



HOUSE BILL No. 5237

October 11, 1995, Introduced by Reps. Bennane, Baird, Anthony, DeMars, Stallworth, Hanley, Cherry and Pitoniak and referred to the Committee on Insurance.

A bill to amend section 2027 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

being section 500.2027 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2027 of Act No. 218 of the Public Acts
2 of 1956, being section 500.2027 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 2027. Unfair methods of competition and unfair or
5 deceptive acts or practices in the business of insurance include
6 ALL OF THE FOLLOWING:

7 (a) Refusing to insure, ~~or~~ refusing to continue to insure,
8 or limiting the amount of coverage available to an individual or
9 risk because of any of the following:

1 (i) Race, color, creed, marital status, sex, or national
2 origin, except that marital status may be used to classify
3 individuals or risks for the purpose of insuring family units.

4 (ii) The residence, age, handicap, or lawful occupation of
5 the individual or the location of the risk, unless there is a
6 reasonable relationship between the residence, age, handicap, or
7 lawful occupation of the individual or the location of the risk
8 and the extent of the risk or the coverage issued or to be
9 issued, ~~but~~ subject to subparagraph ~~(iii)~~ (iv). This
10 ~~section shall~~ SUBPARAGRAPH DOES not prohibit an insurer from
11 specializing in or limiting its transactions of insurance to cer-
12 tain occupational groups, types, or risks as approved by the
13 commissioner. ~~of insurance.~~ The commissioner shall approve the
14 specialization for an insurer licensed to do business in this
15 state and whose articles of incorporation contained a provision
16 on July 1, 1976, requiring that specialization.

17 (iii) UNTIL JANUARY 1, 2003, BECAUSE THE INSURED OR APPLI-
18 CANT FOR INSURANCE DECLINED TO SUBMIT TO GENETIC TESTING OR
19 BECAUSE OF THE RESULTS OF GENETIC TESTING. AS USED IN THIS SUB-
20 PARAGRAPH, "GENETIC TESTING" MEANS A LABORATORY TEST USED TO
21 DETERMINE THE PRESENCE OR ABSENCE OF ABNORMAL OR DEFECTIVE GENES
22 OR CHROMOSOMES.

23 (iv) ~~(iii)~~ For property insurance, the location of the
24 risk, unless there is a statistically significant relationship
25 between the location of the risk and a risk of loss due to fire
26 within the area in which the insured property is located. As
27 used in this subparagraph, "area" means a single zip code number

1 under the zoning improvement plan of the United States postal
2 service.

3 (b) Refusing to insure or refusing to continue to insure an
4 individual or risk solely because the insured or applicant was
5 previously denied insurance coverage by an insurer.

6 (c) Charging a different rate for the same coverage based on
7 sex, marital status, age, residence, location of risk, handicap,
8 or lawful occupation of the risk unless the rate differential is
9 based on sound actuarial principles ~~—~~ AND a reasonable classi-
10 fication system, and is related to the actual and credible loss
11 statistics or reasonably anticipated experience in the case of
12 new coverages. This subdivision ~~shall~~ DOES not apply if the
13 rate has previously been approved by the commissioner.