



SENATE BILL No. 974

April 23, 1996, Introduced by Senators ROGERS, BENNETT, STEIL and MILLER and referred to the Committee on Financial Services.

A bill to amend sections 2236, 2242, 2412, 2416, 2418, 2426, 2430, 2612, 2616, 2618, 2626, 2628, 3224, 3606, and 4430 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

sections 2236 and 2418 as amended by Act No. 200 of the Public Acts of 1993, sections 2242 and 3606 as amended by Act No. 305 of the Public Acts of 1990, and section 4430 as amended by Act No. 349 of the Public Acts of 1993, being sections 500.2236, 500.2242, 500.2412, 500.2416, 500.2418, 500.2426, 500.2430, 500.2612, 500.2616, 500.2618, 500.2626, 500.2628, 500.3224, 500.3606, and 500.4430 of the Michigan Compiled Laws; and to add sections 252, 2405a, 2420a, 2605, and 2621.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2236, 2242, 2412, 2416, 2418, 2426,
2 2430, 2612, 2616, 2618, 2626, 2628, 3224, 3606, and 4430 of Act

1 No. 218 of the Public Acts of 1956, sections 2236 and 2418 as
2 amended by Act No. 200 of the Public Acts of 1993, sections 2242
3 and 3606 as amended by Act No. 305 of the Public Acts of 1990,
4 and section 4430 as amended by Act No. 349 of the Public Acts of
5 1993, being sections 500.2236, 500.2242, 500.2412, 500.2416,
6 500.2418, 500.2426, 500.2430, 500.2612, 500.2616, 500.2618,
7 500.2626, 500.2628, 500.3224, 500.3606, and 500.4430 of the
8 Michigan Compiled Laws, are amended and sections 252, 2405a,
9 2420a, 2605, and 2621 are added to read as follows:

10 SEC. 252. IF A NATIONWIDE SYSTEM OF ELECTRONIC REPORTING OR
11 FILING OF FORMS OR RATING PACKAGES IS ADOPTED BY THE NATIONAL
12 ASSOCIATION OF INSURANCE COMMISSIONERS, THE COMMISSIONER MAY
13 ORDER THAT INSURERS USING THE SYSTEM TO MAKE FILINGS IN ANY OTHER
14 STATE ALSO USE THE SYSTEM TO REPORT OR FILE FORMS OR RATING PACK-
15 AGES WITH THE COMMISSIONER.

16 Sec. 2236. (1) A basic insurance policy form or annuity
17 contract form shall not be issued or delivered to any person in
18 this state, and an insurance or annuity application form if a
19 written application is required and is to be made a part of the
20 policy or contract, a printed rider or indorsement form or form
21 of renewal certificate, and a group certificate in connection
22 with the policy or contract, shall not be issued or delivered to
23 a person in this state, ~~until a copy of the form is filed with~~
24 ~~the insurance bureau and approved by the commissioner as conform-~~
25 ~~ing with the requirements of~~ UNLESS IT CONFORMS WITH this act
26 and IS not inconsistent with ~~the~~ law. ~~Failure of the~~
27 ~~commissioner to act within 30 days after submittal shall~~

1 ~~constitute approval. All such forms, except policies of~~
2 ~~disability insurance as defined in section 3400, shall be plainly~~
3 ~~printed with type size not less than 8 point unless the commis-~~
4 ~~sioner determines that portions of such a form printed with type~~
5 ~~less than 8 point is not deceptive or misleading.~~

6 (2) An insurer ~~may satisfy its obligations to make form~~
7 ~~filings by becoming~~ THAT IS a member of, or a subscriber to, a
8 rating organization, licensed under section 2436 or 2630, which
9 makes ~~such~~ FORM filings ~~and by filing~~ SHALL FILE with the
10 commissioner a copy of its authorization of the rating organiza-
11 tion to make the filings on its behalf. NO MEMBER OF OR SUB-
12 SCRIBER TO A RATING ORGANIZATION SHALL ISSUE A FORM DEVELOPED BY
13 A RATING ORGANIZATION UNTIL A COPY OF THE FORM IS FILED WITH THE
14 INSURANCE BUREAU AND APPROVED BY THE COMMISSIONER AS CONFORMING
15 WITH THIS ACT AND NOT INCONSISTENT WITH LAW. FAILURE OF THE COM-
16 MISSIONER TO ACT WITHIN 30 DAYS AFTER SUBMITTAL OF THE FORM CON-
17 STITUTES APPROVAL. Every member of or subscriber to a rating
18 organization shall adhere to the form filings made on its behalf
19 by the organization except that an insurer may file with the com-
20 missioner a substitute form, and thereafter if a subsequent form
21 filing by the rating organization affects the use of the substi-
22 tute form, the insurer shall review its use and notify the com-
23 missioner WHETHER to withdraw its substitute form. AN INSURER
24 SHALL FILE THAT PORTION OF A DOCUMENT OR FORM THAT AFFECTS OR
25 ESTABLISHES A RELATIONSHIP BETWEEN GROUP DISABILITY INSURANCE AND
26 PERSONAL PROTECTION INSURANCE BENEFITS SUBJECT TO EXCLUSIONS OR
27 DEDUCTIBLES PURSUANT TO SECTION 3109A.

1 (3) UPON WRITTEN NOTICE TO THE INSURER OR RATING
2 ORGANIZATION, THE COMMISSIONER MAY DISAPPROVE ANY FORM USED IN
3 THIS STATE IF HE OR SHE FINDS 1 OR MORE OF THE FOLLOWING:

4 (A) THAT IT IS UNFAIRLY DISCRIMINATORY, MISLEADING, DECEP-
5 TIVE, OBSCURE, OR ENCOURAGES MISREPRESENTATION, INCLUDING CASES
6 WHERE THE FORM:

7 (i) IS MISLEADING BECAUSE ITS BENEFITS ARE TOO RESTRICTED TO
8 ACHIEVE THE PURPOSES FOR WHICH THE POLICY IS SOLD.

