

# HOUSE BILL No. 5422

November 7, 2007, Introduced by Reps. Hood, Corriveau, Scott, Virgil Smith, Leland, Johnson, Melton, Constan, Young, Lemmons, Farrah, Coulouris, Alma Smith, Polidori, Vagnozzi, Tobocman, Condino and Dean and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 2118 and 2120 (MCL 500.2118 and 500.2120),  
section 2118 as amended by 2002 PA 492 and section 2120 as amended  
by 1984 PA 350.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 2118. (1) As a condition of maintaining its certificate  
2 of authority, an insurer shall not refuse to insure, refuse to  
3 continue to insure, or limit coverage available to an eligible  
4 person for automobile insurance, except in accordance with  
5 underwriting rules established pursuant to this section and  
6 sections 2119 and 2120.

7           (2) The underwriting rules that an insurer may establish for  
8 automobile insurance shall be based only on the following:

9           (a) Criteria identical to the standards set forth in section

1 2103(1).

2 (b) The insurance eligibility point accumulation in excess of  
3 the amounts established by section 2103(1) of a member of the  
4 household of the eligible person insured or to be insured, if the  
5 member of the household usually accounts for 10% or more of the use  
6 of a vehicle insured or to be insured. For purposes of this  
7 subdivision, a person who is the principal driver for 1 automobile  
8 insurance policy shall be rebuttably presumed not to usually  
9 account for more than 10% of the use of other vehicles of the  
10 household not insured under the policy of that person.

11 (c) With respect to a vehicle insured or to be insured,  
12 substantial modifications from the vehicle's original manufactured  
13 state for purposes of increasing the speed or acceleration  
14 capabilities of the vehicle.

15 ~~—— (d) Failure by the person to provide proof that insurance~~  
16 ~~required by section 3101 was maintained in force with respect to~~  
17 ~~any vehicle which was both owned by the person and driven or moved~~  
18 ~~by the person or by a member of the household of the person during~~  
19 ~~the 6 month period immediately preceding application. Such proof~~  
20 ~~shall take the form of a certification by the person on a form~~  
21 ~~provided by the insurer that the vehicle was not driven or moved~~  
22 ~~without maintaining the insurance required by section 3101 during~~  
23 ~~the 6 month period immediately preceding application.~~

24 (D) ~~(e)~~ Type of vehicle insured or to be insured, based on 1  
25 of the following, without regard to the age of the vehicle:

26 (i) The vehicle is of limited production or of custom  
27 manufacture.

1           (ii) The insurer does not have a rate lawfully in effect for  
2 the type of vehicle.

3           (iii) The vehicle represents exposure to extraordinary expense  
4 for repair or replacement under comprehensive or collision  
5 coverage.

6           (E) ~~(f)~~—Use of a vehicle insured or to be insured for  
7 transportation of passengers for hire, for rental purposes, or for  
8 commercial purposes. Rules under this subdivision shall not be  
9 based on the use of a vehicle for volunteer or charitable purposes  
10 or for which reimbursement for normal operating expenses is  
11 received.

12           (F) ~~(g)~~—Payment of a minimum deposit at the time of  
13 application or renewal, not to exceed the smallest deposit required  
14 under an extended payment or premium finance plan customarily used  
15 by the insurer.

16           (G) ~~(h)~~—For purposes of requiring comprehensive deductibles of  
17 not more than \$150.00, or of refusing to insure if the person  
18 refuses to accept a required deductible, the claim experience of  
19 the person with respect to comprehensive coverage.

20           (H) ~~(i)~~—Total abstinence from the consumption of alcoholic  
21 beverages except ~~when~~ **IF** such beverages are consumed as part of a  
22 religious ceremony. However, an insurer shall not utilize an  
23 underwriting rule based on this subdivision unless the insurer has  
24 been authorized to transact automobile insurance in this state  
25 prior to January 1, 1981, and has consistently utilized such an  
26 underwriting rule as part of the insurer's automobile insurance  
27 underwriting since being authorized to transact automobile

1 insurance in this state.

2 (I) ~~(j)~~—One or more incidents involving a threat, harassment,  
3 or physical assault by the insured or applicant for insurance on an  
4 insurer employee, agent, or agent employee while acting within the  
5 scope of his or her employment so long as a report of the incident  
6 was filed with an appropriate law enforcement agency.

7 Sec. 2120. (1) Affiliated insurers may establish underwriting  
8 rules so that each affiliate will provide automobile insurance only  
9 to certain eligible persons. This subsection shall apply only if an  
10 eligible person can obtain automobile insurance from 1 of the  
11 affiliates. The underwriting rules shall be in compliance with this  
12 section ~~, section~~ **AND SECTIONS** 2118 ~~, and section~~ 2119.

13 (2) An insurer may establish separate rating plans so that  
14 certain eligible persons are provided automobile insurance under 1  
15 rating plan and other eligible persons are provided automobile  
16 insurance under another rating plan. This subsection shall apply  
17 only if all eligible persons can obtain automobile insurance under  
18 a rating plan of the insurer. Underwriting rules consistent with  
19 this section ~~, section~~ **AND SECTIONS** 2118 ~~, and section~~ 2119 shall  
20 be established to define the rating plan applicable to each  
21 eligible person.

22 (3) Underwriting rules under this section shall be based only  
23 on the following:

24 (a) With respect to a vehicle insured or to be insured,  
25 substantial modifications from the vehicle's original manufactured  
26 state for purposes of increasing the speed or acceleration  
27 capabilities of the vehicle.

1 ~~—— (b) Failure of the person to provide proof that insurance~~  
2 ~~required by section 3101 was maintained in force with respect to~~  
3 ~~any vehicle owned and operated by the person or by a member of the~~  
4 ~~household of the person during the 6 month period immediately~~  
5 ~~preceding application or renewal of the policy. Such proof shall~~  
6 ~~take the form of a certification by the person that the required~~  
7 ~~insurance was maintained in force for the 6 month period with~~  
8 ~~respect to such vehicle.~~

9 (B) ~~(e)~~—For purposes of insuring persons who have refused a  
10 deductible lawfully required under section ~~2118(2)(h)~~ **2118(2)(G)**,  
11 the claim experience of the person with respect to comprehensive  
12 coverage.

13 (C) ~~(d)~~—Refusal of the person to pay a minimum deposit  
14 required under section ~~2118(2)(g)~~ **2118(2)(F)**.

15 (D) ~~(e)~~—A person's insurance eligibility point accumulation  
16 under section 2103(1)(h), or the total insurance eligibility point  
17 accumulation of all persons who account for 10% or more of the use  
18 of 1 or more vehicles insured or to be insured under the policy.

19 (E) ~~(f)~~—The type of vehicle insured or to be insured as  
20 provided in section ~~2118(2)(e)~~ **2118(2)(D)**.