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Senate Bill 300 (Substitute S-1 as reported)
House Bill 4593 (Substitute S-1 as reported)
House Bill 4594 (Substitute S-1 as reported)
House Bill 4595 (as reported with amendment)
House Bill 4596 (as reported with amendment)
Sponsor: Senator John J. Gleason (S.B. 300)
Representative Ben Glardon (H.B. 4593)
Representative Paul Opsommer (H.B. 4594)
Representative Deb Shaughnessy (H.B. 4595)
Representative Lisa Howze (H.B. 4596)

House Committee: Insurance
Senate Committee: Insurance

CONTENT

The bills would add Chapter 21A (Credit Information and Credit Scores) to the Insurance Code to regulate the use of credit information and insurance scores with regard to personal insurance policies.

Senate Bill 300 (S-1) would define terms used throughout Chapter 21A.

House Bill 4593 (S-1) would require an insurer to indemnify a producer against liability related to the producer's use of credit information or insurance scores for the insurer.

The bill provides that nothing in proposed Chapter 21A could be construed to provide an insured or applicant for insurance with a cause of action that did not exist in the absence of the chapter.

House Bill 4594 (S-1) would do the following:

- Prohibit an insurer from using credit information or an insurance score as part of a decision to deny, cancel, or not renew a personal insurance policy.
- Allow an insurer to use credit information or a credit-based insurance score to determine premium installment payment options and availability.
- Provide that an insurer could not apply credit information or a credit-based insurance score that the Code otherwise permitted unless certain criteria were met.
- Require an insurer to notify an insured or applicant against whom the insurer took an adverse action based on credit information, and provide the reasons for the action.

House Bill 4595 would require an insurer to provide reasonable exceptions to the use of credit information upon the request of an insured or applicant, under specific circumstances.

House Bill 4596 would require an insurer to reevaluate an insured if a dispute resolution process determined that the initial evaluation was based on incorrect or incomplete credit information, and make any necessary adjustments.

If an insurer determined that the insured had overpaid premium, the insurer would have to refund the amount of overpayment calculated back to the shorter of either the last 12 months of coverage or the actual policy period.

All of the bills are tie-barred to each other.

Proposed MCL 500.2151 (S.B. 300)

Proposed MCL 500.2159 & 500.2161 (H.B. 4593)

Proposed MCL 500.2153 & 500.2156 (H.B. 4594)

Proposed MCL 500.2154 (H.B. 4595)

Proposed MCL 500.2157 (H.B. 4596)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Date Completed: 3-7-12

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.