# SENATE BILL NO. 1154

September 09, 2026, Introduced by Senator IRWIN and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1956 PA 218, entitled

"The insurance code of 1956,"

by amending section 2109 (MCL 500.2109).

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

Sec. 2109. ~~(1)~~ All rates for automobile insurance and home insurance shall be made in accordance with the following provisions:

(a) Rates ~~shall~~ **must** not be excessive, inadequate, or unfairly discriminatory. A rate ~~shall~~ **must** not be held to be excessive

unless the rate is unreasonably high for the insurance coverage provided. ~~and a reasonable degree of competition does not exist for the insurance to which the rate is applicable.~~

(b) A rate ~~shall~~ **must** not be held to be inadequate unless the rate is unreasonably low for the insurance coverage provided and the continued use of the rate endangers the solvency of the insurer; or unless the rate is unreasonably low for the insurance provided and the use of the rate has or will have the effect of destroying competition among insurers, creating a monopoly, or causing a kind of insurance to be unavailable to a significant number of applicants who are in good faith entitled to procure that insurance through ordinary methods.

(c) A rate for a coverage is unfairly discriminatory in relation to another rate for the same coverage if the differential between the rates is not reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss, for the individuals or risks to which the rates apply. A reasonable justification ~~shall~~ **must** be supported by a reasonable classification system; by sound actuarial principles when applicable; and by actual and credible loss and expense statistics or, in the case of new coverages and classifications, by reasonably anticipated loss and expense experience. A rate is not unfairly discriminatory because it reflects differences in expenses for individuals or risks with similar anticipated losses, or because it reflects differences in losses for individuals or risks with similar expenses.

~~(2) A determination concerning the existence of a reasonable degree of competition with respect to subsection (1)(a) shall take into account a reasonable spectrum of relevant economic tests,~~

~~including the number of insurers actively engaged in writing the insurance in question, the present availability of such insurance compared to its availability in comparable past periods, the underwriting return of that insurance over a period of time sufficient to assure reliability in relation to the risk associated with that insurance, and the difficulty encountered by new insurers in entering the market in order to compete for the writing of that insurance.~~