

HOUSE BILL No. 4427

April 14, 2015, Introduced by Rep. Smiley and referred to the Committee on Transportation and Infrastructure.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 2103 (MCL 500.2103), as amended by 2002 PA 492.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2103. (1) "Eligible person", for automobile insurance,
2 means a person who is an owner or registrant of an automobile
3 registered or to be registered in this state or who holds a valid
4 Michigan license to operate a motor vehicle **ISSUED BY THIS STATE**,
5 but does not include any of the following:

6 (a) A person who is not required to maintain security pursuant
7 ~~to~~ **UNDER** section 3101, unless the person intends to reside in this
8 state for 30 days or more and makes a written statement of that
9 intention on a form approved by the ~~commissioner~~ **DIRECTOR**.

10 (b) A person whose license to operate a vehicle is under
11 suspension or revocation.

1 (c) A person who has been convicted within the immediately
2 preceding 5-year period of fraud or intent to defraud involving an
3 insurance claim or an application for insurance; or an individual
4 who has been successfully denied, within the immediately preceding
5 5-year period, payment by an insurer of a claim in excess of
6 \$1,000.00 under an automobile insurance policy, if there is
7 evidence of fraud or intent to defraud involving an insurance claim
8 or application.

9 (d) A person who, during the immediately preceding 3-year
10 period, has been convicted under, or who has been subject to an
11 order of disposition of the family division of circuit court for a
12 violation of, any of the following:

13 ~~(i) Section 324 or 325 of the Michigan penal code, 1931 PA 328,~~
14 ~~MCL 750.324 and 750.325; section 1 of former 1931 PA 214 or section~~
15 ~~626e of the Michigan vehicle code, 1949 PA 300, MCL 257.626e;~~
16 **SECTION 601D OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL**
17 **257.601D**, or ~~under~~ any other law of this state the violation of
18 which constitutes a felony resulting from the operation of a motor
19 vehicle.

20 (ii) Section 625 of the Michigan vehicle code, 1949 PA 300, MCL
21 257.625.

22 (iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
23 code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

24 (iv) Section 626 of the Michigan vehicle code, 1949 PA 300, MCL
25 257.626; or ~~for~~ a similar violation under the laws of any other
26 state or a municipality ~~within~~ **IN** or ~~without~~ **OUTSIDE OF** this state.

27 (e) A person whose vehicle insured or to be insured under the

1 policy fails to meet the motor vehicle safety requirements of
2 sections 683 to 711 of the Michigan vehicle code, 1949 PA 300, MCL
3 257.683 to 257.711.

4 (f) A person whose policy of automobile insurance has been
5 canceled because of nonpayment of premium or financed premium
6 within the immediately preceding 2-year period, unless the premium
7 due on a policy for which application has been made is paid in full
8 before issuance or renewal of the policy.

9 (g) A person who fails to obtain or maintain membership in a
10 club, group, or organization, if membership is a uniform
11 requirement of the insurer as a condition of providing insurance,
12 and if the dues, charges, or other conditions for membership are
13 applied uniformly throughout this state, are not expressed as a
14 percentage of premium, and do not vary with respect to the rating
15 classification of the member except for the purpose of offering a
16 membership fee to family units. Membership fees may vary in
17 accordance with the amount or type of coverage if the purchase of
18 additional coverage, either as to type or amount, is not a
19 condition for reduction of dues or fees.

20 (h) A person whose driving record for the 3-year period
21 immediately preceding application for or renewal of a policy, has,
22 ~~pursuant to~~ **UNDER** section 2119a, an accumulation of more than 6
23 insurance eligibility points.

24 (2) "Eligible person", for home insurance, means a person who
25 is the owner-occupant or tenant of a dwelling of any of the
26 following types: a house, a condominium unit, a cooperative unit, a
27 room, or an apartment; or a person who is the owner-occupant of a

1 multiple unit dwelling of not more than 4 residential units.

2 Eligible person does not include any of the following:

3 (a) A person who has been convicted, in the immediately
4 preceding 5-year period, of 1 or more of the following:

5 (i) Arson, or conspiracy to commit arson.

6 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b, or
7 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to 750.77,
8 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

9 (iii) A crime under section 92, 151, 157b, or 218 of the
10 Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b,
11 and 750.218, based ~~upon~~**ON** a crime described in subparagraph (ii)
12 committed by or on behalf of the person.

13 (b) A person who has been successfully denied, within the
14 immediately preceding 5-year period, payment by an insurer of a
15 claim under a home insurance policy based on evidence of arson,
16 conspiracy to commit arson, fraud, or conspiracy to commit fraud,
17 committed by or on behalf of the person.

18 (c) A person who insures or seeks to insure a dwelling that is
19 being used for an illegal or demonstrably hazardous purpose.

20 (d) A person who refuses to purchase an amount of insurance
21 equal to at least 80% of the replacement cost of the property
22 insured or to be insured under a replacement cost policy.

23 (e) A person who refuses to purchase an amount of insurance
24 equal to at least 100% of the market value of the property insured
25 or to be insured under a repair cost policy.