9 (ii) CONTAINS PROVISIONS WHOSE NATURAL CONSEQUENCE IS TO
10 LESSEN COMPETITION.

11 (iii) IS UNNECESSARILY VERBOSE OR COMPLEX IN LANGUAGE.

12 (iv) IS MISLEADING, DECEPTIVE, OR OBSCURE BECAUSE OF SUCH
13 PHYSICAL ASPECTS AS FORMAT, TYPOGRAPHY, STYLE, COLOR, MATERIAL,
14 OR ORGANIZATION.

15 (B) THAT IT PROVIDES BENEFITS OR CONTAINS OTHER PROVISIONS
16 THAT ENDANGER THE INSURER'S SOLIDITY.

17 (C) THAT, FOR A POLICY ONLY, IT FAILS TO PROVIDE THE EXACT
18 NAME AND THE FULL ADDRESS OF THE INSURER. THIS SUBDIVISION DOES
19 NOT APPLY TO A RIDER OR ENDORSEMENT.

20 (D) THAT IT DOES NOT CONFORM WITH THIS ACT OR A RULE PROMUL-
21 GATED BY THE COMMISSIONER, OR IS OTHERWISE INCONSISTENT WITH
22 LAW.

23 (4) WHEN WRITTEN NOTICE IS PROVIDED TO AN INSURER PURSUANT
24 TO SUBSECTION (3), THE NOTICE SHALL SPECIFY THE OBJECTIONABLE
25 PROVISIONS OR CONDITIONS AND STATE THE REASONS FOR THE
26 COMMISSIONER'S DECISION. IF THE FORM IS LEGALLY IN USE BY THE
27 INSURER IN THIS STATE, THE NOTICE SHALL GIVE THE EFFECTIVE DATE

1 OF THE COMMISSIONER'S DISAPPROVAL, WHICH SHALL NOT BE LESS THAN
2 30 DAYS AFTER THE MAILING OR DELIVERY OF THE NOTICE TO THE
3 INSURER. IF THE FORM IS NOT LEGALLY IN USE, THEN DISAPPROVAL
4 SHALL BE EFFECTIVE IMMEDIATELY.

5 (5) IF THE COMMISSIONER DETERMINES THAT CERTAIN FORMS MAY
6 HAVE A TENDENCY NOT TO CONFORM WITH THE REQUIREMENTS OF THIS ACT,
7 THE COMMISSIONER MAY ORDER THAT INSURERS FILE FOR PRIOR APPROVAL
8 FORMS FOR A SPECIFIED CLASSIFICATION, TYPE, OR KIND OF
9 INSURANCE. THE ORDER SHALL STATE, IN WRITING, THE REASONS FOR
10 THE COMMISSIONER'S DECISION TO ORDER THE FILING. IF SUCH AN
11 ORDER IS IN EFFECT, THE FORMS SHALL BE FILED AT LEAST 30 DAYS
12 BEFORE THE PROPOSED EFFECTIVE DATE. FAILURE OF THE COMMISSIONER
13 TO ACT WITHIN 30 DAYS AFTER SUBMITTAL CONSTITUTES APPROVAL.

14 (6) IN THE REASONABLE EXERCISE OF DISCRETION, THE COMMIS-
15 SIONER MAY REQUEST THAT INSURERS PROVIDE HIM OR HER WITH COPIES
16 OF SPECIFIC FORMS THAT ARE IN USE FOR NEW OR OLD BUSINESS. THESE
17 SUBMISSIONS SHALL NOT BE CONSIDERED FORMS FILED FOR THE
18 COMMISSIONER'S APPROVAL.

19 (7) ~~(3) Beginning January 1, 1992, the commissioner shall~~
20 ~~not approve a form filed pursuant~~ INSURERS SHALL NOT ISSUE A
21 FORM SUBJECT to this section providing for or relating to an
22 insurance policy or an annuity contract for personal, family, or
23 household purposes if the form fails to obtain the readability
24 score or meet the other requirements of this subsection, as
25 applicable:

1 (a) The readability score for a form for which approval is
2 required by this section shall not be less than 45, as determined
3 by the method provided in subdivisions (b) and (c).

4 (b) The readability score for a form shall be determined as
5 follows:

6 (i) For a form containing not more than 10,000 words, the
7 entire form shall be analyzed. For a form containing more than
8 10,000 words, not less than two 200-word samples per page shall
9 be analyzed instead of the entire form. The samples shall be
10 separated by at least 20 printed lines.

11 (ii) Count the number of words and sentences in the form or
12 samples and divide the total number of words by the total number
13 of sentences. Multiply this quotient by a factor of 1.015.

14 (iii) Count the total number of syllables in the form or
15 samples and divide the total number of syllables by the total
16 number of words. Multiply this quotient by a factor of 84.6. As
17 used in this subparagraph, "syllable" means a unit of spoken lan-
18 guage consisting of 1 or more letters of a word as indicated by
19 an accepted dictionary. If the dictionary shows 2 or more
20 equally acceptable pronunciations of a word, the pronunciation
21 containing fewer syllables may be used.

22 (iv) Add the figures obtained in subparagraphs (ii) and
23 (iii) and subtract this sum from 206.835. The figure obtained
24 equals the readability score for the form.

25 (c) For the purposes of subdivision (b)(ii) and (iii), the
26 following procedures shall be used:

1 (i) A contraction, hyphenated word, or numbers and letters
2 when separated by spaces shall be counted as 1 word.

3 (ii) A unit of words ending with a period, semicolon, or
4 colon, but excluding headings and captions, shall be counted as 1
5 sentence.

6 (d) In determining the readability score, the method pro-
7 vided in subdivisions (b) and (c):

8 (i) Shall be applied to an insurance policy form or an annu-
9 ity contract, together with a rider or indorsement form usually
10 associated with such an insurance policy form or annuity
11 contract.

12 (ii) Shall not be applied to words or phrases that are
13 defined in an insurance policy form, an annuity contract, or
14 riders, indorsements, or group certificates pursuant to an insur-
15 ance policy form or annuity contract.

