



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 4127 (Substitute H-3 as passed by the House)  
Sponsor: Representative Ken Daniels  
House Committee: Insurance  
Senate Committee: Banking and Financial Institutions

Date Completed: 2-6-04

### **CONTENT**

The bill would amend the Insurance Code to prohibit an automobile insurance policy and an automobile insurer and its employees, agents, and adjusters from unreasonably restricting an insured from using a particular person, place, shop, or entity to provide any automobile repair or automobile glass repair or replacement service or product covered by the insurance policy. Before or at the time a claim was filed with an automobile insurer, the insurer would have to disclose the existence of an agreement. The insurer also would have to inform the insured that he or she was not obligated to use that particular repair or replacement facility.

The bill would require the Office of Financial and Insurance Services (OFIS) to develop a plan to inform consumers of their rights regarding insurance coverage of automobile repairs and of their ability to report violations of their rights through OFIS's toll-free telephone number or website, and that the insurer was not required to pay more than a reasonable amount for repairs and parts. The plan would have to be developed and submitted to the Senate and House standing committees on insurance issues within six months after the bill's effective date.

Proposed MCL 500.2110b

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would require OFIS to develop a plan for informing consumers of their rights. This requirement would increase the administrative responsibility of the agency, but the cost would be covered by licensing and regulation fees. The bill would have no impact on the General Fund.

Fiscal Analyst: Maria Tyszkiewicz

S0304\4127sa

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.