

# SENATE BILL No. 1256

May 9, 2006, Introduced by Senators SCOTT, PRUSI, BRATER, BASHAM, SWITALSKI, CLARK-COLEMAN 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,"  
(MCL 500.100 to 500.8302) by adding section 255.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 255. (1) THE MAKE INSURANCE AFFORDABLE AND ACCESSIBLE  
2        (MIAA) TASK FORCE IS CREATED WITHIN THE OFFICE OF FINANCIAL AND  
3        INSURANCE SERVICES.

4        (2) THE MIAA TASK FORCE SHALL CONSIST OF THE COMMISSIONER OF  
5        THE OFFICE OF FINANCIAL AND INSURANCE SERVICES, 1 MEMBER OF THE  
6        SENATE APPOINTED BY THE SENATE MAJORITY LEADER, 1 MEMBER OF THE  
7        SENATE APPOINTED BY THE SENATE MINORITY LEADER, 1 MEMBER OF THE  
8        HOUSE OF REPRESENTATIVES APPOINTED BY THE SPEAKER OF THE HOUSE OF  
9        REPRESENTATIVES, 1 MEMBER OF THE HOUSE OF REPRESENTATIVES APPOINTED  
10       BY THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, AND THE  
11       FOLLOWING 6 MEMBERS, APPOINTED BY THE GOVERNOR:

1 (A) THREE MEMBERS REPRESENTING THE GENERAL PUBLIC, AT LEAST 1  
2 OF WHOM SHALL RESIDE IN A COUNTY WITH A POPULATION OF 900,000 OR  
3 MORE.

4 (B) ONE MEMBER REPRESENTING AUTOMOBILE INSURERS WITH 15% OR  
5 MORE OF THE AUTOMOBILE INSURANCE MARKET IN THIS STATE.

6 (C) ONE MEMBER REPRESENTING AUTOMOBILE INSURERS WITH LESS THAN  
7 15% BUT MORE THAN 5% OF THE AUTOMOBILE INSURANCE MARKET IN THIS  
8 STATE.

9 (D) ONE MEMBER REPRESENTING AUTOMOBILE INSURERS WITH 5% OR  
10 LESS OF THE AUTOMOBILE INSURANCE MARKET IN THIS STATE.

11 (3) THE MEMBERS APPOINTED TO THE MIAA TASK FORCE SHALL BE  
12 APPOINTED WITHIN 14 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION.

13 (4) IF A VACANCY OCCURS ON THE MIAA TASK FORCE, AN APPOINTMENT  
14 FOR THE UNEXPIRED TERM SHALL BE MADE IN THE SAME MANNER AS THE  
15 ORIGINAL APPOINTMENT.

16 (5) THE GOVERNOR MAY REMOVE A MEMBER OF THE MIAA TASK FORCE  
17 FOR INCOMPETENCY, DERELICTION OF DUTY, MALFEASANCE, MISFEASANCE, OR  
18 NONFEASANCE IN OFFICE, OR ANY OTHER GOOD CAUSE.

19 (6) THE FIRST MEETING OF THE MIAA TASK FORCE SHALL BE CALLED  
20 NOT LATER THAN 24 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION. AT  
21 THE FIRST MEETING, THE MEMBERS OF THE MIAA TASK FORCE SHALL ELECT  
22 FROM AMONG ITS MEMBERS A CHAIRPERSON AND OTHER OFFICERS AS THEY  
23 CONSIDER NECESSARY OR APPROPRIATE. AFTER THE FIRST MEETING, THE  
24 MIAA TASK FORCE SHALL MEET AT LEAST MONTHLY, OR MORE FREQUENTLY AT  
25 THE CALL OF THE CHAIRPERSON OR IF REQUESTED BY 6 OR MORE MEMBERS.

26 (7) A MAJORITY OF THE MEMBERS OF THE MIAA TASK FORCE  
27 CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS AT A MEETING OF

1 THE MIAA TASK FORCE. A MAJORITY OF THE MEMBERS PRESENT AND SERVING  
2 ARE REQUIRED FOR OFFICIAL ACTION OF THE MIAA TASK FORCE.

