

SENATE BILL No. 138

February 27, 1991, Introduced by Senators WARTNER, FAUST, CRUCE, DE GROW, O'BRIEN, POSTHUMUS and MILLER and referred to the Committee on Commerce.

A bill to amend the title and sections 2111, 2111a, 2111b, 2111c, 2134, 2136, 2138, 3015, 3315, 6115, and 6125 of Act No. 218 of the Public Acts of 1956, entitled as amended "The insurance code of 1956," section 2111 as amended by Act No. 88 of the Public Acts of 1990 and sections 2111a, 2111b, 2111c, 2134, 2136, 2138, 3015, 3315, 6115, and 6125 as added by Act No. 10 of the Public Acts of 1986, being sections 500.2111, 500.2111a, 500.2111b, 500.2111c, 500.2134, 500.2136, 500.2138, 500.3015, 500.3315, 500.6115, and 500.6125 of the Michigan Compiled Laws; and to repeal certain parts of the act on specific dates.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 2111, 2111a, 2111b,
2 2111c, 2134, 2136, 2138, 3015, 3315, 6115, and 6125 of Act
3 No. 218 of the Public Acts of 1956, section 2111 as amended by

1 Act No. 88 of the Public Acts of 1990 and sections 2111a, 2111b,
2 2111c, 2134, 2136, 2138, 3015, 3315, 6115, and 6125 as added by
3 Act No. 10 of the Public Acts of 1986, being sections 500.2111,
4 500.2111a, 500.2111b, 500.2111c, 500.2134, 500.2136, 500.2138,
5 500.3015, 500.3315, 500.6115, and 500.6125 of the Michigan
6 Compiled Laws, are amended to read as follows:

7 TITLE

8 An act to revise, consolidate, and classify the laws relat-
9 ing to the insurance and surety business; to regulate the incor-
10 poration or formation of domestic insurance and surety companies
11 and associations and the admission of foreign and alien companies
12 and associations; to provide their rights, powers, and immunities
13 and to prescribe the conditions on which companies and associa-
14 tions organized, existing, or authorized under this act may exer-
15 cise their powers; to provide the rights, powers, and immunities
16 and to prescribe the conditions on which other persons, firms,
17 corporations, associations, risk retention groups, and purchasing
18 groups engaged in an insurance or surety business may exercise
19 their powers; to provide for the imposition of a privilege fee on
20 domestic insurance companies and associations and the state acci-
21 dent fund; to provide for the imposition of a tax on the business
22 of foreign and alien companies and associations; to provide for
23 the imposition of a tax on risk retention groups and purchasing
24 groups; to provide for the imposition of a tax on the business of
25 surplus line agents; to modify tort liability arising out of cer-
26 tain accidents; to provide for limited actions with respect to
27 that modified tort liability — and to prescribe certain

1 procedures for maintaining those actions; to require security for
2 losses arising out of certain accidents; to provide for the con-
3 tinued availability and affordability of automobile insurance and
4 homeowners insurance in this state — and to facilitate the pur-
5 chase of that insurance by all residents of this state at fair
6 and reasonable rates; to provide for certain reporting with
7 respect to insurance — and with respect to certain claims
8 against uninsured or self-insured persons; ~~and~~ to prescribe
9 duties for certain state departments and officers with respect to
10 that reporting; to provide for certain assessments; to establish
11 and continue certain state insurance funds; to modify and clarify
12 the status, rights, powers, duties, and operations of the non-
13 profit malpractice insurance fund; to provide for the departmen-
14 tal supervision and regulation of the insurance and surety busi-
15 ness within this state; to provide for the conservation, rehabil-
16 itation, or liquidation of unsound or insolvent insurers; to pro-
17 vide for the protection of policyholders, claimants, and credi-
18 tors of unsound or insolvent insurers; to provide for associa-
19 tions of insurers to protect policyholders and claimants in the
20 event of insurer insolvencies; to prescribe educational require-
21 ments for insurance agents and solicitors; to provide for the
22 regulation of multiple employer welfare arrangements; to create
23 an automobile theft prevention authority to reduce the number of
24 automobile thefts in this state; to prescribe the powers and
25 duties of the automobile theft prevention authority; to provide
26 certain powers and duties upon certain officials, departments,
27 and authorities of this state; to repeal certain acts and parts

1 of acts; to repeal certain acts and parts of acts on specific
2 dates; TO REPEAL CERTAIN PARTS OF THIS ACT ON SPECIFIC DATES; and
3 to provide penalties for the violation of this act.

