

SENATE BILL No. 347

May 21, 2015, Introduced by Senator YOUNG and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 2021, 2105, 2106, 2108, 2109, 2110, 2111,
2114, 2118, 2120, 2127, 2236, 2400, 2406, 2430, 2436, 2438, 2458,
2462, 2472, 2600, 2606, 2608, 2616, 2628, 2630, 2636, 2652, 2654,
2664, 2930, 3020, 3321, and 3340 (MCL 500.2021, 500.2105, 500.2106,
500.2108, 500.2109, 500.2110, 500.2111, 500.2114, 500.2118,
500.2120, 500.2127, 500.2236, 500.2400, 500.2406, 500.2430,
500.2436, 500.2438, 500.2458, 500.2462, 500.2472, 500.2600,
500.2606, 500.2608, 500.2616, 500.2628, 500.2630, 500.2636,
500.2652, 500.2654, 500.2664, 500.2930, 500.3020, 500.3321, and
500.3340), section 2021 as added and section 2436 as amended by
1982 PA 7, section 2111 as amended by 2012 PA 441, sections 2118
and 2120 as amended by 2007 PA 35, section 2236 as amended by 2014

PA 140, section 2400 as amended by 1982 PA 8, section 2406 as amended by 1993 PA 200, section 2458 as amended by 1988 PA 262, section 2930 as amended by 2002 PA 492, section 3020 as amended by 2006 PA 106, and section 3340 as amended by 1986 PA 10, and by adding sections 2026a, 2094, 2103a, 2106a, 2107a, 2109a, 2109b, 2111c, 2128, 2128a, 2128b, 2128c, 2128d, 2128e, 2128f, and 3105a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2021. An unfair method of competition and an unfair or
2 deceptive act or practice in the business of insurance includes
3 failure by a rating organization and an insurer ~~which makes its own~~
4 ~~rates,~~ within a reasonable time after receiving written request
5 ~~therefor~~ **FOR THE INFORMATION** and upon payment of ~~such~~ **A** reasonable
6 charge as it may make, to furnish to ~~any~~ **AN** insured affected by a
7 rate made by it, or to the **INSURED'S** authorized representative, ~~of~~
8 ~~such insured,~~ all pertinent information to ~~such~~ **THE** rate.

9 **SEC. 2026A. (1) IT IS AN UNFAIR METHOD OF COMPETITION AND AN**
10 **UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSURANCE**
11 **FOR A PRIVATE PASSENGER NONFLEET AUTOMOBILE INSURER OR THE**
12 **INSURER'S AGENT TO SOLICIT, OFFER, PAY, OR RECEIVE A KICKBACK OR**
13 **BRIBE IN CONNECTION WITH THE PROCESS OF ADJUSTING, RESOLVING,**
14 **DENYING, OR LITIGATING A CLAIM FOR AUTOMOTIVE REPAIR.**

15 **(2) AN INSURER OR AN INSURER'S AGENT WHO VIOLATES THIS SECTION**
16 **IS GUILTY OF A FELONY PUNISHABLE BY IMPRISONMENT FOR NOT LESS THAN**
17 **1 YEAR OR MORE THAN 5 YEARS, OR A FINE OF NOT MORE THAN \$50,000.00,**
18 **OR BOTH, AND IN ADDITION, THE INSURER IS SUBJECT TO THE CERTIFICATE**
19 **OF AUTHORITY REVOCATION PROCEEDINGS OF THIS CHAPTER.**

1 SEC. 2094. AN INDIVIDUAL THREATENED WITH INJURY OR INJURED
2 DIRECTLY OR INDIRECTLY BY A PRIVATE PASSENGER NONFLEET AUTOMOBILE
3 INSURER'S VIOLATION OF ANY PROVISION OF THIS CHAPTER MAY BRING AN
4 ACTION FOR APPROPRIATE INJUNCTIVE OR OTHER EQUITABLE RELIEF AGAINST
5 IMMEDIATE IRREPARABLE HARM, ACTUAL DAMAGES SUSTAINED BY REASON OF A
6 VIOLATION OF THIS CHAPTER, AND, AS DETERMINED BY THE COURT,
7 INTEREST ON THE DAMAGES FROM THE DATE OF THE COMPLAINT, TAXABLE
8 COSTS, AND REASONABLE ATTORNEY'S FEES. THIS REMEDY IS IN ADDITION
9 TO ANY OTHER REMEDY AND PENALTY PROVISIONS PROVIDED BY THIS
10 CHAPTER.

11 SEC. 2103A. AS USED IN THIS CHAPTER:

12 (A) "GROUP AUTOMOBILE INSURANCE" MEANS AUTOMOBILE INSURANCE
13 COVERING NOT LESS THAN 25 ELIGIBLE EMPLOYEES OR MEMBERS, WITH OR
14 WITHOUT THEIR ELIGIBLE DEPENDENTS, WRITTEN UNDER A MASTER POLICY
15 ISSUED TO AND ENDORSED BY A GOVERNMENTAL CORPORATION, UNIT, AGENCY,
16 OR DEPARTMENT, OR TO A CORPORATION, PARTNERSHIP, INDIVIDUAL
17 EMPLOYER, OR AN ASSOCIATION, UPON APPLICATION OF AN EXECUTIVE
18 OFFICER OR TRUSTEE OF THE ASSOCIATION HAVING A CONSTITUTION OR
19 BYLAWS, AND FORMED IN GOOD FAITH FOR PURPOSES OTHER THAN THAT OF
20 OBTAINING INSURANCE.

21 (B) "TOTAL RETURN RATING" MEANS THE CONSIDERATION OF TOTAL
22 REVENUE AND AVAILABLE ASSETS OF THE INSURER, INCLUDING, BUT NOT
23 LIMITED TO, INVESTMENT INCOME, CAPITAL AND SURPLUS, UNDERWRITING
24 AND OPERATING PROFITS, PREMIUM REVENUE, AND ALL OTHER RESERVES.

25 Sec. 2105. (1) ~~No~~-A policy of automobile insurance or home
26 insurance shall **NOT** be offered, bound, made, issued, delivered, or
27 renewed in this state on and after January 1, 1981, except in

1 conformity with this chapter. This chapter ~~shall~~**DOES** not apply to
 2 policies of automobile insurance or home insurance offered, bound,
 3 made, issued, delivered or renewed in this state before January 1,
 4 1981.

5 (2) This chapter ~~shall~~**DOES** not apply to insurance written on
 6 a group, franchise, ~~blanket policy,~~ or similar basis ~~which~~**THAT**
 7 offers home insurance ~~or automobile insurance~~ to all members of the
 8 group, franchise plan, or blanket coverage who are eligible
 9 persons.

10 Sec. 2106. Except as specifically provided in this chapter,
 11 ~~the provisions of chapter 24 and chapter 26 shall~~**DO** not apply to
 12 automobile insurance and home insurance. An insurer may use rates
 13 ~~for automobile insurance or home insurance~~ as soon as those rates
 14 are filed. **AN INSURER SHALL NOT USE RATES FOR AUTOMOBILE INSURANCE**
 15 **UNTIL THOSE RATES HAVE BEEN APPROVED BY THE DIRECTOR.** To the extent
 16 that other provisions of this ~~code~~**ACT** are inconsistent with ~~the~~
 17 ~~provisions of this chapter,~~ this chapter ~~shall govern~~**GOVERNS** with
 18 respect to automobile insurance and home insurance.

19 **SEC. 2106A. TO BE AUTHORIZED TO WRITE GROUP AUTOMOBILE**
 20 **INSURANCE IN THIS STATE, AN INSURER SHALL OFFER THE GROUP COVERAGE**
 21 **TO EVERY ELIGIBLE PERSON IN THE GROUP IN A UNIFORM MANNER AND SHALL**
 22 **FOLLOW THE RATE-MAKING, UNDERWRITING, AND OTHER APPLICABLE**
 23 **PROVISIONS OF THIS ACT.**

24 **SEC. 2107A. (1) BY NOT LATER THAN 1 YEAR AFTER THE EFFECTIVE**
 25 **DATE OF THIS SECTION AND ANNUALLY THEREAFTER, EACH INSURER SUBJECT**
 26 **TO THIS CHAPTER SHALL FILE BASE RATES FOR AUTOMOBILE INSURANCE AND**
 27 **SHALL MAKE FILINGS THAT CONFORM TO THIS ACT AS AMENDED BY THE**

1 AMENDATORY ACT THAT ADDED THIS SECTION.

2 (2) THE DIRECTOR SHALL REVIEW A FILING SUBMITTED UNDER
3 SUBSECTION (1) AND SHALL APPROVE OR DISAPPROVE THE FILING WITHIN 60
4 DAYS AFTER ITS SUBMISSION.

5 (3) A FILING APPROVED UNDER SUBSECTION (2) MAY NOT BE REVISED
6 FOR 12 MONTHS AFTER THE EFFECTIVE DATE OF THE FILING UNLESS EITHER
7 OF THE FOLLOWING APPLIES:

8 (A) THE REVISION LOWERS THE PRICE OF THE COVERAGE.

9 (B) THE REVISION IS IN RESPONSE TO A RULING OR DECISION BY THE
10 DIRECTOR, THE COURT, OR A HEARING OFFICER.

11 (4) A RULE CHANGE OR OTHER CHANGE FILED WITH THE DIRECTOR THAT
12 RESULTS IN A CHANGE IN THE COST OF COVERAGE IS CONSIDERED A
13 REVISION IN A RATE FILING UNDER THIS SECTION.

14 (5) IF A FILING IS DISAPPROVED UNDER SUBSECTION (2), THE
15 INSURER, WITHIN 30 DAYS AFTER THE ORDER OF DISAPPROVAL, SHALL MAKE
16 A REVISED FILING WITH THE DIRECTOR. THE REVISED FILING IS SUBJECT
17 TO REVIEW UNDER THIS CHAPTER IN THE SAME MANNER AS AN ORIGINAL
18 FILING MADE UNDER THIS CHAPTER.

19 Sec. 2108. (1) ~~On~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION
20 2107A, ON the effective date thereof, ~~OF THE MANUAL, PLAN, OR~~
21 MODIFICATION, each insurer shall file with the ~~commissioner~~
22 DIRECTOR every manual of classification, every manual of rules and
23 rates, every rating plan, and every modification of a manual of
24 classification, manual of rules and rates, or ~~a~~ rating plan which
25 THAT it proposes to use for automobile insurance and home
26 insurance. Each filing shall ~~shall~~ **MUST** state the character and extent of
27 the coverage contemplated. Each insurer subject to this chapter who

1 maintains rates in any part of this state shall at all times
2 maintain rates in effect for all eligible persons meeting the
3 underwriting criteria of the insurer.

4 (2) ~~An~~ **EXCEPT FOR FILINGS CONCERNING RATES, AN** insurer may
5 satisfy its obligation to make filings ~~under subsection (1)~~ by
6 becoming a member of, or a subscriber to, a **LICENSED** rating
7 organization ~~licensed under chapter 24 or chapter 26 which~~ **THAT**
8 makes ~~those~~ filings, and by filing with the ~~commissioner~~ **DIRECTOR** a
9 copy of its authorization of the rating organization to make ~~those~~
10 filings on its behalf. ~~Nothing contained in this~~ **THIS** chapter shall
11 ~~be construed as requiring any~~ **DOES NOT REQUIRE AN** insurer to become
12 a member of or a subscriber to any rating organization. Insurers
13 may file and use deviations from filings made on their behalf,
14 ~~which~~ **AND THOSE** deviations shall ~~be~~ **ARE** subject to the ~~provisions~~
15 ~~of this chapter.~~

16 (3) Each filing ~~shall~~ **UNDER THIS SECTION MUST** be accompanied
17 by a certification by or on behalf of the insurer that, to the best
18 of its information and belief, the filing conforms to the
19 requirements of this chapter.

20 (4) Each filing ~~shall~~ **UNDER THIS SECTION MUST** include
21 information that supports the filing with respect to the
22 requirements of section 2109 **OR 2109A, AS APPLICABLE.** The
23 information may include 1 or more of the following:

24 (a) The experience or judgment of the insurer ~~or rating~~
25 ~~organization~~ making the filing.

26 (b) The interpretation of the insurer ~~or rating organization~~
27 of any statistical data it relies upon.

1 (c) The experience of other insurers. ~~or rating organizations.~~

2 (d) Any other relevant information.

3 (5) A filing **UNDER THIS SECTION** and any accompanying
4 information ~~shall be~~ **ARE** open to public inspection upon filing.

5 (6) An insurer shall not make, issue, or renew a contract or
6 policy except in accordance with filings ~~which~~ **THAT** are in effect
7 for the insurer ~~pursuant to~~ **UNDER** this chapter.

8 Sec. 2109. (1) All rates for ~~automobile insurance and home~~
9 insurance ~~shall~~ **MUST** be made in accordance with the following
10 provisions:

11 (a) Rates ~~shall~~ **MUST** not be excessive. ~~, inadequate, or~~
12 ~~unfairly discriminatory.~~ A rate ~~shall~~ **IS** not be held to be
13 excessive unless the rate is unreasonably high for the insurance
14 coverage provided and a reasonable degree of competition does not
15 exist for the insurance to which the rate is applicable.

16 (b) **RATES MUST NOT BE INADEQUATE.** A rate ~~shall~~ **IS** not be held
17 ~~to be~~ inadequate unless the rate is unreasonably low for the
18 insurance coverage provided and the continued use of the rate
19 endangers the solvency of the insurer; or unless the rate is
20 unreasonably low for the insurance provided and the use of the rate
21 has or will have the effect of destroying competition among
22 insurers, creating a monopoly, or causing a kind of insurance to be
23 unavailable to a significant number of applicants who are in good
24 faith entitled to procure that insurance through ordinary methods.

25 (c) **RATES MUST NOT BE UNFAIRLY DISCRIMINATORY.** A rate for a
26 coverage is unfairly discriminatory in relation to another rate for
27 the same coverage if the differential between the rates is not

1 reasonably justified by differences in losses, expenses, or both,
 2 or by differences in the uncertainty of loss, for the individuals
 3 or risks to which the rates apply. A reasonable justification ~~shall~~
 4 **MUST** be supported by a reasonable classification system; by sound
 5 actuarial principles ~~when~~ **IF** applicable; and by actual and credible
 6 loss and expense statistics or, ~~in the case of~~ **FOR** new coverages
 7 and classifications, by reasonably anticipated loss and expense
 8 experience. A rate is not unfairly discriminatory because it
 9 reflects differences in expenses for individuals or risks with
 10 similar anticipated losses, or because it reflects differences in
 11 losses for individuals or risks with similar expenses.

12 (2) A determination concerning the existence of a reasonable
 13 degree of competition with respect to subsection (1)(a) ~~shall~~ **MUST**
 14 take into account a reasonable spectrum of relevant economic tests,
 15 including the number of insurers actively engaged in writing the
 16 insurance in question, the present availability of ~~such~~ **THE**
 17 insurance compared to its availability in comparable past periods,
 18 the underwriting return of ~~that~~ **THE** insurance over a period of time
 19 sufficient to assure reliability in relation to the risk associated
 20 with ~~that~~ **THE** insurance, and the difficulty encountered by new
 21 insurers in entering the market in order to compete for the writing
 22 of ~~that~~ **THE** insurance.

23 **SEC. 2109A. (1) THE DIRECTOR SHALL REVIEW ALL RATES FOR**
 24 **AUTOMOBILE INSURANCE BY EXAMINING THE INSURER'S DATA FILED UNDER**
 25 **SECTION 2128. THE REVIEW MUST BE MADE IN ACCORDANCE WITH TOTAL**
 26 **RETURN RATING AND THE FOLLOWING PROVISIONS:**

27 (A) **RATES MUST NOT BE EXCESSIVE, INADEQUATE, OR UNFAIRLY**

1 DISCRIMINATORY. THE DIRECTOR SHALL NOT APPROVE A RATE UNLESS IT IS
2 ACTUARIALLY JUSTIFIED BASED UPON THE DATA FILED UNDER SECTION 2128.

3 (B) A RATE IS NOT INADEQUATE UNLESS THE RATE, AFTER
4 CONSIDERATION OF INVESTMENT INCOME AND SURPLUS, IS UNREASONABLY LOW
5 FOR THE INSURANCE COVERAGE PROVIDED AND IS INSUFFICIENT TO SUSTAIN
6 PROJECTED LOSSES AND EXPENSES; OR UNLESS THE RATE IS UNREASONABLY
7 LOW FOR THE INSURANCE PROVIDED AND THE USE OF THE RATE HAS OR WILL
8 HAVE THE EFFECT OF DESTROYING COMPETITION AMONG INSURERS, CREATING
9 A MONOPOLY, OR CAUSING A KIND OF INSURANCE TO BE UNAVAILABLE TO A
10 SIGNIFICANT NUMBER OF APPLICANTS WHO ARE IN GOOD FAITH ENTITLED TO
11 PROCURE THAT INSURANCE THROUGH ORDINARY METHODS.

12 (C) A RATE FOR A COVERAGE IS UNFAIRLY DISCRIMINATORY IN
13 RELATION TO ANOTHER RATE FOR THE SAME COVERAGE IF THE DIFFERENTIAL
14 BETWEEN THE RATES IS NOT REASONABLY JUSTIFIED BY DIFFERENCES IN
15 LOSSES, EXPENSES, OR BOTH, OR BY DIFFERENCES IN THE UNCERTAINTY OF
16 LOSS, FOR THE INDIVIDUALS OR RISKS TO WHICH THE RATES APPLY. A
17 REASONABLE JUSTIFICATION MUST BE SUPPORTED BY A REASONABLE
18 CLASSIFICATION SYSTEM; BY SOUND ACTUARIAL PRINCIPLES IF APPLICABLE;
19 AND BY ACTUAL AND CREDIBLE LOSS AND EXPENSE STATISTICS OR, FOR NEW
20 COVERAGES AND CLASSIFICATIONS, BY REASONABLY ANTICIPATED LOSS AND
21 EXPENSE EXPERIENCE. A RATE IS NOT UNFAIRLY DISCRIMINATORY BECAUSE
22 IT REFLECTS DIFFERENCES IN EXPENSES FOR INDIVIDUALS OR RISKS WITH
23 SIMILAR ANTICIPATED LOSSES, OR BECAUSE IT REFLECTS DIFFERENCES IN
24 LOSSES FOR INDIVIDUALS OR RISKS WITH SIMILAR EXPENSES.

