

SENATE BILL No. 991

January 9, 2002, Introduced by Senators SANBORN and BULLARD and referred to the Committee on Financial Services.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 2103, 2105, 2111, 2117, 2118, and 2121 (MCL 500.2103, 500.2105, 500.2111, 500.2117, 500.2118, and 500.2121), section 2103 as amended by 2001 PA 147, section 2111 as amended by 1996 PA 98, section 2117 as amended by 2001 PA 25, section 2118 as amended by 1988 PA 43, and section 2121 as amended by 1998 PA 26.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2103. (1) "Eligible person", for automobile insurance,
2 means a person who is an owner or registrant of an automobile
3 registered or to be registered in this state or who holds a valid
4 Michigan license to operate a motor vehicle, but does not include
5 any of the following:

1 (a) A person who is not required to maintain security
2 pursuant to section 3101, unless the person intends to reside in
3 this state for 30 days or more and makes a written statement of
4 that intention on a form approved by the commissioner.

5 (b) A person whose license to operate a vehicle is under
6 suspension or revocation.

7 (c) A person who has been convicted within the immediately
8 preceding 5-year period of fraud or intent to defraud involving
9 an insurance claim or an application for insurance; or an indi-
10 vidual who has been successfully denied, within the immediately
11 preceding 5-year period, payment by an insurer of a claim in
12 excess of \$1,000.00 under an automobile insurance policy, if
13 there is evidence of fraud or intent to defraud involving an
14 insurance claim or application.

15 (d) A person who, during the immediately preceding 3-year
16 period, has been convicted under, or who has been subject to an
17 order of disposition of the family division of circuit court for
18 a violation of, any of the following:

19 (i) Section 324 or 325 of the Michigan penal code, 1931 PA
20 328, MCL 750.324 and 750.325; section 1 of former 1931 PA 214 or
21 section 626c of the Michigan vehicle code, 1949 PA 300, MCL
22 257.626c; or under any other law of this state the violation of
23 which constitutes a felony resulting from the operation of a
24 motor vehicle.

25 (ii) Section 625 of the Michigan vehicle code, 1949 PA 300,
26 MCL 257.625.

1 (iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
2 code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

3 (iv) Section 626 of the Michigan vehicle code, 1949 PA 300,
4 MCL 257.626; or for a similar violation under the laws of any
5 other state or a municipality within or without this state.

6 (e) A person whose vehicle insured or to be insured under
7 the policy fails to meet the motor vehicle safety requirements of
8 sections 683 to 711 of the Michigan vehicle code, 1949 PA 300,
9 MCL 257.683 to 257.711.

10 (f) A person whose policy of automobile insurance has been
11 canceled because of nonpayment of premium or financed premium
12 within the immediately preceding 2-year period, unless the pre-
13 mium due on a policy for which application has been made is paid
14 in full before issuance or renewal of the policy.

15 (g) A person who fails to obtain or maintain membership in a
16 club, group, or organization, if membership is a uniform require-
17 ment of the insurer as a condition of providing insurance, and if
18 the dues, charges, or other conditions for membership are applied
19 uniformly throughout this state, are not expressed as a percen-
20 tage of premium, and do not vary with respect to the rating clas-
21 sification of the member except for the purpose of offering a
22 membership fee to family units. Membership fees may vary in
23 accordance with the amount or type of coverage if the purchase of
24 additional coverage, either as to type or amount, is not a condi-
25 tion for reduction of dues or fees.

26 (h) A person whose driving record for the 3-year period
27 immediately preceding application for or renewal of a policy,

1 has, pursuant to section 2119a, an accumulation of more than 6
2 insurance eligibility points.

3 (2) "Eligible person", for home insurance, means a person
4 who is the owner-occupant or tenant of a dwelling of any of the
5 following types: a house, a condominium unit, a cooperative
6 unit, a room, or an apartment; or a person who is the
7 owner-occupant of a multiple unit dwelling of not more than 4
8 residential units. Eligible person does not include any of the
9 following:

10 (a) A person who has been convicted, in the immediately pre-
11 ceding 5-year period, of 1 or more of the following:

12 (i) Arson, or conspiracy to commit arson.