4 Sec. 2111. (1) Notwithstanding any provision of this ~~code~~
5 ACT and this chapter to the contrary, classifications and terri-
6 torial base rates used by any insurer in this state with respect
7 to automobile insurance or home insurance shall conform to the
8 applicable requirements of this section.

9 (2) Classifications established pursuant to this section for
10 automobile insurance shall be based only upon 1 or more of the
11 following factors, which shall be applied by an insurer on a uni-
12 form basis throughout the state:

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

14 (i) Either the age of THE driver; the length of driving
15 experience; or the number of years licensed to operate a motor
16 vehicle.

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

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

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

22 (v) Vehicle characteristics, features, and options, such as
23 engine displacement, ability of vehicle and its equipment to pro-
24 tect passengers from injury ~~—~~ and other similar items, includ-
25 ing vehicle make and model.

26 (vi) Daily or weekly commuting mileage.

1 (vii) Number of cars insured by the insurer or number of
2 licensed operators in the household. However, number of licensed
3 operators shall not be used as an indirect measure of marital
4 status.

5 (viii) Amount of insurance.

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

8 (i) Earned income.

9 (ii) Number of dependents of income earners insured under
10 the policy.

11 (iii) Coordination of benefits.

12 (iv) Use of a safety belt.

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

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

19 (ii) Vehicle make and model.

20 (iii) Vehicle design characteristics related to vehicle
21 damageability.

22 (iv) Vehicle characteristics relating to automobile theft
23 prevention devices.

24 (d) With respect to all automobile insurance coverage other
25 than comprehensive, successful completion by the individual
26 driver or drivers insured under the policy of an accident

1 prevention education course ~~which~~ THAT meets the following
2 criteria: ~~—~~

3 (i) The course shall include a minimum of 8 hours of class-
4 room instruction.

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

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

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

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

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

11 (E) Accident prevention measures.

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

13 (G) Major driving hazards.

14 (H) Interaction with other highway users such as motorcy-
15 clists, bicyclists, and pedestrians.

16 (3) ~~Before February 1, 1987, each~~ EACH insurer shall
17 establish and maintain premium discount plans pursuant to the
18 following:

19 (a) Until ~~July 1, 1991~~ JANUARY 1, 1992, an automobile
20 theft prevention premium discount plan. A premium discount plan
21 required under this subdivision shall provide for a premium dis-
22 count for automobile comprehensive coverage based upon the
23 installation of an approved automobile theft prevention device.
24 As used in this subdivision, "approved automobile theft preven-
25 tion device" means a device ~~which~~ THAT is designed to prevent
26 the theft of an insured's automobile and ~~which~~ THAT is approved

1 by the board of directors of the automobile theft prevention
2 authority.

3 (b) Until ~~July 1, 1991~~ January 1, 1992, an automobile
4 safety belt premium discount plan. A premium discount plan
5 required under this subdivision shall provide for a premium dis-
6 count for automobile personal protection insurance of not less
7 than 20%. A premium discount plan established under this subdi-
8 vision may require the insured individual to certify in writing
9 that he or she will wear a safety belt while operating the
10 insured motor vehicle in compliance with section 710e of the
11 Michigan vehicle code, Act No. 300 of the Public Acts of 1949,
12 being section 257.710e of the Michigan Compiled Laws, as a condi-
13 tion to receiving the premium discount. If an insured receives a
14 premium discount after providing such certification and is
15 injured while operating a motor vehicle without wearing a safety
16 belt at the time of the injury, an insurer may subsequently deny
17 to ~~such~~ THE insured the right to participate in any premium
18 discount plan established by the insurer pursuant to this subdi-
19 vision for a period of 12 months. An insurer ~~which~~ THAT
20 reduces its personal protection insurance rates after December 1,
21 1985 by not less than 20% and does not increase ~~such~~ THOSE
22 rates for a period of 12 months shall be considered to be in com-
23 pliance with this subdivision.

