



# SENATE BILL No. 973

April 23, 1996, Introduced by Senators ROGERS, BENNETT, STEIL and MILLER and referred to the Committee on Financial Services.

A bill to amend section 2106 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

being section 500.2106 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2106 of Act No. 218 of the Public Acts  
2 of 1956, being section 500.2106 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 2106. (1) Except as specifically provided in this  
5 chapter, the provisions of chapter 24 and chapter 26 ~~shall~~ DO  
6 not apply to automobile insurance and home insurance. An insurer  
7 may use rates for automobile insurance or home insurance as soon  
8 as those rates are filed. To the extent that other provisions of  
9 this ~~code~~ ACT are inconsistent with the provisions of this

1 chapter, this chapter ~~shall govern~~ GOVERNS with respect to  
2 automobile insurance and home insurance.

3       -(2) THE COMMISSIONER MAY EXEMPT INSURERS FROM THE REQUIRE-  
4 MENT TO FILE RATES, RATING SYSTEMS, MANUALS OF CLASSIFICATION,  
5 MANUALS OF RULES AND RATES, RATING PLANS, OR MODIFICATIONS OF THE  
6 FOREGOING FOR AUTOMOBILE INSURANCE AND HOME INSURANCE. IF AN  
7 EXEMPTION IS ORDERED BY THE COMMISSIONER UNDER THIS SUBSECTION,  
8 SECTIONS 2405A, 2418, 2420A, AND 2430 APPLY TO AUTOMOBILE INSUR-  
9 ANCE AND SECTIONS 2605, 2618, 2621, AND 2628 APPLY TO HOME  
10 INSURANCE.

11       (3) BEFORE ISSUING AN EXEMPTION UNDER SUBSECTION (2), THE  
12 COMMISSIONER SHALL DETERMINE THAT A REASONABLE DEGREE OF COMPETI-  
13 TION EXISTS WITH RESPECT TO THE SPECIFIC CLASSIFICATIONS, KINDS,  
14 OR TYPES OF INSURANCE TO WHICH THE EXEMPTION APPLIES.

15       (4) IN DETERMINING WHETHER A REASONABLE DEGREE OF COMPETI-  
16 TION EXISTS UNDER SUBSECTION (3) FOR AUTOMOBILE INSURANCE, THE  
17 COMMISSIONER SHALL CONSIDER ALL OF THE FOLLOWING:

18       (A) THE EXTENT TO WHICH AN INSURER CONTROLS THE AUTOMOBILE  
19 INSURANCE MARKET OR ANY PORTION OF THE AUTOMOBILE INSURANCE  
20 MARKET.

21       (B) WHETHER THE TOTAL NUMBER OF INSURERS WRITING AUTOMOBILE  
22 INSURANCE IN THIS STATE IS SUFFICIENT TO PROVIDE MULTIPLE OPTIONS  
23 TO PURCHASERS OF AUTOMOBILE INSURANCE.

24       (C) WHETHER THE OVERALL RATE LEVEL IS EXCESSIVE, INADEQUATE,  
25 OR UNFAIRLY DISCRIMINATORY.

26       (D) THE AVAILABILITY OF AUTOMOBILE INSURANCE TO PURCHASERS  
27 IN ALL GEOGRAPHIC AREAS OF THE STATE.

1 (E) ANY OTHER FACTORS THE COMMISSIONER CONSIDERS RELEVANT.

2 (5) IN DETERMINING WHETHER A REASONABLE DEGREE OF COMPETI-  
3 TION EXISTS UNDER SUBSECTION (3) FOR HOME INSURANCE, THE COMMIS-  
4 SIONER SHALL CONSIDER ALL OF THE FOLLOWING:

5 (A) THE EXTENT TO WHICH AN INSURER CONTROLS THE HOME INSUR-  
6 ANCE MARKET OR ANY PORTION OF THE HOME INSURANCE MARKET.

7 (B) WHETHER THE TOTAL NUMBER OF INSURERS WRITING HOME INSUR-  
8 ANCE IN THIS STATE IS SUFFICIENT TO PROVIDE MULTIPLE OPTIONS TO  
9 PURCHASERS OF HOME INSURANCE.

10 (C) WHETHER THE OVERALL RATE LEVEL IS EXCESSIVE, INADEQUATE,  
11 OR UNFAIRLY DISCRIMINATORY.

12 (D) THE AVAILABILITY OF HOME INSURANCE TO PURCHASERS IN ALL  
13 GEOGRAPHIC AREAS OF THE STATE.

14 (E) ANY OTHER FACTORS THE COMMISSIONER CONSIDERS RELEVANT.

15 (6) THE COMMISSIONER MAY RESCIND AN EXEMPTION ISSUED UNDER  
16 SUBSECTION (2) IF THE COMMISSIONER DETERMINES THAT THE BASIS ON  
17 WHICH THE EXEMPTION WAS ORDERED NO LONGER EXISTS.