR PRIOR APPROVAL
9 FORMS FOR A SPECIFIED CLASSIFICATION, TYPE, OR KIND OF
10 INSURANCE. THE ORDER SHALL STATE, IN WRITING, THE REASONS FOR
11 THE COMMISSIONER'S DECISION TO ORDER THE FILING. IF SUCH AN
12 ORDER IS IN EFFECT, THE FORMS SHALL BE FILED AT LEAST 30 DAYS
13 BEFORE THE PROPOSED EFFECTIVE DATE. FAILURE OF THE COMMISSIONER
14 TO ACT WITHIN 30 DAYS AFTER SUBMITTAL CONSTITUTES APPROVAL.

15 (6) IN THE REASONABLE EXERCISE OF DISCRETION, THE COMMIS-
16 SIONER MAY REQUEST THAT INSURERS PROVIDE HIM OR HER WITH COPIES
17 OF SPECIFIC FORMS THAT ARE IN USE FOR NEW OR OLD BUSINESS. THESE
18 SUBMISSIONS SHALL NOT BE CONSIDERED FORMS FILED FOR THE
19 COMMISSIONER'S APPROVAL.

20 (7) ~~-(3)-~~ Beginning January 1, 1992, ~~the commissioner shall~~
21 ~~not approve a form filed pursuant to this section providing for~~
22 ~~or relating to an insurance policy or an annuity contract for~~
23 ~~personal, family, or household purposes if the form fails to~~ ANY
24 NEW POLICY OR ANNUITY CONTRACT FORM FOR PERSONAL, FAMILY, OR
25 HOUSEHOLD PURPOSES; A CHANGE OR ADDITION TO A POLICY OR ANNUITY
26 CONTRACT FORM FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES,
27 WHETHER BY INDORSEMENT, RIDER, OR OTHERWISE; OR A CHANGE OR

1 ADDITION TO A RIDER OR INDORSEMENT FORM TO A POLICY OR ANNUITY
2 CONTRACT FORM FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES SHALL
3 obtain the readability score or meet the other requirements of
4 this subsection, as applicable:

5 (a) The readability score for a form for which approval is
6 required by this section shall not be less than 45, as determined
7 by the method provided in subdivisions (b) and (c).

8 (b) The readability score for a form shall be determined as
9 follows:

10 (i) For a form containing not more than 10,000 words, the
11 entire form shall be analyzed. For a form containing more than
12 10,000 words, not less than two 200-word samples per page shall
13 be analyzed instead of the entire form. The samples shall be
14 separated by at least 20 printed lines.

15 (ii) Count the number of words and sentences in the form or
16 samples and divide the total number of words by the total number
17 of sentences. Multiply this quotient by a factor of 1.015.

18 (iii) Count the total number of syllables in the form or
19 samples and divide the total number of syllables by the total
20 number of words. Multiply this quotient by a factor of 84.6. As
21 used in this subparagraph, "syllable" means a unit of spoken lan-
22 guage consisting of 1 or more letters of a word as indicated by
23 an accepted dictionary. If the dictionary shows 2 or more
24 equally acceptable pronunciations of a word, the pronunciation
25 containing fewer syllables may be used.

(iv) Add the figures obtained in subparagraphs (ii) and (iii) and subtract this sum from 206.835. The figure obtained equals the readability score for the form.

(c) For the purposes of subdivision (b)(ii) and (iii), the following procedures shall be used:

(i) A contraction, hyphenated word, or numbers and letters when separated by spaces shall be counted as 1 word.

(ii) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as 1 sentence.

(d) In determining the readability score, the method provided in subdivisions (b) and (c):

(i) Shall be applied to an insurance policy form or an annuity contract, together with a rider or indorsement form usually associated with such an insurance policy form or annuity contract.

(ii) Shall not be applied to words or phrases that are defined in an insurance policy form, an annuity contract, or riders, indorsements, or group certificates pursuant to an insurance policy form or annuity contract.

(iii) Shall not be applied to language specifically agreed upon through collective bargaining or required by a collective bargaining agreement.

(iv) Shall not be applied to language that is prescribed by state or federal statute or by rules or regulations promulgated pursuant to a state or federal statute.

(e) Each form for which approval is required by this section shall contain both of the following:

(i) Topical captions.

(ii) An identification of exclusions.

(f) Each insurance policy and annuity contract that has more than 3,000 words printed on not more than 3 pages of text or that has more than 3 pages of text regardless of the number of words shall contain a table of contents. This subdivision does not apply to indorsements.

(g) Each rider or indorsement form that changes coverage shall do all of the following:

(i) Contain a properly descriptive title.

(ii) Reproduce either the entire paragraph or the provision as changed.

(iii) Be accompanied by an explanation of the change.

(h) If a computer system approved by the commissioner calculates the readability score of a form as being in compliance with this subsection, the form is considered in compliance with the readability score requirements of this subsection.

~~(4) After January 1, 1992, any change or addition to a policy or annuity contract form for personal, family, or household purposes, whether by indorsement, rider, or otherwise, or a change or addition to a rider or indorsement form to such policy or annuity contract form, which policy or annuity contract form has not been previously approved under subsection (3), shall be submitted for approval pursuant to subsection (3).~~

1 ~~(5) Upon written notice to the insurer, the commissioner may~~
2 ~~disapprove, withdraw approval or prohibit the issuance,~~
3 ~~advertising or delivery of any form to any person in this state~~
4 ~~if it violates any provisions of this act, or contains inconsis-~~
5 ~~tent, ambiguous or misleading clauses, or contains exceptions and~~
6 ~~conditions that unreasonably or deceptively affect the risk pur-~~
7 ~~ported to be assumed in the general coverage of the policy. The~~
8 ~~notice shall specify the objectionable provisions or conditions~~
9 ~~and state the reasons for the commissioner's decision. If the~~
10 ~~form is legally in use by the insurer in this state, the notice~~
11 ~~shall give the effective date of the commissioner's disapproval,~~
12 ~~which shall not be less than 30 days subsequent to the mailing or~~
13 ~~delivery of the notice to the insurer. If the form is not~~
14 ~~legally in use, then disapproval shall be effective immediately.~~

15 (8) ~~-(6)-~~ If a form is disapproved or approval is withdrawn
16 under the provisions of this act, the insurer shall be entitled
17 upon demand to a hearing before the commissioner or a deputy com-
18 missioner within 30 days after the notice of disapproval or of
19 withdrawal of approval. ~~and after~~ AFTER the hearing, the
20 commissioner shall make findings of fact and law, and either
21 affirm, modify, or withdraw his or her original order or
22 decision.