24 (4) Each insurer shall establish a secondary or merit rating
25 plan for automobile insurance, other than comprehensive
26 coverage. A secondary or merit rating plan required under this
27 subsection shall provide for premium surcharges for any or all

1 coverages for automobile insurance, other than comprehensive
2 coverage, based upon any or all of the following, when that
3 information becomes available to the insurer:

4 (a) Substantially at-fault accidents.

5 (b) Convictions for, determinations of responsibility for
6 civil infractions for, or findings of responsibility in probate
7 court for civil infractions for, violations under chapter VI of
8 the Michigan vehicle code, Act No. 300 of the Public Acts of
9 1949, as amended, being sections 257.601 to 257.750 of the
10 Michigan Compiled Laws.

11 (5) An insurer shall not establish or maintain rates or
12 rating classifications for automobile insurance based upon sex or
13 marital status.

14 (6) Notwithstanding other provisions of this chapter, auto-
15 mobile insurance risks shall be grouped by territory, and terri-
16 torial base rates for coverages shall be established as provided
17 in section 2111a and as follows:

18 (a) An insurer shall not be limited as to the number of ter-
19 ritories employed in its rating plan.

20 (b) Except during the period of time from February 28, 1986
21 to ~~June 30, 1991~~ JANUARY 1, 1992, an insurer shall not employ
22 more than 20 different territorial base rates for an automobile
23 insurance coverage.

24 (c) A territorial base rate may be made applicable in 1 or
25 more territories contained in the rating plan of the insurer.

26 (d) Except during the period of time from February 28, 1986
27 to ~~June 30, 1991~~ JANUARY 1, 1992, an insurer shall not employ a

1 territorial base rate for an automobile insurance package policy
2 that is less than 45% of the highest territorial base rate for
3 the same policy, all other rating classifications being the
4 same.

5 (e) Except during the period of time from February 28, 1986
6 to ~~June 30, 1991~~ JANUARY 1, 1992, an insurer shall not employ a
7 territorial base rate in a territory for an automobile insurance
8 package policy that is less than 90% of the territorial base rate
9 employed in any adjacent territory for the same policy, all other
10 rating classifications being the same.

11 (7) Except during the period of time from February 28, 1986
12 to ~~June 30, 1991~~ JANUARY 1, 1992, an insurer may elect at any
13 time to exempt itself from the requirements of subsection (6) by
14 filing for an exemption with the commissioner. An insurer elect-
15 ing this exemption shall initially file a rating plan in which no
16 territorial base rate for an automobile insurance package policy
17 is less than 45% of the highest territorial base rate for the
18 same policy, all other rating classifications being the same.
19 Five years from the date of the initial filing the insurer shall
20 be prohibited from using a rating plan in which any territorial
21 base rate for an automobile insurance package policy will be less
22 than 67% of the highest territorial base rate for that same
23 policy, all other rating classifications being the same. An
24 insurer's election of an exemption under this subsection is per-
25 manent, final, and not subject to change.

26 (8) Except during the period of time from February 28, 1986
27 to ~~June 30, 1991~~ JANUARY 1, 1992, if an insurer can demonstrate

1 to the commissioner, after an opportunity for an evidentiary
2 hearing held pursuant to the administrative procedures act of
3 1969, Act No. 306 of the Public Acts of 1969, as amended, being
4 sections 24.201 to 24.328 of the Michigan Compiled Laws, that
5 clear and significant financial impairment exists in the geo-
6 graphic territory or territories in question because of the need
7 for an additional territorial base rate, or for a greater vari-
8 ance in the adjacent geographic territory differential contained
9 in subsection (6)(e), the additional territorial base rate, a
10 greater variance, or both, shall be permitted for use by the
11 insurer or a licensed rating organization on behalf of that
12 insurer, at such time as the need exists. Evidence shall not
13 include financial impairment resulting from exemptions granted to
14 other insurers.

