



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 329 (as introduced 5-29-25)
Sponsor: Senator Jeff Irwin
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 9-23-25

CONTENT

The bill would amend the Insurance Code to do the following:

- Remove the ability of an automobile insurance company to include in its underwriting rules whether an applicant had maintained insurance for the six-month period prior to the application.**
- Prohibit an automobile insurance company from penalizing an insurance applicant for failing to maintain insurance.**

Generally, underwriting is the process through which an insurance company assesses the risk of providing insurance. This risk assessment determines the terms and cost of the insurance. An individual deemed to be risky often is required to pay a higher insurance premium to offset the company's potential liability.

The Code prescribes the standards that an automobile insurer may use in establishing its underwriting rules. Among other standards, the Code allows automobile insurers to include in their risk assessment whether an applicant maintained insurance on any vehicle owned by the applicant and driven or moved by the applicant or a member of the applicant's household for the six-month period prior to the application. The bill would remove this standard, prohibiting a car insurer from considering whether an applicant maintained automobile insurance in the six-month period prior to the application in its risk assessment.

Additionally, the Code prohibits an automobile insurer from refusing to insure, refusing to continue to insure, limiting coverage, charging a reinstatement fee, or increasing the premiums for automobile insurance for an eligible person solely because the person failed to maintain automobile insurance if that person had applied for insurance before January 1, 2022. The bill would remove this sunset, prohibiting car insurance companies from penalizing applicants for failure to maintain insurance regardless of when the applicant applied.

MCL 500.2116b et al.

FISCAL IMPACT

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

Analyst: Nathan Leaman

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