16 (iii) Shall not be applied to language specifically agreed
17 upon through collective bargaining or required by a collective
18 bargaining agreement.

19 (iv) Shall not be applied to language that is prescribed by
20 state or federal statute or by rules or regulations promulgated
21 pursuant to a state or federal statute.

22 (e) Each form for which approval is required by this section
23 shall contain both of the following:

24 (i) Topical captions.

25 (ii) An identification of exclusions.

26 (f) Each insurance policy and annuity contract that has more
27 than 3,000 words printed on not more than 3 pages of text or that

1 has more than 3 pages of text regardless of the number of words
2 shall contain a table of contents. This subdivision does not
3 apply to indorsements.

4 (g) Each rider or indorsement form that changes coverage
5 shall do all of the following:

6 (i) Contain a properly descriptive title.

7 (ii) Reproduce either the entire paragraph or the provision
8 as changed.

9 (iii) Be accompanied by an explanation of the change.

10 (h) If a computer system approved by the commissioner calcu-
11 lates the readability score of a form as being in compliance with
12 this subsection, the form is considered in compliance with the
13 readability score requirements of this subsection.

14 ~~(4) After January 1, 1992, any change or addition to a~~
15 ~~policy or annuity contract form for personal, family, or house-~~
16 ~~hold purposes, whether by indorsement, rider, or otherwise, or a~~
17 ~~change or addition to a rider or indorsement form to such policy~~
18 ~~or annuity contract form, which policy or annuity contract form~~
19 ~~has not been previously approved under subsection (3), shall be~~
20 ~~submitted for approval pursuant to subsection (3).~~

21 ~~(5) Upon written notice to the insurer, the commissioner may~~
22 ~~disapprove, withdraw approval or prohibit the issuance, advertis-~~
23 ~~ing or delivery of any form to any person in this state if it~~
24 ~~violates any provisions of this act, or contains inconsistent,~~
25 ~~ambiguous or misleading clauses, or contains exceptions and con-~~
26 ~~ditions that unreasonably or deceptively affect the risk~~
27 ~~purported to be assumed in the general coverage of the policy.~~

1 ~~The notice shall specify the objectionable provisions or~~
2 ~~conditions and state the reasons for the commissioner's~~
3 ~~decision. If the form is legally in use by the insurer in this~~
4 ~~state, the notice shall give the effective date of the~~
5 ~~commissioner's disapproval, which shall not be less than 30 days~~
6 ~~subsequent to the mailing or delivery of the notice to the~~
7 ~~insurer. If the form is not legally in use, then disapproval~~
8 ~~shall be effective immediately.~~

9 (8) ~~(6)~~ If a form is disapproved or approval is withdrawn
10 under the provisions of this act, the insurer shall be entitled
11 upon demand to a hearing before the commissioner or a deputy com-
12 missioner within 30 days after the notice of disapproval or of
13 withdrawal of approval. ~~and after~~ AFTER the hearing, the
14 commissioner shall make findings of fact and law, and either
15 affirm, modify, or withdraw his or her original order or
16 decision.

17 (9) ~~(7)~~ Any issuance, use, or delivery by an insurer of
18 any form ~~without the prior approval of the commissioner as~~
19 ~~required by subsection (1) or after withdrawal of approval as~~
20 ~~provided by subsection (5)~~ THAT DOES NOT CONFORM WITH THIS ACT
21 OR IS INCONSISTENT WITH LAW constitutes a separate violation for
22 which the commissioner may order the imposition of a civil pen-
23 alty of \$25.00 for each offense, but not to exceed the maximum
24 penalty of \$500.00 for any 1 series of offenses relating to any 1
25 basic policy form, which penalty may be recovered by the attorney
26 general as provided in section 230.

1 (10) A NONCONFORMING FORM IN USE BY AN INSURER SHALL BE
2 CONSTRUED IN A MANNER NOT LESS FAVORABLE TO THE POLICYHOLDER THAN
3 THAT WHICH IS ALLOWABLE UNDER THIS ACT.

4 (11) INSURERS USING A FORM FILED PURSUANT TO SUBSECTION (2)
5 OR (5) REQUIRING APPROVAL BY THE COMMISSIONER, OR A FORM NOT
6 FILED PURSUANT TO SUBSECTION (12), ARE NOT SUBJECT TO THE PENAL-
7 TIES IN SUBSECTION (9) FOR THE USE OF THAT FORM IF IT IS LATER
8 DETERMINED NONCONFORMING.

9 (12) ~~(8)~~ The filing requirements of this section ~~shall~~
10 DO not apply to:

11 (a) Insurance against loss of or damage to:

12 (i) Imports, exports, or domestic shipments.

13 (ii) Bridges, tunnels, or other instrumentalities of trans-
14 portation and communication.

15 (iii) Aircraft and attached equipment.

16 (iv) Vessels and watercraft under construction or owned by
17 or used in a business or having a straight-line hull length of
18 more than 24 feet.

19 (b) Insurance against loss resulting from liability, other
20 than worker's compensation or employers' liability arising out of
21 the ownership, maintenance, or use of:

22 (i) Imports, exports, or domestic shipments.

23 (ii) Aircraft and attached equipment.

24 (iii) Vessels and watercraft under construction or owned by
25 or used in a business or having a straight-line hull length of
26 more than 24 feet.

1 (c) Surety bonds other than fidelity bonds.

