

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

500.2924 Underwriting standards employed in determining acceptable risk for basic property insurance; basis of underwriting program for home insurance.

Sec. 2924. (1) The pool shall adopt, as part of its plan of operation, reasonable underwriting standards to be employed by it in determining whether or not a risk is acceptable for basic property insurance by the pool. The standards may include, but need not be limited to, protective devices, deductibles, coinsurance provisions, appropriate record keeping and limitations, not inconsistent with this chapter, on the amount of insurance that may be provided with respect to any 1 risk. The standards shall be relevant to the perils insured against and shall be consistent with the definition of qualified property, for basic property insurance, contained in section 2901.

(2) The pool shall adopt, as part of its plan of operation, a reasonable underwriting program for home insurance under which all qualified applicants may obtain home insurance for qualified property for home insurance in a convenient manner. The underwriting program shall be based only upon the following:

(a) The insured value under a replacement cost policy must be equal to at least 80% of the replacement cost of the property to be insured, as determined by inspection.

(b) The minimum insured value requirement for a repair cost policy shall be equal to at least 100% of the market value of the property to be insured. Policies may be issued in amounts up to 120% of the market value of the property to be insured.

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.

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