

HOUSE BILL No. 4840

June 12, 2003, Introduced by Reps. Hunter, McConico, Tobocman, Accavitti, Waters, Clack, Stallworth, Zelenko, Minore, Vagnozzi, Reeves, Plakas, Condino and Hardman and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 2128a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2128a. (1) There is created in the office of financial
2 and insurance services an automobile insurance data collection
3 agency to administer the automobile insurance data collection
4 requirements of this act. The governing board of the automobile
5 insurance data collection agency shall be composed of the
6 commissioner and 8 members appointed by the commissioner as
7 follows:

8 (a) Two persons who represent a private automobile insurance
9 insurer not holding more than 15% of the state's overall market
10 share at the time its representative serves on the board.

11 (b) Two persons who represent the general public of this

1 state.

2 (c) One person who is a licensed medical professional in this
3 state and who does not own any portion of an automobile insurance
4 insurer or manage directly or indirectly an automobile insurance
5 insurer's affairs.

6 (d) One person who is a licensed attorney in this state, who
7 does not own any portion of an automobile insurance insurer or
8 manage directly or indirectly an automobile insurance insurer's
9 affairs, and who has at least 5 years of experience in automobile
10 accident related litigation.

11 (e) One person who is an independent insurance agent.

12 (f) One person who has at least 10 years of data processing
13 experience in a combination of hardware acquisition and software
14 development.

15 (2) A member of the governing board of the automobile
16 insurance data collection agency shall serve for a term of 2
17 years.

18 (3) The automobile insurance data collection agency, under
19 the direction and control of the commissioner and subject to the
20 commissioner's approval, shall have the following duties:

21 (a) Prescribe rate filing forms and data collection forms and
22 establish uniform data reporting requirements necessary to
23 satisfy the provisions of this chapter.

24 (b) Analyze reported data, analyze automobile insurance
25 insurers' rate-making data, and report these findings to the
26 commissioner, and collect and analyze other pertinent data at the
27 commissioner's request.

1 (c) Prepare reports on automobile insurance as requested by
2 the commissioner.

3 (d) Establish uniform classification symbols or other uniform
4 designations for use by automobile insurance insurers to
5 establish risk associated with each type of vehicle to be
6 insured.

7 (e) In a uniform manner, gather all data necessary to
8 accomplish total return rate-making. Information shall be
9 gathered that enables the commissioner to assess an insurer's
10 actual loss experience, level of profit, interest income, method
11 for assessing anticipated losses, particular application of loss
12 trend factors, pure premium, frequency of losses based on the
13 number of vehicles insured, and the loss costs and frequency of
14 losses associated with the component parts of each aspect of
15 coverage, including, but not limited to, medical, wage-loss,
16 replacement services, survivors benefits, death benefit,
17 collision coverage, comprehensive coverage with theft reported as
18 a separate component, bodily injury or liability coverage
19 reported by policy limits, property protection, and all other
20 benefits being marketed by the insurer.

21 (f) Gather detailed data about insurers' administrative
22 expenses and their relationship to the premium charged, including
23 costs for each type of litigation associated with automobile
24 insurance claims resolution, salaries, fringe benefits,
25 commissions, and costs associated with overhead and other fixed
26 costs.

27 (g) Require each insurer to list the items that are used to

1 compose a base rate and require each insurer to explain the
2 applications of base rates.

3 (h) Establish forms to enable the collection of data
4 sufficient to permit the commissioner to determine that all
5 aspects of automobile insurance rate-making are actuarially sound
6 and that automobile insurance rates are not excessive or
7 discriminatory.

8 (i) Require the reporting of all automobile insurance claims
9 costs and the frequency of each type of loss and provide the
10 commissioner with this data.

11 (j) Collect all automobile insurance rate-making data and
12 evaluate this data by determining its actuarial soundness and by
13 making comparisons based on statewide uniform rating territories
14 as established by this act.

15 (k) Ensure that all necessary data are collected and analyzed
16 in a manner that complies with the provisions of this chapter.

17 (l) Subject to the approval of the commissioner, designate 1
18 advisory organization for the purpose of implementing its data
19 collection plan and the compilation of rate-making and other
20 financial data from automobile insurance insurers. The
21 designated advisory organization shall report its findings to the
22 automobile insurance data collection agency, which shall report
23 to the commissioner.

24 (m) Report to the commissioner any known violation of this
25 act.

26 (n) Complete any other task required to satisfy the
27 provisions of this act as requested by the commissioner.

1 (4) The commissioner shall make recommendations to the
2 legislature annually regarding the adequacy of statutory
3 underwriting and rate-making provisions based upon the
4 information gathered and analyzed by the automobile insurance
5 data collection agency and any other information that the
6 commissioner considers appropriate.

7 Enacting section 1. This amendatory act does not take
8 effect unless all of the following bills of the 92nd Legislature
9 are enacted into law:

10 (a) Senate Bill No. ____ or House Bill No. 4837 (request
11 no. 03471'03).

12 (b) Senate Bill No. ____ or House Bill No. 4839 (request
13 no. 03473'03).