

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4427

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2103 (MCL 500.2103), as amended by 2002 PA 492.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2103. (1) "Eligible person", for automobile insurance,
2 means a person who is an owner or registrant of an automobile
3 registered or to be registered in this state or who holds a valid
4 ~~Michigan~~ license to operate a motor vehicle **ISSUED BY THIS STATE**,
5 but does not include any of the following:

6 (a) A person who is not required to maintain security pursuant
7 ~~to~~ **UNDER** section 3101, unless the person intends to reside in this
8 state for 30 days or more and makes a written statement of that
9 intention on a form approved by the ~~commissioner~~ **DIRECTOR**.

10 (b) A person whose license to operate a vehicle is under

1 suspension or revocation.

2 (c) A person who has been convicted within the immediately
3 preceding 5-year period of fraud or intent to defraud involving an
4 insurance claim or an application for insurance; or an individual
5 who has been successfully denied, within the immediately preceding
6 5-year period, payment by an insurer of a claim in excess of
7 \$1,000.00 under an automobile insurance policy, if there is
8 evidence of fraud or intent to defraud involving an insurance claim
9 or application.

10 (d) A person who, during the immediately preceding 3-year
11 period, has been convicted under, or who has been subject to an
12 order of disposition of the family division of circuit court for a
13 violation of, any of the following:

14 (i) ~~Section 324 or 325 of the Michigan penal code, 1931 PA~~
15 ~~328, MCL 750.324 and 750.325; section 1 of former 1931 PA 214 or~~
16 ~~section 626e of the Michigan vehicle code, 1949 PA 300, MCL~~
17 ~~257.626e; SECTION 601D OF THE MICHIGAN VEHICLE CODE, 1949 PA 300,~~
18 **MCL 257.601D**, or ~~under~~ any other law of this state the violation of
19 which constitutes a felony resulting from the operation of a motor
20 vehicle.

21 (ii) Section 625 of the Michigan vehicle code, 1949 PA 300,
22 MCL 257.625.

23 (iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
24 code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

25 (iv) Section 626 of the Michigan vehicle code, 1949 PA 300,
26 MCL 257.626; or ~~for~~ a similar violation under the laws of any other
27 state or a municipality ~~within~~ **IN** or ~~without~~ **OUTSIDE OF** this state.

1 (e) A person whose vehicle insured or to be insured under the
2 policy fails to meet the motor vehicle safety requirements of
3 sections 683 to 711 of the Michigan vehicle code, 1949 PA 300, MCL
4 257.683 to 257.711.

5 (f) A person whose policy of automobile insurance has been
6 canceled because of nonpayment of premium or financed premium
7 within the immediately preceding 2-year period, unless the premium
8 due on a policy for which application has been made is paid in full
9 before issuance or renewal of the policy.

10 (g) A person who fails to obtain or maintain membership in a
11 club, group, or organization, if membership is a uniform
12 requirement of the insurer as a condition of providing insurance,
13 and if the dues, charges, or other conditions for membership are
14 applied uniformly throughout this state, are not expressed as a
15 percentage of premium, and do not vary with respect to the rating
16 classification of the member except for the purpose of offering a
17 membership fee to family units. Membership fees may vary in
18 accordance with the amount or type of coverage if the purchase of
19 additional coverage, either as to type or amount, is not a
20 condition for reduction of dues or fees.

21 (h) A person whose driving record for the 3-year period
22 immediately preceding application for or renewal of a policy, has,
23 ~~pursuant to~~ **UNDER** section 2119a, an accumulation of more than 6
24 insurance eligibility points.

25 (2) "Eligible person", for home insurance, means a person who
26 is the owner-occupant or tenant of a dwelling of any of the
27 following types: a house, a condominium unit, a cooperative unit, a

1 room, or an apartment; or a person who is the owner-occupant of a
2 multiple unit dwelling of not more than 4 residential units.

3 Eligible person does not include any of the following:

4 (a) A person who has been convicted, in the immediately
5 preceding 5-year period, of 1 or more of the following:

6 (i) Arson, or conspiracy to commit arson.

7 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
8 or 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to
9 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

10 (iii) A crime under section 92, 151, 157b, or 218 of the
11 Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b,
12 and 750.218, based ~~upon~~ **ON** a crime described in subparagraph (ii)
13 committed by or on behalf of the person.

14 (b) A person who has been successfully denied, within the
15 immediately preceding 5-year period, payment by an insurer of a
16 claim under a home insurance policy based on evidence of arson,
17 conspiracy to commit arson, fraud, or conspiracy to commit fraud,
18 committed by or on behalf of the person.

19 (c) A person who insures or seeks to insure a dwelling that is
20 being used for an illegal or demonstrably hazardous purpose.

21 (d) A person who refuses to purchase an amount of insurance
22 equal to at least 80% of the replacement cost of the property
23 insured or to be insured under a replacement cost policy.

