

SENATE BILL No. 710

December 4, 2013, Introduced by Senator KAHN and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 3020 (MCL 500.3020), as amended by 2006 PA 106,
and by adding section 3009a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 3009A. AN INSURER SHALL NOT ISSUE AN AUTOMOBILE LIABILITY**
2 **OR MOTOR VEHICLE LIABILITY POLICY THAT HAS A TERM OF LESS THAN 1**
3 **MONTH.**

4 Sec. 3020. (1) ~~A-EXCEPT FOR A policy of casualty insurance,~~
5 ~~except worker's compensation and-OR mortgage guaranty insurance, AN~~
6 **AUTHORIZED INSURER SHALL NOT ISSUE OR DELIVER IN THIS STATE A**
7 **POLICY OF CASUALTY INSURANCE,** including all classes of motor
8 vehicle coverage, ~~shall not be issued or delivered in this state by~~
9 ~~an insurer authorized to do business in this state for which a~~

1 premium or advance assessment is charged, unless the policy
2 contains the following provisions:

3 (a) That the policy may be canceled at any time **AFTER THE**
4 **FIRST MONTH OF THE POLICY TERM** at the request of the insured, in
5 which case the insurer ~~shall~~**WILL** refund the excess of paid premium
6 or assessment above the pro rata rates for the expired time, except
7 as otherwise provided in subsections (2), (3), and (4).

8 (b) Except as otherwise provided in subdivision (d), that the
9 policy may be canceled at any time by the insurer by mailing to the
10 insured at the insured's address last known to the insurer or an
11 authorized agent of the insurer, with postage fully prepaid, a not
12 less than 10 days' written notice of cancellation with or without
13 tender of the excess of paid premium or assessment above the pro
14 rata premium for the expired time.

15 (c) That the minimum earned premium on any policy canceled
16 ~~pursuant to~~**UNDER** this subsection, other than automobile insurance
17 as defined in section 2102(2)(a) and (b), ~~shall~~**WILL** not be less
18 than the pro rata premium for the expired time or \$25.00, whichever
19 is greater.

20 (d) ~~That an~~**IF THE POLICY IS A MALPRACTICE INSURANCE POLICY,**
21 **THAT THE** insurer may refuse to renew a ~~malpractice insurance~~**THE**
22 policy only by mailing to the insured at the insured's address last
23 known to the insurer or an authorized agent of the insurer, with
24 postage fully prepaid, a not less than 60 days' written notice of
25 refusal to renew. As used in this subdivision, "malpractice
26 insurance" means malpractice insurance as described in section
27 624(1)(h).

1 (2) An insurer may file a rule with the ~~commissioner~~**DIRECTOR**
2 providing for a minimum retention of premium for automobile
3 insurance as defined in section 2102(2)(a) and (b). The rule ~~shall~~
4 **MUST** describe the circumstances under which the retention is
5 applied and ~~shall~~ set forth the amount to be retained. ~~, which~~ **AN**
6 **AMOUNT TO BE RETAINED UNDER THIS SUBSECTION** is subject to the
7 approval of the ~~commissioner~~**DIRECTOR**. The rule ~~shall~~ **MUST** include,
8 but need not be limited to, the following provisions:

9 (a) That a minimum retention ~~shall~~ **WILL** be applied only ~~when~~
10 **IF** the amount exceeds the amount that would have been retained had
11 the policy been canceled on a pro rata basis.

12 (b) That a minimum retention does not apply to renewal
13 policies.

14 (c) That a minimum retention does not apply ~~when~~ **IF** a policy
15 is canceled for the following reasons:

16 (i) The insured is no longer required to maintain security
17 ~~pursuant to~~ **UNDER** section 3101(1).

18 (ii) The insured has replaced the automobile insurance policy
19 being canceled with an automobile insurance policy from another
20 insurer and provides proof of the replacement coverage to the
21 canceling insurer.

22 (3) Notwithstanding subsection (1), an insurer may issue a
23 noncancelable, nonrefundable, 6-month prepaid automobile insurance
24 policy in order for an insured to meet the registration
25 requirements of section 227a of the Michigan vehicle code, 1949 PA
26 300, MCL 257.227a.

27 (4) An insurer may provide for a short rate premium for

1 insurance on a motorcycle, watercraft, off-road vehicle, or
2 snowmobile. As used in this subsection:

3 (a) "Motorcycle" means that term as defined in section 3101.

4 (b) "Off-road vehicle" means an ORV as defined in section
5 81101 of the natural resources and environmental protection act,
6 1994 PA 451, MCL 324.81101.

7 (c) "Snowmobile" means that term as defined in section 82101
8 of the natural resources and environmental protection act, 1994 PA
9 451, MCL 324.82101.

10 (d) "Watercraft" means that term as defined in section 80301
11 of the natural resources and environmental protection act, 1994 PA
12 451, MCL 324.80301.

13 (5) Cancellation as prescribed in this section is without
14 prejudice to any claim originating before the cancellation. The
15 mailing of notice is prima facie proof of notice. Delivery of
16 written notice is equivalent to mailing.

17 (6) A notice of cancellation, including a cancellation notice
18 under section 3224, ~~shall~~**MUST** be accompanied by a statement that
19 the insured ~~shall~~**MAY** not operate or permit the operation of the
20 vehicle to which notice of cancellation is applicable, or operate
21 any other vehicle, unless the vehicle is insured as required by
22 law.

23 (7) An insurer who wishes to provide for a short rate premium
24 under subsection (4) shall file with the ~~commissioner pursuant to~~
25 **DIRECTOR UNDER** chapter 24 or 26 a rule establishing a short rate
26 premium. The rule ~~shall~~**MUST** describe the circumstances under which
27 the short rate is applied and ~~shall~~ set forth the amount or

1 percentage to be retained.