25 (2) THE DIRECTOR SHALL NOT APPROVE A RATE INCREASE FOR
26 AUTOMOBILE INSURANCE UNLESS THE DIRECTOR DETERMINES THAT THE DATA
27 FILED UNDER SECTION 2128 JUSTIFY A RATE INCREASE. THE DIRECTOR

1 SHALL NOT APPROVE A RATE INCREASE BY EXAMINING ACTUARIAL DATA FROM
2 A LINE OTHER THAN THE INSURER'S AUTOMOBILE INSURANCE LINE OR IF THE
3 INSURER FAILS TO FILE THE DATA REQUIRED BY SECTION 2128. THE
4 DIRECTOR SHALL NOT APPROVE A RATE INCREASE IF THE DIRECTOR FINDS
5 THE INSURER'S ADMINISTRATIVE EXPENSES TO BE EXCESSIVE.

6 (3) EACH INSURER SHALL SUBMIT ANNUALLY TO THE DIRECTOR A
7 COMPLETE BREAKDOWN OF LITIGATION COSTS ASSOCIATED WITH FIRST AND
8 THIRD PARTY AUTOMOBILE INSURANCE CLAIMS THAT HAVE BEEN RECEIVED OR
9 ARE IN THE PROCESS OF BEING LITIGATED AND OF AMOUNTS RESERVED TO BE
10 USED FOR THOSE EXPENSES. THE DIRECTOR SHALL NOT APPROVE A RATE IF
11 THE ADMINISTRATIVE COSTS ASSOCIATED WITH THE LITIGATION OF FIRST
12 PARTY CLAIMS EXCEED 1% OF THE ADMINISTRATIVE COSTS ASSOCIATED WITH
13 THE LITIGATION OF THIRD PARTY CLAIMS. EACH AUTOMOBILE INSURANCE
14 INSURER'S TOTAL ADMINISTRATIVE EXPENSES MUST BE ALLOCATED TO EACH
15 TERRITORY ACCORDING TO THE INSURER'S PROPORTIONATE SHARE OF PREMIUM
16 WRITTEN IN THE TERRITORY. EACH PREMIUM CHARGED WITHIN EACH
17 TERRITORY MUST CONTAIN AN EQUAL SHARE OF THE ADMINISTRATIVE EXPENSE
18 FOR THE TERRITORY. RATES MUST BE FILED AND CHARGED UNDER THIS
19 SECTION SO THAT EACH AUTOMOBILE INSURANCE PREMIUM INCLUDES AN EQUAL
20 SHARE OF EACH INSURER'S OVERALL ADMINISTRATIVE EXPENSE.

21 SEC. 2109B. (1) IF THE DIRECTOR DETERMINES THAT ANY PERSON OR
22 ORGANIZATION HAS VIOLATED THE AUTOMOBILE RATE-MAKING OR
23 UNDERWRITING PROVISIONS OF THIS CHAPTER, THE DIRECTOR MAY ISSUE A
24 CEASE AND DESIST ORDER AND ORDER THE PERSON OR ORGANIZATION TO PAY
25 A CIVIL FINE OF NOT MORE THAN \$500.00 FOR EACH VIOLATION AND A
26 CIVIL FINE OF NOT MORE THAN \$5,000.00 FOR EACH WILLFUL VIOLATION. A
27 DEFAULT IN THE PAYMENT OF A CIVIL FINE UNDER THIS SECTION MAY BE

1 REMEDIED BY ANY MEANS AUTHORIZED UNDER THE REVISED JUDICATURE ACT
 2 OF 1961, 1961 PA 236, MCL 600.101 TO 600.9947. A CIVIL FINE
 3 COLLECTED UNDER THIS SUBSECTION MUST BE USED FOR THE OPERATION OF
 4 THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY CREATED IN SECTION
 5 2128E.

6 (2) IF THE DIRECTOR FINDS THAT A VIOLATION OF THE AUTOMOBILE
 7 RATE-MAKING OR UNDERWRITING PROVISIONS OF THIS CHAPTER HAS OCCURRED
 8 AND THAT THE VIOLATION HAS RESULTED IN AN INCREASE IN AUTOMOBILE
 9 INSURANCE PREMIUMS OR A DECREASE IN BENEFITS, THE DIRECTOR SHALL
 10 ORDER THE INSURER TO RETURN THE PREMIUM OR THE AMOUNT OF BENEFITS
 11 THAT SHOULD HAVE BEEN PAID AND AN INTEREST CHARGE OF 12% PER ANNUM
 12 TO BE APPLIED FROM THE TIME THE PREMIUM WAS COLLECTED OR THE
 13 BENEFIT WAS DUE OR WOULD HAVE BEEN DUE TO THE CONSUMER.

14 (3) THE DIRECTOR MAY SUSPEND THE LICENSE OF AN INSURER THAT
 15 FAILS TO COMPLY WITH THE DIRECTOR'S ORDER TO CORRECT A VIOLATION OF
 16 THIS CHAPTER.

17 Sec. 2110. (1) In developing and evaluating rates pursuant to
 18 the standards prescribed in ~~section~~ **SECTIONS 2109 AND 2109A**, due
 19 consideration ~~shall~~ **MUST** be given to past and prospective loss
 20 experience within and outside this state; ~~to~~ catastrophe hazards,
 21 if any; to a reasonable margin for underwriting profit and
 22 contingencies; to dividends, savings, or unabsorbed premium
 23 deposits allowed or returned by insurers to their policyholders,
 24 members, or subscribers; to past and prospective expenses, both
 25 countrywide and those specially applicable to this state exclusive
 26 of assessments under this ~~code~~, **ACT**; to assessments under this
 27 ~~code~~, **ACT**; to underwriting practice and judgment; and to all other

1 relevant factors within and outside this state.

2 (2) The systems of expense provisions included in the rates
3 for use by any insurer or group of insurers may differ from those
4 of other insurers or groups of insurers to reflect the requirements
5 of the operating methods of the insurer or group with respect to
6 any kind of insurance, or with respect to any subdivision or
7 combination thereof ~~thereof~~ **OF ANY KIND OF INSURANCE** for which subdivision
8 or combination separate expense provisions are applicable.

9 (3) Risks may be grouped by classifications for the
10 establishment of rates and minimum premiums. The classifications
11 may measure differences in losses, expenses, or both.

12 Sec. 2111. (1) Notwithstanding any provision of this act or
13 this chapter to the contrary, classifications and territorial base
14 rates used by an insurer in this state with respect to ~~automobile~~
15 ~~insurance or home insurance shall~~ **AND CLASSIFICATIONS USED BY AN**
16 **INSURER IN THIS STATE WITH RESPECT TO AUTOMOBILE INSURANCE MUST**
17 conform to the applicable requirements of this section.

18 (2) Classifications established under this section for
19 automobile insurance ~~shall~~ **MUST** be based only on 1 or more of the
20 following factors, which shall be applied by an insurer on a
21 uniform basis throughout this state:

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

23 (i) Either the age of the driver; the length of driving
24 experience; or the number of years licensed to operate a motor
25 vehicle.

26 (ii) Driver primacy, based on the proportionate use of each
27 vehicle insured under the policy by individual drivers insured or

1 to be insured under the policy.

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

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

4 (v) Vehicle characteristics, features, and options, such as
5 engine displacement, ability of the vehicle and its equipment to
6 protect passengers from injury, and other similar items, including
7 vehicle make and model.

8 (vi) Daily or weekly commuting mileage.

9 (vii) Number of cars insured by the insurer or number of
10 licensed operators in the household. However, number of licensed
11 operators ~~shall~~**MAY** not be used as an indirect measure of marital
12 status.

13 (viii) Amount of insurance.

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

16 (i) Earned income.

17 (ii) Number of dependents of income earners insured under the
18 policy.

19 (iii) Coordination of benefits.

20 (iv) Use of a safety belt.

21 (v) **THE WAIVER OF COVERAGE FOR WORK LOSS BENEFITS UNDER**
22 **SECTION 3107.**

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

25 (i) The anticipated cost of vehicle repairs or replacement,
26 which may be measured by age, price, cost new, or value of the
27 insured automobile, and other factors directly relating to that

1 anticipated cost.

2 (ii) Vehicle make and model.

3 (iii) Vehicle design characteristics related to vehicle
4 damageability.

5 (iv) Vehicle characteristics relating to automobile theft
6 prevention devices.

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

11 (i) The course ~~shall include~~ **INCLUDES** a minimum of 8 hours of
12 classroom instruction.

13 (ii) The course ~~shall include,~~ **INCLUDES**, but **IS** not ~~be~~ limited
14 to, a review of all of the following:

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

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

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

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

19 (E) Accident prevention measures.

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

21 (G) Major driving hazards.

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

24 (3) Each insurer shall establish a secondary or merit rating
25 plan for automobile insurance, other than comprehensive coverage. A
26 secondary or merit rating plan required under this subsection ~~shall~~
27 **MUST** provide for premium surcharges for any or all coverages for

1 automobile insurance, other than comprehensive coverage, based upon
2 any or all of the following, when that information becomes
3 available to the insurer:

4 (a) Substantially at-fault accidents.

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

14 (4) An insurer shall not establish or maintain rates or rating
15 classifications for automobile insurance based on sex or marital
16 status.

17 (5) Notwithstanding other provisions of this chapter,
18 automobile insurance risks ~~may~~ **SHALL** be grouped by territory **AS**
19 **PRESCRIBED BY THE DIRECTOR. THE DIRECTOR SHALL ESTABLISH UNIFORM**
20 **TERRITORIAL RATING TO BE USED BY ALL AUTOMOBILE INSURANCE INSURERS**
21 **DOING BUSINESS IN THIS STATE. TERRITORIAL BOUNDARIES MUST BE BASED**
22 **ON OBJECTIVE CRITERIA, INCLUDING TRAFFIC PATTERNS, AND BE RELATED**
23 **TO THE DRIVING ENVIRONMENT INCLUDING, BUT NOT LIMITED TO, DENSITY**
24 **OF TRAFFIC, REGULARITY OF TRAFFIC FLOW, TRAFFIC ROUTE SIZE, AND**
25 **TYPES OF ROADWAY. A TERRITORY MUST NOT INCLUDE LESS THAN 1 COUNTY**
26 **BUT MAY INCLUDE MORE THAN 1 COUNTY. AN INSURER SHALL NOT CHARGE A**
27 **TERRITORIAL BASE RATE FOR AN AUTOMOBILE INSURANCE POLICY UNLESS THE**

1 TERRITORIAL RATING SCHEME USED BY THE INSURER HAS BEEN APPROVED BY
2 THE DIRECTOR. AN INSURER SHALL ESTABLISH 1 ACTUARIALLY SOUND BASE
3 RATE FOR EACH PRESCRIBED TERRITORY, WHICH BASE RATE MUST BE
4 APPROVED BY THE DIRECTOR UNDER THIS CHAPTER.

5 (6) This section does not limit insurers or rating
6 organizations from establishing and maintaining statistical
7 reporting territories. This section does not prohibit an insurer
8 from establishing or maintaining, for automobile insurance, a
9 premium discount plan for senior citizens in this state who are 65
10 years of age or older, if the plan is uniformly applied by the
11 insurer throughout this state. If an insurer has not established
12 and maintained a premium discount plan for senior citizens, the
13 insurer shall offer reduced premium rates to senior citizens in
14 this state who are 65 years of age or older and who drive less than
15 3,000 miles per year, regardless of statistical data.

16 (7) Classifications established under this section for home
17 insurance other than inland marine insurance provided by policy
18 floaters or endorsements ~~shall~~**MUST** be based only on 1 or more of
19 the following factors:

20 (a) Amount and types of coverage.

21 (b) Security and safety devices, including locks, smoke
22 detectors, and similar, related devices.

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

24 (d) Fire protection class.

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

27 (f) Loss experience of the insured, based on prior claims

1 attributable to factors under the control of the insured that have
2 been paid by an insurer. An insured's failure, after written notice
3 from the insurer, to correct a physical condition that presents a
4 risk of repeated loss ~~shall be considered~~ **IS** a factor under the
5 control of the insured for purposes of this subdivision.

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

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

8 (i) Availability of law enforcement or crime prevention
9 services.

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

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

16 **SEC. 2111C. (1) BY NOT LATER THAN 1 YEAR AFTER THE EFFECTIVE**
17 **DATE OF THIS SECTION, EACH AUTOMOBILE INSURANCE INSURER SHALL FILE**
18 **BASE RATES FOR AUTOMOBILE INSURANCE THAT CONFORM TO THIS ACT AS**
19 **AMENDED BY THE 2015 AMENDATORY ACT THAT ADDED THIS SECTION AND, FOR**
20 **EACH UNIFORM TERRITORY, REFLECT A REDUCTION THAT IS AT LEAST AN**
21 **OVERALL 20% REDUCTION FROM THE AGGREGATE RATES PREVIOUSLY CHARGED**
22 **IN THE TERRITORY BY THE 10 AUTOMOBILE INSURANCE INSURERS THAT HAVE**
23 **THE GREATEST MARKET SHARE IN THE STATE BASED ON RATES IN EFFECT AS**
24 **OF MAY 1, 2014. THE DIRECTOR SHALL REQUIRE A RATE REDUCTION TO THIS**
25 **LEVEL UNLESS THE INSURER, AFTER CONFORMING FULLY WITH THIS ACT, CAN**
26 **DEMONSTRATE THAT A DIFFERENT RATE LEVEL IS ACTUARIALLY ESSENTIAL**
27 **UNDER SECTION 2109A.**

(2) BY NOT LATER THAN 1 YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION, EACH AUTOMOBILE INSURANCE INSURER WHO DID NOT WRITE AUTOMOBILE INSURANCE IN THIS STATE ON MAY 1, 2014 SHALL FILE BASE RATES FOR AUTOMOBILE INSURANCE THAT DO NOT EXCEED THE WEIGHTED AVERAGE OF THE BASE RATES FILED ON MAY 1, 2014 BY THE 10 LARGEST AUTOMOBILE INSURANCE INSURERS BY MARKET SHARE.

(3) ASSESSMENTS FOR THE MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION, AUTOMOBILE THEFT PREVENTION AUTHORITY, AND THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY MUST NOT BE CONSIDERED IN ACHIEVING THE REDUCTION REQUIRED BY SUBSECTIONS (1) AND (2).

Sec. 2114. (1) A person ~~or organization~~ aggrieved with respect to any filing ~~which~~ **THAT** is in effect and ~~which~~ **THAT** affects the person ~~or organization~~ may make written application to the ~~commissioner~~ **DIRECTOR** for a hearing on the filing. However, the insurer or rating organization ~~which~~ **THAT** made the filing shall not ~~be authorized to proceed~~ under this subsection. The application ~~shall~~ **MUST** specify the grounds to be relied upon by the applicant. If the ~~commissioner~~ **DIRECTOR** finds that the application is made in good faith, that the applicant would be so aggrieved if the grounds specified are established, or that the grounds specified otherwise justify holding a hearing, the ~~commissioner~~ **DIRECTOR**, not more than 30 days after receipt of the application, shall hold a hearing in accordance with ~~Act No. 306 of the Public Acts of 1969, as amended,~~ **THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328**, upon not less than 10 days' written notice to the applicant, the insurer, and the rating organization ~~which~~ **THAT**

1 made the filing.

2 (2) If after **A** hearing initiated under subsection (1) or upon
 3 the ~~commissioner's~~ **DIRECTOR'S** own motion pursuant to ~~Act No. 306 of~~
 4 ~~the Public Acts of 1969, as amended,~~ **THE ADMINISTRATIVE PROCEDURES**
 5 **ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328,** the ~~commissioner~~
 6 **DIRECTOR** finds that a filing does not meet the requirements of
 7 sections 2109, ~~and 2109A,~~ **OR 2111, AS APPLICABLE,** the ~~commissioner~~
 8 **DIRECTOR** shall issue an order stating the specific reasons for that
 9 finding. The order shall state when, within a reasonable time after
 10 issuance of the order, the filing ~~shall~~ **WILL** be ~~considered no~~
 11 longer effective. ~~A~~ **THE DIRECTOR SHALL SEND A** copy of the order
 12 ~~shall be sent~~ to the applicant, if any, and to each insurer and
 13 rating organization subject to the order. The order ~~shall~~ **DOES** not
 14 affect a contract or policy made or issued before the date the
 15 filing becomes ineffective, as indicated in the ~~commissioner's~~
 16 **DIRECTOR'S** order.

17 Sec. 2118. (1) As a condition of maintaining its certificate
 18 of authority, an insurer shall not refuse to insure, refuse to
 19 continue to insure, or limit coverage available to an eligible
 20 person for automobile insurance, except in accordance with
 21 underwriting rules established ~~pursuant to~~ **UNDER** this section and
 22 sections 2119 and 2120.

23 (2) The underwriting rules that an insurer may establish for
 24 automobile insurance ~~shall~~ **MUST** be based only on the following:

25 (a) Criteria identical to the standards set forth in section
 26 2103(1).

27 (b) The insurance eligibility point accumulation in excess of

1 the amounts established by section 2103(1) of a member of the
 2 household of the eligible person insured or to be insured, if the
 3 member of the household usually accounts for 10% or more of the use
 4 of a vehicle insured or to be insured. For purposes of this
 5 subdivision, a person who is the principal driver for 1 automobile
 6 insurance policy ~~shall be~~ **IS** rebuttably presumed not to usually
 7 account for more than 10% of the use of other vehicles of the
 8 household not insured under the policy of that person.

9 (c) With respect to a vehicle insured or to be insured,
 10 substantial modifications from the vehicle's original manufactured
 11 state for purposes of increasing the speed or acceleration
 12 capabilities of the vehicle.

13 ~~—— (d) Except as otherwise provided in section 2116a, failure by~~
 14 ~~the person to provide proof that insurance required by section 3101~~
 15 ~~was maintained in force with respect to any vehicle that was both~~
 16 ~~owned by the person and driven or moved by the person or by a~~
 17 ~~member of the household of the person during the 6 month period~~
 18 ~~immediately preceding application. Such proof shall take the form~~
 19 ~~of a certification by the person on a form provided by the insurer~~
 20 ~~that the vehicle was not driven or moved without maintaining the~~
 21 ~~insurance required by section 3101 during the 6 month period~~
 22 ~~immediately preceding application.~~

23 **(D) (e) Type THE TYPE** of vehicle insured or to be insured,
 24 based on 1 of the following, without regard to the age of the
 25 vehicle:

26 (i) The vehicle is of limited production or of custom
 27 manufacture.