13 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
14 or 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to
15 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

16 (iii) A crime under section 92, 151, 157b, or 218 of the
17 Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b,
18 and 750.218, based upon a crime described in subparagraph (ii)
19 committed by or on behalf of the person.

20 (b) A person who has been successfully denied, within the
21 immediately preceding 5-year period, payment by an insurer of a
22 claim under a home insurance policy ~~in excess of \$2,000.00,~~
23 based on evidence of arson, conspiracy to commit arson, misrepre-
24 sentation, fraud, or conspiracy to commit fraud, committed by or
25 on behalf of the person. ~~, if the amount of the denied claim was~~
26 ~~greater than any of the following:~~

1 ~~(i) For a claim under a repair cost policy, 15% of the~~
2 ~~amount of insurance in force.~~

3 ~~(ii) For a claim under a replacement cost policy, 10% of the~~
4 ~~amount of insurance in force.~~

5 (c) A person who insures or seeks to insure a dwelling that
6 is being used for an illegal or demonstrably hazardous purpose.

7 (d) A person who refuses to purchase an amount of insurance
8 equal to at least 80% of the replacement cost of the property
9 insured or to be insured under a replacement cost policy.

10 (e) A person who refuses to purchase an amount of insurance
11 equal to at least 100% of the market value of the property
12 insured or to be insured under a repair cost policy.

13 (f) A person who refuses to purchase an amount of insurance
14 equal to at least 100% of the actual cash value of the property
15 insured or to be insured under a tenant or renter's home insur-
16 ance policy.

17 (g) A person whose policy of home insurance has been
18 canceled because of nonpayment of premium within the immediately
19 preceding 2-year period, unless the premium due on the policy is
20 paid in full before issuance or renewal of the policy.

21 (h) A person who insures or seeks to insure a dwelling, if
22 the insured value is not any of the following:

23 (i) For a repair cost policy, at least ~~-\$7,500.00~~
24 \$20,000.00.

25 (ii) For a replacement policy, at least ~~-\$15,000.00~~
26 \$35,000.00 or another amount which the commissioner may establish
27 biennially on and after January 1, 1983, pursuant to rules

1 promulgated by the commissioner under the administrative
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, based
3 upon changes in applicable construction cost indices.

4 (I) ~~(j)~~ A person who insures or seeks to insure a dwelling
5 that ~~does not meet minimum standards of insurability as estab-~~
6 ~~lished by rules promulgated by the commissioner pursuant to the~~
7 ~~administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to~~
8 ~~24.328~~ HAS PHYSICAL CONDITIONS THAT CLEARLY PRESENT AN EXTREME
9 LIKELIHOOD OF A SIGNIFICANT LOSS UNDER A HOME INSURANCE POLICY.

10 (J) ~~(k)~~ A person whose real property taxes with respect to
11 the dwelling insured or to be insured have been and are delin-
12 quent for 2 or more years at the time of renewal of, or applica-
13 tion for, home insurance.

14 (K) ~~(l)~~ A person who has failed to procure or maintain
15 membership in a club, group, or organization, if membership is a
16 uniform requirement of the insurer, and if the dues, charges, or
17 other conditions for membership are applied uniformly throughout
18 this state, are not expressed as a percentage of premium, and do
19 not vary with respect to the rating classification of the member
20 except for the purpose of offering a membership fee to family
21 units. Membership fees may vary in accordance with the amount or
22 type of coverage if the purchase of additional coverage, either
23 as to type or amount, is not a condition for reduction of dues or
24 fees.

25 (3) "Home insurance" means any of the following, but does
26 not include insurance intended to insure commercial, industrial,
27 professional, or business property, obligations, or liabilities:

1 (a) Fire insurance for an insured's dwelling of a type
2 described in subsection (2).

3 (b) If contained in or indorsed to a fire insurance policy
4 providing insurance for the insured's residence, other insurance
5 intended primarily to insure nonbusiness property, obligations,
6 and liabilities.

7 (c) Other insurance coverages for an insured's residence as
8 prescribed by rule promulgated by the commissioner pursuant to
9 the administrative procedures act of 1969, 1969 PA 306, MCL
10 24.201 to 24.328. A rule proposed for promulgation by the com-
11 missioner pursuant to this section shall be transmitted in
12 advance to each member of the standing committee in the house and
13 in the senate that has jurisdiction over insurance.

