

# HOUSE BILL No. 5461

April 23, 2014, Introduced by Rep. Stallworth and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 2106 and 2108 (MCL 500.2106 and 500.2108), and  
by adding section 2108a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 2106. (1) Except as specifically provided in this  
2 chapter, ~~the provisions of chapter 24 and chapter 26 shall~~ DO not  
3 apply to automobile insurance and home insurance.

4           (2) An insurer may use rates for ~~automobile insurance or home~~  
5 insurance as soon as ~~these~~ THE rates are filed.

6           (3) AN INSURER MAY USE RATES FOR AUTOMOBILE INSURANCE AS  
7 PROVIDED IN SECTION 2108A.

8           (4) To the extent that other provisions of this code are  
9 inconsistent with ~~the provisions of this chapter~~, this chapter

1 ~~shall govern~~ **GOVERNS** with respect to ~~automobile insurance and home~~  
2 ~~insurance~~ **AND, WITH THE EXCEPTION OF ESTABLISHING RATES, AUTOMOBILE**  
3 **INSURANCE.**

4       Sec. 2108. (1) On the effective date ~~thereof, each insurer~~  
5 ~~shall file with the commissioner every~~ **OF A** manual of  
6 classification, ~~every~~ manual of rules and rates, ~~every~~ rating plan,  
7 ~~and every~~ **OR** modification of a manual of classification, manual of  
8 rules and rates, or ~~a~~ rating plan ~~which it~~ **THAT AN INSURER** proposes  
9 to use for ~~automobile insurance and home insurance,~~ **THE INSURER**  
10 **SHALL FILE THE MANUAL OR PLAN WITH THE DIRECTOR.**

11       (2) **AT LEAST 15 DAYS BEFORE THE EFFECTIVE DATE OF A MANUAL OF**  
12 **CLASSIFICATION, MANUAL OF RULES AND RATES, RATING PLAN, OR**  
13 **MODIFICATION OF A MANUAL OF CLASSIFICATION, MANUAL OF RULES AND**  
14 **RATES, OR RATING PLAN THAT AN INSURER PROPOSES TO USE FOR**  
15 **AUTOMOBILE INSURANCE, THE INSURER SHALL FILE THE MANUAL OR PLAN**  
16 **WITH THE DIRECTOR.**

17       (3) Each filing ~~shall~~ **UNDER SUBSECTION (1) OR (2) MUST** state  
18 the character and extent of the coverage contemplated. ~~Each~~ **AN**  
19 insurer **THAT IS** subject to this chapter ~~who~~ **AND THAT** maintains  
20 rates in any part of this state shall at all times maintain rates  
21 in effect for all eligible persons meeting the underwriting  
22 criteria of the insurer.

23       (4) ~~(2)~~ An insurer may satisfy its obligation to make filings  
24 under subsection (1) **OR (2)** by becoming a member of, or a  
25 subscriber to, a rating organization licensed under chapter 24 or  
26 chapter 26 ~~which~~ **THAT** makes ~~these~~ **THE** filings, and by filing with  
27 the ~~commissioner~~ **DIRECTOR** a copy of its authorization of the rating

1 organization to make ~~these~~ **THE** filings on its behalf. ~~Nothing~~  
 2 ~~contained in this~~ **THIS** chapter ~~shall be construed as requiring any~~  
 3 **DOES NOT REQUIRE AN** insurer to become a member of or a subscriber  
 4 to ~~any~~ **A** rating organization. ~~Insurers~~ **AN INSURER** may file and use  
 5 deviations from filings made on ~~their~~ **ITS** behalf. ~~, which~~ **THE**  
 6 deviations ~~shall be~~ **ARE** subject to the ~~provisions of~~ this chapter.

7 (5) ~~(3)~~ ~~Each~~ **A** filing ~~shall~~ **UNDER THIS SECTION MUST** be  
 8 accompanied by a certification by or on behalf of the insurer that,  
 9 to the best of ~~its~~ **THE INSURER'S** information and belief, the filing  
 10 conforms to the requirements of this chapter.

11 (6) ~~(4)~~ ~~Each~~ **A** filing ~~shall~~ **UNDER THIS SECTION MUST** include  
 12 information that supports the filing with respect to the  
 13 requirements of section 2109. The information may include 1 or more  
 14 of the following:

15 (a) The experience or judgment of the insurer or rating  
 16 organization making the filing.

17 (b) The interpretation of the insurer or rating organization  
 18 of any statistical data it relies ~~upon~~ **ON**.

19 (c) The experience of other insurers or rating organizations.

