



SENATE BILL No. 787

August 3, 1993, Introduced by Senators POLLACK, HART, FAUST, VAUGHN, ARTHURHULTZ, GAST, O'BRIEN and KELLY and referred to the Committee on Commerce.

A bill to amend section 2103 of Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
as amended by Act No. 305 of the Public Acts of 1990, being section 500.2103 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2103 of Act No. 218 of the Public Acts
2 of 1956, as amended by Act No. 305 of the Public Acts of 1990,
3 being section 500.2103 of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 2103. (1) "Eligible person", for automobile insurance,
6 means a person who is an owner or registrant of an automobile
7 registered or to be registered in this state or who holds a valid
8 Michigan license to operate a motor vehicle, but does not include
9 any of the following:

1 (a) A person who is not required to maintain security
2 pursuant to section 3101, unless the person intends to reside in
3 this state for 30 days or more and makes a written statement of
4 that intention on a form approved by the commissioner.

5 (b) A person whose license to operate a vehicle is under
6 suspension or revocation.

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

15 (d) A person who, during the immediately preceding 3-year
16 period, has been convicted under, or who has been subject to an
17 order of disposition of the probate court for a violation of, any
18 of the following:

19 (i) Section 324 ~~or 325~~ of the Michigan penal code, Act
20 No. 328 of the Public Acts of 1931, as amended, being ~~sections~~
21 SECTION 750.324 ~~and 750.325~~ of the Michigan Compiled Laws; sec-
22 tion 1 of Act No. 214 of the Public Acts of 1931, being section
23 752.191 of the Michigan Compiled Laws; or under any other law of
24 this state the violation of which constitutes a felony resulting
25 from the operation of a motor vehicle.

1 (ii) Section 625 of the Michigan vehicle code, Act No. 300
2 of the Public Acts of 1949, as amended, being section 257.625 of
3 the Michigan Compiled Laws.

4 (iii) Section 617, 617a, 618, or 619 of Act No. 300 of the
5 Public Acts of 1949, as amended, being sections 257.617,
6 257.617a, 257.618, and 257.619 of the Michigan Compiled Laws.

7 (iv) Section 626 of Act No. 300 of the Public Acts of 1949,
8 as amended, being section 257.626 of the Michigan Compiled Laws;
9 or for a similar violation under the laws of any other state or a
10 municipality within or without this state.

11 ~~(v) Section 625b of Act No. 300 of the Public Acts of 1949,~~
12 ~~as amended, being section 257.625b of the Michigan Compiled~~
13 ~~Laws.~~

14 (e) A person whose vehicle insured or to be insured under
15 the policy fails to meet the motor vehicle safety requirements of
16 sections 683 to 711 of Act No. 300 of the Public Acts of 1949, as
17 amended, being sections 257.683 to 257.711 of the Michigan
18 Compiled Laws.

19 (f) A person whose policy of automobile insurance has been
20 canceled because of nonpayment of premium or financed premium
21 within the immediately preceding 2-year period, unless the pre-
22 mium due on a policy for which application has been made is paid
23 in full before issuance or renewal of the policy.

24 (g) A person who fails to obtain or maintain membership in a
25 club, group, or organization, if membership is a uniform require-
26 ment of the insurer as a condition of providing insurance, and if
27 the dues, charges, or other conditions for membership are applied

1 uniformly throughout this state, are not expressed as a
 2 percentage of premium, and do not vary with respect to the rating
 3 classification of the member except for the purpose of offering a
 4 membership fee to family units. Membership fees may vary in
 5 accordance with the amount or type of coverage if the purchase of
 6 additional coverage, either as to type or amount, is not a condi-
 7 tion for reduction of dues or fees.

8 (h) A person whose driving record for the ~~3-year~~ 2-YEAR
 9 period immediately preceding application for or renewal of a
 10 policy, has, pursuant to section 2119a, an accumulation of more
 11 than 6 INSURANCE ELIGIBILITY POINTS. ~~the following:~~

12 ~~(i) Five insurance eligibility points, if the application or~~
 13 ~~renewal occurs on or before December 31, 1982.~~

14 ~~(ii) Six insurance eligibility points, if the application or~~
 15 ~~renewal occurs on or after January 1, 1983.~~

16 (2) "Eligible person", for home insurance, means a person
 17 who is the owner-occupant or tenant of a dwelling of any of the
 18 following types: a house, a condominium unit, a cooperative
 19 unit, a room, or an apartment; or a person who is the
 20 owner-occupant of a multiple unit dwelling of not more than 4
 21 residential units. Eligible person does not include any of the
 22 following:

23 (a) A person who has been convicted, in the immediately pre-
 24 ceding 5-year period, of 1 or more of the following:

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

26 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
 27 or 380 of Act No. 328 of the Public Acts of 1931, as amended,

1 being sections 750.72 to 750.77, 750.112, 750.211a, 750.377a,
2 750.377b, and 750.380 of the Michigan Compiled Laws.

