

# HOUSE BILL NO. 6005

April 12, 2022, Introduced by Reps. Jones, Rabhi, Rogers, Breen, Sneller, Hood, Stone, Bezotte, Cavanagh, Steckloff, Weiss, Tyrone Carter, Brabec, Cynthia Johnson, O'Neal, Thanedar, Koleszar, LaGrand, Neeley, Sowerby, Hope, Brixie, Aiyash, Pohutsky, Cherry, Haadsma, Lasinski, Morse, Puri, Peterson and Young and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 2105, 2111, 2151, and 2162 (MCL 500.2105, 500.2111, 500.2151, and 500.2162), sections 2105, 2111, and 2151 as amended and section 2162 as added by 2019 PA 21, and by adding section 2120a.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           Sec. 2105. (1) A policy of automobile insurance or home
- 2 insurance must not be offered, bound, made, issued, delivered or
- 3 renewed in this state unless the policy conforms to this chapter.
- 4           (2) Except as otherwise expressly provided in subsection (4)

1 and this chapter, this chapter does not apply to insurance written  
2 on a group, franchise, blanket policy, or similar basis that offers  
3 home insurance or automobile insurance to all members of the group,  
4 franchise plan, or blanket coverage who are eligible persons.

5 (3) For purposes of this section, a group plan includes a  
6 franchise plan, and, except as provided in subsection (4), is  
7 exempt from this chapter if the group meets all of the following  
8 criteria:

9 (a) Individuals in the group share a common enterprise or an  
10 economic or social affinity or relationship.

11 (b) The group was not created for the purposes of obtaining  
12 insurance.

13 (c) Membership in the group is not conditioned on the purchase  
14 of insurance.

15 (d) The individual members of the group can be specifically  
16 identified.

17 (e) Any other criteria as prescribed by a rule promulgated by  
18 the director under the administrative procedures act of 1969, 1969  
19 PA 306, MCL 24.201 to 24.328.

20 (4) An insurer, including, but not limited to, an insurer that  
21 writes insurance as described in subsection (2), shall not  
22 establish or maintain rates or rating classifications for  
23 automobile insurance based on a factor that is not allowed, or that  
24 is prohibited, under section 2111. This subsection does not  
25 prohibit a group discount offered to a group based on the losses or  
26 expenses, or both, of the group but does prohibit group membership  
27 based on home ownership or ~~postal zone.~~ **the territory in this state**  
28 **in which the insured resides.**

29 (5) The amendments to this chapter made by ~~the amendatory act~~

~~that added this subsection 2019 PA 21~~ apply to an insurer exempted from any of the requirements of this chapter under section 2129.

(6) The amendments to this chapter made by ~~the amendatory act that added this subsection 2019 PA 21~~ apply beginning July 1, 2020.

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

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

(a) With respect to all automobile insurance coverages:

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

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

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

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

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

(vi) Daily or weekly commuting mileage.

(vii) Number of cars insured by the insurer or number of licensed operators in the household. However, number of licensed

operators must not be used as an indirect measure of marital status.

(viii) Amount of insurance.

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

(i) Earned income.

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

(iii) Coordination of benefits.

(iv) Use of a safety belt.

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

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

(ii) Vehicle make and model.

(iii) Vehicle design characteristics related to vehicle damageability.

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

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

(i) The course must include a minimum of 8 hours of classroom instruction.

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

- 1 (A) The effects of aging on driving behavior.
- 2 (B) The shapes, colors, and types of road signs.
- 3 (C) The effects of alcohol and medication on driving.
- 4 (D) The laws relating to the proper use of a motor vehicle.
- 5 (E) Accident prevention measures.
- 6 (F) The benefits of safety belts and child restraints.
- 7 (G) Major driving hazards.
- 8 (H) Interaction with other highway users, such as
- 9 motorcyclists, bicyclists, and pedestrians.

10 (3) Each insurer shall establish a secondary or merit rating  
11 plan for automobile insurance, other than comprehensive coverage. A  
12 secondary or merit rating plan required under this subsection must  
13 provide for premium surcharges for all coverages for automobile  
14 insurance, other than comprehensive coverage, based on any of the  
15 following, when that information becomes available to the insurer:

16 (a) Substantially at-fault accidents.

17 (b) Convictions for, determinations of responsibility for  
18 civil infractions for, or findings of responsibility in probate  
19 court for civil infractions for violations under chapter VI of the  
20 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.  
21 However, an insured must not be merit rated for a civil infraction  
22 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL  
23 257.601 to 257.750, for a period of time longer than that which the  
24 secretary of state's office carries points for that infraction on  
25 the insured's motor vehicle record.

