

HOUSE BILL No. 5125

October 17, 2017, Introduced by Reps. Greimel, Hammoud, Elder, Lasinski, Yanez, Sowerby, Chirkun, Geiss, Ellison, Sneller, Faris, Pagan, Chang, Liberati, LaGrand, Wittenberg, Camilleri, Hertel, Green, Sabo, Cochran, Peterson, Dianda, Durhal, Clemente, Canfield, Yaroch, Jones, Rabhi and Zemke and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2106 (MCL 500.2106) and by adding section
2111f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2106. Except as specifically provided in this chapter,
2 ~~the provisions of chapter~~ **CHAPTERS** 24 and ~~chapter~~ 26 shall ~~DO~~ not
3 apply to automobile insurance and home insurance. ~~An~~ **EXCEPT AS**
4 **PROVIDED IN SECTION 2111F, AN** insurer may use rates for automobile
5 insurance or home insurance as soon as ~~those~~ **THE** rates are filed.
6 To the extent that other provisions of this ~~code~~ **ACT** are
7 inconsistent with ~~the provisions of this chapter~~, this chapter
8 ~~shall govern~~ **GOVERNS** with respect to automobile insurance and home
9 insurance.

10 **SEC. 2111F. (1) BY JUNE 30, 2018, AN INSURER THAT OFFERS**

1 AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE PREMIUM RATES FOR
2 COVERAGE UNDER AUTOMOBILE INSURANCE POLICIES EFFECTIVE AFTER JUNE
3 30, 2018 AND BEFORE JULY 1, 2019. THE PREMIUM RATES FILED, AND ANY
4 SUBSEQUENT PREMIUM RATES FILED BY THE INSURER FOR COVERAGE UNDER
5 AUTOMOBILE INSURANCE POLICIES, MUST REFLECT SAVINGS EXPECTED FROM
6 THE AMENDMENTS TO THIS ACT MADE BY THE ENACTMENT OF THE BILLS
7 IDENTIFIED IN ENACTING SECTION 1 OF THE AMENDATORY ACT THAT ADDED
8 THIS SECTION.

9 (2) IF PREMIUM RATES FILED BY AN INSURER UNDER SUBSECTION (1)
10 DO NOT RESULT IN A 25% OR GREATER TOTAL REDUCTION PER VEHICLE FROM
11 THE PREMIUM RATES THAT WERE IN EFFECT FOR THE INSURER ON OCTOBER 1,
12 2017, THE INSURER SHALL INCLUDE WITH THE FILING BOTH OF THE
13 FOLLOWING:

14 (A) PREMIUM RATES AS NEAR AS PRACTICABLE TO THE REQUIRED
15 REDUCTION RATE RECOGNIZING THE JUSTIFICATIONS DESCRIBED IN THIS
16 SUBSECTION.

17 (B) A DETAILED EXPLANATION OF THE REASONS FOR THE INSURER'S
18 FAILURE TO ACHIEVE THE REQUIRED REDUCTION RATE AND A DEMONSTRATION
19 USING GENERALLY ACCEPTED AND REASONABLE ACTUARIAL TECHNIQUES THAT
20 THE REQUIRED REDUCTION IS NOT JUSTIFIED BECAUSE OF 1 OR MORE OF THE
21 FOLLOWING:

22 (i) EXPECTED LOSSES OF THE INSURER.

23 (ii) INFLATION, AS SHOWN BY THE CONSUMER PRICE INDEX
24 CALCULATED AND PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR,
25 BUREAU OF LABOR STATISTICS.

26 (iii) A CHANGE IN AN ASSESSMENT IMPOSED ON AN INSURER UNDER
27 SECTION 3104 OR 3330.

1 (3) THE DIRECTOR SHALL REVIEW A FILING SUBMITTED BY AN INSURER
2 UNDER SUBSECTION (1) FOR COMPLIANCE WITH SUBSECTIONS (1) AND (2) .
3 THE DIRECTOR SHALL DISAPPROVE A FILING IF AFTER REVIEW THE DIRECTOR
4 DETERMINES BOTH OF THE FOLLOWING:

5 (A) THAT THE FILING DOES NOT RESULT IN THE PREMIUM RATE
6 REDUCTION REQUIRED BY SUBSECTION (2) .