1 (ii) The insurer does not have a rate lawfully in effect for
2 the type of vehicle.

3 (iii) The vehicle represents exposure to extraordinary expense
4 for repair or replacement under comprehensive or collision
5 coverage.

6 (E) ~~(F)~~ Use of a vehicle insured or to be insured for
7 transportation of passengers for hire, for rental purposes, or for
8 commercial purposes. Rules under this subdivision ~~shall~~**MUST** not be
9 based on the use of a vehicle for volunteer or charitable purposes
10 or for which reimbursement for normal operating expenses is
11 received.

12 (F) ~~(G)~~ Payment of a minimum deposit at the time of
13 application or renewal, not to exceed the smallest deposit required
14 under an extended payment or premium finance plan customarily used
15 by the insurer.

16 (G) ~~(H)~~ For purposes of requiring comprehensive deductibles of
17 not more than \$150.00, or of refusing to insure if the person
18 refuses to accept a required deductible, the claim experience of
19 the person with respect to comprehensive coverage.

20 (H) ~~(I)~~ Total abstinence from the consumption of alcoholic
21 beverages ~~except if such~~**UNLESS THE** beverages are consumed as part
22 of a religious ceremony. However, an insurer shall not ~~utilize~~**USE**
23 an underwriting rule based on this subdivision unless the insurer
24 has been authorized to transact automobile insurance in this state
25 ~~prior to~~**BEFORE** January 1, 1981, and has consistently ~~utilized~~**USED**
26 such an underwriting rule as part of the insurer's automobile
27 insurance underwriting since being authorized to transact

1 automobile insurance in this state.

2 (I) ~~(j)~~ One or more incidents involving a threat, harassment,
 3 or physical assault by the insured or applicant for insurance on an
 4 **EMPLOYEE OF AN** insurer, ~~employee, agent, PRODUCER, or agent~~
 5 employee **OF A PRODUCER** while acting within the scope of his or her
 6 employment, ~~so long as IF~~ a report of the incident was filed with
 7 an appropriate law enforcement agency.

8 Sec. 2120. (1) Affiliated insurers may establish underwriting
 9 rules so that each affiliate will provide automobile insurance only
 10 to certain eligible persons. This subsection shall apply only if an
 11 eligible person can obtain automobile insurance from 1 of the
 12 affiliates. The underwriting rules ~~shall be in compliance~~ **MUST**
 13 **COMPLY** with this section and sections 2118 and 2119.

14 (2) An insurer may establish separate rating plans so that
 15 certain eligible persons are provided automobile insurance under 1
 16 rating plan and other eligible persons are provided automobile
 17 insurance under another rating plan. This subsection ~~shall apply~~
 18 **APPLIES** only if all eligible persons can obtain automobile
 19 insurance under a rating plan of the insurer. Underwriting rules
 20 consistent with this section and sections 2118 and 2119 ~~shall~~ **MUST**
 21 be established to define the rating plan applicable to each
 22 eligible person.

23 (3) Underwriting rules under this section ~~shall~~ **MUST** be based
 24 only on the following:

25 (a) With respect to a vehicle insured or to be insured,
 26 substantial modifications from the vehicle's original manufactured
 27 state for purposes of increasing the speed or acceleration

1 capabilities of the vehicle.

2 ~~—— (b) Except as otherwise provided in section 2116a, failure of~~
 3 ~~the person to provide proof that insurance required by section 3101~~
 4 ~~was maintained in force with respect to any vehicle owned and~~
 5 ~~operated by the person or by a member of the household of the~~
 6 ~~person during the 6 month period immediately preceding application~~
 7 ~~or renewal of the policy. Such proof shall take the form of a~~
 8 ~~certification by the person that the required insurance was~~
 9 ~~maintained in force for the 6 month period with respect to such~~
 10 ~~vehicle.~~

11 (B) ~~(e)~~ For purposes of insuring persons who have refused a
 12 deductible lawfully required under section ~~2118(2)(h)~~, **2118(2)(G)**,
 13 the claim experience of the person with respect to comprehensive
 14 coverage.

15 (C) ~~(d)~~ Refusal of the person to pay a minimum deposit
 16 required under section ~~2118(2)(g)~~. **2118(2)(F)**.

17 (D) ~~(e)~~ A person's insurance eligibility point accumulation
 18 under section 2103(1)(h), or the total insurance eligibility point
 19 accumulation of all persons who account for 10% or more of the use
 20 of 1 or more vehicles insured or to be insured under the policy.

21 (E) ~~(f)~~ The type of vehicle insured or to be insured as
 22 provided in section ~~2118(2)(e)~~. **2118(2)(D)**.

23 Sec. 2127. The ~~commissioner~~ **DIRECTOR** may by rule prospectively
 24 require insurers, rating organizations, and advisory organizations
 25 to collect and report data ~~only~~ to the extent necessary to monitor
 26 and evaluate the automobile and home insurance markets in this
 27 state. The ~~commissioner~~ **DIRECTOR** shall authorize the use of

1 sampling techniques in each instance where sampling is practicable
2 and consistent with the purposes for which the data are to be
3 collected and reported. RULES PROMULGATED UNDER THIS SECTION ARE IN
4 ADDITION TO, AND DO NOT REPLACE, THE REPORTING REQUIREMENTS IN
5 SECTION 2128.

6 SEC. 2128. ON OR BEFORE APRIL 1 OF EACH YEAR, EACH INSURER WHO
7 ISSUES AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE WITH THE
8 DIRECTOR AND WITH THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY
9 CREATED IN SECTION 2128E ON FORMS PRESCRIBED BY THE AUTOMOBILE
10 INSURANCE DATA COLLECTION AGENCY, THE FOLLOWING AUTOMOBILE
11 INSURANCE DATA, BY TERRITORY, FOR THE PRIOR CALENDAR YEAR:

12 (A) WITH RESPECT TO PERSONAL PROTECTION INSURANCE COVERAGE:

13 (i) THE NUMBER OF CLAIMS FOR PERSONAL PROTECTION INSURANCE
14 BENEFITS FOR WHICH PAYMENT IS MADE.

15 (ii) THE NUMBER OF CLAIMS FOR PERSONAL PROTECTION INSURANCE
16 BENEFITS THAT ARE CLOSED WITHOUT PAYMENT.

17 (iii) THE NUMBER OF CLAIMS FOR PERSONAL PROTECTION INSURANCE
18 BENEFITS THAT INVOLVE SOME FORM OF LITIGATION AND ARE CLOSED
19 WITHOUT PAYMENT.

20 (iv) THE NUMBER OF CLAIMS FOR PERSONAL PROTECTION INSURANCE
21 BENEFITS THAT INVOLVE LITIGATION AND FOR WHICH PAYMENT IS MADE
22 AFTER LITIGATION COMMENCES, INCLUDING THE LENGTH OF TIME BETWEEN
23 THE FILING OF THE CLAIM AND THE FIRST PAYMENT.

24 (v) THE AMOUNT OF INTEREST CHARGES PAID ON CLAIMS FOR PERSONAL
25 PROTECTION INSURANCE BENEFITS AND THE NUMBER OF CASES FOR WHICH
26 INTEREST CHARGES HAVE BEEN PAID.

27 (vi) THE LITIGATION COSTS FOR CLAIMS FOR PERSONAL PROTECTION

1 INSURANCE BENEFITS.

2 (vii) THE NUMBER OF CASES GOING TO VERDICT AND THE AMOUNT OF
3 THE VERDICT IN THOSE CASES IN WHICH AN AWARD IS MADE.

4 (viii) THE NUMBER OF VERDICTS OF NO CAUSE OF ACTION.

5 (ix) THE NUMBER OF CASES IN WHICH ATTORNEY FEES ARE PAID, THE
6 TOTAL AMOUNT OF ATTORNEY FEES PAID, AND THE AMOUNT OF ATTORNEY FEES
7 PAID FOR EACH CASE IN WHICH FEES WERE PAID.

8 (B) WITH RESPECT TO PROPERTY PROTECTION INSURANCE COVERAGE:

9 (i) THE NUMBER OF THIRD PARTY AUTOMOBILE BODILY INJURY TORT
10 CLAIMS CLOSED BY PAYMENT TO THE CLAIMANT BEFORE THE COMMENCEMENT OF
11 LITIGATION AND A BREAKDOWN OF HOW MANY OF THESE CLAIMS WERE DEATH
12 THRESHOLD CLAIMS, SERIOUS IMPAIRMENT OF BODY FUNCTION THRESHOLD
13 CLAIMS, AND PERMANENT SERIOUS DISFIGUREMENT THRESHOLD CLAIMS.

14 (ii) THE NUMBER OF THIRD PARTY AUTOMOBILE BODILY INJURY TORT
15 CLAIM LAWSUITS FILED, AND A BREAKDOWN OF HOW MANY WERE FILED FOR
16 DEATH THRESHOLD CLAIMS, SERIOUS IMPAIRMENT OF BODY FUNCTION
17 THRESHOLD CLAIMS, AND PERMANENT SERIOUS DISFIGUREMENT THRESHOLD
18 CLAIMS.

19 (iii) THE NUMBER OF THIRD PARTY AUTOMOBILE BODILY INJURY TORT
20 CLAIMS CLOSED BY PAYMENT TO THE CLAIMANT AFTER THE COMMENCEMENT OF
21 LITIGATION AND A BREAKDOWN OF HOW MANY OF THESE CLAIMS WERE DEATH
22 THRESHOLD CLAIMS, SERIOUS IMPAIRMENT OF BODY FUNCTION THRESHOLD
23 CLAIMS, AND PERMANENT SERIOUS DISFIGUREMENT THRESHOLD CLAIMS.

24 (iv) THE DOLLAR AMOUNT PAID TO CLAIMANTS TO SETTLE THIRD PARTY
25 AUTOMOBILE BODILY INJURY TORT CLAIMS BEFORE AND AFTER LITIGATION
26 HAD BEEN COMMENCED AND A BREAKDOWN OF THE DOLLAR AMOUNTS PAID FOR
27 DEATH THRESHOLD CLAIMS, SERIOUS IMPAIRMENT OF BODY FUNCTION

1 THRESHOLD CLAIMS, AND PERMANENT SERIOUS DISFIGUREMENT THRESHOLD
2 CLAIMS.

3 (v) THE NUMBER AND DOLLAR AMOUNT PAID OR RESERVED FOR ALL
4 BODILY INJURY CLAIMS SET UP OR OPENED, INDICATING THE NUMBER AND
5 DOLLAR AMOUNT OF RESERVES FOR CLAIMS REMAINING OPEN AT THE END OF
6 THE REPORTING PERIOD.

7 SEC. 2128A. EACH AUTOMOBILE INSURANCE INSURER WRITING
8 AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE ANNUALLY ON OR BEFORE
9 APRIL 1 WITH THE DIRECTOR A CERTIFIED AUDIT OF THE INSURER'S BOOKS
10 AND RECORDS PREPARED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT.

11 SEC. 2128B. (1) ON OR BEFORE JANUARY 15, 2017 AND EVERY 2
12 YEARS THEREAFTER, THE DIRECTOR SHALL ISSUE A PRELIMINARY REPORT
13 DETAILING THE STATE OF COMPETITION OR AVAILABILITY IN THE
14 AUTOMOBILE INSURANCE MARKET ON A STATEWIDE BASIS AND DELINEATING
15 SPECIFIC CLASSIFICATIONS, KINDS OR TYPES OF INSURANCE, IF ANY, AS
16 TO WHICH COMPETITION OR AVAILABILITY DOES NOT EXIST AND SHALL HOLD
17 A PUBLIC HEARING ON THE REPORT. THE REPORT MUST BE BASED ON
18 RELEVANT ECONOMIC TESTS, INCLUDING, BUT NOT LIMITED TO, THOSE IN
19 SUBSECTION (3). THE FINDINGS IN THE REPORT MUST NOT BE BASED ON ANY
20 SINGLE MEASURE OF COMPETITION, BUT APPROPRIATE WEIGHT MUST BE GIVEN
21 TO ALL MEASURES OF COMPETITION. THE REPORT MUST INCLUDE A
22 CERTIFICATION OF WHETHER COMPETITION OR AVAILABILITY EXISTS. A
23 PERSON WHO DISAGREES WITH THE REPORT AND FINDINGS OF THE DIRECTOR
24 MAY REQUEST A CONTESTED HEARING UNDER THE ADMINISTRATIVE PROCEDURES
25 ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, WITHIN 60 DAYS
26 AFTER ISSUANCE OF THE PRELIMINARY REPORT.

27 (2) ON OR BEFORE AUGUST 1, 2017 AND EVERY 2 YEARS THEREAFTER,

1 THE DIRECTOR SHALL ISSUE A FINAL REPORT THAT MUST INCLUDE A FINAL
2 CERTIFICATION OF WHETHER A REASONABLE DEGREE OF COMPETITION OR
3 AVAILABILITY EXISTS IN THE AUTOMOBILE INSURANCE MARKET ON A
4 STATEWIDE BASIS AND, IF COMPETITION OR AVAILABILITY DOES NOT EXIST,
5 A PLAN TO CREATE COMPETITION OR AVAILABILITY. THE FINAL REPORT AND
6 CERTIFICATION MUST BE SUPPORTED BY SUBSTANTIAL EVIDENCE.

7 (3) FOR PURPOSES OF DETERMINING WHETHER COMPETITION OR
8 AVAILABILITY EXISTS IN THE AUTOMOBILE INSURANCE MARKET, THE
9 DIRECTOR SHALL CONSIDER ALL OF THE FOLLOWING:

10 (A) THE EXTENT TO WHICH ANY INSURER CONTROLS THE AUTOMOBILE
11 INSURANCE MARKET OR ANY PORTION OF THAT MARKET. WITH RESPECT TO
12 COMPETITION ON A STATEWIDE BASIS, THE DIRECTOR SHALL NOT CONSIDER
13 AN INSURER TO CONTROL THE AUTOMOBILE INSURANCE MARKET UNLESS IT HAS
14 MORE THAN A 15% MARKET SHARE.

15 (B) WHETHER THE TOTAL NUMBER OF INSURERS WRITING AUTOMOBILE
16 INSURANCE IN THIS STATE IS SUFFICIENT TO PROVIDE MULTIPLE OPTIONS
17 AND ADEQUATE SERVICE TO INDIVIDUALS.

18 (C) THE DISPARITY AMONG AUTOMOBILE INSURANCE RATES AND
19 CLASSIFICATIONS TO THE EXTENT THAT THE CLASSIFICATIONS RESULT IN
20 RATE DIFFERENTIALS.

21 (D) THE AVAILABILITY OF AUTOMOBILE INSURANCE TO INDIVIDUALS IN
22 ALL GEOGRAPHIC AREAS OF THIS STATE.

23 (E) THE RESIDUAL MARKET SHARE.

24 (F) THE OVERALL RATE LEVEL.

25 (G) ANY OTHER FACTORS THE DIRECTOR CONSIDERS RELEVANT.

26 (4) A PLAN TO CREATE COMPETITION OR AVAILABILITY MUST ONLY
27 RELATE TO THOSE GEOGRAPHIC AREAS, CLASSIFICATIONS, OR KINDS OR

1 TYPES OF RISKS WHERE OR AS TO WHICH COMPETITION OR AVAILABILITY HAS
2 BEEN CERTIFIED NOT TO EXIST. THE PLAN MAY INCLUDE METHODS DESIGNED
3 TO CREATE COMPETITION OR AVAILABILITY AS THE DIRECTOR CONSIDERS
4 NECESSARY, AND MAY PROVIDE FOR THE DIRECTOR TO DO 1 OR MORE OF THE
5 FOLLOWING:

6 (A) AUTHORIZE, BY ORDER, JOINT UNDERWRITING ACTIVITIES IN A
7 MANNER SPECIFIED IN THE DIRECTOR'S ORDER.

8 (B) MODIFY THE RATE APPROVAL PROCESS IN A MANNER TO INCREASE
9 COMPETITION OR AVAILABILITY WHILE AT THE SAME TIME PROVIDING FOR
10 REASONABLY TIMELY RATE APPROVALS. MODIFICATIONS UNDER THIS
11 SUBDIVISION DO NOT AFFECT THE REQUIREMENTS OF SECTIONS 2106 AND
12 2107A.

13 (C) ORDER EXCESS PROFITS REGULATION. EXCESS PROFITS REGULATION
14 AUTHORIZED BY THIS SUBDIVISION MUST BE BASED ON RULES PROMULGATED
15 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL
16 24.201 TO 24.328. EXCESS PROFITS MUST INCLUDE BOTH UNDERWRITING
17 PROFITS AND ALL AFTER-TAX INVESTMENT OR INVESTMENT PROFIT OR LOSS
18 FROM UNEARNED PREMIUMS AND LOSS RESERVES ATTRIBUTABLE TO AUTOMOBILE
19 INSURANCE. THE DIRECTOR, PURSUANT TO EXCESS PROFITS REGULATION, MAY
20 ESTABLISH FORMS FOR THE REPORTING OF FINANCIAL DATA BY THE INSURER.

21 (D) ESTABLISH AND REQUIRE AUTOMOBILE INSURANCE RATES, BY
22 ORDER, THAT INSURERS MUST USE AS A CONDITION OF MAINTAINING THEIR
23 CERTIFICATE OF AUTHORITY. THE ORDER SETTING THE RATES MUST TAKE
24 EFFECT NOT LESS THAN 90 DAYS OR MORE THAN 150 DAYS AFTER THE ORDER
25 IS ISSUED.

26 (E) ESTABLISH AND IMPLEMENT A PLAN TO ASSIST IN INFORMING
27 CONSUMERS OF HOW TO OBTAIN AUTOMOBILE INSURANCE AT THE MOST

1 FAVORABLE RATES AND HOW TO OBTAIN BENEFITS FOR WHICH THEY ARE
2 ELIGIBLE. THE PLAN MAY INCLUDE THE USE OF TOLL-FREE TELEPHONE
3 NUMBERS FOR USE BY AUTOMOBILE INSURANCE CONSUMERS AND MAY PROVIDE
4 FOR THE DISTRIBUTION OF INFORMATION TO LOCAL UNITS OF GOVERNMENT.