23 (9) ~~-(7)-~~ Any issuance, use, or delivery by an insurer of
24 any form ~~without the prior approval of the commissioner as~~
25 ~~required by subsection (1) or after withdrawal of approval as~~
26 ~~provided by subsection (5)~~ THAT DOES NOT CONFORM WITH THIS ACT
27 OR IS INCONSISTENT WITH LAW constitutes a separate violation for

1 which the commissioner may order the imposition of a civil
2 penalty of \$25.00 for each offense, but not to exceed the maximum
3 penalty of \$500.00 for any 1 series of offenses relating to any 1
4 basic policy form, which penalty may be recovered by the attorney
5 general as provided in section 230.

6 (10) A NONCONFORMING FORM IN USE BY AN INSURER SHALL BE CON-
7 STRUED IN A MANNER NOT LESS FAVORABLE TO THE POLICYHOLDER THAN
8 THAT WHICH IS ALLOWABLE UNDER THIS ACT.

9 (11) INSURERS USING A FORM FILED PURSUANT TO SUBSECTION (2)
10 OR (5) REQUIRING APPROVAL BY THE COMMISSIONER, OR A FORM NOT
11 FILED PURSUANT TO SUBSECTION (12), ARE NOT SUBJECT TO THE PENAL-
12 TIES IN SUBSECTION (9) FOR THE USE OF THAT FORM IF IT IS LATER
13 DETERMINED NONCONFORMING.

14 (12) ~~-(8)-~~ The filing requirements of this section ~~shall~~
15 DO not apply to:

16 (a) Insurance against loss of or damage to:

17 (i) Imports, exports, or domestic shipments.

18 (ii) Bridges, tunnels, or other instrumentalities of trans-
19 portation and communication.

20 (iii) Aircraft and attached equipment.

21 (iv) Vessels and watercraft under construction or owned by
22 or used in a business or having a straight-line hull length of
23 more than 24 feet.

24 (b) Insurance against loss resulting from liability, other
25 than worker's compensation or employers' liability arising out of
26 the ownership, maintenance, or use of:

1 (i) Imports, exports, or domestic shipments.

2 (ii) Aircraft and attached equipment.

3 (iii) Vessels and watercraft under construction or owned by
4 or used in a business or having a straight-line hull length of
5 more than 24 feet.

6 (c) Surety bonds other than fidelity bonds.

7 (d) Policies, riders, indorsements, or forms of unique char-
8 acter designed for and used with relation to insurance upon a
9 particular subject, or ~~which~~ THAT relate to the manner of dis-
10 tribution of benefits or to the reservation of rights and bene-
11 fits under life or disability insurance policies and are used at
12 the request of the individual policyholder, contract holder, or
13 certificate holder. Beginning September 1, 1968, the commis-
14 sioner by order may exempt from the filing requirements of ~~this~~
15 ~~section and~~ sections 2242, 3402, 3606, 4008, and 4430 for so
16 long as he or she considers proper any insurance document or
17 form, ~~except that portion of the document or form that estab-~~
18 ~~lishes a relationship between group disability insurance and per-~~
19 ~~sonal protection insurance benefits subject to exclusions or~~
20 ~~deductibles pursuant to section 3109a,~~ as specified in the order
21 to which this section practicably may not be applied, or the
22 filing and approval of which are considered unnecessary for the
23 protection of the public. ~~Insurance documents or forms provid-~~
24 ~~ing medical payments or income replacement benefits, except that~~
25 ~~portion of the document or form that establishes a relationship~~
26 ~~between group disability insurance and personal protection~~
27 ~~insurance benefits subject to exclusions or deductibles pursuant~~

1 ~~to section 3109a, exempt by order of the commissioner from the~~
 2 ~~filing requirements of this section and sections 2242 and 3606~~
 3 ~~are considered approved by the commissioner for purposes of~~
 4 ~~section 3430.~~

5 (E) TO INSURANCE THAT MEETS BOTH OF THE FOLLOWING:

6 (i) IS SOLD TO AN EXEMPT COMMERCIAL POLICYHOLDER.

7 (ii) CONTAINS A PROMINENT DISCLAIMER THAT STATES "THIS
 8 POLICY IS EXEMPT FROM THE FILING AND RATE AND FORM STANDARDS OF
 9 THE MICHIGAN INSURANCE CODE" OR WORDS THAT ARE SUBSTANTIALLY
 10 SIMILAR.

11 (13) AS USED IN THIS SECTION, "EXEMPT COMMERCIAL
 12 POLICYHOLDER" MEANS AN INSURED THAT EMPLOYS THE SERVICES OF A
 13 PRODUCER OR BROKER AND CERTIFIES THAT IT MEETS AT LEAST 2 OF THE
 14 FOLLOWING:

15 (A) PAYS ANNUAL AGGREGATE PROPERTY AND CASUALTY INSURANCE
 16 PREMIUMS OF MORE THAN \$25,000.00.

17 (B) GENERATES ANNUAL NET REVENUES OR SALES IN EXCESS OF
 18 \$10,000,000.00.

19 (C) EMPLOYS MORE THAN 50 EMPLOYEES.

20 (D) PROCURES ITS INSURANCE THROUGH A FULL-TIME RISK MANAGER
 21 OR A RETAINED QUALIFIED INSURANCE CONSULTANT.

22 (E) POSSESSES A NET WORTH IN EXCESS OF \$2,500,000.00.

23 (F) IS A NOT-FOR-PROFIT ORGANIZATION OR A PUBLIC BODY OR
 24 AGENCY GENERATING ANNUAL BUDGET EXPENDITURES OF AT LEAST
 25 \$25,000,000.00.

26 (G) IS A MUNICIPALITY WITH A POPULATION OF OVER 50,000.

1 (14) ~~(9)~~ Every order made by the commissioner under the
2 provisions of this section ~~shall be~~ IS subject to court review
3 as provided in section 244.

4 Sec. 2242. (1) Except as otherwise provided in section
5 ~~2236(8)(d)~~ 2236(12)(D), a group disability policy shall not be
6 issued or delivered in this state unless a copy of the form has
7 been filed with the commissioner and approved by him or her.

8 (2) The commissioner may within 30 days after the filing of
9 a disability insurance policy form applicable to individual or
10 family expense coverage, disapprove the form for any of the fol-
11 lowing REASONS, subject to the requirements as to notice, hear-
12 ing, and appeal set forth in sections 244 and 2236:

13 (a) The benefits provided therein are unreasonable in rela-
14 tion to the premium charged.