14 (4) "Insurance eligibility points" means all of the
15 following:

16 (a) Points calculated, according to the following schedule,
17 for convictions, determinations of responsibility for civil
18 infractions, or findings of responsibility in probate court:

19 (i) For a violation of any lawful speed limit by more than
20 15 miles per hour, or careless driving, 4 points.

21 (ii) For a violation of any lawful speed limit by more than
22 10 miles per hour, but less than 16 miles per hour, 3 points.

23 (iii) For a violation of any lawful speed limit by 10 miles
24 per hour or less, 2 points.

25 (iv) For a violation of any speed limit by 15 miles per hour
26 or less on a roadway that had a lawfully posted maximum speed of
27 70 miles per hour as of January 1, 1974, 2 points.

1 (v) For all other moving violations pertaining to the
2 operation of motor vehicles, 2 points.

3 (b) Points calculated, according to the following schedule,
4 for determinations that the person was substantially at-fault, as
5 defined in section 2104(4):

6 (i) For the first substantially at-fault accident, 3
7 points.

8 (ii) For the second and each subsequent substantially
9 at-fault accident, 4 points.

10 (5) "Insurer" means an insurer authorized to transact in
11 this state the kind or combination of kinds of insurance consti-
12 tuting automobile insurance or home insurance, as defined in this
13 chapter.

14 Sec. 2105. (1) No policy of automobile insurance or home
15 insurance shall be offered, bound, made, issued, delivered, or
16 renewed in this state on and after January 1, 1981, except in
17 conformity with this chapter. This chapter ~~shall~~ DOES not
18 apply to policies of automobile insurance or home insurance
19 offered, bound, made, issued, delivered, or renewed in this state
20 before January 1, 1981.

21 (2) ~~This~~ EXCEPT AS PROVIDED IN SECTION 2117 AND 2123(2),
22 THIS chapter ~~shall~~ DOES not apply to insurance written on a
23 group, franchise, blanket policy, or similar basis ~~which~~ THAT
24 offers home insurance or automobile insurance to all members of
25 the group, franchise plan, or blanket coverage who are eligible
26 persons.

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

6 (2) Classifications established pursuant to this section for
7 automobile insurance shall be based only upon 1 or more of the
8 following factors, which shall be applied by an insurer on a uni-
9 form basis throughout the state:

10 (a) With respect to all automobile insurance coverages:

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

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

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

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

19 (v) Vehicle characteristics, features, and options, such as
20 engine displacement, ability of vehicle and its equipment to pro-
21 tect passengers from injury and other similar items, including
22 vehicle make and model.

23 (vi) Daily or weekly commuting mileage.

24 (vii) Number of cars insured by the insurer or number of
25 licensed operators in the household. However, number of licensed
26 operators shall not be used as an indirect measure of marital
27 status.

1 (viii) Amount of insurance.

2 (b) In addition to the factors prescribed in subdivision

3 (a), with respect to personal protection insurance coverage:

4 (i) Earned income.

5 (ii) Number of dependents of income earners insured under

6 the policy.

7 (iii) Coordination of benefits.

8 (iv) Use of a safety belt.

9 (c) In addition to the factors prescribed in subdivision

10 (a), with respect to collision and comprehensive coverages:

11 (i) The anticipated cost of vehicle repairs or replacement,

12 which may be measured by age, price, cost new, or value of the

13 insured automobile, and other factors directly relating to that

14 anticipated cost.

15 (ii) Vehicle make and model.

16 (iii) Vehicle design characteristics related to vehicle

17 damageability.

18 (iv) Vehicle characteristics relating to automobile theft

19 prevention devices.

20 (d) With respect to all automobile insurance coverage other

21 than comprehensive, successful completion by the individual

22 driver or drivers insured under the policy of an accident preven-

23 tion education course that meets the following criteria:

24 (i) The course shall include a minimum of 8 hours of class-

25 room instruction.

26 (ii) The course shall include, but not be limited to, a

27 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 motorcy-
9 clists, bicyclists, and pedestrians.

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

17 (a) Substantially at-fault accidents.