15 (9) Except during the period of time from February 28, 1986
16 to ~~June 30, 1991~~ JANUARY 1, 1992, if the commissioner finds,
17 solely on the evidence presented, that a greater variance in the
18 adjacent geographic territory differential than that authorized
19 under subsection (6)(e) is justified, the increase in variance
20 shall not exceed 100% of that authorized under that subsection.
21 Except during the period of time from February 28, 1986 to
22 ~~June 30, 1991~~ JANUARY 1, 1992, if an increase in variance in
23 the adjacent geographic territory differential greater than 100%
24 of that authorized under subsection (6)(e) is justified, the com-
25 missioner shall require the creation of an additional territorial
26 base rate.

1 (10) Except during the period of time from February 28, 1986
2 to ~~June 30, 1991~~ JANUARY 1, 1992, an exemption granted under
3 subsections (8) and (9) shall be applicable only to the geo-
4 graphic territory or territories in question, and only to the
5 insurer requesting the exemption.

6 (11) Except during the period of time from February 28, 1986
7 to ~~June 30, 1991~~ JANUARY 1, 1992, an insurer shall not have
8 more than 5 exemptions in force at any 1 time. For purposes of
9 determining the number of existing exemptions, each additional
10 territorial base rate or each increase in variance in the adja-
11 cent geographic territory differential granted, shall be consid-
12 ered to be a separate exemption.

13 (12) This section shall not be construed as limiting insur-
14 ers or rating organizations from establishing and maintaining
15 statistical reporting territories. This section shall not be
16 construed to prohibit an insurer from establishing or maintain-
17 ing, for automobile insurance, a premium discount plan for senior
18 citizens in this state who are 65 years of age or older, if the
19 plan is uniformly applied by the insurer throughout this state.
20 If an insurer has not established and maintained such a premium
21 discount plan for senior citizens, the insurer shall offer
22 reduced premium rates to senior citizens in this state who are 65
23 years of age or older and who drive less than 3,000 miles per
24 year, regardless of statistical data.

25 (13) Classifications established pursuant to this section
26 for home insurance other than inland marine insurance provided by

1 policy floaters or endorsements shall be based only upon 1 or
2 more of the following factors:

3 (a) Amount and types of coverage.

4 (b) Security and safety devices, including locks, smoke
5 detectors, and similar, related devices.

6 (c) Repairable structural defects reasonably related to
7 risk.

8 (d) Fire protection class.

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

11 (f) Loss experience of the insured, based upon prior claims
12 attributable to factors under the control of the insured ~~which~~
13 THAT have been paid by an insurer.

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

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

16 (i) Availability of law enforcement or crime prevention
17 services.

18 (14) Notwithstanding other provisions of this chapter, home
19 insurance risks shall be grouped by territory, and territorial
20 base rates for coverages shall be established as follows:

21 (a) An insurer shall not be limited as to the number of ter-
22 ritories employed in its rating plan. However, an insurer shall
23 not employ more than 3 different territorial base rates for a
24 home insurance coverage. A territorial base rate may be made
25 applicable in 1 or more territories contained in the rating plan
26 of the insurer.

1 (b) An insurer shall not employ a territorial base rate for
2 home insurance for owner-occupied dwelling policies that is less
3 than 70% of the highest territorial base rate for the same
4 policy, all other rating classifications being the same.

5 (c) An insurer shall not employ a territorial base rate for
6 home insurance for renter or tenant policies that is less than
7 65% of the highest territorial base rate for the same policy, all
8 other rating classifications being the same.