15 (b) It contains a provision or provisions ~~which~~ THAT are
16 unjust, unfair, inequitable, misleading, deceptive, or encourage
17 misrepresentation of the policy.

18 (c) It does not comply with other provisions of law.

19 (3) The commissioner may at any time withdraw his or her
20 approval of an individual or family expense policy form on any of
21 the grounds stated in subsection (2), subject to the requirements
22 as to notice, hearing, and appeal set forth in sections 244 and
23 2236. An insurer shall not issue the form after the effective
24 date of the withdrawal of approval.

25 Sec. 2401. (1) Except as provided in subsection (2), this
26 chapter applies to the following kinds of insurance or coverages
27 on risks or operations in this state:

1 (a) Casualty insurance, as defined in section 624, except as
2 to livestock insurance.

3 (b) Surety and fidelity.

4 (c) Automobile insurance, as defined or included under the
5 following sections:

6 (i) 624 (general definition of casualty insurance).

7 (ii) 7202 (insuring powers of reciprocal insurers).

8 (iii) 620 (automobile insurance (limited) defined).

9 (iv) 614 (marine insurance defined).

10 (d) Worker's compensation insurance, as defined or included
11 under the following sections:

12 (i) 624 (general definition of casualty insurance).

13 (ii) 7202 (insuring powers of reciprocal insurers).

14 (e) To all insurance transacted by a reciprocal insurer pur-
15 suant to section 7202 (insuring powers of reciprocal insurers).

16 (f) Personal property floaters.

17 (g) Title insurance.

18 (2) This chapter ~~shall~~ DOES not apply to:

19 (a) Reinsurance, other than joint reinsurance to the extent
20 stated in section 2464.

21 (b) Disability insurance.

22 (c) Insurance against loss of or damage to aircraft or
23 against liability, other than worker's compensation and
24 employers' liability, arising out of the ownership, maintenance,
25 or use of aircraft.

26 (D) INSURANCE THAT MEETS BOTH OF THE FOLLOWING AND IS NOT
27 WORKER'S COMPENSATION INSURANCE:

(i) IS SOLD TO AN EXEMPT COMMERCIAL POLICYHOLDER.

(ii) CONTAINS A PROMINENT DISCLAIMER THAT STATES "THIS POLICY IS EXEMPT FROM THE FILING AND RATE AND FORM STANDARDS OF THE MICHIGAN INSURANCE CODE" OR WORDS THAT ARE SUBSTANTIALLY SIMILAR.

(3) This chapter shall apply to all classes of insurers admitted to do business in this state, including stock, mutual, reciprocal, and interinsurers authorized to write any of the kinds of insurance to which this chapter applies under this act.

(4) If any kind of insurance, subdivision, or combination thereof, or type of coverage, subject to this chapter, is also subject to regulation by another rate regulatory chapter of this act, an insurer to which both chapter 24 and chapter 26 are otherwise applicable shall file with the commissioner, a designation as to which rate regulatory chapter shall be applicable to the insurer with respect to such kind of insurance, subdivision, or combination thereof, or type of coverage.

(5) AS USED IN THIS SECTION, "EXEMPT COMMERCIAL POLICYHOLDER" MEANS AN INSURED THAT EMPLOYS THE SERVICES OF A PRODUCER OR BROKER AND CERTIFIES THAT IT MEETS AT LEAST 2 OF THE FOLLOWING:

(A) PAYS ANNUAL AGGREGATE PROPERTY AND CASUALTY INSURANCE PREMIUMS OF MORE THAN \$25,000.00.

(B) GENERATES ANNUAL NET REVENUES OR SALES IN EXCESS OF \$10,000,000.00.

(C) EMPLOYS MORE THAN 50 EMPLOYEES.

1 (D) PROCURES ITS INSURANCE THROUGH A FULL-TIME RISK MANAGER
2 OR A RETAINED QUALIFIED INSURANCE CONSULTANT.

3 (E) POSSESSES A NET WORTH IN EXCESS OF \$2,500,000.00.

4 (F) IS A NOT-FOR-PROFIT ORGANIZATION OR A PUBLIC BODY OR
5 AGENCY GENERATING ANNUAL BUDGET EXPENDITURES OF AT LEAST
6 \$25,000,000.00.

7 (G) IS A MUNICIPALITY WITH A POPULATION OF OVER 50,000.

8 Sec. 2403. (1) All rates shall be made in accordance with
9 this section and all of the following:

10 (a) Due consideration shall be given to past and prospective
11 loss experience within and outside this state; to catastrophe
12 hazards; to a reasonable margin for underwriting profit and con-
13 tingencies; to dividends, savings, or unabsorbed premium deposits
14 allowed or returned by insurers to their policyholders, members,
15 or subscribers; to past and prospective expenses, both country-
16 wide and those specially applicable to this state; to underwrit-
17 ing practice, judgment, and to all other relevant factors within
18 and outside this state. For worker's compensation insurance, in
19 determining the reasonableness of the margin for underwriting
20 profit and contingencies, consideration shall be given to all
21 after-tax investment profit or loss from unearned premium and
22 loss reserves attributable to worker's compensation insurance, as
23 well as the factors used to determine the amount of reserves.
24 For all other kinds of insurance to which this chapter applies,
25 all factors to which due consideration is given under this subdi-
26 vision shall be treated in a manner consistent with the laws of
27 this state that existed on December 28, 1981.

1 (b) The systems of expense provisions included in the rates
2 for use by any insurer or group of insurers may differ from those
3 of other insurers or groups of insurers to reflect the require-
4 ments of the operating methods of the insurer or group with
5 respect to any kind of insurance —, or with respect to any sub-
6 division or combination thereof for which subdivision or combina-
7 tion separate expense provisions are applicable.

8 (c) Risks may be grouped by classifications for the estab-
9 lishment of rates and minimum premiums. Classification rates may
10 be modified to produce rates for individual risks in accordance
11 with rating plans that measure variations in hazards, expense
12 provisions, or both. The rating plans may measure any differ-
13 ences among risks that may have a probable effect upon losses or
14 expenses as provided for in subdivision (a).