18 (b) Convictions for, determinations of responsibility for
19 civil infractions for, or findings of responsibility in probate
20 court for civil infractions for, violations under chapter VI of
21 ~~Act No. 300 of the Public Acts of 1949, being sections 257.601~~
22 ~~to 257.750 of the Michigan Compiled Laws~~ THE MICHIGAN VEHICLE
23 CODE, 1949 PA 300, MCL 257.601 TO 257.750. However, beginning 90
24 days after the effective date of this sentence, an insured shall
25 not be merit rated for a civil infraction under chapter VI of
26 ~~Act No. 300 of the Public Acts of 1949~~ THE MICHIGAN VEHICLE
27 CODE, 1949 PA 300, MCL 257.601 TO 257.750, for a period of time

1 longer than that which the secretary of state's office carries
2 points for that infraction on the insured's motor vehicle
3 record.

4 (4) An insurer shall not establish or maintain rates or
5 rating classifications for automobile insurance based upon sex or
6 marital status.

7 (5) Notwithstanding other provisions of this chapter, auto-
8 mobile insurance risks may be grouped by territory.

9 (6) This section shall not be construed as limiting insurers
10 or rating organizations from establishing and maintaining statis-
11 tical reporting territories. This section shall not be construed
12 to prohibit an insurer from establishing or maintaining, for
13 automobile insurance, a premium discount plan for senior citizens
14 in this state who are 65 years of age or older, if the plan is
15 uniformly applied by the insurer throughout this state. If an
16 insurer has not established and maintained a premium discount
17 plan for senior citizens, the insurer shall offer reduced premium
18 rates to senior citizens in this state who are 65 years of age or
19 older and who drive less than 3,000 miles per year, regardless of
20 statistical data.

21 (7) Classifications established pursuant to this section for
22 home insurance other than inland marine insurance provided by
23 policy floaters or endorsements shall be based only upon 1 or
24 more of the following factors:

25 (a) Amount and types of coverage.

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

1 (c) Repairable structural defects reasonably related to
2 risk.

3 (d) Fire protection class.

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

6 (f) Loss experience of the insured, based upon prior claims
7 attributable to factors under the control of the insured that
8 have been paid by an insurer. AN INSURED'S FAILURE, AFTER WRIT-
9 TEN NOTICE FROM THE INSURER, TO CORRECT A PHYSICAL CONDITION THAT
10 PRESENTS A RISK OF REPEATED LOSS SHALL BE CONSIDERED A FACTOR
11 UNDER THE CONTROL OF THE INSURED FOR PURPOSES OF THIS
12 SUBDIVISION.

13 (g) Use of smoking materials within the structure.

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

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

17 (8) Notwithstanding other provisions of this chapter, home
18 insurance risks may be grouped by territory.

19 (9) An insurer may utilize factors in addition to those
20 specified in this section, if the commissioner finds, after a
21 hearing held pursuant to the administrative procedures act of
22 1969, ~~Act No. 306 of the Public Acts of 1969, being sections~~
23 ~~24.201 to 24.328 of the Michigan Compiled Laws~~ 1969 PA 306,
24 MCL 24.201 TO 24.328, that the factors would encourage innova-
25 tion, would encourage insureds to minimize the risks of loss from
26 hazards insured against, and would be consistent with the
27 purposes of this chapter.

1 (10) The commissioner shall report in writing to the senate
2 and house of representatives standing committees of insurance
3 issues by January 1, 2000 of the effect that the amendatory act
4 that added this subsection has had on automobile and home insur-
5 ance premiums in this state.

6 Sec. 2117. (1) As a condition of maintaining its certifi-
7 cate of authority, an insurer shall not refuse to insure, refuse
8 to continue to insure, or limit the coverage available to an eli-
9 gible person for home insurance, except in accordance with under-
10 writing rules established pursuant to this section and section
11 2119. An insurer shall not establish underwriting rules for home
12 insurance for contracts providing identical coverages that differ
13 from those of any affiliate of the insurer.

14 (2) The underwriting rules that an insurer may establish for
15 home insurance shall be based only on the following:

16 (a) Criteria identical to the standards set forth in section
17 2103(2).

