

HOUSE BILL No. 4253

February 11, 2009, Introduced by Rep. Young and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2111 (MCL 500.2111), as amended by 2002 PA 492,
and by adding section 2004.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 2004. IT SHALL BE AN UNFAIR METHOD OF COMPETITION AND AN
2 UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSURANCE
3 FOR AN INSURER TO INCLUDE THE LOCATION OF THE INSURED'S RESIDENCE
4 IN THE DETERMINATION OF A RATE FOR A POLICY OF AUTOMOBILE INSURANCE
5 OR HOME INSURANCE ISSUED UNDER THIS ACT.

6 Sec. 2111. (1) Notwithstanding any provision of this act and
7 this chapter to the contrary, classifications and territorial base
8 rates used by any insurer in this state with respect to automobile
9 insurance or home insurance shall conform to the applicable
10 requirements of this section.

11 (2) Classifications established pursuant to this section for
12 automobile insurance shall be based only upon 1 or more of the

1 following factors, which shall be applied by an insurer on a
2 uniform basis throughout the state:

3 (a) With respect to all automobile insurance coverages:

4 (i) Either the age of the driver; the length of driving
5 experience; or the number of years licensed to operate a motor
6 vehicle.

7 (ii) Driver primacy, based upon the proportionate use of each
8 vehicle insured under the policy by individual drivers insured or
9 to be insured under the policy.

10 (iii) Average miles driven weekly, annually, or both.

11 (iv) Type of use, such as business, farm, or pleasure use.

12 (v) Vehicle characteristics, features, and options, such as
13 engine displacement, ability of vehicle and its equipment to
14 protect passengers from injury and other similar items, including
15 vehicle make and model.

16 (vi) Daily or weekly commuting mileage.

17 (vii) Number of cars insured by the insurer or number of
18 licensed operators in the household. However, number of licensed
19 operators shall not be used as an indirect measure of marital
20 status.

21 (viii) Amount of insurance.

22 (b) In addition to the factors prescribed in subdivision (a),
23 with respect to personal protection insurance coverage:

24 (i) Earned income.

25 (ii) Number of dependents of income earners insured under the
26 policy.

27 (iii) Coordination of benefits.

1 (iv) Use of a safety belt.

2 (c) In addition to the factors prescribed in subdivision (a),
3 with respect to collision and comprehensive coverages:

4 (i) The anticipated cost of vehicle repairs or replacement,
5 which may be measured by age, price, cost new, or value of the
6 insured automobile, and other factors directly relating to that
7 anticipated cost.

8 (ii) Vehicle make and model.

9 (iii) Vehicle design characteristics related to vehicle
10 damageability.

11 (iv) Vehicle characteristics relating to automobile theft
12 prevention devices.

13 (d) With respect to all automobile insurance coverage other
14 than comprehensive, successful completion by the individual driver
15 or drivers insured under the policy of an accident prevention
16 education course that meets the following criteria:

17 (i) The course shall include a minimum of 8 hours of classroom
18 instruction.

19 (ii) The course shall include, but not be limited to, a review
20 of all of the following:

21 (A) The effects of aging on driving behavior.

22 (B) The shapes, colors, and types of road signs.

23 (C) The effects of alcohol and medication on driving.

24 (D) The laws relating to the proper use of a motor vehicle.

25 (E) Accident prevention measures.

26 (F) The benefits of safety belts and child restraints.

27 (G) Major driving hazards.

1 (H) Interaction with other highway users such as
2 motorcyclists, bicyclists, and pedestrians.

3 (3) Each insurer shall establish a secondary or merit rating
4 plan for automobile insurance, other than comprehensive coverage. A
5 secondary or merit rating plan required under this subsection shall
6 provide for premium surcharges for any or all coverages for
7 automobile insurance, other than comprehensive coverage, based upon
8 any or all of the following, when that information becomes
9 available to the insurer:

10 (a) Substantially at-fault accidents.

11 (b) Convictions for, determinations of responsibility for
12 civil infractions for, or findings of responsibility in probate
13 court for civil infractions for, violations under chapter VI of the
14 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.

15 However, beginning ~~90 days after the effective date of this~~
16 ~~sentence~~ **MAY 28, 1996**, an insured shall not be merit rated for a
17 civil infraction under chapter VI of the Michigan vehicle code,
18 1949 PA 300, MCL 257.601 to 257.750, for a period of time longer
19 than that which the secretary of state's office carries points for
20 that infraction on the insured's motor vehicle record.

21 (4) An insurer shall not establish or maintain rates or rating
22 classifications for automobile insurance based upon sex or marital
23 status.

24 (5) Notwithstanding other provisions of this chapter,
25 automobile insurance risks ~~may~~ **SHALL NOT** be grouped by territory.

26 (6) This section shall not be construed as limiting insurers
27 or rating organizations from establishing and maintaining

1 statistical reporting territories. This section shall not be
2 construed to prohibit an insurer from establishing or maintaining,
3 for automobile insurance, a premium discount plan for senior
4 citizens in this state who are 65 years of age or older, if the
5 plan is uniformly applied by the insurer throughout this state. If
6 an insurer has not established and maintained a premium discount
7 plan for senior citizens, the insurer shall offer reduced premium
8 rates to senior citizens in this state who are 65 years of age or
9 older and who drive less than 3,000 miles per year, regardless of
10 statistical data.

11 (7) Classifications established pursuant to this section for
12 home insurance other than inland marine insurance provided by
13 policy floaters or endorsements shall be based only upon 1 or more
14 of the following factors:

15 (a) Amount and types of coverage.

16 (b) Security and safety devices, including locks, smoke
17 detectors, and similar, related devices.

18 (c) Repairable structural defects reasonably related to risk.

19 (d) Fire protection class.

20 (e) Construction of structure, based on structure size,
21 building material components, and number of units.

22 (f) Loss experience of the insured, based upon prior claims
23 attributable to factors under the control of the insured that have
24 been paid by an insurer. An insured's failure, after written notice
25 from the insurer, to correct a physical condition that presents a
26 risk of repeated loss shall be considered a factor under the
27 control of the insured for purposes of this subdivision.

1 (g) Use of smoking materials within the structure.

2 (h) Distance of the structure from a fire hydrant.

3 (i) Availability of law enforcement or crime prevention
4 services.

5 (8) Notwithstanding other provisions of this chapter, home
6 insurance risks ~~may~~**SHALL NOT** be grouped by territory.

7 (9) An insurer may utilize factors in addition to those
8 specified in this section, if the commissioner finds, after a
9 hearing held pursuant to the administrative procedures act of 1969,
10 1969 PA 306, MCL 24.201 to 24.328, that the factors would encourage
11 innovation, would encourage insureds to minimize the risks of loss
12 from hazards insured against, and would be consistent with the
13 purposes of this chapter.

14 Enacting section 1. This amendatory act takes effect January
15 1, 2010.