

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4924**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2103 (MCL 500.2103), as amended by 1990
PA 305.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2103. (1) "Eligible person", for automobile insurance,
2 means a person who is an owner or registrant of an automobile
3 registered or to be registered in this state or who holds a valid
4 Michigan license to operate a motor vehicle, but does not include
5 any of the following:

6 (a) A person who is not required to maintain security pursu-
7 ant to section 3101, unless the person intends to reside in this
8 state for 30 days or more and makes a written statement of that
9 intention on a form approved by the commissioner.

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

2

1 (b) A person whose license to operate a vehicle is under
2 suspension or revocation.

3 (c) A person who has been convicted within the immediately
4 preceding 5-year period of fraud or intent to defraud involving
5 an insurance claim or an application for insurance; or an indi-
6 vidual who has been successfully denied, within the immediately
7 preceding 5-year period, payment by an insurer of a claim in
8 excess of \$1,000.00 under an automobile insurance policy, if
9 there is evidence of fraud or intent to defraud involving an
10 insurance claim or application.

11 (d) A person who, during the immediately preceding 3-year
12 period, has been convicted under, or who has been subject to an
13 order of disposition of the ~~probate~~ FAMILY DIVISION OF CIRCUIT
14 court for a violation of, any of the following:

15 (i) Section 324 or 325 of the Michigan penal code, ~~Act No.~~
16 ~~328 of the Public Acts of 1931, as amended, being sections~~
17 ~~750.324 and 750.325 of the Michigan Compiled Laws~~ 1931 PA 328,
18 MCL 750.324 AND 750.325; section 1 of ~~Act No. 214 of the Public~~
19 ~~Acts of 1931, being section 752.191 of the Michigan Compiled~~
20 ~~Laws~~ FORMER 1931 PA 214 OR SECTION 626C OF THE MICHIGAN VEHICLE
21 CODE, 1949 PA 300, MCL 257.626C; or under any other law of this
22 state the violation of which constitutes a felony resulting from
23 the operation of a motor vehicle.

24 (ii) Section 625 of the Michigan vehicle code, ~~Act No. 300~~
25 ~~of the Public Acts of 1949, as amended, being section 257.625 of~~
26 ~~the Michigan Compiled Laws~~ 1949 PA 300, MCL 257.625.

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

3

1 (iii) Section 617, 617a, 618, or 619 of ~~Act No. 300 of the~~
2 ~~Public Acts of 1949, as amended, being sections 257.617,~~
3 ~~257.617a, 257.618, and 257.619 of the Michigan Compiled Laws~~ THE
4 MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.617, 257.617A,
5 257.618, AND 257.619.

6 (iv) Section 626 of ~~Act No. 300 of the Public Acts of~~
7 ~~1949, as amended, being section 257.626 of the Michigan Compiled~~
8 ~~Laws~~ THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.626; or for
9 a similar violation under the laws of any other state or a munic-
10 ipality within or without this state.

11 ~~(v) Section 625b of Act No. 300 of the Public Acts of~~
12 ~~1949, as amended, being section 257.625b of the Michigan Compiled~~
13 ~~Laws.~~

14 (e) A person whose vehicle insured or to be insured under
15 the policy fails to meet the motor vehicle safety requirements of
16 sections 683 to 711 of ~~Act No. 300 of the Public Acts of 1949,~~
17 ~~as amended, being sections 257.683 to 257.711 of the Michigan~~
18 ~~Compiled Laws~~ THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL
19 257.683 TO 257.711.

20 (f) A person whose policy of automobile insurance has been
21 canceled because of nonpayment of premium or financed premium
22 within the immediately preceding 2-year period, unless the pre-
23 mium due on a policy for which application has been made is paid
24 in full before issuance or renewal of the policy.