2 (d) Policies, riders, indorsements, or forms of unique
3 character designed for and used with relation to insurance upon a
4 particular subject, or ~~which~~ THAT relate to the manner of dis-
5 tribution of benefits or to the reservation of rights and bene-
6 fits under life or disability insurance policies and are used at
7 the request of the individual policyholder, contract holder, or
8 certificate holder. ~~Beginning September 1, 1968, the commis-~~
9 ~~sioner by order may exempt from the filing requirements of this~~
10 ~~section and sections 2242, 3606, and 4430 for so long as he or~~
11 ~~she considers proper any insurance document or form, except that~~
12 ~~portion of the document or form that establishes a relationship~~
13 ~~between group disability insurance and personal protection insur-~~
14 ~~ance benefits subject to exclusions or deductibles pursuant to~~
15 ~~section 3109a, as specified in the order to which this section~~
16 ~~practicably may not be applied, or the filing and approval of~~
17 ~~which are considered unnecessary for the protection of the~~
18 ~~public. Insurance documents or forms providing medical payments~~
19 ~~or income replacement benefits, except that portion of the docu-~~
20 ~~ment or form that establishes a relationship between group dis-~~
21 ~~ability insurance and personal protection insurance benefits~~
22 ~~subject to exclusions or deductibles pursuant to section 3109a,~~
23 ~~exempt by order of the commissioner from the filing requirements~~
24 ~~of this section and sections 2242 and 3606 are considered~~
25 ~~approved by the commissioner for purposes of section 3430.~~

1 (13) ~~(9)~~ Every order made by the commissioner under the
2 provisions of this section ~~shall be~~ IS subject to court review
3 as provided in section 244.

4 Sec. 2242. (1) Except as otherwise provided in section
5 ~~2236(8)(d)~~ 2236(12)(D), a group disability policy shall not be
6 issued or delivered in this state unless a copy of the form has
7 been filed with the commissioner and approved by him or her.

8 (2) The commissioner may within 30 days after the filing of
9 a disability insurance policy form applicable to individual or
10 family expense coverage, disapprove the form for any of the fol-
11 lowing REASONS, subject to the requirements as to notice, hear-
12 ing, and appeal set forth in sections 244 and 2236:

13 (a) The benefits provided therein are unreasonable in rela-
14 tion to the premium charged.

15 (b) It contains a provision or provisions ~~which~~ THAT are
16 unjust, unfair, inequitable, misleading, deceptive, or encourage
17 misrepresentation of the policy.

18 (c) It does not comply with other provisions of law.

19 (3) The commissioner may at any time withdraw his or her
20 approval of an individual or family expense policy form on any of
21 the grounds stated in subsection (2), subject to the requirements
22 as to notice, hearing, and appeal set forth in sections 244 and
23 2236. An insurer shall not issue the form after the effective
24 date of the withdrawal of approval.

25 SEC. 2405A. (1) AS USED IN THIS CHAPTER, "RATING PACKAGE"
26 MEANS RATES, RATING SYSTEMS, MANUALS OF CLASSIFICATION, MANUALS

1 OF RULES AND RATES, RATING PLANS, OR MODIFICATIONS OF THE
2 FOREGOING.

3 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER,
4 EXCEPT AS PROVIDED IN SUBSECTION (3), INSURERS ARE NOT REQUIRED
5 TO FILE WITH THE COMMISSIONER A RATING PACKAGE UNLESS REQUIRED TO
6 DO SO BY WRITTEN ORDER OF THE COMMISSIONER.

7 (3) INSURERS THAT USE A RATING PACKAGE PREPARED BY A
8 LICENSED RATING ORGANIZATION SHALL FILE THE RATING PACKAGE WITH
9 THE COMMISSIONER. THESE FILINGS MAY BE MADE BY THE INSURER
10 DIRECTLY OR BY THE LICENSED RATING ORGANIZATION ON THE INSURER'S
11 BEHALF.

12 (4) THE COMMISSIONER MAY ORDER THE FILING OF A RATING PACK-
13 AGE, OR A PART OF A RATING PACKAGE, ONLY AFTER CERTIFYING THAT A
14 REASONABLE DEGREE OF COMPETITION DOES NOT EXIST WITH RESPECT TO A
15 SPECIFIC CLASSIFICATION, KIND, OR TYPE OF INSURANCE. ANY WRITTEN
16 ORDER ISSUED BY THE COMMISSIONER UNDER THIS SECTION SHALL STATE
17 THE PARTICULAR CLASSIFICATION, KIND, OR TYPE OF INSURANCE FOR
18 WHICH THE FILING IS REQUIRED AND SHALL STATE THE REASONS FOR THE
19 ORDER, AND SHALL APPLY TO ALL INSURERS WRITING THAT PARTICULAR
20 CLASSIFICATION, KIND, OR TYPE OF INSURANCE. IF THE COMMISSIONER
21 ORDERS THE FILING OF A RATING PACKAGE, AND SUBSEQUENTLY DETER-
22 MINES THAT A REASONABLE DEGREE OF COMPETITION EXISTS WITH RESPECT
23 TO THE SPECIFIC CLASSIFICATION, KIND, OR TYPE OF INSURANCE COV-
24 ERED BY THE ORDER, THE COMMISSIONER MAY RESCIND THE ORDER REQUIR-
25 ING THE FILING.

26 (5) SECTIONS 2406 AND 2408 APPLY TO THE FILING OF ANY RATING
27 PACKAGE FILED PURSUANT TO SUBSECTION (3) OR (4).

1 (6) REGARDLESS OF WHETHER SUCH INFORMATION IS REQUIRED TO BE
2 FILED WITH THE COMMISSIONER, AN INSURER SHALL MAINTAIN COMPLETE
3 RECORDS EVIDENCING ITS RATING PACKAGE AND ANY SUPPORTING INFORMA-
4 TION AND SHALL MAKE THESE RECORDS AVAILABLE FOR INSPECTION UPON
5 REQUEST BY THE COMMISSIONER. THE COMMISSIONER SHALL MAKE
6 REQUESTS IN WRITING AND THE INSURER SHALL MAKE THE INFORMATION
7 AVAILABLE TO THE COMMISSIONER AT THE INSURER'S OFFICE WITHIN 10
8 DAYS AFTER RECEIVING THE COMMISSIONER'S WRITTEN REQUEST.