9 (15) ~~An insurer shall not utilize factors other than those~~
10 ~~prescribed in this section in establishing classifications for~~
11 ~~automobile insurance and home insurance until January 1, 1982.~~
12 ~~However, on and after January 1, 1982, an~~ AN insurer may utilize
13 factors in addition to those specified in this section, if the
14 commissioner finds, after a hearing held pursuant to the adminis-
15 trative procedures act of 1969, Act No. 306 of the Public Acts of
16 1969, as amended, being sections 24.201 to 24.328 of the Michigan
17 Compiled Laws, that the factors would encourage innovation, would
18 encourage insureds to minimize the risks of loss from hazards
19 insured against, and would be consistent with the purposes of
20 this chapter.

21 Sec. 2111a. (1) Except as otherwise provided in this sec-
22 tion, before April 1, 1986, an insurer shall not charge a terri-
23 torial base rate for an automobile insurance package policy in a
24 territory within an urban area ~~which~~ THAT exceeds the territo-
25 rial base rate ~~which~~ THAT would have been charged by the
26 Michigan automobile insurance placement facility in that
27 territory using the weighted average of the base rates charged in

1 each facility territory by the 5 largest insurer groups,
2 determined by voluntary net direct automobile insurance car years
3 written in the state for the calendar year ending December 31,
4 1984 as reported to the statistical agent, and based upon the
5 data used by the facility to determine the facility rates ~~which~~
6 THAT were effective January 1, 1986. However, this subsection
7 does not require an insurer to reduce its territorial base rates
8 within an urban area ~~which~~ THAT are in effect on ~~the effective~~
9 ~~date of this section~~ FEBRUARY 28, 1986.

10 (2) On and after April 1, 1986, except as otherwise provided
11 in subsection (3), an insurer shall not increase in any 12-month
12 period the rates for automobile insurance package policies in
13 territories within an urban area by an amount ~~which~~ THAT is
14 greater than 4% plus the consumer price index. The insurer may
15 redefine rating territories for automobile insurance package pol-
16 icies in an urban area; however, such redefinition, at the time
17 of the redefinition, shall not result in a weighted average rate
18 in the urban area which is greater than the weighted average rate
19 in the urban area without redefinition of the territories. The
20 insurer shall not use more than 6 territories within an urban
21 area. The sum of the percentage increases for an insurer in a
22 12-month period as permitted under this subsection shall be less
23 than or equal to 4% plus the consumer price index and each per-
24 centage increase shall be computed in accordance with the
25 following:

1 The difference between the total written premium at the
2 proposed rates minus the total written premium at
3 current rates, divided by total written premium at cur-
4 rent rates, and multiplied by 100.

5 (3) On and after February 1, 1988, an insurer may elect to
6 be subject to the limitations provided in this subsection instead
7 of the limitations provided in subsection (2). An insurer elect-
8 ing to be subject to this subsection shall not increase the rates
9 for automobile insurance package policies in territories within
10 an urban area by a percentage ~~which~~ THAT is greater than the
11 insurer's nonurban average percentage increase, which nonurban
12 average percentage increase shall be reduced by the sum of the
13 percentage increases made by the insurer under subsection (2)
14 during the 12 months immediately preceding the date of the filing
15 of the proposed increase pursuant to this subsection. The
16 insurer may redefine rating territories for automobile insurance
17 package policies in an urban area; however, such redefinition, at
18 the time of the redefinition, shall not result in a weighted
19 average rate in the urban area ~~which~~ THAT is greater than the
20 weighted average rate in the urban area without redefinition of
21 the territories. The insurer shall not use more than 6 territo-
22 ries within an urban area. An insurer ~~which~~ THAT elects to be
23 subject to the limitation under this subsection shall remain
24 subject to this subsection.

25 (4) Any rate filing for automobile insurance package poli-
26 cies made after December 15, 1985 shall not be modified, changed, .
27 or altered for a period of 6 months after the effective date of

1 such filing. This subsection shall not prohibit an insurer from
2 making rate filings at any time that only provide changes to
3 rates based upon assessments levied against insurers pursuant to
4 section 3104 or 3330. Such rate filings shall not be considered
5 rate filings for purposes of this subsection.

