



Senate Fiscal Agency
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Senate Bill 305 (as introduced 5-7-19)
Sponsor: Senator Adam Hollier
Committee: Insurance and Banking

Date Completed: 5-14-19

CONTENT

The bill would amend the Insurance Code to prohibit an insurer from using a FICO score or engaging in redlining in underwriting or establishing rates for automobile insurance.

Section 2111 of the Code specifies that classifications and territorial base rates used by an insurer in Michigan with respect to automobile or home insurance must conform to the applicable requirements of the Code. Classifications for automobile and home insurance must be based only on factors prescribed in the Code, which insurers must apply on a uniform basis. An insurer may use factors in addition to those permitted for insurance if the plan is consistent with the Code's purposes and reflects reasonably anticipated reductions or increases in losses or expenses.

If uniformly applied to all its insured, an insurer may use factors in addition to those permitted in Section 2111 for insurance if the plan is consistent with the Code's purposes and reflects reasonably anticipated reductions or increases in losses or expenses.

Under the bill, an insurer could not use a FICO score or engage in redlining in underwriting or establishing rates for automobile insurance, including rates for a premium discount plan or a group plan.

The prohibition would apply to insurance written on a group, franchise, blanket, or similar basis that offers home or automobile insurance to all members of the group, franchise plan, or blanket coverage, or similar basis.

MCL 500.2105 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

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

Fiscal Analyst: Elizabeth Raczkowski

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