

Legislative Analysis



FAILURE TO MAINTAIN INSURANCE NOT A FACTOR IN AUTO INSURANCE UNDERWRITING

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House Bill 5422

Sponsor: Rep. Morris Hood III

Committee: Insurance

Complete to 4-24-08

A SUMMARY OF HOUSE BILL 5422 AS INTRODUCED 11-7-07

The Essential Insurance Act within the Insurance Code limits how insurance companies can apply underwriting rules when selling automobile insurance. Companies cannot refuse to insure an individual, refuse to continue to insure an individual, or limit coverage available to an individual except in accordance with underwriting rules established under the code. Currently, an insurance company in its underwriting can take account of the failure of an individual to provide proof that insurance had been maintained on a vehicle owned by the individual and driven or moved by that individual or a member of the household during the six-month period immediately preceding application for coverage. House Bill 5422 would eliminate this provision, so that the failure to have maintained insurance on a vehicle would not be a factor used in underwriting by auto insurers.

MCL 500.2118 and 2120

FISCAL IMPACT:

The bill would have no apparent fiscal impact on the Office of Financial and Insurance Regulation (OFIR).

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