3 (8) THE BUSINESS THAT THE MIAA TASK FORCE MAY PERFORM SHALL BE  
4 CONDUCTED AT A PUBLIC MEETING OF THE MIAA TASK FORCE HELD IN  
5 COMPLIANCE WITH THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO  
6 15.275.

7 (9) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF, OR  
8 RETAINED BY THE MIAA TASK FORCE IN THE PERFORMANCE OF AN OFFICIAL  
9 FUNCTION IS SUBJECT TO THE FREEDOM OF INFORMATION ACT, 1976 PA 442,  
10 MCL 15.231 TO 15.246.

11 (10) MEMBERS OF THE MIAA TASK FORCE SHALL SERVE WITHOUT  
12 COMPENSATION. HOWEVER, MEMBERS OF THE MIAA TASK FORCE MAY BE  
13 REIMBURSED FOR THEIR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE  
14 PERFORMANCE OF THEIR OFFICIAL DUTIES AS MEMBERS OF THE MIAA TASK  
15 FORCE.

16 (11) THE MIAA TASK FORCE SHALL EXAMINE THE AFFORDABILITY AND  
17 AVAILABILITY OF AUTOMOBILE INSURANCE IN ALL AREAS OF THE STATE. IN  
18 MAKING THIS EXAMINATION, THE MIAA TASK FORCE SHALL USE THE  
19 INFORMATION RECEIVED FROM THE OFFICE OF FINANCIAL AND INSURANCE  
20 SERVICES MOST RECENT DATA CALL AND SHALL MEASURE AVERAGE AUTOMOBILE  
21 INSURANCE PREMIUMS RELATIVE TO AVERAGE FAMILY INCOME IN EACH COUNTY  
22 IN THE STATE.

23 (12) THE MIAA TASK FORCE SHALL EXAMINE WAYS TO INCREASE THE  
24 AFFORDABILITY AND AVAILABILITY OF AUTOMOBILE INSURANCE IN ALL AREAS  
25 OF THE STATE. IN MAKING THIS EXAMINATION, THE MIAA TASK FORCE SHALL  
26 EXAMINE AND REPORT ON AT LEAST ALL OF THE FOLLOWING:

27 (A) HOW AUTOMOBILE INSURANCE IS MARKETING IN THE STATE AND THE

1 AVAILABILITY OF ALL AUTOMOBILE INSURANCE IN ALL MARKETS OF THE  
2 STATE.

3 (B) HOW AUTOMOBILE INSURANCE IS PRICED IN THE STATE,  
4 INCLUDING, BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

5 (i) USE OF TERRITORIAL RATING.

6 (ii) USE OF CREDIT SCORING AND OTHER PREMIUM DISCOUNTS.

7 (iii) USE OF DRIVING RECORDS AND OTHER CLASSIFICATION FACTORS.

8 (C) AUTOMOBILE INSURANCE LOSS RATIOS AND PROFIT MARGINS.

9 (D) AVERAGE COST OF CLAIMS.

10 (E) COST OF MANDATORY BENEFITS.

11 (F) OTHER METHODS TO REDUCE AUTOMOBILE INSURANCE PREMIUMS,  
12 INCLUDING, BUT NOT LIMITED TO, GROUP POOLING AND INSURANCE  
13 RECIPROCAL EXCHANGES.

14 (13) THE MIAA TASK FORCE SHALL REPORT TO THE SENATE AND HOUSE  
15 OF REPRESENTATIVES STANDING COMMITTEES ON INSURANCE ISSUES ON THE  
16 EXAMINATIONS CONDUCTED PURSUANT TO THIS SECTION AND SHALL MAKE  
17 FINDINGS AND RECOMMENDATIONS BASED ON THOSE EXAMINATIONS BY NOT  
18 LATER THAN 1 YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION.