

SENATE BILL No. 1034

January 22, 2008, Introduced by Senators HUNTER, JACOBS, CLARK-COLEMAN, ANDERSON, BRATER, THOMAS, GLEASON, SCHAUER, CHERRY, SCOTT and CLARKE and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2118 (MCL 500.2118), as amended by 2007 PA 35;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2118. (1) As a condition of maintaining its certificate
2 of authority, an insurer shall not refuse to insure, refuse to
3 continue to insure, or limit coverage available to an eligible
4 person for automobile insurance, except in accordance with
5 underwriting rules established pursuant to this section and
6 sections 2119 and 2120.

7 (2) The underwriting rules that an insurer may establish for
8 automobile insurance shall be based only on the following:

9 (a) Criteria identical to the standards set forth in section

1 2103(1).

2 (b) The insurance eligibility point accumulation in excess of
3 the amounts established by section 2103(1) of a member of the
4 household of the eligible person insured or to be insured, if the
5 member of the household usually accounts for 10% or more of the use
6 of a vehicle insured or to be insured. For purposes of this
7 subdivision, a person who is the principal driver for 1 automobile
8 insurance policy shall be rebuttably presumed not to usually
9 account for more than 10% of the use of other vehicles of the
10 household not insured under the policy of that person.

11 (c) With respect to a vehicle insured or to be insured,
12 substantial modifications from the vehicle's original manufactured
13 state for purposes of increasing the speed or acceleration
14 capabilities of the vehicle.

15 ~~—— (d) Except as otherwise provided in section 2116a, failure by~~
16 ~~the person to provide proof that insurance required by section 3101~~
17 ~~was maintained in force with respect to any vehicle that was both~~
18 ~~owned by the person and driven or moved by the person or by a~~
19 ~~member of the household of the person during the 6 month period~~
20 ~~immediately preceding application. Such proof shall take the form~~
21 ~~of a certification by the person on a form provided by the insurer~~
22 ~~that the vehicle was not driven or moved without maintaining the~~
23 ~~insurance required by section 3101 during the 6 month period~~
24 ~~immediately preceding application.~~

25 (D) ~~(e)~~ Type of vehicle insured or to be insured, based on 1
26 of the following, without regard to the age of the vehicle:

27 (i) The vehicle is of limited production or of custom

1 manufacture.

2 (ii) The insurer does not have a rate lawfully in effect for
3 the type of vehicle.

4 (iii) The vehicle represents exposure to extraordinary expense
5 for repair or replacement under comprehensive or collision
6 coverage.

7 (E) ~~(f)~~—Use of a vehicle insured or to be insured for
8 transportation of passengers for hire, for rental purposes, or for
9 commercial purposes. Rules under this subdivision shall not be
10 based on the use of a vehicle for volunteer or charitable purposes
11 or for which reimbursement for normal operating expenses is
12 received.

13 (F) ~~(g)~~—Payment of a minimum deposit at the time of
14 application or renewal, not to exceed the smallest deposit required
15 under an extended payment or premium finance plan customarily used
16 by the insurer.

17 (G) ~~(h)~~—For purposes of requiring comprehensive deductibles of
18 not more than \$150.00, or of refusing to insure if the person
19 refuses to accept a required deductible, the claim experience of
20 the person with respect to comprehensive coverage.

21 (H) ~~(i)~~—Total abstinence from the consumption of alcoholic
22 beverages except if such beverages are consumed as part of a
23 religious ceremony. However, an insurer shall not utilize an
24 underwriting rule based on this subdivision unless the insurer has
25 been authorized to transact automobile insurance in this state
26 prior to January 1, 1981, and has consistently utilized such an
27 underwriting rule as part of the insurer's automobile insurance

1 underwriting since being authorized to transact automobile
2 insurance in this state.

3 (I) ~~(j)~~—One or more incidents involving a threat, harassment,
4 or physical assault by the insured or applicant for insurance on an
5 insurer employee, agent, or agent employee while acting within the
6 scope of his or her employment so long as a report of the incident
7 was filed with an appropriate law enforcement agency.

8 Enacting section 1. Section 2116a of the insurance code of
9 1956, 1956 PA 218, MCL 500.2116a, is repealed.

10 Enacting section 2. This amendatory act does not take effect
11 unless Senate Bill No. 1035

12 of the 94th Legislature is enacted into law.