15 (d) Rates shall not be excessive, inadequate, or unfairly
16 discriminatory. A rate shall not be held to be excessive unless
17 the rate is unreasonably high for the insurance coverage provided
18 and a reasonable degree of competition does not exist with
19 respect to the classification, kind, or type of risks to which
20 the rate is applicable. Except as otherwise provided in this
21 subdivision, a rate shall not be held to be inadequate unless the
22 rate is unreasonably low for the insurance coverage provided and
23 the continued use of the rate endangers the solvency of the
24 insurer; or unless the rate is unreasonably low for the insurance
25 coverage provided and the use of the rate has or will have the
26 effect of destroying competition among insurers, creating a
27 monopoly, or causing a kind of insurance to be unavailable to a

1 significant number of applicants who are in good faith entitled
2 to procure the insurance through ordinary methods. For commer-
3 cial liability insurance a rate shall not be held to be inade-
4 quate unless the rate, after consideration of investment income
5 and marketing programs and underwriting programs, is unreasonably
6 low for the insurance coverage provided and is insufficient to
7 sustain projected losses and expenses; or unless the rate is
8 unreasonably low for the insurance coverage provided and the use
9 of the rate has or will have the effect of destroying competition
10 among insurers, creating a monopoly, or causing a kind of insur-
11 ance to be unavailable to a significant number of applicants who
12 are in good faith entitled to procure the insurance through ordi-
13 nary methods. As used in this subdivision, "commercial liability
14 insurance" means insurance that provides indemnification for com-
15 mercial, industrial, professional, or business liabilities. For
16 worker's compensation insurance provided by an insurer that is
17 controlled by a nonprofit health care corporation formed pursuant
18 to the nonprofit health care corporation reform act, ~~Act No. 350~~
19 ~~of the Public Acts of 1980, being sections 550.1101 to 550.1704~~
20 ~~of the Michigan Compiled Laws~~ 1980 PA 350, MCL 550.1101 TO
21 550.1704, a rate shall not be held to be inadequate unless the
22 rate is unreasonably low for the insurance coverage provided. A
23 rate for a coverage is unfairly discriminatory in relation to
24 another rate for the same coverage, IF A REASONABLE DEGREE OF
25 COMPETITION DOES NOT EXIST FOR THE KIND OR TYPE OF RISKS TO WHICH
26 THE RATE IS APPLICABLE AND if the differential between the rates
27 is not reasonably justified by differences in losses, expenses,

1 or both, or by differences in the uncertainty of loss for the
2 individuals or risks to which the rates apply. A reasonable jus-
3 tification shall be supported by a reasonable classification
4 system; by sound actuarial principles when applicable; and by
5 actual and credible loss and expense statistics or, in the case
6 of new coverages and classifications, by reasonably anticipated
7 loss and expense experience. A rate is not unfairly discrimina-
8 tory because the rate reflects differences in expenses for indi-
9 viduals or risks with similar anticipated losses, or because the
10 rate reflects differences in losses for individuals or risks with
11 similar expenses. Rates are not unfairly discriminatory if they
12 are averaged broadly among persons insured on a group, franchise,
13 blanket policy, or similar basis. A RATE IN VIOLATION OF
14 SECTION 2027(C) OR A RATE BASED UPON RACE, COLOR, CREED, OR
15 NATIONAL ORIGIN IS UNFAIRLY DISCRIMINATORY REGARDLESS OF THE
16 EXISTENCE OF A REASONABLE DEGREE OF COMPETITION.

17 (2) Except to the extent necessary to meet the provisions of
18 subsection (1)(d), uniformity among insurers in any matters
19 within the scope of this section is neither required nor
20 prohibited.

21 (3) A DETERMINATION CONCERNING THE EXISTENCE OF A REASONABLE
22 DEGREE OF COMPETITION UNDER SUBSECTION (1)(D) SHALL TAKE INTO
23 ACCOUNT A REASONABLE SPECTRUM OF RELEVANT ECONOMIC TESTS, INCLUD-
24 ING THE NUMBER OF INSURERS ACTIVELY ENGAGED IN WRITING THE INSUR-
25 ANCE IN QUESTION, THE PRESENT AVAILABILITY OF THAT INSURANCE COM-
26 PARED TO THE AVAILABILITY IN COMPARABLE PAST PERIODS, THE
27 UNDERWRITING RETURN OF THAT INSURANCE OVER A REASONABLE PERIOD OF

1 TIME SUFFICIENT TO ASSURE RELIABILITY IN RELATION TO THE RISK
2 ASSOCIATED WITH THAT INSURANCE, AND THE DIFFICULTY ENCOUNTERED BY
3 NEW INSURERS ENTERING THE MARKET IN ORDER TO COMPETE FOR THE
4 WRITING OF THAT INSURANCE.

5 Sec. 2406. (1) Except for worker's compensation insurance,
6 every insurer shall file with the commissioner BY NOT LATER THAN
7 ITS EFFECTIVE DATE every manual of classification, every manual
8 of rules and rates, every rating plan, and every modification of
9 any of ~~the foregoing~~ THESE that it proposes to use. Every such
10 filing shall ~~state the proposed effective date thereof and~~
11 ~~shall~~ indicate the character and extent of the coverage
12 contemplated. ~~If a filing is not accompanied by the information~~
13 ~~upon which the insurer supports the filing, and the commissioner~~
14 ~~does not have sufficient information to determine whether the~~
15 ~~filing meets the requirements of this chapter, the commissioner~~
16 ~~shall within 10 days of the filing give written notice to the~~
17 ~~insurer to furnish the information upon which it supports the~~
18 ~~filing.~~ EACH FILING SHALL INCLUDE INFORMATION THAT SUPPORTS THE
19 FILING AS REQUIRED BY THIS CHAPTER. The information furnished in
20 support of a filing may include the experience or judgment of the
21 insurer or rating organization making the filing, its interpreta-
22 tion of any statistical data it relies upon, the experience of
23 other insurers or rating organizations, or any other relevant
24 factors. A filing and any supporting information shall be open
25 to public inspection ~~after the~~ UPON filing. ~~becomes~~
26 ~~effective.~~

1 (2) Except for worker's compensation insurance, an insurer
2 may satisfy its obligation to make ~~such~~ filings UNDER THIS
3 SECTION by becoming a member of, or a subscriber to, a licensed
4 rating organization that makes such filings, and by filing with
5 the commissioner a copy of its authorization of the rating organ-
6 ization to make such filings on its behalf. Nothing contained in
7 this chapter shall be construed as requiring any insurer to
8 become a member of or a subscriber to any rating organization.