3 (iii) A crime under section 92, 151, 157b, or 218 of Act
4 No. 328 of the Public Acts of 1931, as amended, being sections
5 750.92, 750.151, 750.157b, and 750.218 of the Michigan Compiled
6 Laws, based upon a crime described in subparagraph (ii) committed
7 by or on behalf of the person.

8 (b) A person who has been successfully denied, within the
9 immediately preceding 5-year period, payment by an insurer of a
10 claim under a home insurance policy in excess of \$2,000.00, based
11 on evidence of arson, conspiracy to commit arson, misrepresenta-
12 tion, fraud, or conspiracy to commit fraud, committed by or on
13 behalf of the person, if the amount of the denied claim was
14 greater than any of the following:

15 (i) For a claim under a repair cost policy, 15% of the
16 amount of insurance in force.

17 (ii) For a claim under a replacement cost policy, 10% of the
18 amount of insurance in force.

19 (c) A person who insures or seeks to insure a dwelling
20 ~~which~~ THAT is being used for an illegal or demonstrably hazard-
21 ous purpose.

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

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

1 (f) A person who refuses to purchase an amount of insurance
2 equal to at least 100% of the actual cash value of the property
3 insured or to be insured under a tenant or renter's home insur-
4 ance policy.

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

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

11 (i) For a repair cost policy, at least \$7,500.00.

12 (ii) For a replacement policy, at least \$15,000.00 or
13 another amount ~~which~~ THAT the commissioner may establish bien-
14 nially on and after January 1, 1983, pursuant to rules promul-
15 gated by the commissioner under the administrative procedures act
16 of 1969, Act No. 306 of the Public Acts of 1969, as amended,
17 being sections 24.201 to 24.328 of the Michigan Compiled Laws,
18 based upon changes in applicable construction cost indices.

19 (I) ~~(j)~~ A person who insures or seeks to insure a dwelling
20 ~~which~~ THAT does not meet minimum standards of insurability as
21 established by rules promulgated by the commissioner pursuant to
22 Act No. 306 of the Public Acts of 1969, as amended.

23 (J) ~~(k)~~ A person whose real property taxes with respect to
24 the dwelling insured or to be insured have been and are delin-
25 quent for 2 or more years at the time of renewal of, or applica-
26 tion for, home insurance.

1 (K) ~~-(1)-~~ A person who has failed to procure or maintain
2 membership in a club, group, or organization, if membership is a
3 uniform requirement of the insurer ~~—~~ and if the dues, charges,
4 or other conditions for membership are applied uniformly through-
5 out this state, are not expressed as a percentage of premium, and
6 do not vary with respect to the rating classification of the
7 member except for the purpose of offering a membership fee to
8 family units. Membership fees may vary in accordance with the
9 amount or type of coverage if the purchase of additional cover-
10 age, either as to type or amount, is not a condition for reduc-
11 tion of dues or fees.

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

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

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

21 (c) Other insurance coverages for an insured's residence as
22 prescribed by rule promulgated by the commissioner pursuant to
23 Act No. 306 of the Public Acts of 1969, as amended. A rule pro-
24 posed for promulgation by the commissioner pursuant to this sec-
25 tion shall be transmitted in advance to each member of the stand-
26 ing committee in the house and in the senate ~~—which—~~ THAT has
27 jurisdiction over insurance.

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

3 (a) ~~Points~~ EXCEPT AS PROVIDED IN SUBDIVISION (C), POINTS
4 calculated, according to the following schedule, for convictions,
5 determinations of responsibility for civil infractions, or find-
6 ings of responsibility in probate court:

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

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

12 (iii) For a violation of ~~any~~ A lawful speed limit by 10
13 miles per hour or less, 2 points.

14 (iv) For a violation of ~~any~~ A speed limit by 15 miles per
15 hour or less on a roadway ~~which~~ THAT had a lawfully posted max-
16 imum speed of 70 miles per hour as of January 1, 1974, 2 points.

17 (v) For all other moving violations pertaining to the opera-
18 tion of motor vehicles, 2 points.

19 (b) ~~Points~~ EXCEPT AS PROVIDED IN SUBDIVISION (C), POINTS
20 calculated, according to the following schedule, for determina-
21 tions that the person was substantially at-fault, as defined in
22 section 2104(4):

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

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

1 (C) NOTWITHSTANDING SUBDIVISIONS (A) AND (B), NO POINTS
2 SHALL BE ASSESSED IF NO POINTS WERE ASSESSED AGAINST THE INSURED
3 BY THE SECRETARY OF STATE UNDER THE MICHIGAN VEHICLE CODE, ACT
4 NO. 300 OF THE PUBLIC ACTS OF 1949, BEING SECTIONS 257.1 TO
5 257.923 OF THE MICHIGAN COMPILED LAWS.

6 (5) "Insurer" means an insurer authorized to transact in
7 this state the kind or combination of kinds of insurance consti-
8 tuting automobile insurance or home insurance, as defined in this
9 chapter.