



HOUSE BILL No. 5994

December 13 1994, Introduced by Reps Brown, Yokich Schroer Pitoniak, Barns, Martinez Ciaramitaro and Emerson 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 438b, 2127a, 2140, and 6112

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 438b, 2127a, 2140
4 and 6112 to read as follows

5 SEC 438B (1) BEGINNING MARCH 1, 1995, EACH DOMESTIC, FOR-
6 EIGN, AND ALIEN INSURER AUTHORIZED TO TRANSACT INSURANCE IN THIS
7 STATE SHALL FILE WITH THE COMMISSIONER AND THE NATIONAL
8 ASSOCIATION OF INSURANCE COMMISSIONERS FOR EACH LINE OF INSURANCE
9 FOR THE PRECEDING YEAR ALL OF THE FOLLOWING DATA

1 (A) DIRECT EARNED PREMIUMS
2 (B) EARNED PREMIUMS NET OF REINSURANCE
3 (C) DIRECT INCURRED LOSSES
4 (D) INCURRED LOSSES NET OF REINSURANCE
5 (E) INCURRED LOSS ADJUSTMENT EXPENSES
6 (F) AGENTS' COMMISSIONS
7 (G) ADDITIONAL OPERATING EXPENSES
8 (H) DIVIDENDS TO POLICYHOLDERS
9 (I) UNDERWRITING PROFIT
10 (J) THE FORMULA FOR CALCULATING UNDERWRITING PROFIT
11 (K) REALIZED INVESTMENT RETURN FROM ALLOCATED RESERVES
12 (L) REALIZED INVESTMENT RETURN FROM ALLOCATED CAPITAL AND
13 SURPLUS
14 (M) REALIZED INVESTMENT RETURN FROM BALANCES DUE AGENTS
15 (N) FEDERAL TAXES
16 (O) RESERVES ATTRIBUTABLE TO THAT LINE OF INSURANCE
17 (P) CAPITAL AND SURPLUS ATTRIBUTABLE TO THAT LINE OF
18 INSURANCE
19 (2) THE COMMISSIONER SHALL DEVELOP BEFORE DECEMBER 1, 1994 A
20 REPORTING FORM THAT INSURERS SHALL USE IN COMPLYING WITH SUBSEC-
21 TION (1)
22 (3) THE DATA REQUIRED IN SUBSECTION (1) SHALL RELATE ONLY TO
23 THE INSURER'S BUSINESS WRITTEN IN THIS STATE
24 SEC 2127A (1) BEGINNING JULY 1, 1995, EACH AUTOMOBILE
25 INSURER SHALL REPORT ANNUALLY TO THE COMMISSIONER ON BOTH OF THE
26 FOLLOWING

1 (A) THE DOLLAR AMOUNT OF LOSSES PAID AND THE DOLLAR AMOUNT
2 OF LOSSES INCURRED FOR WORK LOSS SURVIVOR S LOSS, AND MEDICAL
3 AND REHABILITATION COVERAGES

4 (B) THE NUMBER OF SUITS FILED BY INSUREDS AGAINST THE INSUR-
5 ER, CATEGORIZED ACCORDING TO WHETHER EACH SUIT IS A FIRST PARTY
6 SUIT, A THIRD PARTY SUIT, OR A COMBINATION OF A FIRST PARTY AND
7 THIRD PARTY SUIT

8 (2) THE COMMISSIONER SHALL DEVELOP BEFORE FEBRUARY 1, 1995 A
9 REPORTING FORM THAT INSURERS SHALL USE IN COMPLYING WITH
10 SUBSECTION (1)

11 SEC 2140 (1) AN INSURER WHO VIOLATES THIS CHAPTER IS
12 SUBJECT TO A CIVIL FINE OF NOT MORE THAN \$5,000 00 FOR EACH
13 VIOLATION

14 (2) IF A VIOLATION OF THIS CHAPTER BY AN INSURER RESULTS IN
15 AN OVERCHARGE OF PREMIUM PAID BY AN INSURED, THE INSURER SHALL
16 RETURN IMMEDIATELY TO THE INSURED THE AMOUNT OF THE OVERCHARGE
17 WITH INTEREST CALCULATED AT 6-MONTH INTERVALS FROM THE DATE OF
18 OVERPAYMENT AT A RATE OF INTEREST EQUAL TO 1% PLUS THE AVERAGE
19 INTEREST RATE PAID AT AUCTIONS OF 5-YEAR UNITED STATES TREASURY
20 NOTES DURING THE 6 MONTHS IMMEDIATELY PRECEDING JULY 1 AND
21 JANUARY 1, AS CERTIFIED BY THE STATE TREASURER AND COMPOUNDED
22 ANNUALLY

23 SEC 6112 (1) BEGINNING JULY 1, 1995, EACH AUTOMOBILE
24 INSURER SHALL REPORT ANNUALLY TO THE COMMISSIONER ON AUTOMOBILE
25 THEFT CLAIMS INCLUDING ALL OF THE FOLLOWING BY VEHICLE IDENTIFI-
26 CATION NUMBER

1 (A) ALL AUTOMOBILES INSURED BY THE INSURER THAT WERE
2 REPORTED STOLEN IN THE IMMEDIATELY PRECEDING YEAR

3 (B) ALL PAYMENTS MADE BY THE INSURER FOR STOLEN VEHICLES IN
4 THE IMMEDIATELY PRECEDING YEAR

5 (C) THE NUMBER OF RECOVERED STOLEN VEHICLES INSURED BY THE
6 INSURER AND THEIR SALVAGE VALUE AND ANY FEES PAID BY THE INSURER
7 FOR STORAGE IN THE IMMEDIATELY PRECEDING YEAR

8 (2) THE COMMISSIONER SHALL DEVELOP BEFORE FEBRUARY 1, 1995 A
9 REPORTING FORM THAT INSURERS SHALL USE IN COMPLYING WITH SUBSEC-
10 TION (1)

11 (3) THE COMMISSIONER SHALL REPORT ANNUALLY TO THE SENATE AND
12 HOUSE OF REPRESENTATIVES STANDING COMMITTEES ON INSURANCE ISSUES
13 A SUMMARY OF THE INFORMATION REPORTED UNDER SUBSECTION (1)