7 (B) THAT THE FAILURE TO ACHIEVE THE REDUCTION IS NOT JUSTIFIED
8 USING GENERALLY ACCEPTED AND REASONABLE ACTUARIAL TECHNIQUES
9 BECAUSE OF 1 OR MORE OF THE FACTORS LISTED IN SUBSECTION (2) (B) .

10 (4) IF THE DIRECTOR DISAPPROVES A FILING UNDER SUBSECTION (3) ,
11 THE DIRECTOR SHALL DO BOTH OF THE FOLLOWING:

12 (A) DETERMINE WHAT RATE REDUCTION THE INSURER COULD ACHIEVE
13 THAT IS AS NEAR AS PRACTICABLE TO THE 25% REDUCTION PER VEHICLE
14 RECOGNIZING THE FACTORS LISTED IN SUBSECTION (2) (B) .

15 (B) PROVIDE THE INSURER WITH A WRITTEN EXPLANATION OF THE
16 REASONS FOR THE DISAPPROVAL AND THE DIRECTOR'S DETERMINATION UNDER
17 SUBDIVISION (A) .

18 (5) IF THE DIRECTOR DISAPPROVES A FILING UNDER SUBSECTION (3) ,
19 THE INSURER SHALL SUBMIT A REVISED FILING TO THE DIRECTOR WITHIN 15
20 DAYS OF THE DISAPPROVAL THAT COMPLIES WITH THE DIRECTOR'S
21 DETERMINATION UNDER SUBSECTION (4) (A) . THE FILING IS SUBJECT TO
22 REVIEW IN THE SAME MANNER AS AN ORIGINAL FILING UNDER SUBSECTION
23 (3) .

24 (6) A PREMIUM RATE FILING UNDER THIS SECTION THAT IS NOT
25 DISAPPROVED BY THE DIRECTOR WITHIN 30 DAYS OF ITS SUBMISSION IS
26 CONSIDERED APPROVED. HOWEVER, THE DIRECTOR MAY EXTEND THE TIME
27 UNDER THIS SUBSECTION BY AN ADDITIONAL 30 DAYS BY GIVING THE

1 INSURER WRITTEN NOTICE BEFORE THE INITIAL 30-DAY PERIOD EXPIRES OF
2 THE EXTENDED TIME PERIOD AND THE REASONS FOR THE EXTENSION.

3 (7) AFTER JUNE 30, 2018, AN INSURER SHALL NOT ISSUE OR RENEW
4 AN AUTOMOBILE INSURANCE POLICY IN THIS STATE UNLESS THE PREMIUM
5 RATES FILED BY THE INSURER FOR AUTOMOBILE INSURANCE COVERAGE ARE
6 APPROVED UNDER THIS SECTION.

7 (8) FOR PURPOSES OF CALCULATING A PREMIUM OR PREMIUM RATE
8 UNDER THIS SECTION, THE PREMIUM INCLUDES THE CATASTROPHIC CLAIMS
9 ASSESSMENT IMPOSED UNDER SECTION 3104.

10 Enacting section 1. This amendatory act does not take effect
11 unless all of the following bills of the 99th Legislature are
12 enacted into law:

13 (a) Senate Bill No. _____ or House Bill No. 5104 (request no.
14 04163'17).

15 (b) Senate Bill No. _____ or House Bill No. _____ (request no.
16 04385'17).

17 (c) Senate Bill No. _____ or House Bill No. 5108 (request no.
18 04164'17).

19 (d) Senate Bill No. _____ or House Bill No. 5111 (request no.
20 04322'17).

21 (e) Senate Bill No. _____ or House Bill No. 5107 (request no.
22 04386'17).

23 (f) House Bill No. 4672.