

SENATE BILL No. 532

May 5, 2009, Introduced by Senator THOMAS 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 2105 (MCL 500.2105) and by adding section
2111f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2105. (1) ~~No~~**A** policy of automobile insurance or home
2 insurance shall **NOT** be offered, bound, made, issued, delivered, or
3 renewed in this state on and after January 1, 1981, except in
4 conformity with this chapter. This chapter ~~shall~~**DOES** not apply to
5 policies of automobile insurance or home insurance offered, bound,
6 made, issued, delivered, or renewed in this state before January 1,
7 1981.

8 (2) ~~This~~**EXCEPT AS OTHERWISE PROVIDED IN SECTION 2111F, THIS**
9 chapter ~~shall~~**DOES** not apply to insurance written on a group,

1 franchise, blanket policy, or similar basis ~~which~~ **THAT** offers home
2 insurance or automobile insurance to all members of the group,
3 franchise plan, or blanket coverage who are eligible persons.

4 SEC. 2111F. (1) BY NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE
5 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, EACH INSURER
6 SHALL FILE RATES FOR AUTOMOBILE INSURANCE THAT REFLECT FOR ALL
7 COVERAGES AN OVERALL AVERAGE RATE REDUCTION OF NOT LESS THAN 20% OF
8 THE AVERAGE RATE CHARGED FOR ALL COVERAGES BY THE AUTOMOBILE
9 INSURER ON OCTOBER 1, 2008. THE RATE REDUCTION OR PREMIUM FOR A
10 SPECIFIED INSURED MAY VARY DUE TO DISCOUNTS, SURCHARGES,
11 APPLICATION OF RATING FACTORS, AND COVERAGE SELECTION.

12 (2) BY NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE DATE OF THE
13 AMENDATORY ACT THAT ADDED THIS SECTION, EACH INSURER SHALL FILE
14 RATES FOR HOME INSURANCE THAT REFLECT FOR ALL COVERAGES AN OVERALL
15 RATE REDUCTION OF NOT LESS THAN 20% OF THE AVERAGE RATE CHARGED FOR
16 ALL COVERAGES BY THE HOME INSURER ON OCTOBER 1, 2008. THE RATE
17 REDUCTION OR PREMIUM FOR A SPECIFIED INSURED MAY VARY DUE TO
18 DISCOUNTS, APPLICATION OF RATING FACTORS, AND COVERAGE SELECTION.

19 (3) BY NOT SOONER THAN 30 DAYS AFTER THE EFFECTIVE DATE OF THE
20 AMENDATORY ACT THAT ADDED THIS SECTION, AN INSURER MAY PETITION THE
21 COMMISSIONER FOR RELIEF FROM ALL OR PART OF THE PERCENTAGE SET IN
22 SUBSECTION (1) OR (2). IN ITS PETITION, AN INSURER SHALL
23 DEMONSTRATE SUCH REDUCTION COULD RESULT IN AN UNDUE FINANCIAL
24 HARDSHIP TO THE INSURER.

25 (4) BY NOT LATER THAN 30 DAYS AFTER RECEIPT OF A PETITION
26 UNDER SUBSECTION (3), THE COMMISSIONER BY ORDER SHALL DENY OR GRANT
27 THE INSURER'S REQUEST FOR REGULATORY RELIEF IF THE COMMISSIONER

1 FINDS A CONDITION EXISTS FOR WHICH THE COMMISSIONER MAY ACT
2 PURSUANT TO SECTION 436 OR 436A AND THE COMMISSIONER DETERMINES
3 THAT RELIEF FROM ALL OR A PART OF THE PERCENTAGE SET IN SUBSECTION
4 (1) OR (2) WOULD BE IN THE BEST INTERESTS OF THE PUBLIC, THE
5 INSURER, AND THE INSURER'S POLICYHOLDERS.

6 (5) AN INSURER AGGRIEVED BY THE COMMISSIONER'S ORDER UNDER
7 SUBSECTION (4) MAY REQUEST A HEARING PURSUANT TO THE ADMINISTRATIVE
8 PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328. THE
9 COSTS ASSOCIATED WITH A HEARING SHALL BE PAID FOR BY THE INSURER.

10 (6) NOTHING IN THIS SECTION PROHIBITS AN INSURER FROM REDUCING
11 RATES BY MORE THAN THE PERCENTAGE SET IN SUBSECTION (1) OR (2).

12 (7) THIS SECTION APPLIES TO ALL POLICIES OF AUTOMOBILE
13 INSURANCE OR HOME INSURANCE OFFERED, BOUND, MADE, ISSUED,
14 DELIVERED, OR RENEWED IN THIS STATE, INCLUDING AUTOMOBILE OR HOME
15 INSURANCE WRITTEN ON A GROUP, FRANCHISE, BLANKET POLICY, OR SIMILAR
16 BASIS.