9 Sec. 2412. ~~No~~ AN insurer shall NOT make or issue a con-
10 tract or policy OF INSURANCE except in accordance with ~~filings~~
11 ~~which are in effect for said insurer as provided in this chapter~~
12 ~~or in accordance with sections 2410 or 2414~~ A RATING PACKAGE
13 THAT MEETS THE REQUIREMENTS OF THIS CHAPTER.

14 Sec. 2416. (1) If within the waiting period or any exten-
15 sion ~~thereof~~ OF THE WAITING PERIOD as provided in ~~subsection~~
16 ~~(2) of section 2408~~ SECTION 2408(2), the commissioner finds that
17 a RATING PACKAGE filing REQUIRED PURSUANT TO SECTION 2405A does
18 not meet the requirements of this chapter, ~~he~~ THE COMMISSIONER
19 shall send to the insurer or rating organization ~~which made~~
20 ~~such~~ THAT MADE THE filing written notice of disapproval of
21 ~~such~~ THE filing specifying ~~therein~~ IN what respects he OR SHE
22 finds ~~such~~ THAT THE filing fails to meet the requirements of
23 this chapter and stating that ~~such~~ THE filing shall not become
24 effective.

25 (2) If within 30 days after a special surety or guaranty
26 filing subject to ~~subsection (3) of section 2408 has become~~
27 SECTION 2408(3) BECOMES effective, the commissioner finds that

1 ~~such~~ THE filing does not meet the requirements of this chapter,
 2 ~~he~~ THE COMMISSIONER shall send to the insurer or rating organi-
 3 zation ~~which made such~~ THAT MADE THE filing written notice of
 4 disapproval of ~~such~~ THE filing specifying ~~therein~~ in what
 5 respects he OR SHE finds that ~~such~~ THE filing fails to meet the
 6 requirements of this chapter and stating when, within a reason-
 7 able period thereafter, ~~such~~ THE filing shall be ~~deemed~~
 8 CONSIDERED no longer effective. ~~Said~~ THE disapproval shall not
 9 affect any contract made or issued prior to the expiration of the
 10 period set forth in ~~said~~ THE notice.

11 Sec. 2418. If at any time after approval ~~of any filing~~
 12 ~~either~~ by act, ~~or~~ BY order of the commissioner, or by opera-
 13 tion of law, OF ANY RATING PACKAGE FILING REQUIRED PURSUANT TO
 14 SECTION 2405A, OR WHERE AN INSURER IS NOT REQUIRED TO MAKE A
 15 RATING PACKAGE FILING, or before approval of a filing made by a
 16 worker's compensation insurer controlled by a nonprofit health
 17 care corporation formed pursuant to the nonprofit health care
 18 corporation reform act, Act No. 350 of the Public Acts of 1980,
 19 being sections 550.1101 to 550.1704 of the Michigan Compiled
 20 Laws, the commissioner finds that a ~~filing~~ RATING PACKAGE does
 21 not meet the requirements of this chapter, the commissioner
 22 shall, after a hearing held upon not less than 10 days' written
 23 notice, specifying the matters to be considered at the hearing,
 24 to every insurer and rating organization that ~~made the filing~~
 25 USES THE RATING PACKAGE, issue an order specifying in what
 26 respects the commissioner finds that the ~~filing~~ RATING PACKAGE
 27 fails to meet the requirements of this chapter, and stating for a

1 ~~filing~~ RATING PACKAGE that has gone into effect when, within a
 2 reasonable period thereafter, that ~~filing~~ RATING PACKAGE shall
 3 be considered no longer effective. Copies of the order shall be
 4 sent to every ~~such~~ AFFECTED insurer and rating organization.
 5 The order shall not affect any contract or policy made or issued
 6 prior to the expiration of the period set forth in the order.

7 SEC. 2420A. (1) ANY PERSON MAY REQUEST THAT THE COMMIS-
 8 SIONER INSPECT RECORDS OR SUPPORTING INFORMATION MAINTAINED BY AN
 9 INSURER UNDER SECTION 2405A WITH RESPECT TO A SPECIFIC CLASSIFI-
 10 CATION, TYPE, OR KIND OF INSURANCE, STATING THE REASONS FOR THE
 11 REQUEST. IN THE REASONABLE EXERCISE OF DISCRETION, THE COMMIS-
 12 SIONER MAY GRANT OR DENY THE REQUEST.

13 (2) IF THE COMMISSIONER INSPECTS RECORDS OR SUPPORTING
 14 INFORMATION MAINTAINED BY AN INSURER UNDER SECTION 2405A, THE
 15 COMMISSIONER MAY MAKE THE INFORMATION AVAILABLE TO THE PERSON WHO
 16 REQUESTED THE COMMISSIONER TO MAKE THE INSPECTION. IF A PERSON
 17 IS STILL AGGRIEVED WITH RESPECT TO THE RATING PACKAGE MAINTAINED
 18 BY AN INSURER PURSUANT TO SECTION 2405A, THE PERSON MAY PROCEED
 19 UNDER THE GRIEVANCE PROCESS ESTABLISHED IN SECTION 2420.

20 Sec. 2426. No ~~manual of classifications, rule, rating~~
 21 ~~plan, or any modification of any of the foregoing which~~ RATING
 22 PACKAGE OR PART OF A RATING PACKAGE THAT measures variations in
 23 hazards or expense provisions, or both, and ~~which~~ THAT has been
 24 filed pursuant to the requirements of this chapter shall be dis-
 25 approved if the rates thereby produced meet the requirements of
 26 ~~section 2403 (1) (d) (rate standards)~~ THIS CHAPTER.

1 Sec. 2430. (1) ~~In lieu of the filing requirements of this~~
2 ~~chapter and~~ IF THE COMMISSIONER ORDERS A FILING PURSUANT TO
3 SECTION 2405A, as an alternative method of filing, any insurer or
4 rating organization may file with the commissioner any manual of
5 classification, rules or rates, any rating plan and every modifi-
6 cation of any of the foregoing ~~which~~ THAT it proposes to use,
7 the filing to indicate the character and extent of the coverage
8 contemplated. Every ~~such~~ RATE filing under this section shall
9 state ~~the~~ ITS effective date, ~~thereof,~~ shall take effect on
10 ~~said~~ THAT date, shall not be subject to any waiting period
11 requirements, and shall be ~~deemed~~ CONSIDERED to meet the
12 requirements of ~~section 2403 (1) (d) (rate standards)~~ THIS
13 CHAPTER. A filing and any supporting information ~~shall be~~ IS
14 open to public inspection, if the filing is not disapproved.