26 (f) A person who refuses to purchase an amount of insurance
27 equal to at least 100% of the actual cash value of the property

1 insured or to be insured under a tenant or renter's home insurance
2 policy.

3 (g) A person whose policy of home insurance has been canceled
4 because of nonpayment of premium within the immediately preceding
5 2-year period, unless the premium due on the policy is paid in full
6 before issuance or renewal of the policy.

7 (h) A person who insures or seeks to insure a dwelling, if the
8 insured value is not any of the following:

9 (i) For a repair cost policy, at least \$15,000.00.

10 (ii) For a replacement policy, at least \$35,000.00 or another
11 amount ~~which the commissioner~~ **ESTABLISHED BY THE DIRECTOR. THE**
12 **DIRECTOR** may establish **AN AMOUNT UNDER THIS SUBPARAGRAPH** biennially
13 ~~on and after January 1, 1983, pursuant to rules~~ **BY A RULE**
14 ~~promulgated by the commissioner~~ under the administrative procedures
15 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, **AND based upon** ~~ON~~
16 changes in applicable construction cost indices.

17 (i) A person who insures or seeks to insure a dwelling that
18 has physical conditions that clearly present an extreme likelihood
19 of a significant loss under a home insurance policy.

20 (j) A person whose real property taxes with respect to the
21 dwelling insured or to be insured have been and are delinquent for
22 2 or more years at the time of renewal of, or application for, home
23 insurance.

24 (k) A person who has failed to procure or maintain membership
25 in a club, group, or organization, if membership is a uniform
26 requirement of the insurer, and if the dues, charges, or other
27 conditions for membership are applied uniformly throughout this

1 state, are not expressed as a percentage of premium, and do not
 2 vary with respect to the rating classification of the member except
 3 for the purpose of offering a membership fee to family units.
 4 Membership fees may vary in accordance with the amount or type of
 5 coverage if the purchase of additional coverage, either as to type
 6 or amount, is not a condition for reduction of dues or fees.

7 (3) "Home insurance" means any of the following, but does not
 8 include insurance intended to insure commercial, industrial,
 9 professional, or business property, obligations, or liabilities:

10 (a) Fire insurance for an insured's dwelling of a type
 11 described in subsection (2).

12 (b) If contained in or indorsed to a fire insurance policy
 13 providing insurance for the insured's residence, other insurance
 14 intended primarily to insure nonbusiness property, obligations, and
 15 liabilities.

16 (c) Other insurance coverages for an insured's residence as
 17 prescribed by rule promulgated by the ~~commissioner pursuant to~~
 18 **DIRECTOR UNDER** the administrative procedures act of 1969, 1969 PA
 19 306, MCL 24.201 to 24.328. ~~A~~ **THE DIRECTOR SHALL TRANSMIT A** rule
 20 proposed for promulgation ~~by the commissioner pursuant to~~ **UNDER**
 21 this section ~~shall be transmitted~~ in advance to each member of the
 22 standing ~~committee~~ **COMMITTEES** in the house **OF REPRESENTATIVES** and
 23 ~~in the senate that has~~ **HAVE** jurisdiction over insurance.

24 (4) "Insurance eligibility points" means all of the following:

25 (a) Points calculated, according to the following schedule,
 26 for convictions, determinations of responsibility for civil
 27 infractions, or findings of responsibility in probate court:

1 (i) For a violation of any lawful speed limit by more than 15
2 miles per hour, or careless driving, 4 points.

3 (ii) For a violation of any lawful speed limit by more than 10
4 miles per hour ~~—~~but less than 16 miles per hour, 3 points.

5 (iii) For a violation of any lawful speed limit by ~~10—MORE THAN~~
6 **5 MILES PER HOUR BUT LESS THAN 11** miles per hour, ~~or less,~~ 2
7 points.

8 (iv) For a violation of any speed limit by ~~15—MORE THAN 5 MILES~~
9 **PER HOUR BUT LESS THAN 16** miles per hour ~~or less~~ on a roadway that
10 had a lawfully posted maximum speed of 70 miles per hour as of
11 January 1, 1974, 2 points.

12 (v) For all other moving violations pertaining to the
13 operation of motor vehicles **OTHER THAN VIOLATION OF A SPEED LIMIT**
14 **BY LESS THAN 6 MILES PER HOUR**, 2 points. **POINTS ARE NOT CALCULATED**
15 **FOR A VIOLATION OF A SPEED LIMIT BY LESS THAN 6 MILES PER HOUR.**

16 (b) Points calculated, according to the following schedule,
17 for determinations that the person was substantially at-fault: ~~—as~~
18 ~~defined in section 2104(4):~~

19 (i) For the first substantially at-fault accident, 3 points.

20 (ii) For the second and each subsequent substantially at-fault
21 accident, 4 points.

22 (5) "Insurer" means an insurer authorized to transact in this
23 state the kind or combination of kinds of insurance constituting
24 automobile insurance or home insurance. ~~—as defined in this~~
25 ~~chapter.~~

26 Enacting section 1. This amendatory act takes effect 90 days
27 after the date it is enacted into law.