18 (b) The physical condition of the property insured or to be
19 insured, provided the underwriting rules are objective, are
20 directly related to the perils insured against, and, without
21 regard to the age of the structure, are based upon the specific
22 provisions of a national, state, or local housing and safety
23 code, a manufacturer's specification, or standards of similar
24 specificity. If an applicant or insured obtains a certificate of
25 compliance or habitation issued by an appropriate governmental
26 unit or agency, certifying that a building is in substantial
27 compliance with local housing and safety codes, the certificate

1 creates a rebuttable presumption that the dwelling meets the
2 insurer's underwriting rules relating to physical condition.

3 (c) For the renewal of a home insurance policy, the
4 ~~liability~~ claim history of the person insured or to be insured
5 during the 3-year period immediately preceding renewal of the
6 policy, if that history is based on 1 or both of the following:

7 (i) Claim experience arising out of an insured's
8 negligence.

9 (ii) Failure by the insured, after written notice from the
10 insurer, to correct a physical condition that is directly related
11 to a paid ~~liability~~ claim or that presents a clear risk of a
12 significant loss under the PROPERTY OR liability ~~portion~~
13 PORTIONS of a homeowners policy.

14 ~~(d) For new policies only, physical conditions that clearly~~
15 ~~present an extreme likelihood of a significant loss under the~~
16 ~~liability coverages of a home insurance policy.~~

17 (D) ~~(e)~~ The relationship between market value and replace-
18 ment cost of a dwelling insured or to be insured for a replace-
19 ment cost policy, if a repair cost policy is offered by that
20 insurer pursuant to subsection (3).

21 (E) ~~(f)~~ For nonrenewal of home insurance policies, the
22 claim history under the policy, excluding liability claims, as
23 follows:

24 (i) If there has been 1 or more of the following:

25 (A) Three paid claims within the immediately preceding
26 3-year period totaling \$1,500.00 or more, exclusive of
27 weather-related claims.

1 (B) Three paid claims within the immediately preceding
2 3-year period totaling \$2,000.00 or more, including
3 weather-related claims.

4 (ii) A history of 3 or more paid claims within an immedi-
5 ately preceding 3-year period if the insurer meets all of the
6 following:

7 (A) Has an underwriting rule under subparagraph (i) In
8 effect.

9 (B) The underwriting rule under this subparagraph is for a
10 paid claim history that totals not less than the amount in
11 subparagraph (i)(A) exclusive of weather-related claims and
12 totals not less than the amount in subparagraph (i)(B) including
13 weather-related claims.

14 (C) The underwriting rule under this subparagraph applies to
15 an insured who has had a home insurance policy with the insurer
16 for a continuous minimum period of time as determined by the
17 insurer that may be any period of time between 5 and 10 years.

18 (F) ~~(g)~~ The number of residences within the dwelling are
19 inconsistent with the policy forms approved by the commissioner
20 for the insurer.

21 (G) ~~(h)~~ The unoccupancy of a dwelling for more than 60
22 days, if there is evidence of an intent to vacate or keep the
23 premises vacant or unoccupied, as to the applicant or insured.

24 (H) ~~(i)~~ The existence of an adjacent physical hazard, if
25 the hazard presents a significant risk of loss directly related
26 to the perils insured or to be insured against for which a rate
27 surcharge is not applicable. For purposes of this subdivision

1 only, residential property or traffic patterns shall not be
2 considered to cause a significant risk of loss. Nonrenewals
3 based upon an adjacent physical hazard shall be due to a change
4 in the hazard from that which existed at the original date of
5 issuance of the policy.

6 (I) ~~(j)~~ The failure of the insured or applicant to pur-
7 chase an amount of insurance in excess of 80% of the replacement
8 cost of the property to be insured under a replacement cost
9 policy, if both of the following conditions are met:

10 (i) The purchase of an amount of insurance in excess of 80%
11 of the replacement cost is a condition for sale of the policy.

12 (ii) The insurer offers in this state at least 1 form of a
13 replacement cost policy for which the insurer requires only a
14 minimum amount of insurance equal to 80% of the replacement cost
15 of the dwelling as a condition of purchase.