9 (3) For worker's compensation insurance in this state the
10 insurer shall file with the commissioner all rates and rating
11 systems. ~~Every insurer that insures worker's compensation in~~
12 ~~this state on the effective date of this subsection shall file~~
13 ~~the rates not later than the effective date of this subsection.~~

14 (4) Except as provided in subsection (3) and as otherwise
15 provided in this subsection, the rates and rating systems for
16 worker's compensation insurance shall be filed not later than the
17 date the rates and rating systems are to be effective. However,
18 if the insurer providing worker's compensation insurance is con-
19 trolled by a nonprofit health care corporation formed pursuant to
20 the nonprofit health care corporation reform act, ~~Act No. 350 of~~
21 ~~the Public Acts of 1980, being sections 550.1101 to 550.1704 of~~
22 ~~the Michigan Compiled Laws~~ 1980 PA 350, MCL 550.1101 TO
23 550.1704, the rates and rating systems that it proposes to use
24 shall be filed with the commissioner not less than 45 days before
25 the effective date of the filing. These filings shall be consid-
26 ered to meet the requirements of this chapter unless and until

1 the commissioner disapproves a filing pursuant to section 2417 OR
2 2418. ~~or 2420.~~

3 (5) Each filing under subsections (3) and (4) shall be
4 accompanied by a certification by the insurer that, to the best
5 of its information and belief, the filing conforms to the
6 requirements of this chapter.

7 SEC. 2417. (1) A PERSON OR ORGANIZATION, OTHER THAN THE
8 INSURER OR RATING ORGANIZATION THAT MADE THE FILING, THAT IS
9 AGGRIEVED WITH RESPECT TO ANY FILING IN EFFECT THAT AFFECTS THE
10 PERSON OR ORGANIZATION MAY MAKE WRITTEN APPLICATION TO THE COM-
11 MISSIONER FOR A HEARING ON THE FILING. THE APPLICATION SHALL
12 SPECIFY THE GROUNDS TO BE RELIED UPON BY THE APPLICANT. IF THE
13 COMMISSIONER FINDS THAT THE APPLICATION IS MADE IN GOOD FAITH,
14 THAT THE APPLICANT WOULD BE SO AGGRIEVED IF THE GROUNDS SPECIFIED
15 ARE ESTABLISHED, OR THAT THE GROUNDS SPECIFIED OTHERWISE JUSTIFY
16 HOLDING A HEARING, THE COMMISSIONER, NOT MORE THAN 30 DAYS AFTER
17 RECEIPT OF THE APPLICATION, SHALL HOLD A HEARING PURSUANT TO THE
18 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
19 24.328, UPON NOT LESS THAN 10 DAYS' WRITTEN NOTICE TO THE APPLI-
20 CANT, THE INSURER, AND THE RATING ORGANIZATION THAT MADE THE
21 FILING.

22 (2) IF AFTER A HEARING UNDER SUBSECTION (1) OR UPON THE
23 COMMISSIONER'S OWN MOTION PURSUANT TO THE ADMINISTRATIVE PROCE-
24 DURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, THE COMMIS-
25 SIONER FINDS THAT A FILING DOES NOT MEET THE REQUIREMENTS OF THIS
26 CHAPTER, THE COMMISSIONER SHALL ISSUE AN ORDER STATING THE
27 SPECIFIC REASONS FOR THAT FINDING. THE ORDER SHALL STATE WHEN,

1 WITHIN A REASONABLE TIME AFTER ISSUANCE OF THE ORDER, THE FILING
2 SHALL BE CONSIDERED NO LONGER EFFECTIVE. A COPY OF THE ORDER
3 SHALL BE SENT TO THE APPLICANT, IF ANY, AND TO EACH INSURER AND
4 RATING ORGANIZATION SUBJECT TO THE ORDER. THE ORDER SHALL NOT
5 AFFECT A CONTRACT OR POLICY MADE OR ISSUED BEFORE THE DATE IN THE
6 COMMISSIONER'S ORDER THAT THE FILING BECOMES INEFFECTIVE.

7 Sec. 2418. If at any time ~~after approval of any filing~~
8 ~~either by act or order of the commissioner or by operation of~~
9 ~~law, or~~ before approval of a filing made by a worker's compensa-
10 tion insurer controlled by a nonprofit health care corporation
11 formed pursuant to the nonprofit health care corporation reform
12 act, ~~Act No. 350 of the Public Acts of 1980, being sections~~
13 ~~550.1101 to 550.1704 of the Michigan Compiled Laws~~ 1980 PA 350,
14 MCL 550.1101 TO 550.1704, the commissioner finds that a filing
15 does not meet the requirements of this chapter, the commissioner,
16 ~~shall,~~ after a hearing held upon not less than 10 days' written
17 notice ~~,~~ specifying the matters to be considered at the hearing
18 ~~,~~ to ~~every~~ THE insurer ~~and rating organization~~ that made
19 the filing, SHALL issue an order specifying in what respects the
20 commissioner finds that the filing fails to meet the requirements
21 of this chapter . ~~,~~ and stating for a filing that has gone into
22 effect when, within a reasonable period thereafter, that filing
23 shall be considered no longer effective. Copies of the order
24 shall be sent to every such insurer and rating organization. The
25 order shall not affect any contract or policy made or issued
26 prior to the expiration of the period set forth in the order.

1 Sec. 2450. (1) Every member of or subscriber to a rating
2 organization shall adhere to the filings made on its behalf by
3 such organization except that any such insurer may ~~make written~~
4 ~~application to the commissioner to~~ file a deviation BY NOT LATER
5 THAN THE EFFECTIVE DATE OF THE DEVIATION from the class rates,
6 schedules, rating plans, or rules respecting any kind of insur-
7 ance, or class of risk within a kind of insurance, or combination
8 thereof. ~~Such~~ THE application shall specify the basis for the
9 modification and a copy shall also be sent simultaneously to such
10 rating organization. ~~In considering the application to file~~
11 ~~such deviation the commissioner shall give consideration to the~~
12 ~~available statistics and the principles for rate making provided~~
13 ~~in section 2403. The commissioner shall issue an order permit-~~
14 ~~ting the deviation for such insurer to be filed if he finds it to~~
15 ~~be justified and it shall thereupon become effective. He shall~~
16 ~~issue an order denying such application if he finds that the~~
17 ~~deviation applied for does not meet the requirements of this~~
18 ~~chapter.~~

19 (2) Each deviation ~~permitted to be filed~~ shall remain in
20 effect for a period of not less than 1 year from the effective
21 date unless sooner withdrawn by the insurer ~~with the approval of~~
22 ~~the commissioner~~ or until terminated in accordance with the pro-
23 visions of ~~sections 2418 or 2420~~ SECTION 2417.

