



**House
Legislative
Analysis
Section**

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AUTO INSURANCE TERRITORIES

House Bill 5177

Sponsor: Rep. Gerald Law

Committee: Insurance

Complete to 11-17-95

A SUMMARY OF HOUSE BILL 5177 AS INTRODUCED 9-28-95

Chapter 21 of the Insurance Code limits the use of territory-based rates by automobile insurance companies. It says a company can have no more than 20 different territorial rates; that the lowest rate based on territory cannot be less than 45 percent of the highest such rate; and that a territorial rate cannot be less than 90 percent of the rate in an adjacent territory. These restrictions were added by Public Act 145 of 1979 (known as the Essential Insurance Act) and took effect in 1981. Subsequent legislation suspended the restrictions from February 28, 1986 to April 1, 1992. House Bill 5177 would eliminate the restrictions.

House Bill 5177 (11-17-95)

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.