24 (e) A person who refuses to purchase an amount of insurance
25 equal to at least 100% of the market value of the property insured
26 or to be insured under a repair cost policy.

27 (f) A person who refuses to purchase an amount of insurance

1 equal to at least 100% of the actual cash value of the property
2 insured or to be insured under a tenant or renter's home insurance
3 policy.

4 (g) A person whose policy of home insurance has been canceled
5 because of nonpayment of premium within the immediately preceding
6 2-year period, unless the premium due on the policy is paid in full
7 before issuance or renewal of the policy.

8 (h) A person who insures or seeks to insure a dwelling, if the
9 insured value is not any of the following:

10 (i) For a repair cost policy, at least \$15,000.00.

11 (ii) For a replacement policy, at least \$35,000.00 or another
12 amount ~~which the commissioner~~ **ESTABLISHED BY THE DIRECTOR. THE**
13 **DIRECTOR** may establish **AN AMOUNT UNDER THIS SUBPARAGRAPH** biennially
14 ~~on and after January 1, 1983, pursuant to rules~~ **BY A RULE**
15 ~~promulgated by the commissioner~~ under the administrative procedures
16 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, **AND based upon ON**
17 changes in applicable construction cost indices.

18 (i) A person who insures or seeks to insure a dwelling that
19 has physical conditions that clearly present an extreme likelihood
20 of a significant loss under a home insurance policy.

21 (j) A person whose real property taxes with respect to the
22 dwelling insured or to be insured have been and are delinquent for
23 2 or more years at the time of renewal of, or application for, home
24 insurance.

25 (k) A person who has failed to procure or maintain membership
26 in a club, group, or organization, if membership is a uniform
27 requirement of the insurer, and if the dues, charges, or other

conditions for membership are applied uniformly throughout this state, are not expressed as a percentage of premium, and do not vary with respect to the rating classification of the member except for the purpose of offering a membership fee to family units. Membership fees may vary in accordance with the amount or type of coverage if the purchase of additional coverage, either as to type or amount, is not a condition for reduction of dues or fees.

(3) "Home insurance" means any of the following, but does not include insurance intended to insure commercial, industrial, professional, or business property, obligations, or liabilities:

(a) Fire insurance for an insured's dwelling of a type described in subsection (2).

(b) If contained in or indorsed to a fire insurance policy providing insurance for the insured's residence, other insurance intended primarily to insure nonbusiness property, obligations, and liabilities.

(c) Other insurance coverages for an insured's residence as prescribed by rule promulgated by the ~~commissioner pursuant to~~ **DIRECTOR UNDER** the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. ~~A- THE DIRECTOR SHALL TRANSMIT A rule proposed for promulgation by the commissioner pursuant to- UNDER~~ this section ~~shall be transmitted~~ in advance to each member of the standing ~~committee~~ **COMMITTEES** in the house **OF REPRESENTATIVES** and ~~in the senate that has~~ **HAVE** jurisdiction over insurance.

(4) "Insurance eligibility points" means all of the following:

(a) Points calculated, according to the following schedule, for convictions, determinations of responsibility for civil

1 infractions, or findings of responsibility in probate court:

2 (i) For a violation of any lawful speed limit by more than 15
3 miles per hour, or careless driving, 4 points.

4 (ii) For a violation of any lawful speed limit by more than 10
5 miles per hour ~~—~~but less than 16 miles per hour, 3 points.

6 (iii) For a violation of any lawful speed limit by ~~10—MORE~~
7 **THAN 5 MILES PER HOUR BUT LESS THAN 11** miles per hour, ~~or less,~~ 2
8 points.

9 (iv) For a violation of any speed limit by ~~15—MORE THAN 5~~
10 **MILES PER HOUR BUT LESS THAN 16** miles per hour ~~or less—~~on a roadway
11 that had a lawfully posted maximum speed of 70 miles per hour **OR**
12 **GREATER** as of January 1, 1974, 2 points.

13 (v) **FOR A VIOLATION OF A SPEED LIMIT BY LESS THAN 6 MILES PER**
14 **HOUR, 1 POINT.**

15 (vi) ~~(v)~~—For all other moving violations pertaining to the
16 operation of motor vehicles, 2 points.

17 (b) Points calculated, according to the following schedule,
18 for determinations that the person was substantially at-fault: ~~—as~~
19 ~~defined in section 2104(4):~~

20 (i) For the first substantially at-fault accident, 3 points.

21 (ii) For the second and each subsequent substantially at-fault
22 accident, 4 points.

23 (5) "Insurer" means an insurer authorized to transact in this
24 state the kind or combination of kinds of insurance constituting
25 automobile insurance or home insurance. ~~—as defined in this~~
26 ~~chapter.~~

27 Enacting section 1. This amendatory act takes effect 1 year

1 after the date it is enacted into law.