

# SENATE BILL No. 991

January 24, 2006, Introduced by Senators SCOTT, JACOBS, BRATER, PRUSI, SCHAUER, BASHAM, THOMAS, CLARK-COLEMAN, CHERRY, OLSHOVE, 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 sections 2114, 2418, and 2618 (MCL 500.2114, 500.2418,  
and 500.2618), section 2418 as amended by 1993 PA 200.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 2114. (1) A person or organization aggrieved with respect  
2 to any filing ~~which~~ **THAT** is in effect and ~~which~~ affects the  
3 person or organization may make written application to the  
4 commissioner for a hearing on the filing. However, the insurer or  
5 rating organization ~~which~~ **THAT** made the filing ~~shall~~ **IS** not ~~be~~  
6 authorized to proceed under this subsection. The application shall  
7 specify the grounds to be relied upon by the applicant. If the  
8 commissioner finds that the application is made in good faith, that

1 the applicant would be so aggrieved if the grounds specified are  
 2 established, or that the grounds specified otherwise justify  
 3 holding a hearing, the commissioner, not more than 30 days after  
 4 receipt of the application, shall hold a hearing in accordance with  
 5 ~~Act No. 306 of the Public Acts of 1969, as amended~~ **THE**  
 6 **ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO**  
 7 **24.328**, upon not less than 10 days' written notice to the  
 8 applicant, the insurer, and the rating organization ~~which~~ **THAT**  
 9 made the filing.

10 (2) If after hearing initiated under subsection (1) or upon  
 11 the commissioner's own motion pursuant to ~~Act No. 306 of the~~  
 12 ~~Public Acts of 1969, as amended~~ **THE ADMINISTRATIVE PROCEDURES ACT**  
 13 **OF 1969, 1969 PA 306, MCL 24.201 TO 24.328**, the commissioner finds  
 14 that a filing does not meet the requirements of sections 2109 and  
 15 2111, the commissioner shall issue an order stating the specific  
 16 reasons for that finding. The order shall state when, within a  
 17 reasonable time after issuance of the order, the filing shall be  
 18 considered no longer effective. **IF THE COMMISSIONER DISAPPROVES THE**  
 19 **FILING AS NOT BEING IN COMPLIANCE WITH SECTION 2109 BECAUSE RATES**  
 20 **ARE EXCESSIVE OR UNFAIRLY DISCRIMINATORY, HE OR SHE MAY ORDER A**  
 21 **REFUND OF THE PREMIUM TO BE MADE TO AFFECTED POLICYHOLDERS, IF THE**  
 22 **AMOUNT IS SUBSTANTIAL AND EQUALS OR EXCEEDS THE COST OF MAKING THE**  
 23 **REFUND.** A copy of the order shall be sent to the applicant, if any,  
 24 and to each insurer and rating organization subject to the order.  
 25 ~~The~~ **EXCEPT FOR AN ADJUSTMENT ORDERED UNDER THIS SECTION, THE** order  
 26 shall not affect a contract or policy made or issued before the  
 27 date the filing becomes ineffective, as indicated in the

1 commissioner's order.

2       Sec. 2418. If at any time after approval of any filing either  
 3 by act or order of the commissioner or by operation of law, or  
 4 before approval of a filing made by a worker's compensation insurer  
 5 controlled by a nonprofit health care corporation ~~formed~~  
 6 **OPERATING** pursuant to the nonprofit health care corporation reform  
 7 act, ~~Act No. 350 of the Public Acts of 1980, being sections~~  
 8 ~~550.1101 to 550.1704 of the Michigan Compiled Laws~~ **1980 PA 350,**  
 9 **MCL 550.1101 TO 550.1704,** the commissioner finds that a filing does  
 10 not meet the requirements of this chapter, the commissioner shall,  
 11 after a hearing held upon not less than 10 days' written notice,  
 12 specifying the matters to be considered at the hearing, to every  
 13 insurer and rating organization that made the filing, issue an  
 14 order specifying in what respects the commissioner finds that the  
 15 filing fails to meet the requirements of this chapter, and stating  
 16 for a filing that has gone into effect when, within a reasonable  
 17 period thereafter, that filing shall be considered no longer  
 18 effective. ~~Copies~~ **IF THE COMMISSIONER DISAPPROVES THE FILING AS**  
 19 **NOT BEING IN COMPLIANCE WITH SECTION 2403(1)(D) BECAUSE RATES ARE**  
 20 **EXCESSIVE OR UNFAIRLY DISCRIMINATORY, HE OR SHE MAY ORDER A REFUND**  
 21 **OF THE PREMIUM TO BE MADE TO AFFECTED POLICYHOLDERS, IF THE AMOUNT**  
 22 **IS SUBSTANTIAL AND EQUALS OR EXCEEDS THE COST OF MAKING THE REFUND.**  
 23 **A COPY** of the order shall be sent to every ~~such~~ insurer and  
 24 rating organization **SUBJECT TO THE ORDER.** ~~The~~ **EXCEPT FOR AN**  
 25 **ADJUSTMENT ORDERED UNDER THIS SECTION,** the order shall not affect  
 26 any contract or policy made or issued ~~prior to the expiration of~~  
 27 ~~the period set forth in the order~~ **BEFORE THE DATE THE FILING**

1 BECOMES INEFFECTIVE AS INDICATED IN THE COMMISSIONER'S ORDER.

2       Sec. 2618. If at any time ~~subsequent to~~ **AFTER** the applicable  
 3 review period provided for in section 2616, the commissioner finds  
 4 that a filing does not meet the requirements of this chapter, ~~he~~  
 5 **THE COMMISSIONER** shall, after a hearing held upon not less than 10  
 6 days' written notice, specifying the matters to be considered at  
 7 ~~such~~ **THE** hearing, to every insurer and rating organization ~~which~~  
 8 **THAT** made ~~such~~ **THE** filing, issue an order specifying in what  
 9 respects ~~he~~ **THE COMMISSIONER** finds that ~~such~~ **THE** filing fails  
 10 to meet the requirements of this chapter, and stating when, within  
 11 a reasonable period thereafter, ~~such~~ **THAT** filing shall be ~~deemed~~  
 12 **CONSIDERED** no longer effective. ~~Copies~~ **IF THE COMMISSIONER**  
 13 **DISAPPROVES THE FILING AS NOT BEING IN COMPLIANCE WITH SECTION**  
 14 **2603(1)(D) BECAUSE RATES ARE EXCESSIVE OR UNFAIRLY DISCRIMINATORY,**  
 15 **HE OR SHE MAY ORDER A REFUND OF THE PREMIUM TO BE MADE TO AFFECTED**  
 16 **POLICYHOLDERS, IF THE AMOUNT IS SUBSTANTIAL AND EQUALS OR EXCEEDS**  
 17 **THE COST OF MAKING THE REFUND. A COPY of** ~~said~~ **THE** order shall be  
 18 sent to every ~~such~~ insurer and rating organization **SUBJECT TO THE**  
 19 **ORDER. ~~Said~~ EXCEPT FOR AN ADJUSTMENT ORDERED UNDER THIS SECTION,**  
 20 **THE** order shall not ~~effect~~ **AFFECT** any contract or policy made or  
 21 issued ~~prior to the expiration of the period set forth in said~~  
 22 ~~order~~ **BEFORE THE DATE THE FILING BECOMES INEFFECTIVE AS INDICATED**  
 23 **IN THE COMMISSIONER'S ORDER.**