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SFA



BILL ANALYSIS

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Senate Bill 1319 (as introduced 6-21-00)
Sponsor: Senator Thaddeus G. McCotter
Committee: Financial Services

Date Completed: 11-27-00

CONTENT

The bill would amend Chapter 21 (Automobile and Home Insurance) of the Insurance Code to delete provisions for affiliated insurers' underwriting rules pertaining to contracts providing identical coverages and automobile insurance for certain eligible persons.

Currently, the Code prohibits affiliated insurers from adopting underwriting rules for automobile insurance contracts providing identical coverages that would permit a person to be insured, for automobile insurance, with more than one of the affiliated insurers, unless the affiliated insurers use identical rates and rating plans and have adopted identical underwriting rules in compliance with the Code. In addition, the Code allows affiliated insurers to establish underwriting rules so that each affiliate will provide automobile insurance only to certain eligible persons, but only if an eligible person can obtain automobile insurance from one of the affiliates. The bill would delete these provisions.

("Underwriting rules" means the written statements, guidelines, or criteria of an insurer, phrased in terms understandable to a person of ordinary intelligence, which describe the standards under which the insurer issues, refuses to issue, renews, refuses to renew, or limits the coverage for automobile insurance or home insurance to persons within this State. "Affiliate of", or an insurer "affiliated with" an insurer, means an insurer that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified insurer.)

MCL 500.2119 et al. & 500.2120

Legislative Analyst: N. Nagata

FISCAL IMPACT

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

Fiscal Analyst: M. Tyszkiewicz

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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.