15 (2) At any time within 15 days from and after the date of
16 any such filing, the commissioner may give written notice to the
17 insurer or rating organization making ~~such~~ THE RATE filing,
18 specifying in what respect and to what extent ~~he~~ THE
19 COMMISSIONER contends ~~such~~ THE RATE filing fails to comply with
20 the requirements of ~~section 2403 (1) (d)~~ THIS CHAPTER and
21 fixing a date for hearing not less than 10 days from the date of
22 mailing of ~~such~~ THE notice. At ~~such~~ THE hearing the factors
23 specified in section 2406(1) shall be considered. If the commis-
24 sioner after THE hearing finds that the filing does not comply
25 with the provisions of this chapter, ~~he~~ THE COMMISSIONER may
26 issue ~~his~~ AN order determining ~~wherein and~~ to what extent
27 ~~such~~ THE RATE filing is ~~deemed~~ CONSIDERED to be improper and

1 fixing a date, ~~thereafter,~~ within a reasonable time, after
 2 which ~~such~~ THE filing shall no longer be effective. Any order
 3 of disapproval under this section ~~must~~ SHALL be entered within
 4 30 days of the date of the filing affected.

5 (3) ~~In the event that no~~ IF A notice of hearing ~~shall be~~
 6 IS NOT issued within 15 days from the date of any ~~such~~ RATE
 7 filing, the filing shall be ~~deemed to be~~ CONSIDERED approved.
 8 If ~~such~~ THE filing ~~shall be~~ IS disapproved, the insuring pro-
 9 visions of any contract or policy issued ~~prior to the time~~
 10 BEFORE the order becomes effective shall not be affected. But if
 11 the commissioner disapproves ~~such~~ THE filing as not being in
 12 compliance with ~~section 2403 (1) (d) (rate standards), he~~ THIS
 13 CHAPTER, THE COMMISSIONER may order an adjustment of the premium
 14 to be made with the policyholder either by refund or collection
 15 of additional premium, if the amount is substantial and equals or
 16 exceeds the cost of making the adjustment. The commissioner may
 17 thereafter review any such filing in the manner provided in sec-
 18 tions 2418 and 2420, but if so reviewed, no adjustment of premium
 19 may be ordered. Sections 2406(2), ~~(filing may be made by rating~~
 20 ~~organization),~~ 2408(1), ~~(commissioner shall review filing as~~
 21 ~~soon as reasonably possible),~~ and 2412 ~~(insurer must adhere to~~
 22 ~~filing) shall be~~ ARE applicable to filings made under this
 23 section.

24 SEC. 2605. (1) AS USED IN THIS CHAPTER, "RATING PACKAGE"
 25 MEANS RATES, RATING SYSTEMS, MANUALS OF CLASSIFICATION, MANUALS
 26 OF RULES AND RATES, RATING PLANS, OR MODIFICATIONS OF THE
 27 FOREGOING.

1 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER,
2 EXCEPT AS PROVIDED IN SUBSECTION (3), INSURERS ARE NOT REQUIRED
3 TO FILE WITH THE COMMISSIONER A RATING PACKAGE UNLESS REQUIRED TO
4 DO SO BY WRITTEN ORDER OF THE COMMISSIONER.

5 (3) INSURERS THAT USE A RATING PACKAGE PREPARED BY A
6 LICENSED RATING ORGANIZATION SHALL FILE THE SAME WITH THE
7 COMMISSIONER. THESE FILINGS MAY BE MADE BY THE INSURER DIRECTLY
8 OR BY THE LICENSED RATING ORGANIZATION ON THE INSURER'S BEHALF.

9 (4) THE COMMISSIONER MAY ORDER THE FILING OF A RATING PACK-
10 AGE, OR A PORTION OF A RATING PACKAGE, ONLY AFTER CERTIFYING THAT
11 A REASONABLE DEGREE OF COMPETITION DOES NOT EXIST WITH RESPECT TO
12 A SPECIFIC CLASSIFICATION, KIND, OR TYPE OF INSURANCE REGULATED
13 BY THIS CHAPTER. ANY WRITTEN ORDER ISSUED BY THE COMMISSIONER
14 UNDER THIS SECTION SHALL STATE THE PARTICULAR CLASSIFICATION,
15 KIND, OR TYPE OF INSURANCE FOR WHICH THE FILING IS REQUIRED, THE
16 REASONS FOR THE ORDER, AND SHALL APPLY TO ALL INSURERS WRITING
17 THAT PARTICULAR CLASSIFICATION, KIND, OR TYPE OF INSURANCE. IF
18 THE COMMISSIONER ORDERS THE FILING OF A RATING PACKAGE, AND SUB-
19 SEQUENTLY DETERMINES THAT A REASONABLE DEGREE OF COMPETITION
20 EXISTS WITH RESPECT TO THE SPECIFIC CLASSIFICATION, KIND, OR TYPE
21 OF INSURANCE COVERED BY THE ORDER, THE COMMISSIONER MAY RESCIND
22 THE ORDER REQUIRING THE FILING.

23 (5) SECTIONS 2606 AND 2608 APPLY TO THE FILING OF ANY RATING
24 PACKAGE FILED PURSUANT TO SUBSECTION (3) OR (4).