16 (J) ONE OR MORE INCIDENTS INVOLVING A THREAT, HARASSMENT, OR
17 PHYSICAL ASSAULT BY THE INSURED OR APPLICANT FOR INSURANCE ON AN
18 INSURER EMPLOYEE, AGENT, OR AGENT EMPLOYEE WHILE ACTING WITHIN
19 THE SCOPE OF HIS OR HER EMPLOYMENT SO LONG AS A REPORT OF THE
20 INCIDENT WAS FILED WITH A LAW ENFORCEMENT AGENCY.

21 (3) If an insurer establishes an underwriting rule based
22 upon the relationship between the market value and replacement
23 cost pursuant to subsection ~~(2)(e)~~ (2)(D), all the following
24 shall apply as to the repair cost policy:

25 (a) The insurer shall offer for sale a repair cost policy
26 with deductibles, terms and conditions, perils insured against,
27 and types and amounts of coverage, which are substantially

1 equivalent to the deductibles, terms and conditions, perils
2 insured against, and types and amounts of coverage provided by
3 the replacement cost policy of the insurer at least equivalent to
4 the HO-2 form replacement cost policy filed and in effect in this
5 state for the principal rating organization as of October 1,
6 1979.

7 (b) The insurer shall not utilize an underwriting rule based
8 upon the relationship between the market value and replacement
9 cost for the repair cost policy.

10 (4) The rates of an insurer for a repair cost policy shall
11 be established so that the premium for a repair cost policy shall
12 not exceed 105% of the premium for an amount of insurance equal
13 to 80% of the replacement cost of the dwelling under the equiva-
14 lent replacement cost policy described in subsection (3)(a).
15 Premiums for dwellings with identical replacement costs shall
16 vary on a schedule determined by the insurer in accordance with
17 the market value of the dwellings.

18 (5) Off-premises claims may be aggregated for the purposes
19 of subsection (2)(f), irrespective of the location of the insured
20 dwelling. All claims other than off-premises losses utilized in
21 a determination for purposes of subsection (2)(f) shall be aggre-
22 gated only as to an insured dwelling. The minimum dollar amounts
23 prescribed in subsection (2)(f)(i) shall be adjusted on
24 January 1, 2006, and on January 1 every sixth year thereafter, to
25 reflect the aggregate annual average percentage change in the
26 consumer price index since the previous adjustment, rounded to
27 the nearest hundred dollars. As used in this subsection,

1 "consumer price index" means the consumer price index for all
2 urban consumers in the U.S. city average, as most recently
3 reported by the United States department of labor, bureau of
4 labor statistics, and after certification by the commissioner in
5 an administrative bulletin.

6 Sec. 2118. (1) As a condition of maintaining its certifi-
7 cate of authority, an insurer shall not refuse to insure, refuse
8 to continue to insure, or limit coverage available to an eligible
9 person for automobile insurance, except in accordance with under-
10 writing rules established pursuant to this section and sections
11 2119 and 2120.

12 (2) The underwriting rules which an insurer may establish
13 for automobile insurance shall be based only on the following:

14 (a) Criteria identical to the standards set forth in section
15 2103(1).

16 (b) The insurance eligibility point accumulation in excess
17 of the amounts established by section 2103(1) of a member of the
18 household of the eligible person insured or to be insured, if the
19 member of the household usually accounts for 10% or more of the
20 use of a vehicle insured or to be insured. For purposes of this
21 subdivision, a person who is the principal driver for 1 automo-
22 bile insurance policy shall be rebuttably presumed not to usually
23 account for more than 10% of the use of other vehicles of the
24 household not insured under the policy of that person.

25 (c) With respect to a vehicle insured or to be insured, sub-
26 stantial modifications from the vehicle's original manufactured

1 state for purposes of increasing the speed or acceleration
2 capabilities of the vehicle.

3 (d) Failure by the person to provide proof that insurance
4 required by section 3101 was maintained in force with respect to
5 any vehicle which was both owned by the person and driven or
6 moved by the person or by a member of the household of the person
7 during the 6-month period immediately preceding application.
8 Such proof shall take the form of a certification by the person
9 on a form provided by the insurer that the vehicle was not driven
10 or moved without maintaining the insurance required by section
11 3101 during the 6-month period immediately preceding
12 application.