5 (5) THE REPORTS AND CERTIFICATIONS REQUIRED UNDER SUBSECTIONS
6 (1) AND (2) MUST BE FORWARDED TO THE GOVERNOR, THE CLERK OF THE
7 HOUSE, THE SECRETARY OF THE SENATE, AND ALL THE MEMBERS OF THE
8 HOUSE OF REPRESENTATIVES AND SENATE STANDING COMMITTEES ON
9 INSURANCE ISSUES.

10 SEC. 2128C. (1) EACH INSURER WRITING 7% OR MORE OF THE
11 AUTOMOBILE INSURANCE IN THIS STATE SHALL GEOGRAPHICALLY MARKET
12 AUTOMOBILE INSURANCE PROPORTIONATE TO THE NUMBER OF REGISTERED
13 VEHICLES IN EACH AREA OF THIS STATE. BEGINNING 1 YEAR AFTER THE
14 EFFECTIVE DATE OF THIS SECTION, EACH INSURER WRITING 7% OR MORE OF
15 THE AUTOMOBILE INSURANCE IN THIS STATE SHALL SUBMIT ANNUALLY TO THE
16 DIRECTOR A MARKETING PLAN INDICATING THE NUMBER OF PRODUCERS THAT
17 MARKET FOR THE INSURER AND THE LOCATION OF THEIR OFFICES. THE
18 DIRECTOR SHALL DETERMINE THE ADEQUACY OF EACH INSURER'S MARKETING
19 PLAN AND APPROVE OR DISAPPROVE THE PLAN WITHIN 30 DAYS AFTER THE
20 DIRECTOR'S RECEIPT OF THE PLAN.

21 (2) IF THE DIRECTOR, AFTER REVIEWING AN AUTOMOBILE INSURER'S
22 MARKETING PLAN, FINDS THE PLAN IS NOT IN COMPLIANCE WITH SUBSECTION
23 (1), THE DIRECTOR SHALL NOTIFY THE INSURER IN WRITING OF THE
24 INSURER'S FAILURE TO COMPLY WITH THE LAW, SHALL RECOMMEND REVISIONS
25 TO THE INSURER'S PLAN, AND SHALL REQUIRE THAT A REVISED PLAN BE
26 RESUBMITTED WITHIN 30 DAYS. THE DIRECTOR SHALL APPROVE OR
27 DISAPPROVE AN INSURER'S REVISIONS TO THE PLAN WITHIN 30 DAYS AFTER

1 THE DIRECTOR'S RECEIPT OF THE REVISED PLAN.

2 (3) IF THE DIRECTOR FINDS THAT AN AUTOMOBILE INSURANCE INSURER
3 HAS WILLFULLY VIOLATED THIS SECTION, THE DIRECTOR MAY SUSPEND OR
4 REVOKE THE INSURER'S LICENSE TO DO BUSINESS AND MAY ORDER THE
5 INSURER TO PAY A CIVIL FINE OF NOT MORE THAN \$10,000.00 FOR EACH
6 VIOLATION.

7 (4) IF THE DIRECTOR FINDS THAT AN AUTOMOBILE INSURANCE INSURER
8 HAS FAILED TO FILE A MARKETING PLAN COMPLYING WITH THIS SECTION,
9 HAS FAILED TO REVISE A PLAN PURSUANT TO THE DIRECTOR'S FINDING, OR
10 HAS CONSISTENTLY FAILED TO SUBMIT AN ACCEPTABLE MARKETING PLAN, THE
11 DIRECTOR MAY SUSPEND OR REVOKE THE INSURER'S LICENSE TO DO BUSINESS
12 AND MAY ORDER THE INSURER TO PAY A CIVIL FINE OF NOT MORE THAN
13 \$2,000.00 FOR EACH OCCURRENCE.

14 (5) THE DIRECTOR SHALL NOTIFY EACH AUTOMOBILE INSURANCE
15 INSURER LICENSED IN THIS STATE OF THE MARKETING PLAN FILING
16 REQUIREMENT.

17 SEC. 2128D. (1) IF THE DIRECTOR FINDS, AFTER A HEARING HELD
18 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL
19 24.201 TO 24.328, THAT ACCESS TO A REASONABLY COMPETITIVE AND
20 CONVENIENT AUTOMOBILE INSURANCE MARKET IN THIS STATE IS LACKING FOR
21 CERTAIN CONSUMERS, THE DIRECTOR MAY ORDER THE MICHIGAN AUTOMOBILE
22 INSURANCE PLACEMENT FACILITY TO DEVELOP A MARKET ACCESS PLAN,
23 SUBJECT TO THE DIRECTOR'S APPROVAL, TO ASSURE THAT THOSE CONSUMERS
24 HAVE REASONABLE AND CONVENIENT ACCESS TO THE MICHIGAN AUTOMOBILE
25 INSURANCE PLACEMENT FACILITY AND COMPETITIVE INSURANCE MARKETS IN
26 THIS STATE.

27 (2) IF A MARKET ACCESS PLAN UNDER SUBSECTION (1) IS NOT

1 SUBMITTED WITHIN 30 DAYS AFTER THE DATE OF THE DIRECTOR'S ORDER, OR
2 IF THE PLAN DOES NOT MEET THE DIRECTOR'S APPROVAL, THE DIRECTOR
3 SHALL DEVELOP A MARKET ACCESS PLAN AND ORDER ITS IMPLEMENTATION BY
4 THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY UNTIL A PLAN
5 ESTABLISHED BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
6 IS APPROVED BY THE DIRECTOR.

7 SEC. 2128E. (1) THERE IS CREATED AN AUTOMOBILE INSURANCE DATA
8 COLLECTION AGENCY TO ADMINISTER THE AUTOMOBILE INSURANCE DATA
9 COLLECTION REQUIREMENTS OF THIS ACT. THE GOVERNING BOARD OF THE
10 AUTOMOBILE INSURANCE DATA COLLECTION AGENCY IS COMPOSED OF THE
11 DIRECTOR AND 8 MEMBERS APPOINTED BY THE DIRECTOR AS FOLLOWS:

12 (A) TWO PERSONS WHO REPRESENT A PRIVATE AUTOMOBILE INSURANCE
13 INSURER THAT DOES NOT HOLD MORE THAN 15% OF THE STATE'S OVERALL
14 MARKET SHARE AT THE TIME ITS REPRESENTATIVE SERVES ON THE BOARD.

15 (B) TWO PERSONS WHO REPRESENT THE GENERAL PUBLIC OF THIS
16 STATE.

17 (C) ONE PERSON WHO IS A LICENSED MEDICAL PROFESSIONAL IN THIS
18 STATE AND WHO DOES NOT OWN ANY PORTION OF AN AUTOMOBILE INSURANCE
19 INSURER OR MANAGE DIRECTLY OR INDIRECTLY AN AUTOMOBILE INSURANCE
20 INSURER'S AFFAIRS.

21 (D) ONE PERSON WHO IS A LICENSED ATTORNEY IN THIS STATE, WHO
22 DOES NOT OWN ANY PORTION OF AN AUTOMOBILE INSURANCE INSURER OR
23 MANAGE DIRECTLY OR INDIRECTLY AN AUTOMOBILE INSURANCE INSURER'S
24 AFFAIRS, AND WHO HAS AT LEAST 5 YEARS OF EXPERIENCE IN AUTOMOBILE
25 ACCIDENT RELATED LITIGATION.

26 (E) ONE PERSON WHO IS AN INDEPENDENT INSURANCE AGENT.

27 (F) ONE PERSON WHO HAS AT LEAST 10 YEARS OF DATA PROCESSING

1 EXPERIENCE IN A COMBINATION OF HARDWARE ACQUISITION AND SOFTWARE
2 DEVELOPMENT.

3 (2) A MEMBER OF THE GOVERNING BOARD OF THE AUTOMOBILE
4 INSURANCE DATA COLLECTION AGENCY SHALL SERVE FOR A TERM OF 2 YEARS.

5 (3) THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY, UNDER THE
6 DIRECTION AND CONTROL OF THE DIRECTOR AND SUBJECT TO THE DIRECTOR'S
7 APPROVAL, SHALL DO ALL OF THE FOLLOWING:

8 (A) PRESCRIBE RATE FILING FORMS AND DATA COLLECTION FORMS AND
9 ESTABLISH UNIFORM DATA REPORTING REQUIREMENTS NECESSARY TO SATISFY
10 THIS CHAPTER.

11 (B) ANALYZE REPORTED DATA, ANALYZE AUTOMOBILE INSURANCE
12 INSURERS' RATE-MAKING DATA, AND REPORT THESE FINDINGS TO THE
13 DIRECTOR, AND COLLECT AND ANALYZE OTHER PERTINENT DATA AT THE
14 DIRECTOR'S REQUEST.

15 (C) PREPARE REPORTS ON AUTOMOBILE INSURANCE AS REQUESTED BY
16 THE DIRECTOR.

17 (D) ESTABLISH UNIFORM CLASSIFICATION SYMBOLS OR OTHER UNIFORM
18 DESIGNATIONS FOR USE BY AUTOMOBILE INSURANCE INSURERS TO ESTABLISH
19 RISK ASSOCIATED WITH EACH TYPE OF VEHICLE TO BE INSURED.

20 (E) IN A UNIFORM MANNER, GATHER ALL DATA NECESSARY TO
21 ACCOMPLISH TOTAL RETURN RATE-MAKING. INFORMATION MUST BE GATHERED
22 THAT ENABLES THE DIRECTOR TO ASSESS AN INSURER'S ACTUAL LOSS
23 EXPERIENCE, LEVEL OF PROFIT, INTEREST INCOME, METHOD FOR ASSESSING
24 ANTICIPATED LOSSES, PARTICULAR APPLICATION OF LOSS TREND FACTORS,
25 PURE PREMIUM, FREQUENCY OF LOSSES BASED ON THE NUMBER OF VEHICLES
26 INSURED, AND THE LOSS COSTS AND FREQUENCY OF LOSSES ASSOCIATED WITH
27 THE COMPONENT PARTS OF EACH ASPECT OF COVERAGE, INCLUDING, BUT NOT

1 LIMITED TO, MEDICAL, WAGE-LOSS, REPLACEMENT SERVICES, SURVIVORS
2 BENEFITS, DEATH BENEFIT, COLLISION COVERAGE, COMPREHENSIVE COVERAGE
3 WITH THEFT REPORTED AS A SEPARATE COMPONENT, BODILY INJURY OR
4 LIABILITY COVERAGE REPORTED BY POLICY LIMITS, PROPERTY PROTECTION,
5 AND ALL OTHER BENEFITS BEING MARKETING BY THE INSURER.

6 (F) GATHER DETAILED DATA ABOUT INSURERS' ADMINISTRATIVE
7 EXPENSES AND THEIR RELATIONSHIP TO THE PREMIUM CHARGED, INCLUDING
8 COSTS FOR EACH TYPE OF LITIGATION ASSOCIATED WITH AUTOMOBILE
9 INSURANCE CLAIMS RESOLUTION, SALARIES, FRINGE BENEFITS,
10 COMMISSIONS, AND COSTS ASSOCIATED WITH OVERHEAD AND OTHER FIXED
11 COSTS.

12 (G) REQUIRE EACH INSURER TO LIST THE ITEMS THAT ARE USED TO
13 COMPOSE A BASE RATE AND REQUIRE EACH INSURER TO EXPLAIN THE
14 APPLICATIONS OF BASE RATES.

15 (H) ESTABLISH FORMS TO ENABLE THE COLLECTION OF DATA
16 SUFFICIENT TO PERMIT THE DIRECTOR TO DETERMINE THAT ALL ASPECTS OF
17 AUTOMOBILE INSURANCE RATE-MAKING ARE ACTUARIALLY SOUND AND THAT
18 AUTOMOBILE INSURANCE RATES ARE NOT EXCESSIVE OR DISCRIMINATORY.

19 (I) REQUIRE THE REPORTING OF ALL AUTOMOBILE INSURANCE CLAIMS
20 COSTS AND THE FREQUENCY OF EACH TYPE OF LOSS AND PROVIDE THE
21 DIRECTOR WITH THIS DATA.

22 (J) COLLECT ALL AUTOMOBILE INSURANCE RATE-MAKING DATA AND
23 EVALUATE THIS DATA BY DETERMINING ITS ACTUARIAL SOUNDNESS AND BY
24 MAKING COMPARISONS BASED ON STATEWIDE UNIFORM RATING TERRITORIES AS
25 ESTABLISHED BY THIS ACT.

26 (K) ENSURE THAT ALL NECESSARY DATA ARE COLLECTED AND ANALYZED
27 IN A MANNER THAT COMPLIES WITH THIS CHAPTER.

1 (l) SUBJECT TO THE APPROVAL OF THE DIRECTOR, DESIGNATE 1
2 ADVISORY ORGANIZATION TO IMPLEMENT THE AGENCY'S DATA COLLECTION
3 PLAN AND THE COMPILATION OF RATE-MAKING AND OTHER FINANCIAL DATA
4 FROM AUTOMOBILE INSURANCE INSURERS. THE DESIGNATED ADVISORY
5 ORGANIZATION SHALL REPORT ITS FINDINGS TO THE AUTOMOBILE INSURANCE
6 DATA COLLECTION AGENCY, WHICH SHALL REPORT TO THE DIRECTOR.

7 (m) REPORT TO THE DIRECTOR ANY KNOWN VIOLATION OF THIS ACT.

8 (n) COMPLETE ANY OTHER TASK REQUIRED TO SATISFY THIS ACT AS
9 REQUESTED BY THE DIRECTOR.

10 (4) THE DIRECTOR SHALL MAKE RECOMMENDATIONS TO THE LEGISLATURE
11 ANNUALLY REGARDING THE ADEQUACY OF STATUTORY UNDERWRITING AND RATE-
12 MAKING PROVISIONS BASED ON THE INFORMATION GATHERED AND ANALYZED BY
13 THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY AND ANY OTHER
14 INFORMATION THAT THE DIRECTOR CONSIDERS APPROPRIATE.

15 SEC. 2128F. (1) BY APRIL 1, 2016, AND BY EACH APRIL 1
16 THEREAFTER, EACH INSURER ENGAGED IN WRITING INSURANCE COVERAGES
17 THAT PROVIDE THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS
18 STATE, AS A CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN
19 THIS STATE, SHALL PAY TO THE AUTOMOBILE INSURANCE DATA COLLECTION
20 AGENCY AN ASSESSMENT EQUAL TO \$1.00 MULTIPLIED BY THE INSURER'S
21 TOTAL EARNED CAR YEARS OF INSURANCE PROVIDING THE SECURITY REQUIRED
22 BY SECTION 3101(1) WRITTEN IN THIS STATE DURING THE IMMEDIATELY
23 PRECEDING CALENDAR YEAR.

24 (2) MONEY RECEIVED UNDER SUBSECTION (1), AND ALL OTHER MONEY
25 RECEIVED BY THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY, MUST
26 BE SEGREGATED AND PLACED IN A FUND TO BE KNOWN AS THE DATA
27 COLLECTION FUND. THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY

1 SHALL ADMINISTER THE DATA COLLECTION FUND.

2 (3) THE AUTOMOBILE INSURANCE DATA COLLECTION AGENCY SHALL USE
3 MONEY IN THE DATA COLLECTION FUND TO PAY THE COSTS OF
4 ADMINISTRATION OF THE AGENCY. MONEY IN THE FUND IS NOT STATE MONEY.

5 Sec. 2236. (1) A basic insurance policy form or annuity
6 contract form shall not be issued or delivered to any person in
7 this state, and an insurance or annuity application form if a
8 written application is required and is to be made a part of the
9 policy or contract, a printed rider or indorsement form or form of
10 renewal certificate, and a group certificate in connection with the
11 policy or contract, shall not be issued or delivered to a person in
12 this state, until a copy of the form is filed with the department
13 of insurance and financial services and approved by the director of
14 ~~the department of insurance and financial services~~ as conforming
15 ~~with~~ TO the requirements of this act and not inconsistent with the
16 law. Failure of the director ~~of the department of insurance and~~
17 ~~financial services~~ to act within 30 days after submittal
18 constitutes approval. A form described in this section, except a
19 policy of disability insurance as defined in section 3400, must be
20 plainly printed with type size not less than 8-point unless the
21 director ~~of the department of insurance and financial services~~
22 determines that portions of the form printed with type less than 8-
23 point is not deceptive or misleading.

24 (2) ~~An~~ EXCEPT FOR FILINGS CONCERNING RATES, AN insurer may
25 satisfy its obligations to make form filings by becoming a member
26 of, or a subscriber to, a rating organization licensed under
27 section 2436 or 2630 that makes those filings and by filing with

1 the director ~~of the department of insurance and financial services~~
2 a copy of its authorization of the rating organization to make the
3 filings on its behalf. Every member of or subscriber to a rating
4 organization shall adhere to the form filings made on its behalf by
5 the organization except that an insurer may file with the director
6 ~~of the department of insurance and financial services~~ a substitute
7 form, and thereafter if a subsequent form filing by the rating
8 organization affects the use of the substitute form, the insurer
9 shall review its use and notify the director ~~of the department of~~
10 ~~insurance and financial services~~ whether to withdraw its substitute
11 form.

12 (3) ~~Beginning January 1, 1992, the~~ **THE** director ~~of the~~
13 ~~department of insurance and financial services~~ shall not approve a
14 form filed under this section providing for or relating to an
15 insurance policy or an annuity contract for personal, family, or
16 household purposes if the form fails to obtain the following
17 readability score or meet the other requirements of this
18 subsection, as applicable:

19 (a) The readability score must not be less than 45, as
20 determined by the method provided in subdivisions (b) and (c).

21 (b) The readability score shall be determined as follows:

22 (i) For a form containing not more than 10,000 words, the
23 entire form shall be analyzed. For a form containing more than
24 10,000 words, not less than two 200-word samples per page shall be
25 analyzed instead of the entire form. The samples must be separated
26 by at least 20 printed lines.

27 (ii) Count the number of words and sentences in the form or

1 samples and divide the total number of words by the total number of
2 sentences. Multiply this quotient by a factor of 1.015.

