

SUBSTITUTE FOR  
HOUSE BILL NO. 5151

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding section 2027b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 2027B. (1) IF THE COMMISSIONER OR A COURT DETERMINES THAT  
2 A PROPERTY OR CASUALTY INSURER HAS ACTED IN BAD FAITH IN FAILING TO  
3 TIMELY PAY BENEFITS UNDER A PROPERTY OR CASUALTY INSURANCE POLICY,  
4 THE INSURER SHALL SEND A LETTER TO EACH OF THE 3 LARGEST NATIONAL  
5 CONSUMER REPORTING AGENCIES THAT CONTAINS BOTH OF THE FOLLOWING:

6           (A) A STATEMENT THAT ANY DELINQUENCY BY THE INSURED IN MAKING  
7 A PAYMENT RELATED TO THE INSURER'S ACT OF BAD FAITH IS THE FAULT OF  
8 THE INSURER AND NOT THE INSURED.

9           (B) A REQUEST THAT THE CONSUMER REPORTING AGENCY AMEND THE  
10 INSURED'S CREDIT HISTORY ACCORDINGLY.

1           (2) A PROPERTY OR CASUALTY INSURER THAT FAILS TO COMPLY WITH  
2 SUBSECTION (1) IS LIABLE TO THE INSURED FOR ALL OF THE FOLLOWING:

3           (A) THE GREATER OF \$10,000.00 OR 3 TIMES THE AMOUNT OF ANY  
4 DAMAGES SUSTAINED BY THE INSURED AS A RESULT OF THE FAILURE.

5           (B) REASONABLE ATTORNEY FEES INCURRED BY THE INSURED IN  
6 ENFORCING THE LIABILITY UNDER THIS SECTION.

7           (3) AS USED IN THIS SECTION:

8           (A) "BAD FAITH" MEANS THE FAILURE TO TIMELY PAY BENEFITS  
9 INVOLVING ANY OF THE REASONS LISTED IN SECTION 2027A(2).

10           (B) "CONSUMER REPORTING AGENCY" MEANS THAT TERM AS DEFINED IN  
11 SECTION 603 OF THE FAIR CREDIT REPORTING ACT, 15 USC 1681A.

12           (C) "PROPERTY OR CASUALTY INSURER" MEANS A HOME INSURER, AN  
13 AUTOMOBILE INSURER, A COMMERCIAL PROPERTY INSURER, OR A WORKERS  
14 COMPENSATION INSURER.

15           Enacting section 1. This amendatory act does not take effect  
16 unless all of the following bills of the 95th Legislature are  
17 enacted into law:

18           (a) House Bill No. 4244.

19           (b) House Bill No. 4844.

20           (c) House Bill No. 5020.

21           (d) House Bill No. 5145.

22           (e) House Bill No. 5146.

23           (f) House Bill No. 5147.

24           (g) House Bill No. 5148.

25           (h) House Bill No. 5150.