6 (5) As used in this section:

7 (a) "Consumer price index" means the annual average percent-
8 tage increase in the Detroit consumer price index for all items
9 for the prior 12-month period as reported by the United States
10 department of labor and as certified by the commissioner.

11 (b) "Nonurban average percentage increase" means the percent-
12 tage increase of an insurer's weighted average rate outside of an
13 urban area, if any, which is obtained by dividing the weighted
14 average of the proposed rates of the insurer outside an urban
15 area by the highest weighted average rate of the insurer outside
16 an urban area on file with the commissioner during the 6 months
17 immediately preceding the date of the filing of the proposed
18 increase, subtracting 1 from this quotient, and multiplying the
19 difference by 100. The weights used in obtaining the weighted
20 averages in this subdivision shall be the written car years of
21 the insurer in each rating territory. If a negative percentage
22 is calculated under this subdivision, there shall be no nonurban
23 average percentage increase under this subdivision.

24 (c) "Urban area" means the area within the boundaries of a
25 city in this state which has a population of 1,000,000 or more as
26 determined by the latest of each succeeding federal decennial
27 census and includes any city located wholly within the boundaries

1 of a city in this state which has a population of 1,000,000 or
2 more as determined by the latest of each succeeding federal
3 decennial census.

4 (6) This section is repealed effective ~~July 1, 1991~~
5 JANUARY 1, 1992.

6 Sec. 2111b. An insurer shall not utilize a territorial base
7 rate for automobile insurance package policies for a territory
8 outside of the boundaries of an urban area ~~which~~ THAT is
9 greater than the insurer's highest territorial base rate within
10 an urban area. This section is repealed effective ~~July 1, 1991~~
11 JANUARY 1, 1992.

12 Sec. 2111c. (1) Between January 1, 1987 and October 1,
13 1987, the commissioner shall prepare a report ~~which~~ THAT
14 details the theft of automobiles occurring in this state since
15 February 1, 1986 and assesses the impact of the thefts on rates
16 charged for automobile insurance. The director of the department
17 of state police, insurers, the state court administrative office,
18 and the automobile theft prevention authority shall cooperate in
19 the development of the report as requested by the commissioner
20 and shall make available records and statistics concerning auto-
21 mobile thefts, including the number of automobile thefts, number
22 of prosecutions and convictions involving automobile thefts, and
23 automobile theft recidivism. The commissioner shall evaluate the
24 impact automobile theft has on the citizens of this state and the
25 costs incurred by the citizens through insurance, police enforce-
26 ment, prosecution, and incarceration due to automobile thefts.
27 By July 1 of every odd year after 1987, the commissioner shall

1 prepare a similar report reviewing the automobile theft data for
2 the previous 2 years. The report required by this subsection
3 shall be submitted to the legislature and the automobile theft
4 prevention authority.

5 (2) Between January 1, 1989 and October 1, 1989, the commis-
6 sioner shall prepare a report to the legislature which does both
7 of the following:

8 (a) Reviews and evaluates the effect of the 1986 amendatory
9 act which added this section on the rating structure for automo-
10 bile insurance in this state.

11 (b) Recommends existing or alternative mechanisms or regula-
12 tory schemes to assure that automobile insurance is available at
13 fair and equitable rates.

14 (3) This section is repealed effective ~~July 1, 1991~~
15 JANUARY 1, 1992.

16 Sec. 2134. (1) Each insurer transacting automobile insur-
17 ance in this state shall DO BOTH OF THE FOLLOWING:

18 (a) Be a paying member of the national automobile theft
19 bureau.

20 (b) Secure from each insured the vehicle identification
21 number for each vehicle insured by the insurer.

22 (2) This section is repealed effective ~~July 1, 1991~~
23 JANUARY 1, 1992.