3 (iii) Count the total number of syllables in the form or samples
4 and divide the total number of syllables by the total number of
5 words. Multiply this quotient by a factor of 84.6. As used in this
6 subparagraph, "syllable" means a unit of spoken language consisting
7 of 1 or more letters of a word as indicated by an accepted
8 dictionary. If the dictionary shows 2 or more equally acceptable
9 pronunciations of a word, the pronunciation containing fewer
10 syllables may be used.

11 (iv) Add the figures obtained in subparagraphs (ii) and (iii) and
12 subtract this sum from 206.835. The figure obtained equals the
13 readability score for the form.

14 (c) For the purposes of subdivision (b) (ii) and (iii), the
15 following procedures shall be used:

16 (i) A contraction, hyphenated word, or numbers and letters when
17 separated by spaces is counted as 1 word.

18 (ii) A unit of words ending with a period, semicolon, or colon,
19 but excluding headings and captions, is counted as 1 sentence.

20 (d) In determining the readability score, the method provided
21 in subdivisions (b) and (c):

22 (i) Shall be applied to an insurance policy form or an annuity
23 contract, together with a rider or indorsement form usually
24 associated with the insurance policy form or annuity contract.

25 (ii) Shall not be applied to words or phrases that are defined
26 in an insurance policy form, an annuity contract, or riders,
27 indorsements, or group certificates under an insurance policy form

1 or annuity contract.

2 (iii) Shall not be applied to language specifically agreed upon
3 through collective bargaining or required by a collective
4 bargaining agreement.

5 (iv) Shall not be applied to language that is prescribed by
6 state or federal statute or by rules or regulations promulgated
7 under a state or federal statute.

8 (e) The form must contain both of the following:

9 (i) Topical captions.

10 (ii) An identification of exclusions.

11 (f) Each insurance policy and annuity contract that has more
12 than 3,000 words printed on not more than 3 pages of text or that
13 has more than 3 pages of text regardless of the number of words
14 must contain a table of contents. This subdivision does not apply
15 to indorsements.

16 (g) Each rider or indorsement form that changes coverage must
17 do all of the following:

18 (i) Contain a properly descriptive title.

19 (ii) Reproduce either the entire paragraph or the provision as
20 changed.

21 (iii) Be accompanied by an explanation of the change.

22 (h) If a computer system approved by the director ~~of the~~
23 ~~department of insurance and financial services~~ calculates the
24 readability score of a form as being in compliance with this
25 subsection, the form is considered in compliance with the
26 readability score requirements of this subsection.

27 (i) A variable life product or variable annuity product

1 approved by the United States ~~securities and exchange commission~~
2 **SECURITIES AND EXCHANGE COMMISSION** for sale in this state is
3 compliant with this section.

4 (4) ~~After January 1, 1992, any~~ **ANY** change or addition to a
5 policy or annuity contract form for personal, family, or household
6 purposes, whether by indorsement, rider, or otherwise, or a change
7 or addition to a rider or indorsement form to the policy or annuity
8 contract form, which policy or annuity contract form has not been
9 previously approved under subsection (3), ~~shall~~ **MUST** be submitted
10 for approval under subsection (3).

11 (5) Upon written notice to the insurer, the director ~~of the~~
12 ~~department of insurance and financial services~~ may disapprove,
13 withdraw approval or prohibit the issuance, advertising, or
14 delivery of any form to any person in this state if the form
15 violates this act, contains inconsistent, ambiguous, or misleading
16 clauses, or contains exceptions and conditions that unreasonably or
17 deceptively affect the risk purported to be assumed in the general
18 coverage of the policy. The notice must specify the objectionable
19 provisions or conditions and state the reasons for the ~~director of~~
20 ~~the department of insurance and financial services~~ **DIRECTOR'S**
21 decision. If the form is legally in use by the insurer in this
22 state, the notice must give the effective date of the ~~director of~~
23 ~~the department of insurance and financial services~~ **DIRECTOR'S**
24 disapproval, which ~~shall not be less than~~ **MUST BE WITHIN** 30 days
25 after the mailing or delivery of the notice to the insurer. If the
26 form is not legally in use, disapproval is effective immediately.

27 (6) If a form is disapproved or approval is withdrawn under

1 this act, the insurer is entitled upon demand to a hearing before
2 the director ~~of the department of insurance and financial services~~
3 or a deputy director of the department ~~of insurance and financial~~
4 ~~services~~ within 30 days after the notice of disapproval or of
5 withdrawal of approval. After the hearing, the director ~~of the~~
6 ~~department of insurance and financial services~~ shall make findings
7 of fact and law, and either affirm, modify, or withdraw his or her
8 original order or decision.

9 (7) Any issuance, use, or delivery by an insurer of any form
10 without the prior approval of the director ~~of the department of~~
11 ~~insurance and financial services~~ as required by subsection (1) or
12 after withdrawal of approval as provided by subsection (5) is a
13 separate violation for which the director ~~of the department of~~
14 ~~insurance and financial services~~ may order the imposition of a
15 civil penalty of \$25.00 for each offense, but not to exceed the
16 maximum penalty of \$500.00 for any 1 series of offenses relating to
17 any 1 basic policy form, which penalty may be recovered by the
18 attorney general as provided in section 230.

19 (8) The filing requirements of this section do not apply to
20 any of the following:

21 (a) Insurance against loss of or damage to any of the
22 following:

23 (i) Imports, exports, or domestic shipments.

24 (ii) Bridges, tunnels, or other instrumentalities of
25 transportation and communication.

26 (iii) Aircraft and attached equipment.

27 (iv) Vessels and watercraft under construction or owned by or

1 used in a business or having a straight-line hull length of more
2 than 24 feet.

3 (b) Insurance against loss resulting from liability, other
4 than worker's compensation or employers' liability arising out of
5 the ownership, maintenance, or use of any of the following:

6 (i) Imports, exports, or domestic shipments.

7 (ii) Aircraft and attached equipment.

8 (iii) Vessels and watercraft under construction or owned by or
9 used in a business or having a straight-line hull length of more
10 than 24 feet.

11 (c) Surety bonds other than fidelity bonds.

12 (d) Policies, riders, indorsements, or forms of unique
13 character designed for and used with relation to insurance upon a
14 particular subject, or that relate to the manner of distribution of
15 benefits or to the reservation of rights and benefits under life or
16 disability insurance policies and are used at the request of the
17 individual policyholder, contract holder, or certificate holder.

18 ~~Beginning September 1, 1968, the~~ **THE** ~~director of the department of~~
19 ~~insurance and financial services~~ by order may exempt from the
20 filing requirements of this section and sections 2242, 3606, and
21 4430 for ~~so~~ **AS** long as he or she considers proper any insurance
22 document or form, except that portion of the document or form that
23 establishes a relationship between group disability insurance and
24 personal protection insurance benefits subject to exclusions or
25 deductibles under section 3109a, as specified in the order to which
26 this section is not practicably applied, or the filing and approval
27 of which are considered unnecessary for the protection of the

1 public. Insurance documents or forms providing medical payments or
2 income replacement benefits, except that portion of the document or
3 form that establishes a relationship between group disability
4 insurance and personal protection insurance benefits subject to
5 exclusions or deductibles under section 3109a, exempt by order of
6 the director ~~of the department of insurance and financial services~~
7 from the filing requirements of this section and sections 2242 and
8 3606 are considered approved by the director ~~of the department of~~
9 ~~insurance and financial services~~ for purposes of section 3430.

10 (e) Insurance that meets both of the following:

11 (i) Is sold to an exempt commercial policyholder.

12 (ii) Contains a prominent disclaimer that states "This policy
13 is exempt from the filing requirements of section 2236 of the
14 insurance code of 1956, 1956 PA 218, MCL 500.2236." or words that
15 are substantially similar.

16 (9) As used in this section and sections 2401 and 2601,
17 "exempt commercial policyholder" means an insured that purchases
18 the insurance for other than personal, family, or household
19 purposes.

20 (10) Every order made by the director ~~of the department of~~
21 ~~insurance and financial services~~ under the provisions of this
22 section is subject to court review as provided in section 244.

23 Sec. 2400. (1) ~~Except with respect to worker's compensation~~
24 ~~insurance, the~~ **THE** purpose of this chapter is to promote the public
25 welfare by regulating insurance rates to the end that they ~~shall~~
26 ~~not be~~ **ARE NOT** excessive, inadequate, or unfairly discriminatory,
27 and to ~~authorize and~~ regulate cooperative action among insurers in

1 rate-making and ~~in other matters within the scope of the insurance~~
 2 ~~code.~~ **THIS ACT.** Nothing in this chapter is intended ~~(1) to prohibit~~
 3 ~~or discourage reasonable competition. , or (2) to prohibit, or~~
 4 ~~encourage except to the extent necessary to accomplish the~~
 5 ~~aforementioned purpose, uniformity in insurance rates, rating~~
 6 ~~systems, rating plans, or practices.~~

7 ~~—— (2) With respect to worker's compensation insurance, the~~ **THE**
 8 purposes of this chapter are ~~are~~ **ALSO INCLUDE THE FOLLOWING:**

9 (a) ~~To protect~~ **PROTECTING** policyholders and the public against
 10 the adverse effects of excessive, inadequate, or unfairly
 11 discriminatory rates.

12 (b) ~~To promote~~ **PROMOTING** price competition among insurers
 13 ~~writing worker's compensation insurance so as to encourage rates~~
 14 ~~which~~ **THAT** will result in the lowest possible rates consistent with
 15 ~~the benefits established in the worker's disability compensation~~
 16 ~~act of 1969, Act No. 317 of the Public Acts of 1969, as amended,~~
 17 ~~being sections 418.101 to 418.941 of the Michigan Compiled Laws,~~
 18 **PROVIDED** and with maintaining the solvency of insurers.

19 (c) ~~To provide~~ **PROVIDING** regulatory controls and other
 20 activity in the absence of competition.

21 (d) ~~To improve~~ **IMPROVING** the availability, fairness, and
 22 reliability of ~~worker's compensation insurance.~~

23 (2) **ANTITRUST PROVISIONS IN THIS CHAPTER ARE NOT EXCLUSIVE AND**
 24 **OTHER PROVISIONS PROVIDED BY LAW MAY APPLY.**

25 (3) This chapter shall be liberally interpreted to carry into
 26 effect the provisions of this section.

27 Sec. 2406. (1) Except for worker's compensation insurance,

1 ~~every~~ **EACH** insurer shall file with the ~~commissioner~~ **DIRECTOR** every
 2 manual of classification, every manual of rules and rates, every
 3 rating plan, and every modification of any of the foregoing that it
 4 proposes to use. ~~Every such~~ **IN ITS** filing, **EACH INSURER** shall state
 5 the proposed effective date ~~thereof~~ **OF THE FILING** and shall
 6 indicate the character and extent of the coverage contemplated. If
 7 a filing is not accompanied by the information upon which the
 8 insurer supports the filing, and the ~~commissioner~~ **DIRECTOR** does not
 9 have sufficient information to determine whether the filing meets
 10 the requirements of this chapter, the ~~commissioner~~ **DIRECTOR** shall
 11 within 10 days ~~of~~ **AFTER** the filing give written notice to the
 12 insurer to furnish the information ~~upon which it~~ **THAT** supports the
 13 filing. The information furnished in support of a filing may
 14 include the experience or judgment of the insurer ~~or rating~~
 15 ~~organization~~ making the filing, its interpretation of any
 16 statistical data it relies upon, the experience of other insurers,
 17 ~~or rating organizations,~~ or any other relevant factors. ~~A~~ **THE**
 18 **DEPARTMENT SHALL MAKE A** filing and any supporting information ~~shall~~
 19 ~~be open to public inspection after the filing becomes effective.~~

20 (2) Except for worker's compensation insurance **AND FOR FILINGS**
 21 **CONCERNING RATES**, an insurer may satisfy its obligation to make
 22 ~~such~~ filings by becoming a member of, or a subscriber to, a
 23 licensed rating organization that makes ~~such~~ filings, and by filing
 24 with the ~~commissioner~~ **DIRECTOR** a copy of its authorization of the
 25 rating organization to make ~~such~~ filings on its behalf. ~~Nothing~~
 26 ~~contained in this~~ **THIS** chapter ~~shall be construed as requiring~~ **DOES**
 27 **NOT REQUIRE** any insurer to become a member of or a subscriber to

1 any rating organization.

2 (3) For worker's compensation insurance in this state, the
3 insurer shall file with the ~~commissioner~~**DIRECTOR** all rates and
4 rating systems. ~~Every insurer that insures worker's compensation in~~
5 ~~this state on the effective date of this subsection shall file the~~
6 ~~rates not later than the effective date of this subsection.~~

7 (4) Except as ~~provided in subsection (3) and as otherwise~~
8 provided in this subsection, the rates and rating systems for
9 worker's compensation insurance shall ~~shall~~**MUST** be filed not later than
10 the date the rates and rating systems are to be effective. ~~However,~~
11 ~~if the insurer providing worker's compensation insurance is~~
12 ~~controlled by a nonprofit health care corporation formed pursuant~~
13 ~~to the nonprofit health care corporation reform act, Act No. 350 of~~
14 ~~the Public Acts of 1980, being sections 550.1101 to 550.1704 of the~~
15 ~~Michigan Compiled Laws, the rates and rating systems that it~~
16 ~~proposes to use shall be filed with the commissioner not less than~~
17 ~~45 days before the effective date of the filing. These filings~~
18 ~~shall be~~**ARE** considered to meet the requirements of this chapter
19 unless and until the ~~commissioner~~**DIRECTOR** disapproves a filing
20 pursuant to ~~UNDER~~ section 2418 or 2420.

21 (5) Each filing under subsections (3) and (4) shall ~~shall~~**MUST** be
22 accompanied by a certification by the insurer that, to the best of
23 its information and belief, the filing conforms to ~~the requirements~~
24 ~~of this chapter.~~

25 (6) **AS A CONDITION OF MAINTAINING ITS CERTIFICATE OF**
26 **AUTHORITY, AN INSURER SHALL NOT DO ANY OF THE FOLLOWING:**

27 (A) **HAVE ANY RATES FILED ON ITS BEHALF IN THIS STATE BY A**

1 **RATING ORGANIZATION.**

2 **(B) SHARE INFORMATION WITH ANY OTHER INSURER OR RATING**
 3 **ORGANIZATION CONCERNING ESTABLISHING RATES OR RATING SYSTEMS.**

4 **(C) AGREE WITH ANY OTHER INSURER OR RATING ORGANIZATION TO**
 5 **ADHERE TO OR USE ANY RATE, RATING PLAN, RATING SCHEDULE, RATING**
 6 **RULE, OR UNDERWRITING RULE IN THIS STATE.**

7 **(D) MAKE AVAILABLE TO ANY OTHER INSURER OR RATING ORGANIZATION**
 8 **INFORMATION ON ACTUARIAL PROJECTIONS, TRENDING FACTORS, PROFITS, OR**
 9 **EXPENSES EXCEPT LOSS ADJUSTMENT EXPENSES.**

10 Sec. 2430. (1) ~~In lieu~~ **INSTEAD** of the filing requirements of
 11 this chapter and as an alternative method of filing, ~~any~~ **AN** insurer
 12 ~~or rating organization may file with the commissioner any~~ **DIRECTOR**
 13 **A** manual of classification, rules or rates, ~~any~~ **A** rating plan, and
 14 every modification of any of the foregoing ~~which~~ **THAT** it proposes
 15 to use. ~~the~~ **THE** filing ~~to~~ **MUST** indicate the character and extent
 16 of the coverage contemplated. **INSTEAD OF THE FILING REQUIREMENTS OF**
 17 **THIS CHAPTER AND AS AN ALTERNATIVE METHOD OF FILING, A RATING**
 18 **ORGANIZATION MAY FILE WITH THE DIRECTOR FOR AN INSURER A MANUAL OF**
 19 **CLASSIFICATION, RULES, AND EVERY MODIFICATION OF ANY OF THE**
 20 **FOREGOING. THE FILING MUST INDICATE THE CHARACTER AND EXTENT OF THE**
 21 **COVERAGE CONTEMPLATED.** Every ~~such~~ filing under this section ~~shall~~
 22 **MUST** state the effective date thereof, ~~shall~~ **OF THE FILING, MUST**
 23 take effect on ~~said~~ **THAT** date, ~~shall~~ **MUST** not be subject to any
 24 waiting period requirements, and ~~shall be deemed~~ **IS CONSIDERED** to
 25 meet the requirements of section 2403 (1) (d) ~~(rate standards)~~. **A**
 26 **2403 (1) (D) . THE DEPARTMENT SHALL MAKE A** filing and any supporting
 27 information ~~shall be~~ open to public inspection, if the filing is

1 not disapproved.

2 (2) At any time within ~~15-30~~ days ~~from and~~ after the date of
 3 ~~any such-A~~ filing **UNDER SUBSECTION (1)**, the ~~commissioner-DIRECTOR~~
 4 may give written notice to the insurer ~~or rating organization~~
 5 making ~~such-**THE**~~ filing **OR ON WHOSE BEHALF THE FILING WAS MADE**,
 6 specifying in what respect and to what extent ~~he contends such-**THE**~~
 7 **DIRECTOR FINDS THAT THE** filing fails to comply with ~~the~~
 8 ~~requirements of~~ section 2403(1)(d) and fixing a date for hearing
 9 not less than 10 days ~~from-**AFTER**~~ the date of mailing ~~of such-**THE**~~
 10 notice. At ~~such-**THE**~~ hearing, the factors specified in section
 11 2406(1) ~~shall-**MUST**~~ be considered. If the ~~commissioner-DIRECTOR~~
 12 after hearing finds that the filing does not comply with ~~the~~
 13 ~~provisions of~~ this chapter, ~~he-**THE DIRECTOR**~~ may issue ~~his-**AN**~~ order
 14 determining ~~wherein-**IN WHAT RESPECT**~~ and to what extent ~~such-**THE**~~
 15 filing is ~~deemed to be~~ improper and fixing a date, thereafter,
 16 within a reasonable time, after which ~~such-**THE**~~ filing ~~shall-**IS**~~ no
 17 longer ~~be~~ effective. ~~Any-**AN**~~ order of disapproval under this section
 18 must be entered within 30 days ~~of-**AFTER**~~ the date of the filing
 19 affected.

