

# HOUSE BILL NO. 5096

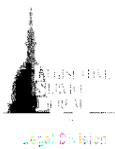
October 10, 2019, Introduced by Reps. Cynthia Johnson, Robinson and Gay-Dagnogo and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 2111 (MCL 500.2111), as amended by 2019 PA 21.

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

1           Sec. 2111. (1) Notwithstanding any provision of this act or  
2 this chapter to the contrary, classifications and territorial base  
3 rates used by an insurer in this state with respect to automobile  
4 insurance or home insurance must conform to the applicable  
5 requirements of this section.

6           (2) Classifications established under this section for



1 automobile insurance must be based only on 1 or more of the  
2 following factors, which must be applied by an insurer on a uniform  
3 basis throughout this state:

4 (a) With respect to all automobile insurance coverages:

5 (i) Either the age of the driver; the length of driving  
6 experience; or the number of years licensed to operate a motor  
7 vehicle.

8 (ii) Driver primacy, based on the proportionate use of each  
9 vehicle insured under the policy by individual drivers insured or  
10 to be insured under the policy.

11 (iii) Average miles driven weekly, annually, or both.

12 (iv) Type of use, such as business, farm, or pleasure use.

13 (v) Vehicle characteristics, features, and options, such as  
14 engine displacement, ability of the vehicle and its equipment to  
15 protect passengers from injury, and other similar items, including  
16 vehicle make and model.

17 (vi) Daily or weekly commuting mileage.

18 (vii) Number of cars insured by the insurer or number of  
19 licensed operators in the household. However, number of licensed  
20 operators must not be used as an indirect measure of marital  
21 status.

22 (viii) Amount of insurance.

23 (b) In addition to the factors prescribed in subdivision (a),  
24 with respect to personal protection insurance coverage:

25 (i) Earned income.

26 (ii) Number of dependents of income earners insured under the  
27 policy.

28 (iii) Coordination of benefits.



1 (iv) Use of a safety belt.

2 (c) In addition to the factors prescribed in subdivision (a),  
3 with respect to collision and comprehensive coverages:

4 (i) The anticipated cost of vehicle repairs or replacement,  
5 which may be measured by age, price, cost new, or value of the  
6 insured automobile, and other factors directly relating to that  
7 anticipated cost.

8 (ii) Vehicle make and model.

9 (iii) Vehicle design characteristics related to vehicle  
10 damageability.

11 (iv) Vehicle characteristics relating to automobile theft  
12 prevention devices.

13 (d) With respect to all automobile insurance coverage other  
14 than comprehensive, successful completion by the individual driver  
15 or drivers insured under the policy of an accident prevention  
16 education course that meets the following criteria:

17 (i) The course must include a minimum of 8 hours of classroom  
18 instruction.

19 (ii) The course must include, but not be limited to, a review  
20 of all of the following:

21 (A) The effects of aging on driving behavior.

22 (B) The shapes, colors, and types of road signs.

23 (C) The effects of alcohol and medication on driving.

24 (D) The laws relating to the proper use of a motor vehicle.

25 (E) Accident prevention measures.

26 (F) The benefits of safety belts and child restraints.

27 (G) Major driving hazards.

28 (H) Interaction with other highway users, such as  
29 motorcyclists, bicyclists, and pedestrians.



1 (3) Each insurer shall establish a secondary or merit rating  
2 plan for automobile insurance, other than comprehensive coverage. A  
3 secondary or merit rating plan required under this subsection must  
4 provide for premium surcharges for all coverages for automobile  
5 insurance, other than comprehensive coverage, based on any of the  
6 following, when that information becomes available to the insurer:

7 (a) Substantially at-fault accidents.

8 (b) Convictions for, determinations of responsibility for  
9 civil infractions for, or findings of responsibility in probate  
10 court for civil infractions for violations under chapter VI of the  
11 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.  
12 However, an insured must not be merit rated for a civil infraction  
13 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL  
14 257.601 to 257.750, for a period of time longer than that which the  
15 secretary of state's office carries points for that infraction on  
16 the insured's motor vehicle record.

17 (4) An insurer shall not establish or maintain rates or rating  
18 classifications for automobile insurance based on any of the  
19 following:

20 (a) Sex.

21 (b) Marital status.

22 (c) Home ownership.

23 (d) Educational level attained.

24 (e) Occupation.

25 ~~(f) The postal zone in which the insured resides.~~

26 **(f)** ~~(g)~~ Credit score as provided in section 2162.

27 (5) Notwithstanding other provisions of this chapter, **an**  
28 **insurer shall not group** automobile insurance risks ~~may be grouped~~  
29 by territory.



1           (6) This section does not limit insurers or rating  
2 organizations from establishing and maintaining statistical  
3 reporting territories. This section does not prohibit an insurer  
4 from establishing or maintaining, for automobile insurance, a  
5 premium discount plan for senior citizens in this state who are 65  
6 years of age or older, if the plan is uniformly applied by the  
7 insurer throughout this state. If an insurer has not established  
8 and maintained a premium discount plan for senior citizens, the  
9 insurer shall offer reduced premium rates to senior citizens in  
10 this state who are 65 years of age or older and who drive less than  
11 3,000 miles per year, regardless of statistical data.

12           (7) Classifications established under this section for home  
13 insurance other than inland marine insurance provided by policy  
14 floaters or endorsements must be based only on 1 or more of the  
15 following factors:

16           (a) Amount and types of coverage.

17           (b) Security and safety devices, including locks, smoke  
18 detectors, and similar, related devices.

19           (c) Repairable structural defects reasonably related to risk.

20           (d) Fire protection class.

21           (e) Construction of structure, based on structure size,  
22 building material components, and number of units.

23           (f) Loss experience of the insured, based on prior claims  
24 attributable to factors under the control of the insured that have  
25 been paid by an insurer. An insured's failure, after written notice  
26 from the insurer, to correct a physical condition that presents a  
27 risk of repeated loss is a factor under the control of the insured  
28 for purposes of this subdivision.

29           (g) Use of smoking materials within the structure.



1 (h) Distance of the structure from a fire hydrant.

2 (i) Availability of law enforcement or crime prevention  
3 services.

4 (8) Notwithstanding other provisions of this chapter, home  
5 insurance risks may be grouped by territory.

6 (9) An insurer may use factors in addition to those permitted  
7 by this section for insurance if the plan is consistent with the  
8 purposes of this act and reflects reasonably anticipated reductions  
9 or increases in losses or expenses.