25 (g) A person who fails to obtain or maintain membership in a
26 club, group, or organization, if membership is a uniform
27 requirement of the insurer as a condition of providing insurance,

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

4

1 and if the dues, charges, or other conditions for membership are
2 applied uniformly throughout this state, are not expressed as a
3 percentage of premium, and do not vary with respect to the rating
4 classification of the member except for the purpose of offering a
5 membership fee to family units. Membership fees may vary in
6 accordance with the amount or type of coverage if the purchase of
7 additional coverage, either as to type or amount, is not a condi-
8 tion for reduction of dues or fees.

9 (h) A person whose driving record for the 3-year period
10 immediately preceding application for or renewal of a policy,
11 has, pursuant to section 2119a, an accumulation of more than ~~the~~
12 following: ~~(i) Five insurance eligibility points, if the appli-~~
13 ~~cation or renewal occurs on or before December 31, 1982. (ii)~~
14 ~~Six 6 insurance eligibility points. , if the application or~~
15 ~~renewal occurs on or after January 1, 1983.~~

16 (2) "Eligible person", for home insurance, means a person
17 who is the owner-occupant or tenant of a dwelling of any of the
18 following types: a house, a condominium unit, a cooperative
19 unit, a room, or an apartment; or a person who is the
20 owner-occupant of a multiple unit dwelling of not more than 4
21 residential units. Eligible person does not include any of the
22 following:

23 (a) A person who has been convicted, in the immediately pre-
24 ceding 5-year period, of 1 or more of the following:

25 (i) Arson, or conspiracy to commit arson.

26 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
27 or 380 of ~~Act No. 328 of the Public Acts of 1931, as amended,~~

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

5

1 ~~being sections 750.72 to 750.77, 750.112, 750.211a, 750.377a,~~
2 ~~750.377b, and 750.380 of the Michigan Compiled Laws~~ THE MICHIGAN
3 PENAL CODE, 1931 PA 328, MCL 750.72 TO 750.77, 750.112, 750.211A,
4 750.377A, 750.377B, AND 750.380.

5 (iii) A crime under section 92, 151, 157b, or 218 of ~~Act~~
6 ~~No. 328 of the Public Acts of 1931, as amended, being sections~~
7 ~~750.92, 750.151, 750.157b, and 750.218 of the Michigan Compiled~~
8 ~~Laws~~ THE MICHIGAN PENAL CODE, 1931 PA 328, MCL 750.92, 750.151,
9 750.157B, AND 750.218, based upon a crime described in subpara-
10 graph (ii) committed by or on behalf of the person.

11 (b) A person who has been successfully denied, within the
12 immediately preceding 5-year period, payment by an insurer of a
13 claim under a home insurance policy in excess of \$2,000.00, based
14 on evidence of arson, conspiracy to commit arson, misrepresenta-
15 tion, fraud, or conspiracy to commit fraud, committed by or on
16 behalf of the person, if the amount of the denied claim was
17 greater than any of the following:

18 (i) For a claim under a repair cost policy, 15% of the
19 amount of insurance in force.

20 (ii) For a claim under a replacement cost policy, 10% of the
21 amount of insurance in force.

22 (c) A person who insures or seeks to insure a dwelling
23 ~~which~~ THAT is being used for an illegal or demonstrably hazard-
24 ous purpose.

25 (d) A person who refuses to purchase an amount of insurance
26 equal to at least 80% of the replacement cost of the property
27 insured or to be insured under a replacement cost policy.

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

6

1 (e) A person who refuses to purchase an amount of insurance
2 equal to at least 100% of the market value of the property
3 insured or to be insured under a repair cost policy.

4 (f) A person who refuses to purchase an amount of insurance
5 equal to at least 100% of the actual cash value of the property
6 insured or to be insured under a tenant or renter's home insur-
7 ance policy.

8 (g) A person whose policy of home insurance has been
9 canceled because of nonpayment of premium within the immediately
10 preceding 2-year period, unless the premium due on the policy is
11 paid in full before issuance or renewal of the policy.

12 (h) A person who insures or seeks to insure a dwelling, if
13 the insured value is not any of the following:

14 (i) For a repair cost policy, at least \$7,500.00.

