

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 991 (Substitute S-1 as reported)
Sponsor: Senator Alan Sanborn
Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to revise certain eligibility requirements for home and automobile insurance policies. Specifically, the bill would:

- Render ineligible for home insurance any person who had been denied a claim based on evidence of arson or fraud.
- Increase the minimum required insured value for a home repair cost policy from \$7,500 to \$15,000, and a replacement policy from \$15,000 to \$35,000.
- Specify that a dwelling in a physical condition that clearly presented an extreme likelihood of a significant loss would be ineligible for insurance. (Presently, for new policies only, such a physical condition is included in the underwriting rules for home insurers. Also, a dwelling is ineligible for home insurance if it does not meet minimum standards of insurability established by rules promulgated by the Commissioner of the Office of Financial and Insurance Services. The bill would delete these provisions.)
- Include as a criterion for home insurers' underwriting rules an insured's failure to correct a physical condition that would present a risk of repeated loss.
- Increase the acceptable required deductible for comprehensive automobile insurance from \$150 to \$500.
- Establish as a criterion for home or auto underwriting rules an insured's or applicants' threats, harassment, or assault on an insurance employee, if the incident were reported to a law enforcement agency.
- Require the Michigan Basic Property Insurance Association (the "pool") to offer HO-3 and repair cost premiums and policies equivalent to those provided by a licensed rating organization. The HO-3 premiums would have to be "actuarially sound".

MCL 500.2103 et al.

Legislative Analyst: Claire Layman

FISCAL IMPACT

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

Date Completed: 3-14-02

Fiscal Analyst: Elizabeth Pratt