

SENATE BILL No. 988

January 24, 2006, Introduced by Senators THOMAS, SCOTT, JACOBS, BRATER, PRUSI, BASHAM, SCHAUER, CLARK-COLEMAN, OLSHOVE, CHERRY, EMERSON, LELAND and CLARKE and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1956 PA 218, entitled
 "The insurance code of 1956,"
 by amending section 2105 (MCL 500.2105) and by adding section
 2111f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2105. (1) ~~No~~ A policy of automobile insurance or home
 2 insurance shall **NOT** be offered, bound, made, issued, delivered, or
 3 renewed in this state on and after January 1, 1981, except in
 4 conformity with this chapter. This chapter ~~shall~~ **DOES** not apply
 5 to policies of automobile insurance or home insurance offered,
 6 bound, made, issued, delivered, or renewed in this state before
 7 January 1, 1981.

8 (2) ~~This~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 2111F, THIS**

1 chapter ~~shall~~ DOES not apply to insurance written on a group,
2 franchise, blanket policy, or similar basis ~~which~~ THAT offers
3 home insurance or automobile insurance to all members of the group,
4 franchise plan, or blanket coverage who are eligible persons.

5 SEC. 2111F. (1) BY NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE
6 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, EACH INSURER
7 SHALL FILE RATES FOR AUTOMOBILE INSURANCE THAT REFLECT FOR ALL
8 COVERAGES AN OVERALL AVERAGE RATE REDUCTION OF NOT LESS THAN 20% OF
9 THE AVERAGE RATE CHARGED FOR ALL COVERAGES BY THE AUTOMOBILE
10 INSURER ON OCTOBER 1, 2005. THE RATE REDUCTION OR PREMIUM FOR A
11 SPECIFIED INSURED MAY VARY DUE TO DISCOUNTS, SURCHARGES,
12 APPLICATION OF RATING FACTORS, AND COVERAGE SELECTION.

13 (2) BY NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE DATE OF THE
14 AMENDATORY ACT THAT ADDED THIS SECTION, EACH INSURER SHALL FILE
15 RATES FOR HOME INSURANCE THAT REFLECT FOR ALL COVERAGES AN OVERALL
16 RATE REDUCTION OF NOT LESS THAN 20% OF THE AVERAGE RATE CHARGED FOR
17 ALL COVERAGES BY THE HOME INSURER ON OCTOBER 1, 2005. THE RATE
18 REDUCTION OR PREMIUM FOR A SPECIFIED INSURED MAY VARY DUE TO
19 DISCOUNTS, APPLICATION OF RATING FACTORS, AND COVERAGE SELECTION.

20 (3) BY NOT SOONER THAN 30 DAYS AFTER THE EFFECTIVE DATE OF THE
21 AMENDATORY ACT THAT ADDED THIS SECTION, AN INSURER MAY PETITION THE
22 COMMISSIONER FOR RELIEF FROM ALL OR PART OF THE PERCENTAGE SET IN
23 SUBSECTION (1) OR (2). IN ITS PETITION, AN INSURER SHALL
24 DEMONSTRATE SUCH REDUCTION COULD RESULT IN AN UNDUE FINANCIAL
25 HARDSHIP TO THE INSURER.

26 (4) BY NOT LATER THAN 30 DAYS AFTER RECEIPT OF A PETITION
27 UNDER SUBSECTION (3), THE COMMISSIONER BY ORDER SHALL DENY OR GRANT

1 THE INSURER'S REQUEST FOR REGULATORY RELIEF IF THE COMMISSIONER
2 FINDS A CONDITION EXISTS FOR WHICH THE COMMISSIONER MAY ACT
3 PURSUANT TO SECTION 436 OR 436A AND THE COMMISSIONER DETERMINES
4 THAT RELIEF FROM ALL OR A PART OF THE PERCENTAGE SET IN SUBSECTION
5 (1) OR (2) WOULD BE IN THE BEST INTERESTS OF THE PUBLIC, THE
6 INSURER, AND THE INSURER'S POLICYHOLDERS.

7 (5) AN INSURER AGGRIEVED BY THE COMMISSIONER'S ORDER UNDER
8 SUBSECTION (4) MAY REQUEST A HEARING PURSUANT TO THE ADMINISTRATIVE
9 PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328. THE
10 COSTS ASSOCIATED WITH A HEARING SHALL BE PAID FOR BY THE INSURER.

11 (6) NOTHING IN THIS SECTION PROHIBITS AN INSURER FROM REDUCING
12 RATES BY MORE THAN THE PERCENTAGE SET IN SUBSECTION (1) OR (2).

13 (7) THIS SECTION APPLIES TO ALL POLICIES OF AUTOMOBILE
14 INSURANCE OR HOME INSURANCE OFFERED, BOUND, MADE, ISSUED,
15 DELIVERED, OR RENEWED IN THIS STATE, INCLUDING AUTOMOBILE OR HOME
16 INSURANCE WRITTEN ON A GROUP, FRANCHISE, BLANKET POLICY, OR SIMILAR
17 BASIS.