24 Sec. 2601. (1) This chapter applies to the following kinds
25 of insurance as written on risks located in this state by any
26 companies, associations, or other carriers, including
27 reciprocals:

1 (a) Property insurance, as defined in section 610.

2 (b) Marine insurance, as defined in section 614.

3 (c) Inland navigation and transportation insurance, as
4 defined in section 616.

5 (d) Automobile insurance (limited), as defined in section
6 620.

7 (2) "Inland marine insurance" shall be ~~deemed~~ CONSIDERED
8 to include:

9 (a) Insurance against loss of or damage to domestic ship-
10 ments, bridges, tunnels, and other inland instrumentalities of
11 transportation or communication, excluding buildings, their fur-
12 niture and furnishings, fixed contents, and supplies held in
13 storage.

14 (b) Insurance defined by ruling of the commissioner as
15 inland marine insurance.

16 (3) This chapter ~~shall~~ DOES not apply:

17 (a) To reinsurance, other than joint reinsurance to the
18 extent stated in section 2658.

19 (b) To insurance against loss of or damage to:

20 (i) Imports, exports, or domestic shipments.

21 (ii) Bridges, tunnels, or other instrumentalities of trans-
22 portation and communication.

23 (iii) Aircraft and attached equipment.

24 (iv) Vessels and watercraft under construction or owned by
25 or used in a business or having a straight-line hull length of
26 more than 24 feet.

(c) To insurance against loss resulting from liability arising out of the ownership, maintenance, or use of:

(i) Imports, exports, or domestic shipments.

(ii) Aircraft and attached equipment.

(iii) Vessels and watercraft ~~which are~~ under construction or owned by or used in a business or having a straight-line hull length of more than 24 feet.

(d) To motor vehicle insurance, nor to insurance against liability arising out of the ownership, maintenance, or use of motor vehicles.

(e) To companies organized and doing business under chapter 68.

(F) TO INSURANCE THAT MEETS BOTH OF THE FOLLOWING:

(i) IS SOLD TO AN EXEMPT COMMERCIAL POLICYHOLDER.

(ii) CONTAINS A PROMINENT DISCLAIMER THAT STATES "THIS POLICY IS EXEMPT FROM THE FILING AND RATE AND FORM STANDARDS OF THE MICHIGAN INSURANCE CODE" OR WORDS THAT ARE SUBSTANTIALLY SIMILAR.

(4) If any kind of insurance, subdivision, or combination thereof, or type of coverage, subject to this chapter, is also subject to regulation by another rate regulatory chapter of this insurance code, an insurer to which both chapters are otherwise applicable shall file with the commissioner ~~—~~ a designation as to which rate regulatory chapter shall be applicable to it with respect to such kind of insurance, subdivision, or combination thereof, or type of coverage.

1 (5) AS USED IN THIS SECTION, "EXEMPT COMMERCIAL
2 POLICYHOLDER" MEANS AN INSURED THAT EMPLOYS THE SERVICES OF A
3 PRODUCER OR BROKER AND CERTIFIES THAT IT MEETS AT LEAST 2 OF THE
4 FOLLOWING:

5 (A) PAYS ANNUAL AGGREGATE PROPERTY AND CASUALTY INSURANCE
6 PREMIUMS OF MORE THAN \$25,000.00.

7 (B) GENERATES ANNUAL NET REVENUES OR SALES IN EXCESS OF
8 \$10,000,000.00.

9 (C) EMPLOYS MORE THAN 50 EMPLOYEES.

10 (D) PROCURES ITS INSURANCE THROUGH A FULL-TIME RISK MANAGER
11 OR A RETAINED QUALIFIED INSURANCE CONSULTANT.

12 (E) POSSESSES A NET WORTH IN EXCESS OF \$2,500,000.00.

13 (F) IS A NOT-FOR-PROFIT ORGANIZATION OR A PUBLIC BODY OR
14 AGENCY GENERATING ANNUAL BUDGET EXPENDITURES OF AT LEAST
15 \$25,000,000.00.

16 (G) IS A MUNICIPALITY WITH A POPULATION OF OVER 50,000.

17 Sec. 2603. (1) All rates shall be made in accordance with
18 the following provisions:

19 (a) Due consideration shall be given to past and prospective
20 loss experience within and outside this state; to catastrophe
21 hazards; to a reasonable margin for underwriting profit and con-
22 tingencies; to dividends, savings, or unabsorbed premium deposits
23 allowed or returned by insurers to their policyholders, members,
24 or subscribers; to past and prospective expenses, both country-
25 wide and those specially applicable to this state; and to all
26 other relevant factors within and outside this state. ~~In the~~
27 ~~case of~~ FOR fire insurance rates, consideration also shall be

1 given to the experience of the fire insurance business during a
2 period of not less than the most recent 5-year period for which
3 that experience is available.

4 (b) The systems of expense provisions included in the rates
5 for use by any insurer or group of insurers may differ from those
6 of other insurers or groups of insurers to reflect the require-
7 ments of the operating methods of the insurer or group with
8 respect to any kind of insurance or with respect to any subdivi-
9 sion or combination thereof for which subdivision or combination
10 separate expense provisions are applicable.

11 (c) Risks may be grouped by classifications for the estab-
12 lishment of rates and minimum premiums. Classification rates may
13 be modified to produce rates for individual risks in accordance
14 with rating plans ~~which~~ THAT measure variations in hazards,
15 expense provisions, or both. The rating plans may measure any
16 differences among risks that may have a probable effect upon
17 losses or expenses as provided for in subdivision (a).

18 (d) Rates shall not be excessive, inadequate, or unfairly
19 discriminatory. A rate shall not be held to be excessive unless
20 the rate is unreasonably high for the insurance coverage provided
21 and a reasonable degree of competition does not exist with
22 respect to the classification, kind, or type of risks to which
23 the rate is applicable. A rate shall not be held to be inade-
24 quate unless the rate is unreasonably low for the insurance cov-
25 erage provided and the continued use of the rate endangers the
26 solvency of the insurer; or unless the rate is unreasonably low
27 for the insurance provided and the use of the rate has or will

