

SUBSTITUTE FOR
HOUSE BILL NO. 4412
(As amended April 22, 2008)

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding chapter 21A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 CHAPTER 21A [CREDIT-BASED INSURANCE SCORING FOR PERSONAL INSURANCE

2 SEC. 2151. AS USED IN THIS CHAPTER:

3 (A) "INSURANCE SCORE" MEANS A NUMBER, RATING, CLASSIFICATION, OR
4 COMPARATIVE GROUPING OF RISKS THAT IS BASED IN WHOLE OR IN PART ON CREDIT
5 INFORMATION, A CREDIT SCORE, OR ON ITEMS OF INFORMATION INCLUDED IN A
6 CREDIT REPORT MAINTAINED BY A CONSUMER REPORTING AGENCY THAT AN INSURER
7 USES FOR THE PURPOSES OF PREDICTING THE FUTURE LOSS EXPOSURE OF AN
8 INDIVIDUAL APPLICANT OR INSURED, FOR CLASSIFYING RISK, OR FOR SETTING THE
9 PREMIUM CHARGED AN INDIVIDUAL APPLICANT OR INSURED.

10 (B) "PERSONAL INSURANCE" MEANS POLICIES UNDERWRITTEN ON AN
11 INDIVIDUAL OR GROUP BASIS FOR PERSONAL, FAMILY, OR HOUSEHOLD USE,
12 SUBJECT TO CHAPTER 21, 24, OR 26, AND INCLUDES PRIVATE PASSENGER

1 AUTOMOBILE, HOMEOWNERS, MOTORCYCLE, BOAT, PERSONAL WATERCRAFT,
2 SNOWMOBILE, RECREATIONAL VEHICLE, MOBILE HOMEOWNERS, AND ALL OTHER
3 NONCOMMERCIAL VEHICULAR AND NONCOMMERCIAL DWELLING FIRE INSURANCE
4 POLICIES.

5 SEC. 2153. THIS CHAPTER APPLIES ONLY TO PERSONAL INSURANCE. IF ANY
6 PROVISION OF THIS CHAPTER IS FOUND TO BE INCONSISTENT WITH A
7 PROVISION OF CHAPTER 21, 24, OR 26, THIS CHAPTER CONTROLS WITH RESPECT TO
8 THE USE OF INSURANCE SCORES IN THE RATING OR UNDERWRITING OF PERSONAL
9 INSURANCE.

10 SEC. 2155. (1) FOR NEW OR RENEWAL POLICIES EFFECTIVE ON AND AFTER
11 OCTOBER 1, 2008, AN INSURER IN THE CONDUCT OF ITS BUSINESS OR ACTIVITIES
12 SHALL NOT USE AN INSURANCE SCORE AS A RATING FACTOR.

13 (2) FOR NEW AND RENEWAL POLICIES EFFECTIVE ON AND AFTER OCTOBER 1,
14 2008, AN INSURER IN THE CONDUCT OF ITS BUSINESS OR ACTIVITIES SHALL NOT
15 USE AN INSURANCE SCORE AS A BASIS TO REFUSE TO INSURE, REFUSE TO CONTINUE
16 TO INSURE, OR LIMIT COVERAGE AVAILABLE.

17 SEC. 2157. (1) FOR NEW AND RENEWAL POLICIES EFFECTIVE ON OR AFTER
18 OCTOBER 1, 2008, AN INSURER SHALL ADJUST BASE RATES AS FOLLOWS:

19 (A) CALCULATE THE SUM OF EARNED PREMIUM AT CURRENT RATE LEVEL FOR
20 THE PERIOD JANUARY 1, 2007 THROUGH DECEMBER 31, 2007.

21 (B) CALCULATE THE SUM OF EARNED PREMIUM AT CURRENT RATE LEVEL WITH
22 ALL INSURANCE SCORE DISCOUNTS ELIMINATED FOR THE PERIOD JANUARY 1, 2007
23 THROUGH DECEMBER 31, 2007.

24 (C) REDUCE BASE RATES BY THE FACTOR CREATED FROM THE DIFFERENCE OF
25 THE NUMBER 1 AND THE RATIO OF THE AMOUNT OF SUBDIVISION (A) TO THE AMOUNT
26 OF SUBDIVISION (B).

27 (2) THE INSURER SHALL FILE WITH THE COMMISSIONER A CERTIFICATION

1 THAT IT HAS MADE THE BASE RATE ADJUSTMENT AND DOCUMENTATION DESCRIBING
 2 THE CALCULATION OF THE BASE RATES ADJUSTMENT. THE INSURER SHALL FILE THE
 3 CERTIFICATE AND DOCUMENTATION NOT LATER THAN AUGUST 1, 2008.

4 SEC. 2159. IF AN INSURER FAILS TO MAKE THE FILING REQUIRED UNDER
 5 SECTION 2157, THEN THE INSURER IN ANY PROCEEDING TO DETERMINE THE
 6 VALIDITY OF A PERSONAL INSURANCE RATE FILING SHALL BE SUBJECT TO THE
 7 PRESUMPTION THAT THE RATE FILING DOES NOT CONFORM TO RATE STANDARDS UNDER
 8 THIS CHAPTER OR CHAPTER 21, 24, OR 26.

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House Bill No. 4412 (H-2) as amended April 22, 2008

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