20 (3) ~~In the event that no-**IF A**~~ notice of hearing ~~shall be-**IS**~~
 21 **NOT** issued within ~~15-30~~ days ~~from-**AFTER**~~ the date of ~~any such-A~~
 22 filing **UNDER SUBSECTION (1)**, the filing ~~shall be deemed-**IS**~~
 23 **CONSIDERED** to be approved. If ~~such-**THE**~~ filing ~~shall be-**IS**~~
 24 disapproved, the insuring provisions of ~~any-A~~ contract or policy
 25 issued ~~prior to-**BEFORE**~~ the time the order becomes effective ~~shall~~
 26 **ARE** not ~~be~~ affected. ~~But-**HOWEVER**~~, if the ~~commissioner-DIRECTOR~~
 27 disapproves ~~such-A~~ filing as not being in compliance with section

~~2403 (1) (d) (rate standards), he~~ **2403 (1) (D) , THE DIRECTOR** may order an adjustment of the premium to be made with the policyholder either by refund or collection of additional premium, if the amount is substantial and equals or exceeds the cost of making the adjustment. ~~The commissioner~~

(4) AT ANY TIME, THE DIRECTOR may ~~thereafter review any such A~~ filing in the manner provided in sections 2418 and 2420. ~~, but if~~ ~~so reviewed, no~~ **HOWEVER, IF THE DIRECTOR DISAPPROVES A FILING** **PURSUANT TO THAT REVIEW BEYOND THE THIRTIETH DAY AFTER THE DATE OF FILING, THE DIRECTOR SHALL NOT ORDER AN** adjustment of premium. ~~may~~ ~~be ordered. Sections 2406 (2) (filing may be made by rating~~ ~~organization), 2408 (1) (commissioner shall review filing as soon~~ ~~as reasonably possible), and 2412 (insurer must adhere to filing)~~ ~~shall be~~

(5) SECTIONS 2406 (2) , 2408 (1) , AND 2412 ARE applicable to filings made under this section.

Sec. 2436. (1) A corporation, an association, a partnership, or an individual, whether located ~~within~~ **IN** or outside **OF** this state, may ~~make application to~~ **APPLY WITH** the ~~commissioner~~ **DIRECTOR** for a license as a rating organization to make ~~rates and insurance~~ contract forms for the kinds of insurance or subdivisions ~~thereof,~~ **OF INSURANCE**, except for worker's compensation insurance, as are specified in its application. ~~and~~ **THE CORPORATION, ASSOCIATION, PARTNERSHIP, OR INDIVIDUAL** shall file with the application all of the following:

(a) A copy of its constitution, its articles of agreement or association, or its certificate of incorporation ~~, and of its~~

1 bylaws and rules governing the conduct of its business.

2 (b) A list of its members and subscribers.

3 (c) The name and address of a resident of this state upon whom
4 notices or orders of the ~~commissioner~~**DIRECTOR** or process affecting
5 the rating organization may be served.

6 (d) A statement of its qualifications as a rating
7 organization.

8 (2) If the ~~commissioner~~**DIRECTOR** finds that the applicant is
9 competent, trustworthy, and otherwise qualified to act as a rating
10 organization and that its constitution, articles of agreement or
11 association, or certificate of incorporation ~~—~~and its bylaws and
12 rules governing the conduct of its business conform to the
13 requirements of law, ~~he or she~~**THE DIRECTOR** shall issue a license
14 specifying the kinds of insurance or subdivisions ~~thereof~~**OF**
15 **INSURANCE** for which the applicant is authorized to act as a rating
16 organization. ~~Every application shall be granted or denied in whole~~
17 ~~or in part by the commissioner~~**THE DIRECTOR**, within 60 days ~~of~~
18 **AFTER** the date of its filing, ~~with the commissioner~~**SHALL GRANT OR**
19 **DENY THE APPLICATION IN WHOLE OR IN PART.**

20 (3) The fee for ~~the~~**A** license ~~shall be~~**UNDER THIS SECTION IS**
21 \$25.00, which ~~shall be~~**FEE IS** in lieu of all other fees, licenses,
22 or taxes imposed by ~~the~~**THIS** state or any political subdivision of
23 ~~the~~**THIS** state.

24 (4) Licenses issued ~~pursuant to~~**UNDER** this section ~~shall~~
25 remain in force for 3 years from **THE** date of issuance unless
26 suspended or revoked by the ~~commissioner~~**DIRECTOR**, after hearing
27 upon notice, pursuant to section 2478, ~~in the event~~**IF** the rating

1 organization ceases to meet the requirements of this section.

2 (5) ~~Every~~**A** rating organization shall notify the ~~commissioner~~
3 **DIRECTOR** promptly of ~~every~~**A** change in any of the following:

4 (a) Its constitution, its articles of agreement or
5 association, or its certificate of incorporation ~~,~~and its bylaws
6 and rules governing the conduct of its business.

7 (b) Its list of members and subscribers.

8 (c) The name and address of the resident of this state
9 designated by it upon whom notices or orders of the ~~commissioner~~
10 **DIRECTOR** or process affecting the rating organization may be
11 served.

12 Sec. 2438. (1) Subject to **REASONABLE** rules and regulations
13 ~~which have been approved by the commissioner as reasonable, each~~
14 **DIRECTOR, A** rating organization shall permit ~~any~~**AN** insurer, not a
15 member, to be a subscriber to its ~~rating~~ services for any kind of
16 insurance or subdivision ~~thereof~~**OF INSURANCE** for which it is
17 ~~authorized~~**LICENSED** to act as a rating organization. Notice of
18 proposed changes in ~~such~~**THE** rules and regulations ~~shall~~**MUST** be
19 given to subscribers. Each rating organization shall furnish its
20 ~~rating~~ services without discrimination to its members and
21 subscribers.

22 (2) ~~The~~**AT THE REQUEST OF A SUBSCRIBER OR INSURER, THE**
23 **DIRECTOR SHALL REVIEW THE** reasonableness of ~~any~~**A** rule or
24 regulation in ~~its~~**THE RULE'S OR REGULATION'S** application to
25 subscribers ~~,~~or the refusal of ~~any~~**A** rating organization to admit
26 an insurer as a subscriber ~~,~~shall~~, at the request of any~~
27 ~~subscriber or any such insurer, be reviewed by the commissioner at~~

1 a hearing held upon at least 10 days' written notice to ~~such~~**THE**
 2 rating organization and to ~~such~~**THE REQUESTING** subscriber or
 3 insurer. If the ~~commissioner~~**DIRECTOR** finds that ~~such~~**THE** rule or
 4 regulation is unreasonable in its application to subscribers, ~~he~~
 5 **THE DIRECTOR** shall order that ~~such~~**THE** rule or regulation ~~shall~~**IS**
 6 not ~~be~~ applicable to subscribers.

7 (3) If the rating organization fails to grant or reject an
 8 insurer's application for subscribership within 30 days after it
 9 was made, the insurer may request a review by the ~~commissioner~~
 10 **DIRECTOR** as if the application had been rejected. If the
 11 ~~commissioner~~**DIRECTOR** finds that the insurer has been refused
 12 admittance to the rating organization as a subscriber without
 13 justification, ~~he~~**THE DIRECTOR** shall order the rating organization
 14 to admit the insurer as a subscriber. If ~~he~~**THE DIRECTOR** finds that
 15 the action of the rating organization was justified, ~~he~~**THE**
 16 **DIRECTOR** shall ~~make an order affirming~~ its action **AFFIRMED**.

17 Sec. 2458. ~~Every rating organization and every~~**EACH** insurer,
 18 ~~which makes its own rates shall,~~ within a reasonable time after
 19 receiving written request ~~therefor~~**FOR THE INFORMATION** and upon
 20 payment of ~~such~~**A** reasonable charge, ~~as it may make,~~**SHALL** furnish
 21 to ~~any~~**AN** insured affected by a rate made by it, ~~it,~~**THE INSURER**, or to
 22 the **INSURED'S** authorized representative, ~~of the insured,~~ all
 23 pertinent information as to the rate. ~~Every rating organization and~~
 24 ~~every~~**EACH** insurer ~~which makes its own rates shall~~ provide within
 25 this state reasonable means ~~whereby any~~**FOR A** person aggrieved by
 26 the application of ~~its~~**THE INSURER'S** rating system ~~may~~**TO** be heard,
 27 in person or by his or her authorized representative, on his or her

1 written request to review the manner in which the rating system has
2 been applied in connection with the insurance afforded to him or
3 her. If the ~~rating organization or insurer~~ fails to grant or reject
4 the request within 30 days after it is made, the applicant may
5 proceed in the same manner as if his or her application had been
6 rejected. ~~Any~~**A** party affected by the action of the ~~rating~~
7 ~~organization or insurer~~ on **THE** request may **APPEAL**, within 30 days
8 after written notice of the action, ~~appeal to the commissioner,~~
9 **DIRECTOR**, who, after a hearing held upon not less than 10 days'
10 written notice to the appellant and to the ~~rating organization or~~
11 insurer, may affirm or reverse the action. A person who requests a
12 hearing before the ~~commissioner pursuant to~~**DIRECTOR UNDER** this
13 section may be represented at the hearing by an attorney. A person,
14 other than an individual, that requests a hearing before the
15 ~~commissioner pursuant to~~**DIRECTOR UNDER** this section may also be
16 represented by an officer or employee of that person. An individual
17 who requests a hearing before the ~~commissioner pursuant to~~**DIRECTOR**
18 **UNDER** this section may also be represented by a relative of the
19 individual.

20 Sec. 2462. (1) ~~Every~~**A** group, association, or other
21 organization of insurers, whether located ~~within~~**IN** or outside **OF**
22 this state, ~~which~~**THAT** assists insurers ~~which make their own~~
23 ~~filings or rating organizations~~ in rate making, by the collection
24 and furnishing of loss or expense statistics, ~~or by the submission~~
25 ~~of recommendations,~~ but ~~which~~**THAT** does not make filings under this
26 chapter, shall be known as an advisory organization.

27 (2) ~~Every~~**EACH** advisory organization shall file with the

~~commissioner~~**DIRECTOR ALL OF THE FOLLOWING:**

(a) A copy of its constitution, its articles of agreement or association, or its certificate of incorporation and ~~of its~~ bylaws, rules, and regulations governing its activities. 7

(b) A list of its members. 7

(c) The name and address of a resident of this state upon whom notices or orders of the ~~commissioner~~**DIRECTOR** or process issued at ~~his~~**THE DIRECTOR'S** direction may be served. 7, ~~and~~

(d) An agreement that the ~~commissioner~~**DIRECTOR** may examine ~~such~~**THE** advisory organization ~~in accordance with the provisions of~~
UNDER section 2468.

(3) If, after a hearing, the ~~commissioner~~**DIRECTOR** finds that the furnishing of ~~such~~ information or assistance involves any act or practice ~~which~~**THAT** is unfair or unreasonable or otherwise inconsistent with ~~the provisions of this chapter, he~~**THE DIRECTOR** may issue a written order specifying in what respects ~~such~~**THE** act or practice is unfair or unreasonable or otherwise inconsistent with ~~the provisions of this chapter, and requiring the~~ discontinuance of ~~such~~**THE** act or practice.

(4) ~~No~~**AN** insurer ~~which makes its own filings nor any rating organization shall~~ **NOT** support its filings by statistics ~~or adopt rate making recommendations, furnished to it by an advisory organization which~~**THAT** has not complied with this section or with an order of the ~~commissioner~~**DIRECTOR** involving ~~such~~**THE** statistics ~~or recommendations issued under subsection (3). of this section. If the commissioner~~**DIRECTOR** finds ~~such~~**THE** insurer ~~or rating organization to be~~**IS** in violation of this subsection, ~~he~~**THE**

1 **DIRECTOR** may issue an order requiring the discontinuance of ~~such~~
2 **THE** violation.

3 Sec. 2472. (1) The ~~commissioner~~**DIRECTOR** shall promulgate
4 reasonable rules and statistical plans, reasonably adapted to each
5 of the rating systems on file with him, ~~which~~**THE DIRECTOR. THE**
6 **DIRECTOR** may ~~be modified~~**MODIFY THE RULES AND PLANS** from time to
7 time. ~~and which~~**EACH INSURER** shall ~~be used thereafter~~**USE THE RULES**
8 **AND PLANS AFTER PROMULGATION** to the extent applicable to ~~its~~**THE**
9 **INSURER'S** particular rating system or systems, ~~by each insurer in~~
10 the recording and reporting of its loss and countrywide expense
11 experience, in order that the experience of all insurers may be
12 made available at least annually in ~~such~~**THE** form and detail ~~as may~~
13 ~~be~~**THAT IS** necessary to aid him ~~THE DIRECTOR~~ in determining whether
14 rating systems comply with the standards set forth in section 2403.
15 ~~Such~~**THE** rules and plans may also provide for the recording and
16 reporting of expense experience items ~~which~~**THAT** are ~~specially~~
17 **SPECIFICALLY** applicable to this state and are not susceptible of
18 determination by a prorating of countrywide expense experience. In
19 promulgating ~~such~~ rules and plans **UNDER THIS SECTION**, the
20 ~~commissioner~~**DIRECTOR** shall give due consideration to the rating
21 systems on file with him ~~THE DIRECTOR~~ and, in order that ~~such~~**THE**
22 rules and plans may be as uniform as is practicable among the
23 several states, to the rules and to the form of the plans used for
24 ~~such~~ rating systems in other states. ~~No~~**THE DIRECTOR SHALL NOT**
25 **REQUIRE AN** insurer ~~shall be required~~ to record or report its loss
26 experience on a classification basis that is inconsistent with the
27 rating system filed by it. ~~and no~~**THE DIRECTOR SHALL NOT REQUIRE AN**

1 insurer ~~shall be required~~ to record or report its loss or expense
 2 experience on any basis or statistical plan that differs from that
 3 which is regularly employed and maintained in the usual course of
 4 ~~such~~ **THE** insurer's business, or to any rating organization or
 5 agency of which it is not a member or subscriber. The ~~commissioner~~
 6 **DIRECTOR** may designate 1 or more rating organizations or other
 7 agencies to assist ~~him~~ in **THE** gathering ~~such~~ **OF AND MAKING**
 8 **COMPILATIONS OF** experience ~~and making compilations thereof, and~~
 9 ~~such~~ **UNDER THIS SECTION. THE DIRECTOR SHALL MAKE** compilations ~~shall~~
 10 ~~be made~~ **OF EXPERIENCE UNDER THIS SECTION** available, subject to
 11 reasonable rules promulgated by the ~~commissioner~~, **DIRECTOR**, to
 12 insurers and rating organizations.

13 (2) Reasonable rules and plans may be promulgated by the
 14 ~~commissioner~~ **DIRECTOR** for the interchange of data necessary for the
 15 application of rating plans.

16 (3) In order to further uniform administration of rate
 17 regulatory laws, the ~~commissioner~~ **DIRECTOR** and ~~every~~ **EACH** insurer
 18 ~~and rating organization~~ may exchange information and experience
 19 data with insurance supervisory officials ~~, insurers and rating~~
 20 ~~organizations~~ in other states and may consult with them with
 21 respect to ~~rate making and the application of rating systems.~~ **IN**
 22 **ADDITION, EACH INSURER AND EACH RATING ORGANIZATION MAY EXCHANGE**
 23 **HISTORICAL LOSS DATA.**

24 Sec. 2600. (1) The purpose of this chapter is to promote the
 25 public welfare by regulating insurance rates ~~to the end~~ **SO** that
 26 they ~~shall~~ **ARE** not ~~be~~ excessive, inadequate, or unfairly
 27 discriminatory, and to ~~authorize and~~ regulate cooperative action

1 among insurers in rate making and in other matters within the scope
 2 of ~~the insurance code~~ **THIS ACT**. Nothing in this chapter is intended
 3 ~~(1) to prohibit or discourage reasonable competition. , or (2) to~~
 4 ~~prohibit, or encourage except to the extent necessary to accomplish~~
 5 ~~the aforementioned purpose, uniformity in insurance rates, rating~~
 6 ~~systems, rating plans or practices.~~

7 (2) Conformity with this chapter ~~shall~~ **IS** not be deemed to be
 8 a violation of section 2075. ~~(compacts to restrain competition~~
 9 ~~prohibited).~~ **ANTITRUST PROVISIONS ARE NOT EXCLUSIVE AND OTHER**
 10 **PROVISIONS PROVIDED BY LAW MAY APPLY.**

11 (3) This chapter shall be liberally interpreted to carry **THIS**
 12 **SECTION** into effect. ~~the provisions of this section.~~

13 Sec. 2606. (1) ~~Every~~ **EACH** insurer shall file with the
 14 ~~commissioner,~~ **DIRECTOR**, except as to inland marine risks ~~which~~ **THAT**
 15 by general custom of the business are not written according to
 16 manual rates or rating plans, every manual, minimum, class rate,
 17 rating schedule or rating plan, and every other rating rule, and
 18 every modification of any of the foregoing ~~which~~ **THAT** it proposes
 19 to use. ~~Every such~~ **IN ITS** filing, **EACH INSURER** shall state the
 20 proposed effective date ~~thereof,~~ **OF THE FILING**, and shall indicate
 21 the character and extent of the coverage contemplated.

22 (2) ~~When~~ **IF** a filing is not accompanied by the information
 23 upon which the insurer supports ~~such~~ **THE** filing, and the
 24 ~~commissioner~~ **DIRECTOR** does not have sufficient information to
 25 determine whether ~~such~~ **THE** filing meets the requirements of this
 26 chapter, ~~he~~ **THE DIRECTOR** shall require ~~such~~ **THE** insurer to furnish
 27 the information upon which it supports ~~such~~ **THE** filing and ~~in such~~

1 ~~event~~ the waiting period ~~shall commence as of~~ **COMMENCES ON** the date
 2 ~~such~~ **THE** information is furnished. The information furnished in
 3 support of a filing may include ~~(a) the experience or judgment of~~
 4 the insurer ~~or rating organization~~ making the filing, ~~(b) its~~
 5 interpretation of any statistical data it relies upon, ~~(c) the~~
 6 experience of other insurers, ~~or rating organizations, or (d) any~~
 7 other relevant factors.

8 (3) ~~A~~ **THE DEPARTMENT SHALL MAKE A** filing and any supporting
 9 information shall be open to public inspection after the filing
 10 becomes effective.