25 (6) REGARDLESS OF WHETHER SUCH INFORMATION IS REQUIRED TO BE
26 FILED WITH THE COMMISSIONER, AN INSURER SHALL MAINTAIN COMPLETE
27 RECORDS EVIDENCING ITS RATING PACKAGE AND ANY SUPPORTING

1 INFORMATION AND SHALL MAKE THIS INFORMATION AVAILABLE FOR
2 INSPECTION UPON REQUEST BY THE COMMISSIONER. THE COMMISSIONER
3 SHALL MAKE REQUESTS IN WRITING AND THE INSURER SHALL MAKE THE
4 INFORMATION AVAILABLE TO THE COMMISSIONER AT THE INSURER'S OFFICE
5 WITHIN 10 DAYS AFTER RECEIVING THE COMMISSIONER'S WRITTEN
6 REQUEST.

7 Sec. 2612. ~~No~~ AN insurer shall NOT make or issue a con-
8 tract OF INSURANCE except in accordance with ~~the filings which~~
9 ~~are in effect for said insurer as provided in this chapter or in~~
10 ~~accordance with sections 2610 or 2614. This section shall not~~
11 ~~apply to contracts or policies for inland marine risks as to~~
12 ~~which filings are not required~~ A RATING PACKAGE THAT MEETS THE
13 REQUIREMENTS OF THIS CHAPTER.

14 Sec. 2616. (1) If within the waiting period or any exten-
15 sion ~~thereof~~ OF THE WAITING PERIOD as provided in section
16 2608(2), the commissioner finds that a ~~filing~~ RATING PACKAGE
17 REQUIRED PURSUANT TO SECTION 2605 does not meet the requirements
18 of this chapter, ~~he~~ THE COMMISSIONER shall send to the insurer
19 or rating organization ~~which made such~~ THAT MADE THE filing ~~,~~
20 written notice of disapproval of ~~such~~ THE filing specifying
21 ~~therein~~ in what respects he OR SHE finds ~~such~~ THAT THE filing
22 fails to meet the requirements of this chapter and stating that
23 ~~such~~ THE filing shall not become effective.

24 (2) If within 30 days after a specific inland marine rate on
25 a risk specially rated by a rating organization ~~,~~ subject to
26 section 2608(3) ~~has become~~ BECOMES effective ~~,~~ the
27 commissioner finds that ~~such~~ THE filing does not meet the

1 requirements of this chapter, ~~he~~ THE COMMISSIONER shall send to
2 the rating organization ~~which made such~~ THAT MADE THE filing
3 written notice of disapproval of ~~such~~ THE filing specifying
4 ~~therein~~ in what respects he OR SHE finds that ~~such~~ THE filing
5 fails to meet the requirements of this chapter and stating when,
6 within a reasonable period thereafter, ~~such~~ THE filing shall be
7 ~~deemed~~ CONSIDERED no longer effective. ~~Said~~ THE disapproval
8 shall not affect any contract made or issued prior to the expira-
9 tion of the period set forth in ~~said~~ THE notice.

10 Sec. 2618. If at any time ~~subsequent to the applicable~~
11 ~~review period provided for in section 2616~~ AFTER APPROVAL BY
12 ACT, BY ORDER OF THE COMMISSIONER, OR BY OPERATION OF LAW, OF A
13 RATING PACKAGE FILED PURSUANT TO SECTION 2605, OR WHERE AN
14 INSURER IS NOT REQUIRED TO MAKE A RATING PACKAGE FILING, the com-
15 missioner finds that a ~~filing~~ RATING PACKAGE does not meet the
16 requirements of this chapter, ~~he~~ THE COMMISSIONER shall, after
17 a hearing held upon not less than 10 days' written notice, speci-
18 fying the matters to be considered at ~~such~~ THE hearing, to
19 every insurer and rating organization ~~which made such filing~~
20 THAT USES THE RATING PACKAGE, issue an order specifying in what
21 respects he OR SHE finds that ~~such~~ THE filing fails to meet the
22 requirements of this chapter, and stating when, within a reason-
23 able period thereafter, ~~such filing~~ THE RATING PACKAGE shall be
24 ~~deemed~~ CONSIDERED no longer effective. Copies of ~~said~~ THE
25 order shall be sent to every ~~such~~ AFFECTED insurer and rating
26 organization. ~~Said~~ THE order shall not ~~effect~~ AFFECT any

1 contract or policy made or issued prior to the expiration of the
2 period set forth in ~~said~~ THE order.

3 SEC. 2621. (1) ANY PERSON MAY REQUEST THAT THE COMMISSIONER
4 INSPECT RECORDS OR SUPPORTING INFORMATION MAINTAINED BY AN
5 INSURER UNDER SECTION 2605 WITH RESPECT TO A SPECIFIC CLASSIFICA-
6 TION, TYPE, OR KIND OF INSURANCE, STATING THE REASONS FOR THE
7 REQUEST. IN THE REASONABLE EXERCISE OF DISCRETION, THE COMMIS-
8 SIONER MAY GRANT OR DENY THE REQUEST.

9 (2) IF THE COMMISSIONER INSPECTS RECORDS OR SUPPORTING
10 INFORMATION MAINTAINED BY AN INSURER UNDER SECTION 2605, THE COM-
11 MISSIONER MAY MAKE THE INFORMATION AVAILABLE TO THE PERSON WHO
12 REQUESTED THE COMMISSIONER TO MAKE THE INSPECTION. IF A PERSON
13 IS STILL AGGRIEVED WITH RESPECT TO THE RATING PACKAGE MAINTAINED
14 BY AN INSURER PURSUANT TO SECTION 2605, THE PERSON MAY PROCEED
15 UNDER THE GRIEVANCE PROCESS ESTABLISHED IN SECTION 2620.

16 Sec. 2626. ~~No manual, minimum, class rate, rating sched-~~
17 ~~ule, rating plan, rating rule, or any modification of any of the~~
18 ~~foregoing which has been~~ A RATING PACKAGE filed pursuant to the
19 requirements of ~~sections 2606 through 2614~~ THIS CHAPTER shall
20 NOT be disapproved if the rates thereby produced meet the
21 requirements of this chapter.