13 (e) Type of vehicle insured or to be insured, based on 1 of
14 the following, without regard to the age of the vehicle:

15 (i) The vehicle is of limited production or of custom
16 manufacture.

17 (ii) The insurer does not have a rate lawfully in effect for
18 the type of vehicle.

19 (iii) The vehicle represents exposure to extraordinary
20 expense for repair or replacement under comprehensive or colli-
21 sion coverage.

22 (f) Use of a vehicle insured or to be insured for transpor-
23 tation of passengers for hire, for rental purposes, or for com-
24 mercial purposes. Rules under this subdivision shall not be
25 based on the use of a vehicle for volunteer or charitable pur-
26 poses or for which reimbursement for normal operating expenses is
27 received.

1 (g) Payment of a minimum deposit at the time of application
2 or renewal, not to exceed the smallest deposit required under an
3 extended payment or premium finance plan customarily used by the
4 insurer.

5 (h) For purposes of requiring comprehensive deductibles of
6 not more than ~~-\$150.00-~~ \$500.00, or of refusing to insure if the
7 person refuses to accept a required deductible, the claim
8 experience of the person with respect to comprehensive coverage.

9 (i) Total abstinence from the consumption of alcoholic bev-
10 erages except when such beverages are consumed as part of a reli-
11 gious ceremony. However, an insurer shall not utilize an under-
12 writing rule based on this subdivision unless the insurer has
13 been authorized to transact automobile insurance in this state
14 prior to January 1, 1981, and has consistently utilized such an
15 underwriting rule as part of the insurer's automobile insurance
16 underwriting since being authorized to transact automobile insur-
17 ance in this state.

18 (J) ONE OR MORE INCIDENTS INVOLVING A THREAT, HARASSMENT, OR
19 PHYSICAL ASSAULT BY THE INSURED OR APPLICANT FOR INSURANCE ON AN
20 INSURER EMPLOYEE, AGENT, OR AGENT EMPLOYEE WHILE ACTING WITHIN
21 THE SCOPE OF HIS OR HER EMPLOYMENT SO LONG AS A REPORT OF THE
22 INCIDENT WAS FILED WITH A LAW ENFORCEMENT AGENCY.

23 Sec. 2121. (1) If an insurer uses an inspection of a dwell-
24 ing to determine whether the insured or applicant is an eligible
25 person for home insurance, criteria for selecting dwellings for
26 inspection shall not be based upon any of the following:

1 (a) Location, whether by political subdivision, census
2 tract, zip code, neighborhood, or area which may be described as
3 a block, set of blocks, or by street coordinates.

4 (b) The age of the dwelling or the age of its plumbing,
5 heating, electrical, or structural components, or of any other
6 components which form a part of the dwelling.

7 (c) The market value of a dwelling, unless the value is used
8 as a minimum value above which all dwellings will be inspected.

9 (d) The amount of insurance, unless the amount is used as a
10 minimum above which all dwellings will be inspected.

11 (e) Race, color, creed, marital status, sex, national
12 origin, residence, age, disability, or lawful occupation.

13 (2) If an insurer establishes an inspection program ~~which~~
14 THAT provides for inspection of a portion of its existing busi-
15 ness on a periodic basis, the inspection program shall not be
16 based upon any of the criteria in subsection ~~(1)~~ (1)(A), (C),
17 OR (E).

18 (3) Criteria for selecting dwellings for inspection shall be
19 filed with the commissioner for informational purposes only. The
20 commissioner, after a hearing held pursuant to the administrative
21 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, shall
22 disapprove the further use of inspection criteria, if the commis-
23 sioner finds that the criteria are inconsistent with the provi-
24 sions of this chapter.

25 (4) There shall be no civil liability, other than contrac-
26 tual liability where applicable, on the part of, and a cause of
27 action of any nature shall not arise against, the commissioner,

1 an insurer, an inspection bureau, or an authorized
2 representative, agent, employee, affiliate of the commissioner,
3 an insurer, or an inspection bureau or any licensed insurance
4 agent, for acts or omissions related solely to the physical con-
5 dition of the property in an inspection conducted for insurance
6 purposes pursuant to this chapter.