11 ~~—— (4) Specific inland marine rates on risks specially rated,~~
 12 ~~made by a rating organization, shall be filed with the~~
 13 ~~commissioner.~~

14 (4) ~~(5) An~~ **EXCEPT FOR FILINGS CONCERNING RATES, AN** insurer may
 15 satisfy its obligation to make ~~such~~ filings by becoming a member
 16 of, or a subscriber to, a licensed rating organization ~~which~~ **THAT**
 17 makes ~~such~~ filings, and by filing with the ~~commissioner~~ **DIRECTOR** a
 18 copy of its authorization of the rating organization to make ~~such~~
 19 filings on its behalf. ~~Nothing contained in this~~ **THIS** chapter ~~shall~~
 20 ~~be construed as requiring~~ **DOES NOT REQUIRE** any insurer to become a
 21 member of or a subscriber to any rating organization.

22 (5) **AS A CONDITION OF MAINTAINING ITS CERTIFICATE OF**
 23 **AUTHORITY, AN INSURER SHALL NOT DO ANY OF THE FOLLOWING:**

24 (A) **HAVE ANY RATES FILED ON ITS BEHALF IN THIS STATE BY A**
 25 **RATING ORGANIZATION.**

26 (B) **SHARE INFORMATION WITH ANY OTHER INSURER OR RATING**
 27 **ORGANIZATION CONCERNING ESTABLISHING RATES OR RATING SYSTEMS.**

1 (C) AGREE WITH ANY OTHER INSURER OR RATING ORGANIZATION TO
 2 ADHERE TO OR USE ANY RATE, RATING PLAN, RATING SCHEDULE, RATING
 3 RULE, OR UNDERWRITING RULE IN THIS STATE.

4 (D) MAKE AVAILABLE TO ANY OTHER INSURER OR RATING ORGANIZATION
 5 INFORMATION ON ACTUARIAL PROJECTIONS, TRENDING FACTORS, PROFITS, OR
 6 EXPENSES EXCEPT LOSS ADJUSTMENT EXPENSES.

7 Sec. 2608. (1) The ~~commissioner~~**DIRECTOR** shall review filings
 8 as soon as reasonably possible after they have been made ~~in order~~
 9 to determine ~~whether~~**IF** they meet the requirements of this chapter.

10 (2) ~~Subject to the exception specified in subsection (3) of~~
 11 ~~this section, each~~**EACH** filing shall ~~shall~~**MUST** be on file for a waiting
 12 period of 15 days before it becomes effective, which period may be
 13 extended by the ~~commissioner~~**DIRECTOR** for an additional period not
 14 to exceed 15 days if ~~he~~**THE DIRECTOR** gives written notice within
 15 ~~such~~**THE** waiting period to the insurer or rating organization ~~which~~
 16 **THAT** made the filing that ~~he~~**THE DIRECTOR** needs ~~such~~**THE** additional
 17 time for the consideration of ~~such~~**THE** filing. Upon written
 18 application by ~~such~~**THE** insurer or rating organization, the
 19 ~~commissioner~~**DIRECTOR** may authorize a filing ~~which he~~**THAT THE**
 20 **DIRECTOR** has reviewed to become effective before the expiration of
 21 the waiting period or any extension ~~thereof~~**OF THE WAITING PERIOD**.

22 A filing ~~shall be deemed~~**IS CONSIDERED** to meet the requirements of
 23 this chapter unless disapproved by the ~~commissioner~~**DIRECTOR** within
 24 the waiting period or any extension ~~thereof~~**OF THE WAITING PERIOD**.

25 ~~—— (3) Specific inland marine rates on risks specially rated by a~~
 26 ~~rating organization shall become effective when filed and shall be~~
 27 ~~deemed to meet the requirements of this chapter until such time as~~

~~the commissioner reviews the filing and so long thereafter as the filing remains in effect.~~

Sec. 2616. ~~(1)~~ If within the waiting period or any extension thereof **OF THE WAITING PERIOD** as provided in section 2608(2), the ~~commissioner~~ **DIRECTOR** finds that a filing does not meet the requirements of this chapter, ~~he~~ **THE DIRECTOR** shall send to the insurer or rating organization ~~which~~ **THAT** made ~~such~~ **THE** filing ~~7~~ written notice of disapproval of ~~such~~ **THE** filing specifying therein in what respects ~~he~~ **RESPECT THE DIRECTOR** finds ~~such~~ **THE** filing fails to meet the requirements of this chapter and stating that ~~such~~ **THE** filing shall ~~WILL~~ not become effective.

~~—— (2) If within 30 days after a specific inland marine rate on a risk specially rated by a rating organization, subject to section 2608 (3) has become effective, the commissioner finds that such filing does not meet the requirements of this chapter, he shall send to the rating organization which made such filing written notice of disapproval of such filing specifying therein in what respects he finds that such filing fails to meet the requirements of this chapter and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Said disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in said notice.~~

Sec. 2628. (1) ~~In lieu~~ **INSTEAD** of the filing requirements of this chapter and as an alternative method of filing, ~~any~~ **AN** insurer ~~or rating organization may file with the commissioner any~~ **DIRECTOR** **A** manual of classification, rules or rates, ~~any~~ **A** rating plan, and ~~every~~ **ANY** modification of any of the foregoing ~~which~~ **THAT** it

1 proposes to use. ~~the~~ **THE** filing ~~to~~ **MUST** indicate the character
 2 and extent of the coverage contemplated. **INSTEAD OF THE FILING**
 3 **REQUIREMENTS OF THIS CHAPTER AND AS AN ALTERNATIVE METHOD OF**
 4 **FILING, A RATING ORGANIZATION MAY FILE WITH THE DIRECTOR FOR AN**
 5 **INSURER A MANUAL OF CLASSIFICATION, RULES, AND EVERY MODIFICATION**
 6 **OF ANY OF THE FOREGOING. THE FILING MUST INDICATE THE CHARACTER AND**
 7 **EXTENT OF THE COVERAGE CONTEMPLATED.** Every ~~such~~ filing under this
 8 section ~~shall~~ **MUST** state the effective date thereof, ~~shall~~ **OF THE**
 9 **FILING, MUST** take effect on ~~said~~ **THAT** date, ~~shall~~ **MUST** not be
 10 subject to any waiting period requirements, and ~~shall be deemed~~ **IS**
 11 **CONSIDERED** to meet the requirements of ~~subdivision (d) of~~
 12 ~~subsection (1) of section 2603 (rate standards).~~ **A SECTION**
 13 **2603(1)(D). THE DEPARTMENT SHALL MAKE A** filing and any supporting
 14 information ~~shall be~~ open to public inspection, if the filing is
 15 not disapproved.

16 (2) At any time within ~~15-30~~ days ~~from and~~ after the date of
 17 ~~any such~~ **A** filing **UNDER SUBSECTION (1),** the ~~commissioner~~ **DIRECTOR**
 18 may give written notice to the insurer ~~or rating organization~~
 19 making ~~such~~ **THE** filing **OR ON WHOSE BEHALF THE FILING IS MADE,**
 20 specifying in what respect and to what extent ~~he contends such~~ **THE**
 21 **DIRECTOR FINDS THAT THE** filing fails to comply with ~~the~~
 22 ~~requirements of subdivision (d) of subsection (1) of section 2603~~
 23 **SECTION 2603(1)(D)** and fixing a date for hearing not less than 10
 24 days ~~from~~ **AFTER** the date of mailing ~~of such~~ **THE** notice. At ~~such~~ **THE**
 25 hearing the **DIRECTOR SHALL CONSIDER THE** factors specified in
 26 ~~subsection (2) of section 2606 shall be considered.~~ **SECTION**
 27 **2606(2).** If the ~~commissioner~~ **DIRECTOR** after hearing finds that the

1 filing does not comply with ~~the provisions of this chapter, he~~ **THE**
 2 **DIRECTOR** may issue ~~his~~ **AN** order determining ~~wherein~~ **IN WHAT RESPECT**
 3 and to what extent ~~such~~ **THE** filing is ~~deemed to be~~ improper and
 4 fixing a date, ~~thereafter,~~ within a reasonable time, after which
 5 ~~such~~ **THE** filing ~~shall~~ **IS** no longer be effective. ~~Any~~ **AN** order of
 6 disapproval under this section must be entered within 30 days ~~of~~
 7 **AFTER** the date of the filing affected.

8 (3) ~~In the event that no~~ **IF A** notice of hearing ~~shall be~~ **IS**
 9 **NOT** issued within ~~15~~ **30** days ~~from~~ **AFTER** the date of ~~any such~~ **A**
 10 filing **UNDER SUBSECTION (1)**, the filing ~~shall be deemed~~ **IS**
 11 **CONSIDERED** to be approved. If ~~such~~ **THE** filing ~~shall be~~ **IS**
 12 disapproved, the insuring provisions of ~~any~~ **A** contract or policy
 13 issued ~~prior to~~ **BEFORE** the time the order becomes effective ~~shall~~
 14 **ARE** not be affected. ~~But~~ **HOWEVER**, if the ~~commissioner~~ **DIRECTOR**
 15 disapproves ~~such~~ **A** filing as not being in compliance with
 16 ~~subdivision (d) of subsection (1) of section 2603 (rate standards),~~
 17 ~~he~~ **SECTION 2603 (1) (D)**, **THE DIRECTOR** may order an adjustment of the
 18 premium to be made with the policyholder either by refund or
 19 collection of additional premium, if the amount is substantial and
 20 equals or exceeds the cost of making the adjustment. ~~The~~
 21 ~~commissioner~~

22 (4) **AT ANY TIME, THE DIRECTOR** may ~~thereafter~~ review ~~any such~~ **A**
 23 filing in the manner provided in sections 2618 and 2620. ~~, but if~~
 24 ~~so reviewed, no~~ **HOWEVER, IF THE DIRECTOR DISAPPROVES A FILING**
 25 **PURSUANT TO THAT REVIEW BEYOND THE THIRTIETH DAY AFTER THE DATE OF**
 26 **FILING, THE DIRECTOR SHALL NOT ORDER AN** adjustment of premium. ~~may~~
 27 ~~be ordered. Subsection (5) of section 2606 (filing may be made by~~

~~rating organization), subsection (1) of section 2608 (commissioner shall review filing as soon as reasonably possible), and 2612 (insurer must adhere to filing) shall be~~

(5) SECTIONS 2606(4), 2608(1), AND 2612 ARE applicable to filings made under this section.

Sec. 2630. (1) A corporation, an unincorporated association, a partnership, or an individual, whether located within or outside this state, may ~~make application to~~ **APPLY TO** the ~~commissioner~~ **DIRECTOR** for A license as a rating organization to make ~~rates and~~ insurance contract forms for ~~such~~ **THE** kinds of insurance, ~~or~~ subdivision ~~or~~ **OF INSURANCE, OR** class of risk, or a part or combination thereof as are specified in its application. ~~and~~ **THE CORPORATION, ASSOCIATION, PARTNERSHIP, OR INDIVIDUAL** shall file ~~therewith~~ **WITH THE APPLICATION ALL OF THE FOLLOWING:**

(a) A copy of its constitution, its articles of agreement or association, or its certificate of incorporation ~~—and of its~~ bylaws and rules governing the conduct of its business.

(b) A list of its members and subscribers.

(c) The name and address of a resident of this state upon whom notices or orders of the ~~commissioner~~ **DIRECTOR** or process affecting ~~such~~ **THE** rating organization may be served.

(d) A statement of its qualifications as a rating organization.

(2) If the ~~commissioner~~ **DIRECTOR** finds that the applicant is competent, trustworthy, and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association, or certificate of incorporation ~~—and its~~ bylaws and

1 rules governing the conduct of its business conform to the
 2 requirements of law, ~~he~~ **THE DIRECTOR** shall issue a license
 3 specifying the kinds of insurance, ~~or subdivision or~~ **OF INSURANCE,**
 4 **OR** class of risk, or part or combination thereof for which the
 5 applicant is authorized to act as a rating organization. ~~Every such~~
 6 ~~application shall be granted or denied in whole or in part by the~~
 7 ~~commissioner~~ **THE DIRECTOR**, within 60 days ~~of~~ **AFTER** the date of its
 8 filing, ~~with him~~ **SHALL GRANT OR DENY THE APPLICATION IN WHOLE OR IN**
 9 **PART.**

10 (3) Licenses issued pursuant to this section ~~shall~~ remain in
 11 effect for 3 years unless sooner suspended or revoked by the
 12 ~~commissioner~~ **DIRECTOR.**

13 (4) The fee for ~~the~~ **A** license ~~shall be~~ **UNDER THIS SECTION IS**
 14 \$25.00.

15 (5) ~~Licenses~~ **A LICENSE** issued pursuant to ~~UNDER~~ this section
 16 may be suspended or revoked by the ~~commissioner~~ **DIRECTOR**, after
 17 hearing upon notice, ~~in the event~~ **IF** the rating organization ceases
 18 to meet the requirements of this section.

19 (6) ~~Every~~ **A** rating organization shall notify the ~~commissioner~~
 20 **DIRECTOR** promptly of ~~every~~ **A** change in **ANY OF THE FOLLOWING:**

21 (a) ~~its~~ **ITS** constitution, its articles of agreement or
 22 association, or its certificate of incorporation ~~and~~ its bylaws
 23 and rules governing the conduct of its business. ~~and~~

24 (b) ~~its~~ **ITS** list of members and subscribers. ~~and~~

25 (c) ~~the~~ **THE** name and address of the resident of this state
 26 designated by it upon whom notices or orders of the ~~commissioner~~
 27 **DIRECTOR** or process affecting ~~such~~ **THE** rating organization may be

1 served.

2 Sec. 2636. (1) Subject to **REASONABLE** rules and regulations
 3 ~~which have been approved by the commissioner as reasonable, each~~
 4 **DIRECTOR, A** rating organization shall permit ~~any~~**AN** insurer, not a
 5 member, to be a subscriber to its ~~rating~~ services for any kind of
 6 insurance, subdivision **OF INSURANCE**, or class of risk, or a part or
 7 combination thereof for which it is authorized to act as a rating
 8 organization. Notice of proposed changes in ~~such~~**THE** rules and
 9 regulations ~~shall~~**MUST** be given to subscribers. Each rating
 10 organization shall furnish its ~~rating~~ services without
 11 discrimination to its members and subscribers.

12 (2) ~~The~~**AT THE REQUEST OF A SUBSCRIBER OR INSURER, THE**
 13 **DIRECTOR SHALL REVIEW THE** reasonableness of ~~any~~**A** rule or
 14 regulation in ~~its~~**THE RULE'S OR REGULATION'S** application to
 15 subscribers ~~, or the refusal of any~~**A** rating organization to admit
 16 an insurer as a subscriber ~~, shall, at the request of any~~
 17 ~~subscriber or any such insurer, be reviewed by the commissioner at~~
 18 a hearing held upon at least 10 days' written notice to ~~such~~**THE**
 19 rating organization and to ~~such~~**THE REQUESTING** subscriber or
 20 insurer. If the ~~commissioner~~**DIRECTOR** finds that ~~such~~**THE** rule or
 21 regulation is unreasonable in its application to subscribers, ~~he~~
 22 **THE DIRECTOR** shall order that ~~such~~**THE** rule or regulation ~~shall~~**IS**
 23 not ~~be~~ applicable to subscribers.

24 (3) If the rating organization fails to grant or reject an
 25 insurer's application for subscribership within 30 days after it
 26 was made, the insurer may request a review by the ~~commissioner~~
 27 **DIRECTOR** as if the application had been rejected. If the

~~commissioner~~ **DIRECTOR** finds that the insurer has been refused
 admittance to the rating organization as a subscriber without
 justification, ~~he~~ **THE DIRECTOR** shall order the rating organization
 to admit the insurer as a subscriber. If ~~he~~ **THE DIRECTOR** finds that
 the action of the rating organization was justified, ~~he~~ **THE**
DIRECTOR shall ~~make an order affirming its action~~ **AFFIRMED**.

Sec. 2652. ~~Every rating organization and every insurer which~~
~~makes its own rates shall,~~ **EACH INSURER**, within a reasonable time
 after receiving written request ~~therefor~~ **FOR THE INFORMATION** and
 upon payment of ~~such~~ **A** reasonable charge, ~~as it may make,~~ **SHALL**
 furnish to ~~any~~ **AN** insured affected by a rate made by ~~it~~ **THE**
INSURER, or to the **INSURED'S** authorized representative, ~~of such~~
~~insured,~~ all pertinent information as to ~~such~~ **THE** rate. ~~Every~~
~~rating organization and every insurer which makes its own rates~~
EACH INSURER shall provide ~~within~~ **IN** this state reasonable means
 whereby ~~any~~ **FOR A** person aggrieved by the application of ~~its~~ **THE**
INSURER'S rating system ~~may~~ **TO** be heard, in person or by his **OR HER**
 authorized representative, on his **OR HER** written request to review
 the manner in which ~~such~~ **THE** rating system has been applied in
 connection with the insurance afforded him **OR HER**. If the ~~rating~~
~~organization or insurer fails to grant or reject such~~ **THE** request
 within 30 days after it is made, the applicant may proceed in the
 same manner as if his **OR HER** application had been rejected. ~~Any~~ **A**
 party affected by the action of ~~such rating organization or such~~
THE insurer on ~~such~~ **THE** request may **APPEAL**, within 30 days after
 written notice of ~~such~~ **THE** action, ~~appeal to the commissioner,~~
DIRECTOR, who, after a hearing held upon not less than 10 days'

1 written notice to the appellant and to ~~such rating organization or~~
 2 **THE** insurer, may affirm or reverse ~~such-**THE**~~ action.

3 Sec. 2654. (1) ~~Every-A~~ group, association, or other
 4 organization of insurers, whether located ~~within-**IN**~~ or outside **OF**
 5 this state, ~~which-**THAT**~~ assists insurers ~~which make their own~~
 6 ~~filings or rating organizations~~ in rate making, by the collection
 7 and furnishing of loss or expense statistics, ~~or by the submission~~
 8 ~~of recommendations,~~ but ~~which-**THAT**~~ does not make filings under this
 9 chapter, shall be known as an advisory organization.

