

SENATE BILL NO. 821

March 05, 2020, Introduced by Senator ALEXANDER and referred to the Committee on Insurance and Banking.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 261 and 2112 (MCL 500.261 and 500.2112),
section 261 as added by 2019 PA 21 and section 2112 as amended by
2015 PA 141, and by adding section 2111g.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 261. (1) The department shall maintain on its internet
- 2 website a page that does all of the following:

1 (a) Advises that the department may be able to assist a person
2 who believes that an automobile insurer is not paying benefits, not
3 making timely payments, or otherwise not performing as it is
4 obligated to do under an insurance policy.

5 (b) Advises the person of selected important rights that the
6 person has under chapter 20 that specifically relate to automobile
7 insurers and the payment of benefits by automobile insurers.

8 (c) Allows the person to submit an explanation of the facts of
9 the person's problems with the automobile insurer.

10 (d) Allows the person to submit electronically, or instructs
11 the person how to provide paper copies of, any documentation to
12 support the facts submitted under subdivision (c).

13 (e) Explains to the person the steps that the department will
14 take and that may be taken after information is submitted under
15 this section.

16 (2) The department shall maintain on its internet website a
17 page that advises consumers about the changes to automobile
18 insurance in this state that were made by ~~the amendatory act that~~
19 ~~added this section,~~ **2019 PA 21**, including, among any other
20 information that the director determines to be important, ways to
21 shop for insurance.

22 (3) The department shall maintain on its internet website a
23 page or pages that allow a person to report fraud and unfair
24 settlement and claims practices.

25 **(4) The department shall maintain on its internet website, in**
26 **a manner that is easily viewable by the public, the disclosure**
27 **statements provided by insurers and the department's statements**
28 **prepared under section 2111g.**

29 **Sec. 2111g. (1) If an insurer groups automobile insurance**

1 risks by territory or in any way bases rates for automobile
2 insurance on the territories in which the insureds reside, the
3 insurer shall provide a disclosure statement to the director that
4 includes all of the following:

5 (a) A map or maps of all of the territories.

6 (b) The rationale for the insurer's establishment of each
7 territory.

8 (c) For each territory, the insurer's justification of all
9 rate differentials between the territory and adjacent territories
10 and between the territory and all other territories, any part of
11 which are located within 60 miles of any part of the territory.

12 (2) The department shall prepare, for each disclosure
13 statement received under subsection (1), a department statement
14 that includes the department's assessments, evaluations,
15 recommendations, and commentary on the grouping of risks by
16 territory, establishment of territories, and rate making described
17 in and the disclosure statement provided under subsection (1).

18 Sec. 2112. (1) Subject to subsection (3), at least annually,
19 in conjunction with a renewal notice, a bill, or other notice of
20 payment due issued to a policyholder in conjunction with an
21 automobile or home insurance contract, an insurer shall send to the
22 policyholder a written notice that all of the following information
23 is available and will be provided to the policyholder on request:

24 (a) A description of the specific rating classifications by
25 which the rates and premiums for the policy have been determined.
26 The notice must be of sufficient detail and clarity so that the
27 policyholder can reasonably verify the applicability and accuracy
28 of the rating classifications.

29 (b) A general explanation of the extent to which rates or

1 premiums vary among policyholders on the basis of the rating
2 classifications used by the insurer.

3 (c) Sources and reasonable procedures by which the
4 policyholder can obtain from the insurer additional information
5 sufficient for the policyholder to calculate and confirm the
6 accuracy of his or her specific premium.

7 (d) Relevant information regarding the rights of the
8 policyholder, under sections 2113 and 2114, to appeal the
9 application of the insurer's rating plan in determining his or her
10 premium, to obtain documentation from the insurer regarding the
11 determination of the rate, to appeal the application of the
12 insurer's underwriting rules to the policyholder, to request an
13 informal conference with the insurer, and to file with the director
14 a complaint as an aggrieved person.

15 (e) A description of all of the insurer's underwriting rules
16 based on insurance eligibility points and a description of all of
17 the underwriting rules of the insurer's affiliates based on
18 insurance eligibility points.

19 (f) A suggestion that the policyholder contact his or her
20 agent to determine if he or she is eligible for insurance from an
21 affiliate of the insurer or under a different rating plan of the
22 insurer that would provide to the policyholder insurance at a more
23 favorable premium.

24 (2) In a written notice provided under subsection (1), the
25 insurer shall provide the policyholder with a telephone number and
26 an Internet address, by either of which the policyholder may
27 contact the insurer to request the information listed in subsection
28 (1). On request of the policyholder, the insurer shall provide the
29 policyholder with the requested information in either a written or

1 electronic format, as requested by the policyholder.

2 (3) ~~An~~ **Other than information required to be disclosed under**
3 **subsection (4), an** insurer is not required to provide information
4 to an insured under this section that is a trade secret as
5 determined by the director under section 2108(5) or 2406(6).

6 (4) **With a written notice required under subsection (1)**
7 **related to an automobile insurance policy, the insurer shall**
8 **enclose the disclosure statement provided by the insurer and the**
9 **department's statements prepared in connection with the statement**
10 **under section 2111g.**