



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 5256 (Substitute H-1 as passed by the House)

Sponsor: Representative John Proos

House Committee: Insurance

Senate Committee: Banking and Financial Institutions

Date Completed: 3-15-06

### **CONTENT**

**The bill would amend the Insurance Code to require that casualty insurance policies indicate that an insurer could refuse to renew a medical malpractice insurance policy only if the insurer gave the insured at least 60 days' notice of the refusal to renew.**

Under the Code, a policy of casualty insurance, except worker's compensation and mortgage guaranty insurance, may not be issued or delivered in Michigan by an insurer authorized to do business in this State, for which a premium or advance assessment is charged, unless the policy contains provisions specified in the Code.

Under the bill, a policy also would have to provide that an insurer could refuse to renew a malpractice insurance policy only by mailing to the insured, at the insured's address last known to the insurer, or to the insurer's authorized agent, with postage fully prepaid, a not-less-than-60 days' written notice of refusal to renew.

Currently, a policy must provide that it may be canceled at any time by the insurer or an authorized agent by mailing a not-less-than-10 days' written notice. The bill would create an exception to that provision.

The bill specifies that it would apply to malpractice insurance policies in effect on, or issued on or after, the date the bill was enacted.

"Malpractice insurance" would refer to insurance described under Section 624(1)(h) of the Code (MCL 500.624), i.e., insurance of people lawfully engaged in the practice of medicine, surgery, dentistry, or dispensing drugs or medicines, and partnerships or corporations lawfully engaged in the operation of hospitals or sanitariums, against loss resulting from claims alleging malpractice, error, or mistake and based upon professional services rendered or that should have been rendered, and to defend and indemnify against any loss resulting from other suits for civil damages arising out of the insured's professional practice.

MCL 500.3020

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

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

Fiscal Analyst: Elizabeth Pratt  
Maria Tyszkiewicz

S0506\5256sa

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.