10 (2) ~~Every-**EACH**~~ advisory organization shall file with the
 11 ~~commissioner-**DIRECTOR ALL OF THE FOLLOWING:**~~

12 (a) A copy of its constitution, its articles of agreement or
 13 association, or its certificate of incorporation and ~~of-its~~ bylaws,
 14 rules, and regulations governing its activities. 7

15 (b) A list of its members. 7

16 (c) The name and address of a resident of this state upon whom
 17 notices or orders of the ~~commissioner-**DIRECTOR**~~ or process issued at
 18 ~~his-**THE DIRECTOR'S**~~ direction may be served. 7, and

19 (d) An agreement that the ~~commissioner-**DIRECTOR**~~ may examine
 20 ~~such-**THE**~~ advisory organization ~~in accordance with the provisions of~~
 21 **UNDER** section 2662.

22 (3) If, after a hearing, the ~~commissioner-**DIRECTOR**~~ finds that
 23 the furnishing of ~~such-~~information or assistance involves any act
 24 or practice ~~which-**THAT**~~ is unfair or unreasonable or otherwise
 25 inconsistent with ~~the provisions of~~ this chapter, ~~he-**THE DIRECTOR**~~
 26 may issue a written order specifying in what respects ~~such-**THE**~~ act
 27 or practice is unfair or unreasonable or otherwise inconsistent

1 with the provisions of this chapter, and requiring the
2 discontinuance of ~~such~~**THE** act or practice.

3 (4) ~~No~~**AN** insurer ~~which makes its own filings nor any rating~~
4 ~~organization~~ shall **NOT** support its filings by statistics ~~or adopt~~
5 ~~rate making recommendations~~, furnished to it by an advisory
6 organization ~~which~~**THAT** has not complied with this section or with
7 an order of the ~~commissioner~~**DIRECTOR** involving ~~such~~**THE** statistics
8 ~~or recommendations~~ issued under subsection (3). ~~of this section. If~~
9 the ~~commissioner~~**DIRECTOR** finds ~~such~~**THE** insurer ~~or rating~~
10 ~~organization to be~~**IS** in violation of this subsection, ~~he~~**THE**
11 **DIRECTOR** may issue an order requiring the discontinuance of ~~such~~
12 **THE** violation.

13 Sec. 2664. (1) The ~~commissioner~~**DIRECTOR** shall promulgate
14 reasonable rules and statistical plans, reasonably adapted to each
15 of the rating systems on file with him, ~~which may be modified from~~
16 ~~time to time and which shall be used thereafter by each~~**THE**
17 **DIRECTOR. THE DIRECTOR MAY MODIFY THE RULES AND PLANS FROM TIME TO**
18 **TIME. EACH** insurer **SHALL USE THE RULES AND PLANS AFTER PROMULGATION**
19 **TO THE EXTENT APPLICABLE TO THE INSURER'S PARTICULAR RATING SYSTEM**
20 **OR SYSTEMS** in the recording and reporting of its loss and
21 countrywide expense experience, ~~in order~~**SO** that the experience of
22 all insurers may be made available at least annually in ~~such~~**THE**
23 form and detail ~~as may be~~**THAT IS** necessary to aid ~~him~~**THE DIRECTOR**
24 in determining whether rating systems comply with the standards set
25 forth in section 2603. ~~Such~~**THE** rules and plans may also provide
26 for the recording and reporting of expense experience items ~~which~~
27 **THAT** are ~~specially~~**SPECIFICALLY** applicable to this state and are

1 not susceptible of determination by a prorating of countrywide
 2 expense experience. In promulgating ~~such~~ rules and plans **UNDER THIS**
 3 **SECTION**, the ~~commissioner~~**DIRECTOR** shall give due consideration to
 4 the rating systems on file with ~~him~~**THE DIRECTOR** and, in order that
 5 ~~such~~**THE** rules and plans may be as uniform as is practicable among
 6 the several states, to the rules and to the form of the plans used
 7 for ~~such~~ rating systems in other states. ~~No~~**AN** insurer shall **NOT** be
 8 required to record or report its loss experience on a
 9 classification basis that is inconsistent with the rating system
 10 filed by it. The ~~commissioner~~**DIRECTOR** may designate 1 or more
 11 rating organizations or other agencies to assist ~~him~~ in **THE**
 12 gathering ~~such~~**OF AND MAKING COMPILATIONS OF** experience and making
 13 ~~compilations thereof, and such~~**UNDER THIS SECTION. THE DIRECTOR**
 14 **SHALL MAKE** compilations ~~shall be made~~**OF EXPERIENCE UNDER THIS**
 15 **SECTION** available, subject to reasonable rules promulgated by the
 16 ~~commissioner~~**DIRECTOR**, to insurers and rating organizations.

17 (2) Reasonable rules and plans may be promulgated by the
 18 ~~commissioner~~**DIRECTOR** for the interchange of data necessary for the
 19 application of rating plans.

20 (3) In order to further uniform administration of rate
 21 regulatory laws, the ~~commissioner~~**DIRECTOR** and ~~every~~**EACH** insurer
 22 ~~and rating organization~~ may exchange information and experience
 23 data with insurance supervisory officials ~~, insurers and rating~~
 24 ~~organizations~~ in other states and may consult with them with
 25 respect to ~~rate making and the~~ application of rating systems. **IN**
 26 **ADDITION, EACH INSURER AND EACH RATING ORGANIZATION MAY EXCHANGE**
 27 **HISTORICAL LOSS DATA.**

1 Sec. 2930. ~~(1) The premium for basic property insurance of any~~
2 ~~risk by the pool shall be equal to the rate for identical insurance~~
3 ~~established by a licensed rating organization for identical~~
4 ~~insurance within this state plus a uniform surcharge approved by~~
5 ~~the commissioner.~~

6 ~~—(2) The pool shall establish rates for any basic property~~
7 ~~insurance. that is without rates established by a licensed rating~~
8 ~~organization or that the pool, with the approval of the~~
9 ~~commissioner, determines should be otherwise rated in order to~~
10 ~~better effectuate the purposes of this chapter. The pool shall file~~
11 ~~with the commissioner~~**DIRECTOR** ~~for his or her approval each rate~~
12 ~~and each policy form to be issued by it. The pool, acting as agent~~
13 ~~for participating members, shall file policy forms for basic~~
14 ~~property insurance to be issued by participating members under the~~
15 ~~provisions of this chapter. Rates and policy forms shall~~**MUST** ~~be~~
16 ~~filed in accordance with this chapter as the commissioner~~**DIRECTOR**
17 ~~designates.~~

18 Sec. 3020. (1) A policy of casualty insurance, except worker's
19 compensation and mortgage guaranty insurance, including all classes
20 of motor vehicle coverage, shall not be issued or delivered in this
21 state by an insurer authorized to do business in this state for
22 which a premium or advance assessment is charged, unless the policy
23 contains the following provisions:

24 (a) That the policy may be canceled at any time at the request
25 of the insured, in which case the insurer shall refund the excess
26 of paid premium or assessment above the pro rata rates for the
27 expired time, except as otherwise provided in subsections (2), (3),

1 and (4).

2 (b) Except as otherwise provided in subdivision (d), that the
3 policy may be canceled at any time by the insurer by mailing to the
4 insured at the insured's address last known to the insurer or an
5 authorized agent of the insurer, with postage fully prepaid, a not
6 less than 10 days' written notice of cancellation with or without
7 tender of the excess of paid premium or assessment above the pro
8 rata premium for the expired time.

9 (c) That the minimum earned premium on any policy canceled
10 pursuant to this subsection, other than automobile insurance as
11 defined in section 2102(2)(a) and (b), ~~shall~~**MUST** not be less than
12 the pro rata premium for the expired time or \$25.00, whichever is
13 greater.

14 (d) That an insurer may refuse to renew a malpractice
15 insurance policy only by mailing to the insured at the insured's
16 address last known to the insurer or an authorized agent of the
17 insurer, with postage fully prepaid, a not less than 60 days'
18 written notice of refusal to renew. As used in this subdivision,
19 "malpractice insurance" means malpractice insurance as described in
20 section 624(1)(h).

21 (2) An insurer may file a rule with the ~~commissioner~~**DIRECTOR**
22 providing for a minimum retention of premium for automobile
23 insurance as defined in section 2102(2)(a) and (b). The rule ~~shall~~
24 **MUST** describe the circumstances under which the retention is
25 applied and ~~shall~~ set forth the amount to be retained, which is
26 subject to the approval of the ~~commissioner~~**DIRECTOR**. The rule
27 ~~shall~~**MUST** include, but need not be limited to, the following

1 provisions:

2 (a) That a minimum retention ~~shall~~**WILL** be applied only ~~when~~
3 **IF** the amount exceeds the amount that would have been retained had
4 the policy been canceled on a pro rata basis.

5 (b) That a minimum retention does not apply to renewal
6 policies.

7 (c) That a minimum retention does not apply ~~when~~**IF** a policy
8 is canceled for the following reasons:

9 (i) The insured is no longer required to maintain security
10 pursuant to section 3101(1).

11 (ii) The insured has replaced the automobile insurance policy
12 being canceled with an automobile insurance policy from another
13 insurer and provides proof of the replacement coverage to the
14 canceling insurer.

15 (3) Notwithstanding subsection (1), an insurer may issue a
16 noncancelable, nonrefundable, 6-month prepaid automobile insurance
17 policy in order for an insured to meet the registration
18 requirements of section 227a of the Michigan vehicle code, 1949 PA
19 300, MCL 257.227a.

20 (4) An insurer may provide for a short rate premium for
21 insurance on a motorcycle, watercraft, off-road vehicle, or
22 snowmobile. As used in this subsection:

23 (a) "Motorcycle" means that term as defined in section 3101.

24 (b) "Off-road vehicle" means an ORV as defined in section
25 81101 of the natural resources and environmental protection act,
26 1994 PA 451, MCL 324.81101.

27 (c) "Snowmobile" means that term as defined in section 82101

1 of the natural resources and environmental protection act, 1994 PA
2 451, MCL 324.82101.

3 (d) "Watercraft" means that term as defined in section 80301
4 of the natural resources and environmental protection act, 1994 PA
5 451, MCL 324.80301.

6 (5) Cancellation **IS NOT EFFECTIVE UNTIL AFTER THE NOTICE** as
7 prescribed in this section ~~is~~ **HAS EXPIRED, AND THE CANCELLATION IS**
8 without prejudice to any claim originating before the cancellation.
9 The mailing of notice is prima facie proof of notice. Delivery of
10 written notice is equivalent to mailing.

11 (6) A notice of cancellation, including a cancellation notice
12 under section 3224, ~~shall~~ **MUST** be accompanied by a statement that
13 the insured shall not operate or permit the operation of the
14 vehicle to which notice of cancellation is applicable, or operate
15 any other vehicle, unless the vehicle is insured as required by
16 law.

17 (7) An insurer who wishes to provide for a short rate premium
18 under subsection (4) shall file with the ~~commissioner pursuant to~~
19 **DIRECTOR UNDER** chapter 24 or 26 a rule establishing a short rate
20 premium. The rule ~~shall~~ **MUST** describe the circumstances under which
21 the short rate is applied and ~~shall~~ set forth the amount or
22 percentage to be retained.

23 **SEC. 3105A. AN INSURER LIABLE TO PAY PERSONAL PROTECTION**
24 **INSURANCE BENEFITS UNDER THIS CHAPTER HAS A DUTY TO DEAL FAIRLY AND**
25 **IN GOOD FAITH WITH ITS INSURED, ANY PERSON ENTITLED TO RECEIVE**
26 **PERSONAL PROTECTION INSURANCE BENEFITS UNDER A POLICY ISSUED TO ITS**
27 **INSURED, OR ANY PERSON ENTITLED TO RECEIVE PERSONAL PROTECTION**

1 INSURANCE BENEFITS FROM THE INSURER UNDER THIS CHAPTER. THE DUTY
2 IMPOSED BY THIS SECTION IS CONSIDERED TO INVOLVE MATTERS OF MENTAL
3 CONCERN AND SOLICITUDE. A BREACH OF THE DUTY TO DEAL FAIRLY AND IN
4 GOOD FAITH SUBJECTS THE INSURER TO LIABILITY IN TORT FOR ANY
5 DAMAGES PROXIMATELY ARISING FROM THE BREACH AND FOR PUNITIVE
6 DAMAGES.

7 Sec. 3321. The facility shall provide **THE FOLLOWING**, with
8 respect to all automobiles not included in section 3320:

9 (a) Only the insurance required by law or required by the
10 ~~commissioner of insurance.~~ **DIRECTOR**. The ~~commissioner~~ **DIRECTOR** may
11 only require insurance for which a rate has been filed by an
12 ~~insurance rating organization or insurer, and which rate is in~~
13 ~~effect and which~~ **THAT** the ~~commissioner~~ **DIRECTOR** finds, after a
14 public hearing, to be reasonable, necessary, and in the public
15 interest. The temporary provision of insurance may be required
16 pending the public hearing if the ~~commissioner~~ **DIRECTOR** determines
17 it necessary to do so.

18 (b) The equitable distribution of applicants to participating
19 members in accordance with the participation ratios defined in
20 section 3303.

21 Sec. 3340. (1) As agent for participating members, the
22 facility shall file with the ~~commissioner~~ **DIRECTOR** every manual of
23 classification, every manual of rules and rates, every rating plan,
24 and every modification of a manual of classification, manual of
25 rules and rates, or rating plan proposed for use for private
26 passenger nonfleet automobile insurance placed through the
27 facility. The facility may incorporate by reference in its filings

1 other material on file with the ~~commissioner~~. **DIRECTOR**. The
 2 classifications, rules, and rates and any amendments thereof ~~shall~~
 3 ~~be~~ **TO THE CLASSIFICATIONS, RULES, AND RATES ARE** subject to prior
 4 written approval by the ~~commissioner~~. **DIRECTOR**. Except as provided
 5 in this chapter, rates filed by the facility for private passenger
 6 nonfleet automobile insurance ~~shall~~ **MUST** be in accordance with
 7 chapter 21 and rates by the facility for all other automobile
 8 insurance ~~shall~~ **MUST** be filed in accordance with chapter 24.

9 (2) Every participating member designated to act on behalf of
 10 the facility ~~shall be~~ **IS** authorized to use the rates and rules
 11 approved by the ~~commissioner~~ **DIRECTOR** for use by the facility on
 12 business placed through the facility and shall not use other rates
 13 for automobile insurance placed through the facility.

14 (3) Laws relating to rating organizations or advisory
 15 organizations ~~shall not~~ **DO** apply to functions provided for under
 16 this section.

17 (4) Private passenger nonfleet automobile rates for the
 18 facility ~~shall~~ **MUST** comply with the following requirements:

19 ~~—— (a) The territories for the facility shall be defined as those~~
 20 ~~of the principal rating organization for the voluntary market.~~

21 **(A)** ~~(b)~~ The base rates for the facility ~~shall~~ **MUST** be derived
 22 from the weighted average of the base rates currently charged ~~in~~
 23 ~~each facility territory~~ by the 5 largest insurer groups, determined
 24 by voluntary net direct automobile insurance car years written in
 25 ~~the~~ **THIS** state for the calendar year ending December 31 of the
 26 second prior year as reported to the statistical agent.

27 ~~—— (c) The base rates as determined in subdivision (b) in each~~

~~facility territory shall be modified as follows:~~

~~—— (i) One hundred percent of the weighted average in each territory in the highest rated territory or territories in the state within a single political subdivision.~~

~~—— (ii) From 105% to 125% of the weighted average for all other facility territories, with the highest rated such territories receiving the lowest surcharge and increasing to the highest surcharge in the lowest rated facility territories in 5 percentage point increments. In no event, however, shall any such rate exceed the rate established in subdivision (i).~~

(B) ~~(d)~~ The facility shall adjust its rates at least once each year or whenever changes in private competitive insurance market rate levels would produce a change in excess of 5% in the facility rate. ~~for any facility territory.~~ However, **THE FACILITY SHALL NOT MAKE** changes ~~shall not be made~~ more often than quarterly.

(C) ~~(e)~~ In the event that ~~IF~~ underwriting losses and administrative expenses resulting from the operation of the facility at rates established ~~pursuant to~~ **UNDER** this subsection would exceed an amount equal to 5% of the net direct private passenger nonfleet automobile premiums for this state, the **FACILITY SHALL PROPORTIONATELY INCREASE THE** levels ~~specified in subdivision (e) (i) and (ii) shall be proportionately increased~~ in an amount to produce underwriting losses and administrative expenses that do not exceed 5%.

Enacting section 1. Sections 122, 2107, 2131, 2446, and 2640 of the insurance code of 1956, 1956 PA 218, MCL 500.122, 500.2107, 500.2131, 500.2446, and 500.2640, are repealed.

1 Enacting section 2. (1) The legislature finds that there
2 exists in this state an emergency for a significant number of
3 citizens who are obligated under law to purchase automobile
4 insurance that has become unaffordable and unavailable. A
5 substantial number of urban registered vehicles are now without
6 automobile insurance coverage. While a vehicle is often a necessity
7 for employment and other essential daily activities, citizens who
8 drive automobiles without insurance coverage violate criminal law
9 regardless of the fact that for a substantial number of those
10 citizens it is impossible to obtain automobile insurance due to the
11 unaffordability and the unequal availability of that insurance. The
12 affordability and equal availability of automobile insurance is
13 essential to the preservation of the state's interest in providing
14 that its citizens obtain automobile insurance coverage under the
15 state's compulsory automobile insurance laws. In many areas of the
16 state, insurers are charging in a subjective and discriminatory
17 manner unreasonable amounts for coverage. In addition, the
18 automobile insurance market structure has not resulted in promoting
19 reasonable competition among insurers, and this has further
20 contributed to the unaffordability and unavailability of automobile
21 insurance.

22 (2) It is the purpose of this amendatory act to preserve the
23 state's interest in providing its citizens with automobile
24 insurance coverage by relieving the emergency condition of
25 unaffordable and unequally available automobile insurance; to
26 provide more stringent regulation of automobile insurance rate-
27 making and underwriting and to eliminate and prevent arbitrary and

1 discriminatory practices in automobile insurance marketing, rate-
2 making, and underwriting; to monitor the level of competition in
3 the automobile insurance market and to enable corrective measures
4 when necessary to create a healthy, competitive market for
5 automobile insurance; to examine loss prevention systems, controls,
6 and costs; to ensure that automobile insurance prices reflect the
7 actual costs of claims and reasonable expenses; and to eliminate
8 injustices that have resulted from the compulsory automobile
9 insurance system.