20 (d) Any other relevant information.

21 (7) ~~(5)~~ ~~A~~ **THE DEPARTMENT SHALL MAKE A** filing **UNDER THIS**  
 22 **SECTION** and any accompanying information ~~shall be~~ open to public  
 23 inspection ~~upon~~ **ON** filing.

24 (8) ~~(6)~~ An insurer shall not make, issue, or renew a contract  
 25 or policy except in accordance with filings ~~which~~ **THAT** are in  
 26 effect for the insurer ~~pursuant to~~ **UNDER** this chapter.

27 **SEC. 2108A. (1) THE DIRECTOR SHALL REVIEW A MANUAL OR PLAN**

1 FILED UNDER SECTION 2108(2) AND THE ACCOMPANYING SUPPORTING  
2 INFORMATION AS SOON AS REASONABLY POSSIBLE AFTER IT IS FILED TO  
3 DETERMINE WHETHER THE MANUAL OR PLAN MEETS THE REQUIREMENTS OF THIS  
4 CHAPTER.

5 (2) EXCEPT AS PROVIDED IN SUBSECTION (3) OR (4), A RATE IN A  
6 MANUAL OR PLAN FILED UNDER SECTION 2108(2) IS EFFECTIVE AND MAY BE  
7 USED 15 DAYS AFTER IT IS FILED.

8 (3) WITHIN THE 15-DAY PERIOD UNDER SUBSECTION (2), THE  
9 DIRECTOR MAY EXTEND THE 15 DAYS FOR AN ADDITIONAL PERIOD NOT TO  
10 EXCEED 15 DAYS BY GIVING WRITTEN NOTICE OF THE EXTENSION TO THE  
11 INSURER OR RATING ORGANIZATION THAT FILED THE MANUAL OR PLAN AND  
12 ADVISING THE INSURER OR RATING ORGANIZATION THAT THE DIRECTOR NEEDS  
13 ADDITIONAL TIME TO CONSIDER THE MANUAL OR PLAN. IF THE DIRECTOR  
14 EXTENDS THE 15-DAY PERIOD UNDER THIS SUBSECTION, A RATE IN THE  
15 MANUAL OR PLAN IS EFFECTIVE AND MAY BE USED AFTER THE EXPIRATION OF  
16 THE EXTENDED PERIOD

17 (4) ON WRITTEN APPLICATION BY AN INSURER OR RATING  
18 ORGANIZATION, THE DIRECTOR MAY AUTHORIZE A RATE IN A MANUAL OR PLAN  
19 THAT THE DIRECTOR HAS REVIEWED UNDER THIS SECTION TO BE EFFECTIVE  
20 AND BE USED BEFORE EXPIRATION OF THE 15-DAY PERIOD UNDER SUBSECTION  
21 (2) OR ANY EXTENDED PERIOD UNDER SUBSECTION (3).

22 (5) A MANUAL OR PLAN FILED UNDER SECTION 2108(2) WITH  
23 ACCOMPANYING SUPPORTING INFORMATION IS CONSIDERED TO MEET THE  
24 REQUIREMENTS OF THIS CHAPTER UNLESS IT IS DISAPPROVED BY THE  
25 DIRECTOR WITHIN THE 15-DAY PERIOD UNDER SUBSECTION (2) OR ANY  
26 EXTENDED PERIOD UNDER SUBSECTION (3).

27 (6) IF WITHIN THE 15-DAY PERIOD UNDER SUBSECTION (2) OR ANY

1 EXTENDED PERIOD UNDER SUBSECTION (3) THE DIRECTOR DETERMINES THAT A  
2 MANUAL OR PLAN FILED UNDER SECTION 2108(2) DOES NOT MEET THE  
3 REQUIREMENTS OF THIS CHAPTER, HE OR SHE SHALL SEND TO THE INSURER  
4 OR RATING ORGANIZATION THAT FILED THE MANUAL OR PLAN A WRITTEN  
5 NOTICE OF DISAPPROVAL SPECIFYING IN WHAT RESPECTS THE MANUAL OR  
6 PLAN FAILS TO MEET THE REQUIREMENTS OF THIS CHAPTER AND STATING  
7 THAT THE RATES IN THE MANUAL OR PLAN WILL NOT BE EFFECTIVE AND THAT  
8 THE INSURER SHALL NOT USE THE RATES.

9 (7) AN INSURER OR RATINGS ORGANIZATION MAY SEEK RELIEF FROM A  
10 DECISION BY THE DIRECTOR UNDER THIS SECTION AS PROVIDED IN SECTION  
11 2482.