26 (4) An insurer shall not establish or maintain rates or rating  
27 classifications for automobile insurance based on any of the  
28 following:

29 (a) ~~Sex.~~ **A category on the basis of which a person would be**

1 prohibited from discriminating against an individual under the  
2 Elliott-Larsen civil rights act, 1976 PA 453, MCL 37.2101 to  
3 37.2804.

4 ~~(b) Marital status.~~

5 (b) ~~(e)~~ Home ownership.

6 (c) ~~(d)~~ Educational level attained.

7 (d) ~~(e)~~ Occupation.

8 (e) ~~(f)~~ The ~~postal zone~~ territory in this state in which the  
9 insured resides.

10 (f) ~~(g)~~ Credit information, credit score, insurance score, or  
11 other measure of financial distress, as provided in section 2162.

12 ~~(5) Notwithstanding other provisions of this chapter,~~  
13 ~~automobile insurance risks may be grouped by territory.~~

14 (5) ~~(6)~~ This section does not limit insurers or rating  
15 organizations from establishing and maintaining statistical  
16 reporting territories. This section does not prohibit an insurer  
17 from establishing or maintaining, for automobile insurance, a  
18 premium discount plan for senior citizens in this state who are 65  
19 years of age or older, if the plan is uniformly applied by the  
20 insurer throughout this state. If an insurer has not established  
21 and maintained a premium discount plan for senior citizens, the  
22 insurer shall offer reduced premium rates to senior citizens in  
23 this state who are 65 years of age or older and who drive less than  
24 3,000 miles per year, regardless of statistical data.

25 (6) ~~(7)~~ Classifications established under this section for  
26 home insurance other than inland marine insurance provided by  
27 policy floaters or endorsements must be based only on 1 or more of  
28 the following factors:

29 (a) Amount and types of coverage.

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

(c) Repairable structural defects reasonably related to risk.

(d) Fire protection class.

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

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

(g) Use of smoking materials within the structure.

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

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

**(7) ~~(8)~~**—Notwithstanding other provisions of this chapter, home insurance risks may be grouped by territory.

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

**Sec. 2120a. If an eligible person who applies for automobile insurance may obtain the insurance under more than 1 rating plan of affiliated insurers, as described in section 2120, at the time the eligible person applies for the insurance, the insurer shall offer the person insurance under the rating plan that offers the lowest premium based on all rating and underwriting factors applicable to the person.**

1       Sec. 2151. As used in this chapter:

2       (a) "Adverse action" means an increase in any charge for, or a  
3       reduction or other adverse or unfavorable change in the terms of  
4       coverage or amount of, any personal insurance, existing or applied  
5       for.

6       (b) "Consumer reporting agency" means any person that, for  
7       monetary fees or dues or on a cooperative nonprofit basis,  
8       regularly engages in whole or in part in the practice of assembling  
9       or evaluating consumer credit information or other information on  
10      consumers for the purpose of furnishing consumer reports to third  
11      parties.

12      (c) "Credit information" means any credit-related information  
13      derived from a credit report, found on a credit report itself, or  
14      provided on an application for personal insurance. Information that  
15      is not credit-related must not be considered credit information,  
16      regardless of whether it is contained in a credit report or in an  
17      application, or is used to calculate an insurance score.

18      (d) "Credit report" means any written, oral, or other  
19      communication of information by a consumer reporting agency bearing  
20      on a consumer's credit worthiness, credit standing, or credit  
21      capacity that is used or expected to be used or collected in whole  
22      or in part for the purpose of serving as a factor in the rating of  
23      personal insurance.

24      (e) "Credit score" means the numerical score ranging from 300  
25      to 850 assigned by a consumer reporting agency to measure credit  
26      risk and includes FICO credit score.

27      (f) "Insurance score" means a number or rating that is derived  
28      from an algorithm, computer application, model, or other process  
29      that is based in whole or in part on credit information for the



1 purposes of predicting the future insurance loss exposure of an  
2 individual applicant or insured.

3 (g) "Personal insurance" means property/casualty insurance  
4 written for personal, family, or household use, including  
5 ~~automobile~~, home, motorcycle, mobile home, noncommercial dwelling  
6 fire, boat, personal watercraft, snowmobile, and recreational  
7 vehicle, whether written on an individual, group, franchise,  
8 blanket policy, or similar basis. **Personal insurance does not**  
9 **include automobile insurance.**

10 Sec. 2162. An insurer shall not use an individual's **credit**  
11 **information, credit score, or insurance score or another measure of**  
12 **the individual's financial distress** to establish or maintain rates  
13 or rating classifications for automobile insurance.