1 have the effect of destroying competition among insurers,
2 creating a monopoly, or causing a kind of insurance to be
3 unavailable to a significant number of applicants who are in good
4 faith entitled to procure the insurance through ordinary
5 methods. A rate for a coverage is unfairly discriminatory in
6 relation to another rate for the same coverage, IF A REASONABLE
7 DEGREE OF COMPETITION DOES NOT EXIST FOR THE KIND OR TYPE OF
8 RISKS TO WHICH THE RATE IS APPLICABLE AND if the differential
9 between the rates is not reasonably justified by differences in
10 losses, expenses, or both, or by differences in the uncertainty
11 of loss for the individuals or risks to which the rates apply. A
12 reasonable justification shall be supported by a reasonable clas-
13 sification system; by sound actuarial principles when applicable;
14 and by actual and credible loss and expense statistics or, in the
15 case of new coverages and classifications, by reasonably antici-
16 pated loss and expense experience. A rate is not unfairly dis-
17 criminatory because the rate reflects differences in expenses for
18 individuals or risks with similar anticipated losses, or because
19 the rate reflects differences in losses for individuals or risks
20 with similar expenses. Rates are not unfairly discriminatory if
21 they are averaged broadly among persons insured on a group, fran-
22 chise, blanket policy, or similar basis. A RATE IN VIOLATION OF
23 SECTION 2027(C) OR A RATE BASED UPON RACE, COLOR, CREED, OR
24 NATIONAL ORIGIN IS UNFAIRLY DISCRIMINATORY REGARDLESS OF THE
25 EXISTENCE OF A REASONABLE DEGREE OF COMPETITION.

26 (2) Except to the extent necessary to meet the provisions of
27 subsection (1)(d), uniformity among insurers in any matters

1 within the scope of this section is neither required nor
2 prohibited.

3 (3) A DETERMINATION CONCERNING THE EXISTENCE OF A REASONABLE
4 DEGREE OF COMPETITION UNDER SUBSECTION (1)(D) SHALL TAKE INTO
5 ACCOUNT A REASONABLE SPECTRUM OF RELEVANT ECONOMIC TESTS, INCLUD-
6 ING THE NUMBER OF INSURERS ACTIVELY ENGAGED IN WRITING THE INSUR-
7 ANCE IN QUESTION, THE PRESENT AVAILABILITY OF THAT INSURANCE COM-
8 PARED TO THE AVAILABILITY IN COMPARABLE PAST PERIODS, THE UNDER-
9 WRITING RETURN OF THAT INSURANCE OVER A REASONABLE PERIOD OF TIME
10 SUFFICIENT TO ASSURE RELIABILITY IN RELATION TO THE RISK ASSOCI-
11 ATED WITH THAT INSURANCE, AND THE DIFFICULTY ENCOUNTERED BY NEW
12 INSURERS ENTERING THE MARKET IN ORDER TO COMPETE FOR THE WRITING
13 OF THAT INSURANCE.

14 Sec. 2606. (1) ~~Every insurer shall file with the commis-~~
15 ~~sioner, except~~ EXCEPT as to inland marine risks which by general
16 custom of the business are not written according to manual rates
17 or rating plans, EVERY INSURER SHALL FILE WITH THE COMMISSIONER
18 BY NOT LATER THAN ITS EFFECTIVE DATE every manual, minimum, class
19 rate, rating schedule or rating plan and every other rating rule,
20 and every modification of any of ~~the foregoing which~~ THESE THAT
21 it proposes to use. Every such filing shall ~~state the proposed~~
22 ~~effective date thereof, and shall~~ indicate the character and
23 extent of the coverage contemplated.

24 (2) ~~When a filing is not accompanied by the information~~
25 ~~upon which the insurer supports such filing, and the commissioner~~
26 ~~does not have sufficient information to determine whether such~~
27 ~~filing meets the requirements of this chapter, he shall require~~

~~such insurer to furnish the information upon which it supports such filing and in such event the waiting period shall commence as of the date such information is furnished.~~ EACH FILING SHALL INCLUDE INFORMATION THAT SUPPORTS THE FILING AS REQUIRED BY THIS CHAPTER. The information furnished in support of a filing may include ~~-(a)-~~ the experience or judgment of the insurer or rating organization making the filing, ~~-(b)-~~ its interpretation of any statistical data it relies upon, ~~-(c)-~~ the experience of other insurers or rating organizations, or ~~-(d)-~~ any other relevant factors.

(3) A filing and any supporting information shall be open to public inspection ~~after the~~ UPON filing. ~~becomes effective.~~

(4) Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the commissioner.

(5) An insurer may satisfy its obligation to make ~~such~~ filings UNDER THIS SECTION by becoming a member of, or a subscriber to, a licensed rating organization ~~which~~ THAT makes such filings, and by filing with the commissioner a copy of its authorization of the rating organization to make such filings on its behalf. Nothing contained in this chapter shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.

SEC. 2617. (1) A PERSON OR ORGANIZATION, OTHER THAN THE INSURER OR RATING ORGANIZATION THAT MADE THE FILING, THAT IS AGGRIEVED WITH RESPECT TO ANY FILING IN EFFECT THAT AFFECTS THE PERSON OR ORGANIZATION MAY MAKE WRITTEN APPLICATION TO THE

1 COMMISSIONER FOR A HEARING ON THE FILING. THE APPLICATION SHALL
2 SPECIFY THE GROUNDS TO BE RELIED UPON BY THE APPLICANT. IF THE
3 COMMISSIONER FINDS THAT THE APPLICATION IS MADE IN GOOD FAITH,
4 THAT THE APPLICANT WOULD BE SO AGGRIEVED IF THE GROUNDS SPECIFIED
5 ARE ESTABLISHED, OR THAT THE GROUNDS SPECIFIED OTHERWISE JUSTIFY
6 HOLDING A HEARING, THE COMMISSIONER, NOT MORE THAN 30 DAYS AFTER
7 RECEIPT OF THE APPLICATION, SHALL HOLD A HEARING PURSUANT TO THE
8 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
9 24.328, UPON NOT LESS THAN 10 DAYS' WRITTEN NOTICE TO THE APPLI-
10 CANT, THE INSURER, AND THE RATING ORGANIZATION THAT MADE THE
11 FILING.

12 (2) IF AFTER A HEARING UNDER SUBSECTION (1) OR UPON THE
13 COMMISSIONER'S OWN MOTION PURSUANT TO THE ADMINISTRATIVE PROCE-
14 DURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, THE COMMIS-
15 SIONER FINDS THAT A FILING DOES NOT MEET THE REQUIREMENTS OF THIS
16 CHAPTER, THE COMMISSIONER SHALL ISSUE AN ORDER STATING THE SPE-
17 CIFIC REASONS FOR THAT FINDING. THE ORDER SHALL STATE WHEN,
18 WITHIN A REASONABLE TIME AFTER ISSUANCE OF THE ORDER, THE FILING
19 SHALL BE CONSIDERED NO LONGER EFFECTIVE. A COPY OF THE ORDER
20 SHALL BE SENT TO THE APPLICANT, IF ANY, AND TO EACH INSURER AND
21 RATING ORGANIZATION SUBJECT TO THE ORDER. THE ORDER SHALL NOT
22 AFFECT A CONTRACT OR POLICY MADE OR ISSUED BEFORE THE DATE IN THE
23 COMMISSIONER'S ORDER THAT THE FILING BECOMES INEFFECTIVE.