15 (ii) For a replacement policy, at least \$15,000.00 or
16 another amount which the commissioner may establish biennially on
17 and after January 1, 1983, pursuant to rules promulgated by the
18 commissioner under the administrative procedures act of 1969,
19 ~~Act No. 306 of the Public Acts of 1969, as amended, being sec-~~
20 ~~tions 24.201 to 24.328 of the Michigan Compiled Laws 1969 PA~~
21 ~~306, MCL 24.201 TO 24.328, based upon changes in applicable con-~~
22 ~~struction cost indices.~~

23 (j) A person who insures or seeks to insure a dwelling
24 ~~which~~ THAT does not meet minimum standards of insurability as
25 established by rules promulgated by the commissioner pursuant to
26 ~~Act No. 306 of the Public Acts of 1969, as amended~~ THE

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

7

1 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
2 24.328.

3 (k) A person whose real property taxes with respect to the
4 dwelling insured or to be insured have been and are delinquent
5 for 2 or more years at the time of renewal of, or application
6 for, home insurance.

7 (l) A person who has failed to procure or maintain member-
8 ship in a club, group, or organization, if membership is a uni-
9 form requirement of the insurer, and if the dues, charges, or
10 other conditions for membership are applied uniformly throughout
11 this state, are not expressed as a percentage of premium, and do
12 not vary with respect to the rating classification of the member
13 except for the purpose of offering a membership fee to family
14 units. Membership fees may vary in accordance with the amount or
15 type of coverage if the purchase of additional coverage, either
16 as to type or amount, is not a condition for reduction of dues or
17 fees.

18 (3) "Home insurance" means any of the following, but does
19 not include insurance intended to insure commercial, industrial,
20 professional, or business property, obligations, or liabilities:

21 (a) Fire insurance for an insured's dwelling of a type
22 described in subsection (2).

23 (b) If contained in or indorsed to a fire insurance policy
24 providing insurance for the insured's residence, other insurance
25 intended primarily to insure nonbusiness property, obligations,
26 and liabilities.

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924

8

1 (c) Other insurance coverages for an insured's residence as
2 prescribed by rule promulgated by the commissioner pursuant to
3 ~~Act No. 306 of the Public Acts of 1969, as amended~~ THE ADMIN-
4 ISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
5 24.328. A rule proposed for promulgation by the commissioner
6 pursuant to this section shall be transmitted in advance to each
7 member of the standing committee in the house and in the senate
8 ~~which~~ THAT has jurisdiction over insurance.

9 (4) "Insurance eligibility points" means all of the
10 following:

11 (a) Points calculated, according to the following schedule,
12 for convictions, determinations of responsibility for civil
13 infractions, or findings of responsibility in probate court:

14 (i) For a violation of any lawful speed limit by more than
15 15 miles per hour, or careless driving, 4 points.

16 (ii) For a violation of any lawful speed limit by more than
17 10 miles per hour, but less than 16 miles per hour, 3 points.

18 (iii) For a violation of any lawful speed limit by 10 miles
19 per hour or less, 2 points.

20 (iv) For a violation of any speed limit by 15 miles per hour
21 or less on a roadway ~~which~~ THAT had a lawfully posted maximum
22 speed of 70 miles per hour as of January 1, 1974, 2 points.

23 (v) For all other moving violations pertaining to the opera-
24 tion of motor vehicles, 2 points.

25 (b) Points calculated, according to the following schedule,
26 for determinations that the person was substantially at-fault, as
27 defined in section 2104(4):

HB 4924, As Passed Senate, October 11, 2001

House Bill No. 4924 as amended October 10, 2001

9

1 (i) For the first substantially at-fault accident, 3
2 points.

3 (ii) For the second and each subsequent substantially
4 at-fault accident, 4 points.

5 (5) "Insurer" means an insurer authorized to transact in
6 this state the kind or combination of kinds of insurance consti-
7 tuting automobile insurance or home insurance, as defined in this
8 chapter.

9 Enacting section 1. This amendatory act takes effect
10 February 1, 2002.

11 Enacting section 2. This amendatory act does not take
12 effect unless House Bill No. 4813 of the 91st Legislature is
13 enacted into law.