

HOUSE BILL No. 4907

September 29, 2015, Introduced by Reps. Banks, Love, Gay-Dagnogo, Byrd, Robinson, Schor, Zemke, Cochran, Garrett, Talabi, Moss, Chang, Hovey-Wright, Dianda, Guerra, Wittenberg, Callton, Geiss, Yanez, Derek Miller, Neeley, Phelps, Plawecki, Chirkun, Liberati, Hoadley and Lane and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2111 (MCL 500.2111), as amended by 2012 PA 441.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2111. (1) Notwithstanding any provision of this act or
2 this chapter to the contrary, classifications and territorial base
3 rates used by an insurer in this state with respect to automobile
4 insurance or home insurance shall conform to the applicable
5 requirements of this section.

6 (2) Classifications established under this section for
7 automobile insurance shall be based only on 1 or more of the
8 following factors, which shall be applied by an insurer on a
9 uniform basis throughout this state:

10 (a) With respect to all automobile insurance coverages:

1 (i) Either the age of the driver; the length of driving
2 experience; or the number of years licensed to operate a motor
3 vehicle.

4 (ii) Driver primacy, based on the proportionate use of each
5 vehicle insured under the policy by individual drivers insured or
6 to be insured under the policy.

7 (iii) Average miles driven weekly, annually, or both.

8 (iv) Type of use, such as business, farm, or pleasure use.

9 (v) Vehicle characteristics, features, and options, such as
10 engine displacement, ability of the vehicle and its equipment to
11 protect passengers from injury, and other similar items, including
12 vehicle make and model.

13 (vi) Daily or weekly commuting mileage.

14 (vii) Number of cars insured by the insurer or number of
15 licensed operators in the household. However, number of licensed
16 operators shall not be used as an indirect measure of marital
17 status.

18 (viii) Amount of insurance.

19 (b) In addition to the factors prescribed in subdivision (a),
20 with respect to personal protection insurance coverage:

21 (i) Earned income.

22 (ii) Number of dependents of income earners insured under the
23 policy.

24 (iii) Coordination of benefits.

25 (iv) Use of a safety belt.

26 (c) In addition to the factors prescribed in subdivision (a),
27 with respect to collision and comprehensive coverages:

1 (i) The anticipated cost of vehicle repairs or replacement,
2 which may be measured by age, price, cost new, or value of the
3 insured automobile, and other factors directly relating to that
4 anticipated cost.

5 (ii) Vehicle make and model.

6 (iii) Vehicle design characteristics related to vehicle
7 damageability.

8 (iv) Vehicle characteristics relating to automobile theft
9 prevention devices.

10 (d) With respect to all automobile insurance coverage other
11 than comprehensive, successful completion by the individual driver
12 or drivers insured under the policy of an accident prevention
13 education course that meets the following criteria:

14 (i) The course shall include a minimum of 8 hours of classroom
15 instruction.

16 (ii) The course shall include, but not be limited to, a review
17 of all of the following:

18 (A) The effects of aging on driving behavior.

19 (B) The shapes, colors, and types of road signs.

20 (C) The effects of alcohol and medication on driving.

21 (D) The laws relating to the proper use of a motor vehicle.

22 (E) Accident prevention measures.

23 (F) The benefits of safety belts and child restraints.

24 (G) Major driving hazards.

25 (H) Interaction with other highway users, such as
26 motorcyclists, bicyclists, and pedestrians.

27 (3) Each insurer shall establish a secondary or merit rating

1 plan for automobile insurance, other than comprehensive coverage. A
 2 secondary or merit rating plan required under this subsection shall
 3 provide for premium surcharges for any or all coverages for
 4 automobile insurance, other than comprehensive coverage, based upon
 5 any or all of the following, when that information becomes
 6 available to the insurer:

7 (a) Substantially at-fault accidents.

8 (b) Convictions for, determinations of responsibility for
 9 civil infractions for, or findings of responsibility in probate
 10 court for civil infractions for violations under chapter VI of the
 11 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.
 12 However, an insured shall not be merit rated for a civil infraction
 13 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL
 14 257.601 to 257.750, for a period of time longer than that which the
 15 secretary of state's office carries points for that infraction on
 16 the insured's motor vehicle record.

17 (4) An insurer shall not establish or maintain rates or rating
 18 classifications for automobile insurance based on sex or marital
 19 status.

20 (5) ~~Notwithstanding other provisions of this chapter, AN~~
 21 **INSURER SHALL NOT ESTABLISH OR MAINTAIN RATES OR RATING**
 22 **CLASSIFICATIONS FOR** automobile insurance ~~risks may be grouped by~~
 23 ~~territory.~~ **BASED ON THE ZIP CODE IN WHICH THE INSURED RESIDES OR**
 24 **WORKS.**

25 (6) This section does not limit insurers or rating
 26 organizations from establishing and maintaining statistical
 27 reporting territories. This section does not prohibit an insurer

1 from establishing or maintaining, for automobile insurance, a
2 premium discount plan for senior citizens in this state who are 65
3 years of age or older, if the plan is uniformly applied by the
4 insurer throughout this state. If an insurer has not established
5 and maintained a premium discount plan for senior citizens, the
6 insurer shall offer reduced premium rates to senior citizens in
7 this state who are 65 years of age or older and who drive less than
8 3,000 miles per year, regardless of statistical data.

9 (7) Classifications established under this section for home
10 insurance other than inland marine insurance provided by policy
11 floaters or endorsements shall be based only on 1 or more of the
12 following factors:

13 (a) Amount and types of coverage.

14 (b) Security and safety devices, including locks, smoke
15 detectors, and similar, related devices.

16 (c) Repairable structural defects reasonably related to risk.

17 (d) Fire protection class.

18 (e) Construction of structure, based on structure size,
19 building material components, and number of units.

20 (f) Loss experience of the insured, based on prior claims
21 attributable to factors under the control of the insured that have
22 been paid by an insurer. An insured's failure, after written notice
23 from the insurer, to correct a physical condition that presents a
24 risk of repeated loss shall be considered a factor under the
25 control of the insured for purposes of this subdivision.

26 (g) Use of smoking materials within the structure.

27 (h) Distance of the structure from a fire hydrant.

1 (i) Availability of law enforcement or crime prevention
2 services.

3 (8) Notwithstanding other provisions of this chapter, home
4 insurance risks may be grouped by territory.

5 (9) An insurer may use factors in addition to those permitted
6 by this section for insurance if the plan is consistent with the
7 purposes of this act and reflects reasonably anticipated reductions
8 or increases in losses or expenses.