24 Sec. 2136. Each insurer, when writing automobile comprehen-
25 sive insurance coverage for a person who was not previously a
26 policyholder with the insurer or when insuring an automobile
27 ~~which~~ THAT was not previously insured by the insurer for a

1 person who was previously a policyholder with the insurer but who
2 has filed a claim with the insurer within the preceding 3 years
3 to recover for the theft of an automobile, shall verify the exis-
4 tence of the automobile being insured. To comply with this sec-
5 tion, an insurer shall either make a personal inspection of the
6 automobile or obtain not less than 2 photographs of the automo-
7 bile ~~which~~ THAT depict the automobile diagonally from the front
8 and rear. This section shall not apply when an agent subject to
9 section 1209(2) transfers a person's automobile comprehensive
10 insurance coverage from an insurer ~~which~~ THAT has authorized
11 the agent to another insurer ~~which~~ THAT has authorized the
12 agent. This section is repealed effective ~~July 1, 1991~~
13 JANUARY 1, 1992.

14 Sec. 2138. An insurer shall not make a claim payment on an
15 automobile insurance policy for a loss arising from the theft of
16 an automobile covered under the policy unless the insured has
17 filed a report of the theft to the state police or the law
18 enforcement agency within whose jurisdiction the theft occurred.
19 This section is repealed effective ~~July 1, 1991~~ JANUARY 1,
20 1992.

21 Sec. 3015. (1) Each automobile insurance policy delivered
22 or issued for delivery in this state ~~which~~ THAT provides cover-
23 age for the theft of an automobile may include either or both of
24 the following provisions:

25 (a) A provision ~~which~~ THAT imposes a \$500.00 deductible to
26 the theft loss of the automobile if the automobile was unattended
27 when stolen and was stolen while the keys to the automobile were

1 located in the passenger compartment of the automobile. ~~Such~~
2 THE deductible shall not apply ~~when~~ IF the automobile is the
3 subject of a bailment contract.

4 (b) A provision ~~which~~ THAT reduces the recovery under the
5 policy by 10% for the theft loss of the automobile if the automo-
6 bile was unattended when stolen and was stolen while the keys to
7 the automobile were located in the passenger compartment of the
8 automobile. The reduction under this subdivision shall not apply
9 ~~when~~ IF the automobile is the subject of a bailment contract.

10 (2) If an insurer includes either or both of the provisions
11 provided in subsection (1) in an automobile insurance policy
12 ~~which~~ THAT provides coverage for the theft of an automobile,
13 the insurer shall include the provision or provisions in each
14 automobile insurance policy providing coverage for the theft of
15 an automobile that is thereafter delivered or issued for delivery
16 by the insurer.

17 (3) This section is repealed effective ~~July 1, 1991~~
18 JANUARY 1, 1992.

19 Sec. 3315. The facility shall establish as part of its plan
20 of operation a program to reduce the participation ratio of an
21 insurer under section 3303(e)(i) based upon the number of private
22 passenger nonfleet automobiles voluntarily written in an urban
23 area. The program shall also include reductions to the partici-
24 pation ratio for any increases in the number of private passenger
25 nonfleet automobiles voluntarily written in an urban area.
26 However, an insurer's participation ratio shall not be increased
27 by more than 10% annually as a result of this section. As used

1 in this section "urban area" means the area within the boundaries
2 of a city in this state ~~which~~ THAT has a population of
3 1,000,000 or more as determined by the latest of each succeeding
4 federal decennial census and includes any city located wholly
5 within the boundaries of a city in this state ~~which~~ THAT has a
6 population of 1,000,000 or more as determined by the latest of
7 each succeeding federal decennial census. This section is
8 repealed effective ~~July 1, 1991~~ JANUARY 1, 1992.

9 Sec. 6115. On ~~July 1, 1991~~ JANUARY 1, 1992, the authority
10 shall be dissolved and the assets of the authority shall be
11 liquidated. The proceeds of the liquidation shall be returned to
12 insurers writing automobile insurance in this state in proportion
13 to each insurer's assessment payment pursuant to section 6107 in
14 the immediately preceding calendar year.

15 Sec. 6125. This chapter is repealed effective ~~July 1,~~
16 ~~1991~~ JANUARY 1, 1992.