22 Sec. 2628. (1) ~~In lieu of the filing requirements of this~~
23 ~~chapter and~~ IF THE COMMISSIONER ORDERS A FILING PURSUANT TO SEC-
24 TION 2605 as an alternative method of filing, any insurer or
25 rating organization may file with the commissioner any manual of
26 classification, rules or rates, any rating plan and every
27 modification of any of the foregoing ~~which~~ THAT it proposes to

1 use, the filing to indicate the character and extent of the
 2 coverage contemplated. Every ~~such~~ RATE filing under this sec-
 3 tion shall state ~~the~~ ITS effective date, ~~thereof,~~ shall take
 4 effect on ~~said~~ THAT date, shall not be subject to any waiting
 5 period requirements, and shall be ~~deemed~~ CONSIDERED to meet the
 6 requirements of ~~subdivision (d) of subsection (1) of section~~
 7 ~~2603 (rate standards)~~ THIS CHAPTER. A filing and any supporting
 8 information ~~shall be~~ IS open to public inspection, if the
 9 filing is not disapproved.

10 (2) At any time within 15 days from and after the date of
 11 any such filing, the commissioner may give written notice to the
 12 insurer or rating organization making ~~such~~ THE RATE filing
 13 specifying in what respect and to what extent ~~he~~ THE
 14 COMMISSIONER contends ~~such~~ THE RATE filing fails to comply with
 15 the requirements of ~~subdivision (d) of subsection (1) of section~~
 16 ~~2603~~ THIS CHAPTER and fixing a date for hearing not less than 10
 17 days from the date of mailing of ~~such~~ THE notice. At ~~such~~
 18 THE hearing the factors specified in ~~subsection (2) of section~~
 19 ~~2606~~ SECTION 2606(2) shall be considered. If the commissioner
 20 after THE hearing finds that the filing does not comply with the
 21 provisions of this chapter, ~~he~~ THE COMMISSIONER may issue ~~his~~
 22 AN order determining ~~wherein and~~ to what extent ~~such~~ THE RATE
 23 filing is ~~deemed~~ CONSIDERED to be improper and fixing a date,
 24 ~~thereafter,~~ within a reasonable time, after which ~~such~~ THE
 25 filing shall no longer be effective. Any order of disapproval
 26 under this section ~~must~~ SHALL be entered within 30 days of the
 27 date of the filing affected.

1 (3) ~~In the event that no~~ IF A notice of hearing ~~shall be~~
2 IS NOT issued within 15 days from the date of any ~~such~~ RATE
3 filing, the filing shall be ~~deemed~~ CONSIDERED to be approved.
4 If ~~such~~ THE filing ~~shall be~~ IS disapproved, the insuring pro-
5 visions of any contract or policy issued ~~prior to the time~~
6 BEFORE the order becomes effective shall not be affected. But if
7 the commissioner disapproves ~~such~~ THE filing as not being in
8 compliance with ~~subdivision (d) of subsection (1) of section~~
9 2603 ~~(rate standards), he~~ THIS CHAPTER, THE COMMISSIONER may
10 order an adjustment of the premium to be made with the policy-
11 holder either by refund or collection of additional premium, if
12 the amount is substantial and equals or exceeds the cost of
13 making the adjustment. The commissioner may thereafter review
14 any such filing in the manner provided in sections 2618 and 2620,
15 but if so reviewed, no adjustment of premium may be ordered.
16 ~~Subsection (5) of section 2606 (filing may be made by rating~~
17 ~~organization), subsection (1) of section~~ SECTIONS 2606(5), 2608,
18 ~~(commissioner shall review filing as soon as reasonably~~
19 ~~possible), and 2612 (insurer must adhere to filing) shall be~~
20 ARE applicable to filings made under this section.

21 Sec. 3224. (1) The cancellation of a policy of insurance
22 within the 55-day period enumerated in ~~subdivision (a) of sec-~~
23 ~~tion 3220~~ 3220(A) ~~shall~~ IS not ~~be~~ subject to appeal by the
24 insured. Failure to disclose the cancellation by any insured
25 upon any application for insurance ~~shall~~ IS not ~~be~~ grounds to
26 deny coverage on the basis of fraud by an insurer who may have
27 accepted the risk thereafter.

1 (2) For the provisions of this chapter only, no cancellation
2 shall be effective unless a written notice of cancellation is
3 mailed by certified mail, return receipt requested, to the
4 insured at the last address known to the insurer either through
5 its records, the personal records of the agent who wrote the
6 policy, or as supplied by the insured.

7 (3) The notice shall be mailed at least 20 days prior to the
8 effective date of cancellation. For the purpose of this chapter
9 only, delivery of such written notice by the insurer ~~shall be~~
10 IS the equivalent of mailing. The notice shall contain the rea-
11 sons for the cancellation and shall state in bold type that the
12 insured has the statutory right within 7 days from the date of
13 mailing to appeal to the department. The ~~commissioner shall~~
14 ~~approve the~~ form of the cancellation notice SHALL BE CONSISTENT
15 WITH THIS ACT AND LAW.

16 Sec. 3606. (1) An insurer authorized to write disability
17 insurance in this state shall have the power to issue group dis-
18 ability insurance policies.

19 (2) Except as otherwise provided in section ~~2236(8)(d)~~
20 2236(12)(D), a group disability insurance policy shall not be
21 issued or delivered in this state unless a copy of the form
22 ~~shall have~~ HAS been filed with the commissioner and approved by
23 him or her.

24 Sec. 4430. (1) Except as otherwise provided in section
25 ~~2236(8)(d)~~ 2236(12)(D), a policy of group life insurance shall
26 not be issued or delivered in this state unless and until a copy

1 of the form of the group life insurance has been filed with and
2 approved by the commissioner.

3 (2) A policy of group life insurance shall not be issued or
4 delivered unless it contains in substance the provisions of sec-
5 tions 4432 through 4442. A group universal life policy as
6 defined in section 4001(g) shall not be issued or delivered
7 unless it complies with the provisions of chapter 40.