



# HOUSE BILL No. 5855

November 10, 1994, Introduced by Rep Gagliardi and referred to the Committee on Insurance

A bill to amend Act No 218 of the Public Acts of 1956  
entitled as amended

The insurance code of 1956,  
as amended being sections 500 100 to 500 8302 of the Michigan  
Compiled Laws by adding sections 3333 3343 and 3345

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Act No 218 of the Public Acts of 1956, as  
2 amended being sections 500 100 to 500 8302 of the Michigan  
3 Compiled Laws is amended by adding sections 3333 3343 and 3345  
4 to read as follows

5 SEC 3333 AMENDMENTS TO THE FACILITY PLAN OF OPERATION  
6 SHALL BE ADOPTED BY THE BOARD OF GOVERNORS BY JANUARY 1, 1995  
7 THE AMENDMENTS TO THE FACILITY PLAN OF OPERATION SHALL PROVIDE  
8 FOR ALL OF THE FOLLOWING

1 (A) THE CREATION OF AT LEAST 3 RATING PLANS AS FOLLOWS

2 (i) A RATING PLAN FOR PRIVATE PASSENGER NONFLEET AUTOMOBILE  
3 INSURANCE

4 (ii) A RATING PLAN FOR TAXICABS

5 (iii) A RATING PLAN FOR ALL OTHER COMMERCIAL VEHICLES

6 (B) THAT RATE FILINGS BE MADE FOR ALL CLASSIFICATIONS THE  
7 RATE FILINGS SHALL INCLUDE BUT NEED NOT BE LIMITED TO THE  
8 FOLLOWING

9 (i) THE INDICATED RATE CHANGE FOR PERSONAL INJURY PROTECTION  
10 AND THE LOSS AND TREND DATA USED TO DEVELOP THE INDICATED RATE

11 (ii) THE INDICATED RATE CHANGE FOR BODILY INJURY AND PROP-  
12 ERTY DAMAGE COVERAGES AND THE LOSS AND TREND DATA USED TO DEVELOP  
13 THE INDICATED RATE

14 (iii) THE INDICATED RATE CHANGE FOR COLLISION AND COMPREHEN-  
15 SIVE COVERAGES AND THE LOSS AND TREND DATA USED TO DEVELOP THE  
16 INDICATED RATE

17 (C) THAT IN DEVELOPING RATES FOR TAXICABS, DUE CONSIDERATION  
18 BE GIVEN TO PAST AND PROSPECTIVE LOSS EXPERIENCE WITHIN AND OUT-  
19 SIDE THE STATE, TO CATASTROPHE HAZARDS IF ANY TO PAST AND PRO-  
20 SPECTIVE EXPENSES, TO ASSESSMENT UNDER THIS ACT, TO UNDERWRITING  
21 PRACTICE AND JUDGMENT, AND TO ALL OTHER RELEVANT FACTORS WITHIN  
22 AND OUTSIDE THIS STATE

23 SEC 3343 (1) AS AGENT FOR PARTICIPATING MEMBERS, THE  
24 FACILITY SHALL FILE WITH THE COMMISSIONER EVERY MANUAL OF CLASSI-  
25 FICATION, EVERY MANUAL OF RULES AND RATES, EVERY RATING PLAN, AND  
26 EVERY MODIFICATION OF A MANUAL OF CLASSIFICATION, MANUAL OF RULES  
27 AND RATES, OR RATING PLAN PROPOSED FOR USE FOR TAXICAB INSURANCE

1 PLACED THROUGH THE FACILITY THE FACILITY MAY INCORPORATE BY  
2 REFERENCE IN ITS FILINGS OTHER MATERIAL ON FILE WITH THE  
3 COMMISSIONER THE CLASSIFICATIONS RULES AND RATES, AND ANY  
4 AMENDMENTS TO THE CLASSIFICATIONS OR RULES AND RATES SHALL BE  
5 SUBJECT TO PRIOR WRITTEN APPROVAL BY THE COMMISSIONER

6 (2) NOTICE OF RATE FILINGS SHALL BE DELIVERED TO COMMERCIAL  
7 INSUREDS AT THE TIME THE FILING IS MADE BY THE FACILITY THIS  
8 NOTICE REQUIREMENT MAY BE SATISFIED BY MAILING THE NOTICE TO THE  
9 COMMERCIAL INSUREDS AT THE INSUREDS LAST KNOWN ADDRESSES WITH  
10 POSTAGE FULLY PREPAID

11 SEC 3345 (1) THE FACILITY SHALL NOT INCREASE THE PREMIUM  
12 FOR A COMMERCIAL VEHICLE INSURANCE POLICY OR TAXICAB INSURANCE  
13 POLICY THAT IS BEING RENEWED IF THE INCREASE IS DUE TO AN  
14 INCREASE IN RATES UNLESS THE FACILITY SENDS THE RENEWAL NOTICE  
15 SHOWING THE HIGHER PREMIUM TO THE INSURED AT LEAST 30 DAYS BEFORE  
16 THE INSURANCE POLICY RENEWAL DATE IF THE FACILITY DOES NOT SEND  
17 THE RENEWAL NOTICE SHOWING THE HIGHER PREMIUM TO THE INSURED AT  
18 LEAST 30 DAYS BEFORE THE INSURANCE POLICY RENEWAL DATE THE  
19 INSURED IS NOT LIABLE FOR THE PRORATED PORTION OF THE INCREASE IN  
20 PREMIUM

21 (2) AS USED IN THIS SECTION PRORATED PORTION OF THE  
22 INCREASE IN PREMIUM MEANS THE AMOUNT OF INCREASE IN PREMIUM  
23 DIVIDED BY THE NUMBER OF DAYS IN THE BILLING PERIOD MULTIPLIED BY  
24 THE NUMBER OF DAYS BY WHICH THE INSURER FAILED TO SEND THE 30-DAY  
25 NOTICE REQUIRED BY THIS SECTION