

HOUSE BILL No. 5423

November 7, 2007, Introduced by Reps. Polidori, Corriveau, Scott, Virgil Smith, Byrnes, Leland, Hood, Johnson, Melton, Constan, Young, Lemmons, Farrah, Coulouris, Alma Smith, Vagnozzi, Tobocman, Condino and Dean and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2112 (MCL 500.2112), as amended by 1980 PA 461.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2112. (1) At least annually, in conjunction with a
2 renewal notice, a bill, or other notice of payment due issued to a
3 policyholder in conjunction with automobile and home insurance
4 contracts, an insurer shall send to each policyholder a written
5 notice of all of the following:

6 (a) A description of the specific rating classifications by
7 which the rates and premiums for the policy have been determined.
8 The notice shall be of sufficient detail and clarity so that the
9 policyholder can reasonably verify the applicability and accuracy
10 of the rating classifications.

11 (b) A general explanation of the extent to which rates or

1 premiums vary among insureds on the basis of the rating
2 classifications used by the insurer.

3 (c) Sources and reasonable procedures by which the individual
4 can obtain from the insurer additional information sufficient for
5 the individual to calculate and confirm the accuracy of his or her
6 specific premium.

7 (d) Relevant information regarding the rights of an insured,
8 under sections 2113 and 2114, to appeal the application of the
9 insurer's rating plan in determining his or her premium, to obtain
10 documentation from the insurer regarding the determination of the
11 rate, to appeal the application of the insurer's underwriting rules
12 to the person, to request an informal conference with the insurer,
13 and to file with the commissioner a complaint as an aggrieved
14 person.

15 (e) A description of all of the insurer's underwriting rules
16 based upon insurance eligibility points and a description of all of
17 the underwriting rules of the insurer's affiliates based upon
18 insurance eligibility points.

19 (f) A suggestion that the insured contact his or her agent to
20 determine if he or she is eligible for insurance from an affiliate
21 of the insurer or under a different rating plan of the insurer
22 which would provide to the insured insurance at a more favorable
23 premium.

24 (2) AN AUTOMOBILE INSURER SHALL NOT LIST ON A POLICY
25 DECLARATION PAGE OR ANY OTHER NOTICE PROVIDED TO A POLICYHOLDER THE
26 POLICYHOLDER'S PORTION OF AN ASSESSMENT LEVIED AGAINST THE INSURER
27 UNDER SECTION 3104, UNLESS PRIOR APPROVAL IS GIVEN BY THE

1 COMMISSIONER AND ALL OF THE FOLLOWING ARE MET:

2 (A) THE ASSESSMENT IS LISTED AS A SEPARATE AND DISTINCT ITEM
3 ENTITLED "MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION ASSESSMENT".

4 (B) THE ASSESSMENT AMOUNT LISTED REFLECTS THE ACTUAL PER
5 VEHICLE AMOUNT THE INSURER WAS ASSESSED BY THE MICHIGAN
6 CATASTROPHIC CLAIMS ASSOCIATION FOR THE CORRESPONDING POLICY PERIOD
7 AND DOES NOT INCLUDE ANY ADDITIONAL EXPENSES. IF LISTED, ANY
8 ADDITIONAL EXPENSE RELATED TO THE COLLECTION OF THE MICHIGAN
9 CATASTROPHIC CLAIMS ASSOCIATION ASSESSMENT, INCLUDING, BUT NOT
10 LIMITED TO, AGENT COMMISSIONS AND ADMINISTRATIVE EXPENSES, SHALL
11 NOT BE INCLUDED WITH THE MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION
12 ASSESSMENT LISTING, SHALL BE IDENTIFIED SEPARATELY AS THE TYPE OF
13 EXPENSE IT IS, WITH THE CORRESPONDING AMOUNT FOR EACH EXPENSE
14 LISTED SEPARATELY, AND SHALL BE IDENTIFIED AS BEING RELATED TO THE
15 MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION ASSESSMENT.