24 Sec. 2646. (1) Every member of or subscriber to a rating
25 organization shall adhere to the filings made on its behalf by
26 such organization except that any such insurer may ~~make written~~
27 ~~application to the commissioner to~~ file a deviation BY NOT LATER

1 THAN THE EFFECTIVE DATE OF THE DEVIATION from the class rates,
 2 schedules, rating plans or rules respecting any kind of insur-
 3 ance, or class of risk within a kind of insurance, or combination
 4 thereof. ~~Such~~ THE application shall specify the basis for the
 5 modification and a copy shall also be sent simultaneously to such
 6 rating organization. ~~In considering the application to file~~
 7 ~~such deviation the commissioner shall give consideration to the~~
 8 ~~available statistics and the principles for rate making provided~~
 9 ~~in section 2603. The commissioner shall issue an order permit-~~
 10 ~~ting the deviation for such insurer to be filed if he finds it to~~
 11 ~~be justified and it shall thereupon become effective. He shall~~
 12 ~~issue an order denying such application if he finds that the~~
 13 ~~deviation applied for does not meet the requirements of this~~
 14 ~~chapter.~~

15 (2) Each deviation ~~permitted to be filed~~ shall remain in
 16 effect for a period of not less than 1 year from the effective
 17 date unless sooner withdrawn by the insurer ~~with the approval of~~
 18 ~~the commissioner~~ or until terminated in accordance with the pro-
 19 visions of ~~sections 2618 or 2620~~ SECTION 2617.

20 Sec. 2706. (1) Except as provided in subsection (2), the
 21 procedures and standards contained in chapter 22, sections 2406
 22 to ~~2430~~ 2426, section 2478, and chapter 30 for the approval of
 23 casualty rates and forms shall apply to legal expense insurance.

24 (2) Employee group policies ~~shall be~~ ARE exempt from the
 25 rate filing requirements provided in subsection (1). An insurer
 26 ~~which~~ THAT does not file rates for employee group policies
 27 shall retain ~~such~~ THOSE rates on file for a period of 5 years.

1 Sec. 3606. (1) An insurer authorized to write disability
2 insurance in this state shall have the power to issue group dis-
3 ability insurance policies.

4 (2) Except as otherwise provided in section ~~2236(8)(d)~~
5 2236(12)(D), a group disability insurance policy shall not be
6 issued or delivered in this state unless a copy of the form
7 ~~shall have~~ HAS been filed with the commissioner and approved by
8 him or her.

9 Sec. 4430. (1) Except as otherwise provided in section
10 ~~2236(8)(d)~~ 2236(12)(D), a policy of group life insurance shall
11 not be issued or delivered in this state unless and until a copy
12 of the form of the group life insurance has been filed with and
13 approved by the commissioner.

14 (2) A policy of group life insurance shall not be issued or
15 delivered unless it contains in substance the provisions of sec-
16 tions 4432 through 4442. A group universal life policy as
17 defined in section 4001(g) shall not be issued or delivered
18 unless it complies with the provisions of chapter 40.

19 Sec. 6514. (1) The rates charged by a limited liability
20 pool formed under this chapter ~~shall be filed in accordance with~~
21 ~~section 2408 and shall be~~ ARE subject to the prior approval of
22 the commissioner.

23 (2) THE COMMISSIONER SHALL REVIEW FILINGS AS SOON AS REASON-
24 ABLY POSSIBLE AFTER THEY HAVE BEEN MADE IN ORDER TO DETERMINE
25 WHETHER THE FILINGS MEET THE REQUIREMENTS OF THIS ACT.

26 (3) EACH FILING WHETHER OR NOT ACCOMPANIED BY SUPPORTING
27 INFORMATION SHALL BE ON FILE FOR A WAITING PERIOD OF 15 DAYS

1 BEFORE IT BECOMES EFFECTIVE, WHICH PERIOD MAY BE EXTENDED BY THE
2 COMMISSIONER FOR 1 ADDITIONAL PERIOD NOT TO EXCEED 15 DAYS IF THE
3 COMMISSIONER GIVES WRITTEN NOTICE WITHIN THE WAITING PERIOD TO
4 THE FILER THAT HE OR SHE NEEDS ADDITIONAL TIME FOR THE CONSIDERA-
5 TION OF THE FILING. UPON WRITTEN APPLICATION BY THE FILER, THE
6 COMMISSIONER MAY AUTHORIZE A FILING THAT HE OR SHE HAS REVIEWED
7 TO BECOME EFFECTIVE BEFORE EXPIRATION OF THE WAITING PERIOD OR
8 ANY EXTENSION OF THE WAITING PERIOD. A FILING WHETHER OR NOT
9 ACCOMPANIED BY SUPPORTING INFORMATION SHALL BE CONSIDERED TO MEET
10 THE REQUIREMENTS OF THIS ACT UNLESS DISAPPROVED BY THE COMMIS-
11 SIONER WITHIN THE WAITING PERIOD OR EXTENSION OF THE WAITING
12 PERIOD. EXCEPT, IF A FILING IS NOT ACCOMPANIED BY SUPPORTING
13 INFORMATION AND THE INFORMATION IS REQUIRED BY THE COMMISSIONER,
14 THE FILING SHALL BE CONSIDERED TO MEET THE REQUIREMENTS OF THIS
15 ACT UNLESS DISAPPROVED BY THE COMMISSIONER WITHIN 15 DAYS AFTER
16 THE INFORMATION IS FURNISHED.

17 Enacting section 1. Sections 2408, 2409b, 2409c, 2416,
18 2420, 2430, 2431, 2452, 2608, 2616, 2618, 2620, 2628, and 2648 of
19 the insurance code of 1956, 1956 PA 218, MCL 500.2408, 500.2409b,
20 500.2409c, 500.2416, 500.2420, 500.2430, 500.2431, 500.2452,
21 500.2608, 500.2616, 500.2618, 500.2620, 500.2628, and 500.2648,
22 are repealed.

23 Enacting section 2. This amendatory act takes effect
24 January 1, 2003.