SENATE BILL NO. 545

September 17, 2025, Introduced by Senators CAVANAGH, BAYER, CHANG, POLEHANKI, MOSS, KLINEFELT, SHINK, IRWIN and MCMORROW and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1956 PA 218, entitled

"The insurance code of 1956,"

(MCL 500.100 to 500.8302) by adding section 2229.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2229. (1) An insurer shall not offer, bind, make, issue, deliver, or renew a policy of automobile insurance or homeowners insurance in this state unless the policy conforms with the requirements under this section.

(2) This section does not apply to notices required under the fair credit reporting act, 15 USC 1601 to 1693r.

(3) An insurer that makes a material change to an insured's

automobile insurance or homeowners insurance policy shall provide a written notice to the insured that includes either of the following:

(a) An explanation of the principal factors for the material change.

(b) A statement that the insured has the right to request, in writing, and obtain an explanation of the principal factors for the material change.

(4) An insured who receives a written notice under subsection (3)(b) may submit to the insurer a written request for an explanation of the principal factors for the material change. On receiving a request for an explanation under this subsection, the insurer shall provide a written explanation to the insured of the principal factors for the material change.

(5) An insurer shall provide a copy of a written notice provided under subsection (3) and written explanation under subsection (4), as applicable, to the insurance producer, if any, to which both of the following apply:

(a) Either of the following applies:

(*i*) The producer represented the insured in obtaining coverage from the insurer.

(*ii*) The producer represented the insurer regarding the provisions of coverage to the insured.

(b) The producer is not an employee, an exclusive agent, or a captive agent of the insurer.

(6) An insurer shall provide written notice under subsection (3) and a written explanation under subsection (4), and an insured shall provide a written request under subsection (4), in a manner that meets either of the following:

(a) By first-class mail.

(b) If it meets the requirements of section 2266 and the uniform electronic transactions act, 2000 PA 305, MCL 450.831 to 450.849, delivered, stored, and presented by electronic means.

(7) An insurer may provide a written notice under subsection (3) or a written explanation under subsection (4) to an insurance producer through the insurer's portal for insurance producer communications.

(8) The following apply to a written notice provided under subsection (3) and a written explanation provided under subsection (4):

(a) The notice or explanation must be sufficiently clear and use language sufficiently specific to enable the insured to identify the basis for the insurer's decision to make the material change.

(b) The notice or explanation must, in no particular order, include a description of the principal factors most heavily weighed by an insurer in making a material change.

(c) The notice or explanation must provide a point of contact through which the insured may discuss the reasons for the material change.

(9) The following statements do not meet the requirements under subsection (8):

(a) A statement that sets forth that the material change is based on the insurer's internal standards, policies, or models.

(b) A statement that sets forth that the insured failed to achieve a particular score on the insurer's scoring system.

(c) A statement containing generalized terms, including, but not limited to, the following terms:

(*i*) Poor loss history.

(*ii*) Poor insurance score.

(10) The requirements set forth in this section do not replace, and are in addition to, the requirements under any other section in this act requiring notice of cancellation for an automobile insurance policy or homeowners insurance policy.

(11) This section does not prohibit an insurer from voluntarily providing the disclosures required under this section.

(12) This section applies to policies that are issued, delivered, amended, or renewed after January 1, 2026.

(13) As used in this section:

(a) "Automobile insurance" means that term as defined in section 3303.

(b) "Insured" means an individual entitled to coverage under an insurance policy.

(c) "Material change" means the nonrenewal or cancellation of; an increase of more than 10% over the expiring premium for; a reduction in coverage of; or another adverse or unfavorable change in the terms of coverage or amount of insurance in connection with an automobile insurance or homeowners insurance policy. A material change does not include any of the following:

(*i*) An increase in the insurer's filed rate plan and automatic inflationary increases.

(*ii*) An additional premium due to a change initiated by the insured, including, but not limited to, the following changes:

(A) Adding or removing vehicles or drivers.

(B) Adding an endorsement.

(C) Adding additional coverages.

(D) Adding covered premises.

(E) Increasing coverage limits or deductibles.

(*iii*) An additional premium due to a change in risk exposure because of the insured's voluntary participation in a usage-based or telematics insurance program.