

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.2901 Definitions.

Sec. 2901. As used in this chapter:

(a) "Basic property insurance" means:

(i) Insurance against direct loss to any property caused by perils as defined and limited in a fire policy as provided in chapter 28 and an extended coverage indorsement and a vandalism and malicious mischief indorsement or combination thereof as approved by the commissioner.

(ii) The following insurance coverages in the amounts and subject to the deductibles and policy provisions approved by the commissioner:

(A) Residence burglary and robbery.

(B) Mercantile robbery.

(C) Office burglary and robbery.

(D) Storekeeper's burglary and robbery.

(E) Mercantile safe burglary.

(F) Mercantile open stock burglary.

(b) "Inspection bureau" means an organization designated by the commissioner to act as the inspection bureau.

(c) "Qualified property", for basic property insurance, means all real and tangible personal property at fixed locations whether or not subject to exposure from an external hazard located on property not owned or controlled by the prospective insured, and whether or not subject to exposure from riot hazard, which meets all of the following requirements:

(i) Is not used for farm purposes.

(ii) Complies with applicable state and local building codes and ordinances to the extent conditions on the property reasonably related to the perils insured against cannot be the subject of, or provide the basis for, a corrective administrative or judicial order, a criminal prosecution, or a civil fine or penalty. For purposes of this chapter, the housing law of Michigan, Act No. 167 of the Public Acts of 1917, as amended, being sections 125.401 to 125.543 of the Michigan Compiled Laws, shall be considered to constitute, without regard to the population limitations set forth in that act, the basic minimum applicable standard for qualified property, and may be applied for purposes of determining conformity with this section as if it were enforceable against all property in the state.

(iii) Is not commonly owned or controlled, or combinable for rating purposes, with property insured for similar coverages elsewhere.

(iv) Is not owned or controlled by any person or group of persons, except a city, county, township, village, school district, college, university, other political subdivision of this state, or an agency of a political subdivision of this state, who owns or controls property within this state with an aggregate insurable value in excess of 5% of the aggregate assessable premiums for all participating members for the most recent available calendar year.

(v) Is not used or occupied for an illegal purpose.

(vi) Is protected, where coverage included in subdivision (a)(ii) is applied for, by all appropriate protective devices, services, and procedures required pursuant to section 2924.

(d) "Assessable premiums", for basic property insurance, means gross direct premiums less all premiums and dividends returned to policyholders on policies written in this state for the following kinds of insurance: fire, extended coverage and allied lines, burglary and theft, inland marine, the components comparable to the foregoing in commercial multiple peril, and any other kind of insurance included in the definition of basic property insurance in subdivision (a). Aggregate premiums shall exclude premiums attributable to operation of the pool, premiums on farm property, and premiums on policies covering solely aircraft, watercraft, and motor vehicles.

(e) "Home insurance" means a homeowners multiple peril insurance policy for qualified property containing all of the following, but does not include insurance intended to insure commercial, industrial, professional, or business property, obligations, or liabilities:

(i) Fire insurance for an insured's dwelling of a type described in section 2103(2).

(ii) If contained in or endorsed to a fire insurance policy providing insurance for the insured's residence, other insurance intended primarily to insure nonbusiness property, obligations, or liabilities.

(iii) Other insurance coverages for an insured's residence as prescribed by rule promulgated by the commissioner pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws. A rule proposed for

promulgation pursuant to this section shall be transmitted in advance to each member of the standing committee in the house and the senate which has jurisdiction over insurance.

(f) "Qualified property", for home insurance, means an owner-occupied or tenant-occupied dwelling of the following types: a house, a condominium unit, a cooperative unit, a room, an apartment, or an owner-occupied multiple unit dwelling of not more than 4 residential units that:

(i) Meets all the requirements set forth in subdivision (c).

(ii) Is not being used for a demonstrably hazardous purpose.

(iii) Meets the minimum standards of insurability as established by rule promulgated by the commissioner pursuant to Act No. 306 of the Public Acts of 1969, as amended.

(iv) Is not intended for commercial, industrial, professional, or business purposes, obligations, or liabilities.

(g) "Qualified applicant", for home insurance, means a person who is an owner-occupant or a tenant-occupant of a qualified property for home insurance, but does not include a person who, in the immediately preceding 5 years, was either of the following:

(i) Convicted of 1 or more of the following:

(A) Arson, or conspiracy to commit arson.

(B) A crime under sections 72 to 77, 112, 211a, 377a, 377b, or 380 of the Michigan penal code, Act No. 328 of the Public Acts of 1931, as amended, being sections 750.72 to 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380 of the Michigan Compiled Laws.

(C) A crime under section 92, 151, 157b, or 218 of Act No. 328 of the Public Acts of 1931, as amended, being sections 750.92, 750.151, 750.157b, and 750.218 of the Michigan Compiled Laws, based upon a crime listed in subparagraph (B) committed by or on behalf of the individual.

(ii) Successfully denied payments by the pool, based on fraud or conspiracy to commit fraud by or on behalf of the applicant, of a claim in excess of \$2,000.00 under a home insurance policy, and if the amount of the denied claim was greater than either of the following:

(A) For a claim under a repair cost policy, 15% of the amount of insurance in force.

(B) For a claim under a replacement cost policy, 10% of the amount of insurance in force.

(h) "Assessable premiums", for home insurance, means gross direct premiums less all premiums and dividends returned to policyholders on policies written in this state as homeowners multiple peril insurance.

(i) "Aggregate assessable premiums" means the assessable premiums for basic property insurance plus the assessable premiums for home insurance.

(j) "Participating member" means any member of the pool which in any pertinent calendar period has aggregate assessable premiums greater than zero.

History: Add. 1968, Act 262, Eff. Aug. 1, 1968;—Am. 1971, Act 74, Eff. Aug. 1, 1971;—Am. 1979, Act 145, Eff. Mar. 1, 1980;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981;—Am. 1982, Act 428, Eff. Mar. 30, 1983;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

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