



HOUSE BILL No. 5992

December 7, 1994, Introduced by Reps Saunders Yokich Anthony, DeMars Parks and Murphy and referred to the Committee on Insurance

A bill to amend Act No 218 of the Public Acts of 1956,
entitled as amended

The insurance code of 1956
as amended being sections 500 100 to 500 8302 of the Michigan
Compiled Laws, by adding sections 2027a, 2111a, 2115a and 3356

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Act No 218 of the Public Acts of 1956, as
2 amended being sections 500 100 to 500 8302 of the Michigan
3 Compiled Laws, is amended by adding sections 2027a 2111a 2115a
4 and 3356 to read as follows

5 SEC 2027A (1) IT IS AN UNFAIR METHOD OF COMPETITION AND
6 AN UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSUR-
7 ANCE FOR A PRIVATE PASSENGER NONFLEET AUTOMOBILE INSURER TO DO
8 ANY OF THE FOLLOWING

1 (A) PROVIDE AN INCENTIVE OR DISINCENTIVE TO AN AGENT THE
2 EFFECT OF WHICH DISCOURAGES THAT AGENT FROM SELLING AUTOMOBILE
3 INSURANCE IN A GEOGRAPHIC AREA

4 (B) BASE MARKETING OF AUTOMOBILE INSURANCE, IN WHOLE OR IN
5 PART ON ANY OF THE FOLLOWING FOR THE APPLICANT FOR INSURANCE

6 (i) INCOME

7 (ii) CREDIT RATING

8 (iii) RACE

9 (iv) SEX

10 (v) AGE

11 (vi) OWNERSHIP OF PROPERTY OTHER THAN THE VEHICLE TO BE
12 INSURED

13 (C) DO ANY OTHER ACT THAT CAUSES UNEQUAL AVAILABILITY OF
14 AUTOMOBILE INSURANCE OR HOMEOWNERS INSURANCE

15 (2) SUBSECTION (1) DOES NOT PROHIBIT AN INSURER FROM USING
16 CLASSIFICATIONS AND UNDERWRITING FACTORS UNDER SECTION 2111

17 SEC 2111A AN INSURER SHALL NOT REQUIRE AN INSURED OR AN
18 APPLICANT FOR INSURANCE TO PURCHASE A CLUB MEMBERSHIP IN ORDER TO
19 PURCHASE AUTOMOBILE OR HOME INSURANCE

20 SEC 2115A BEFORE THE EXPIRATION OF 30 DAYS AFTER THE
21 EFFECTIVE DATE OF THIS SECTION, EACH AUTOMOBILE INSURER THAT
22 ANNUALLY WRITES A TOTAL OF \$5,000 000 00 OR MORE OF PRIVATE PAS-
23 Senger NONFLEET AUTOMOBILE INSURANCE BUSINESS IN THIS STATE SHALL
24 ESTABLISH, MAINTAIN, AND ADVERTISE A STATEWIDE TOLL-FREE TELE-
25 PHONE NUMBER TO GIVE RESIDENTS OF THIS STATE ACCESS TO INFORMA-
26 TION ABOUT THE INSURER S AUTOMOBILE INSURANCE RATES AND TO DIRECT

1 RESIDENTS TO THE INSURER'S AUTOMOBILE INSURANCE AGENT LOCATED
2 NEAREST TO THE RESIDENT

3 SEC 3356 (1) AMOUNTS PAID BY THE FACILITY THAT ARE AGENT
4 COMMISSION PAYMENTS OR ARE PAID AS A RESULT OF THE SALE OF AUTO-
5 MOBILE INSURANCE COVERAGE PLACED THROUGH THE FACILITY SHALL BE
6 PAID TO THE AGENT WHO SOLD THE COVERAGE UPON WHICH THE PAYMENT
7 WAS BASED

8 (2) AMOUNTS PAID UNDER SUBSECTION (1) SHALL NOT BE RETAINED
9 BY AN INSURER OR USED FOR ANY PURPOSE OTHER THAN AS PROVIDED IN
10 SUBSECTION (1)