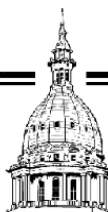




**Senate Fiscal Agency**  
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BILL



ANALYSIS

**Telephone: (517) 373-5383**  
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House Bill 5177

Sponsor: Representative Gerald H. Law

House Committee: Insurance

Senate Committee: Financial Services

Date Completed: 12-12-95

**SUMMARY OF HOUSE BILL 5177 as passed by the House:**

**The bill would amend the Insurance Code to permit, rather than require, that automobile insurance risks be grouped by territory; and to prohibit insurers from imposing a surcharge for tickets or accidents after the points awarded had expired, except for drunk driving offenses or six-point violations.**

Currently, the Code requires automobile insurance risks to be grouped by territory, specifies the way in which territorial base rates must be established, and permits an insurer to file for an exemption from these requirements with the Insurance Commissioner. The bill would delete these provisions, and permit automobile insurance risks to be grouped by territory.

The Code requires each insurer to establish a secondary or merit rating plan for automobile insurance, other than comprehensive insurance, and requires the plan to provide for surcharges for substantially at-fault accidents and convictions for violations of Chapter 6 of the Michigan Vehicle Code (concerning traffic laws). The bill provides that, beginning April 1, 1996, an insurer could not surcharge an insured for any tickets or accidents after the points awarded for those tickets or accidents under the Vehicle Code had expired, except for drunk driving violations (operating a vehicle while under the influence, operating a vehicle with an unlawful bodily alcohol content, or operating while impaired) or any violation for which six points were assessed.

MCL 500.2111

Legislative Analyst: S. Margules

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.