

# HOUSE BILL No. 4595

April 28, 2011, Introduced by Reps. Shaughnessy, Opsommer, Glardon, Howze, Roy Schmidt, Johnson, Hooker, Rendon, Kandrevas and LeBlanc and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," (MCL 500.100 to 500.8302) by adding section 2154.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 2154. (1) NOTWITHSTANDING ANY OTHER LAW, RULE, OR  
2 REGULATION, AN INSURER THAT USES CREDIT INFORMATION SHALL, ON  
3 WRITTEN REQUEST FROM AN INSURED OR INSURANCE APPLICANT, PROVIDE  
4 REASONABLE EXCEPTIONS TO THE APPLICATION OF THAT CREDIT INFORMATION  
5 ON THE INSURER'S RATES, RATING CLASSIFICATIONS, OR COMPANY OR TIER  
6 PLACEMENT FOR AN INSURED OR INSURANCE APPLICANT WHO HAS EXPERIENCED  
7 AND WHOSE CREDIT INFORMATION HAS BEEN DIRECTLY INFLUENCED BY ANY OF  
8 THE FOLLOWING EVENTS:

9           (A) CATASTROPHIC EVENT, AS DECLARED BY THE FEDERAL OR STATE  
10 GOVERNMENT.

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1 (B) SERIOUS ILLNESS OR INJURY, OR SERIOUS ILLNESS OR INJURY TO  
2 AN IMMEDIATE FAMILY MEMBER.

3 (C) DEATH OF A SPOUSE, CHILD, OR PARENT.

4 (D) DIVORCE OR INVOLUNTARY INTERRUPTION OF LEGALLY OWED  
5 ALIMONY OR SUPPORT PAYMENTS.

6 (E) IDENTITY THEFT.

7 (F) TEMPORARY LOSS OF EMPLOYMENT FOR A PERIOD OF 3 MONTHS OR  
8 MORE, IF IT RESULTS FROM INVOLUNTARY TERMINATION.

9 (G) MILITARY DEPLOYMENT OVERSEAS.

<<(H) PREDATORY LENDING RESULTING IN THE FORECLOSURE OF, OR  
COMMENCEMENT OF PROCEEDINGS OR AN ACTION TO FORECLOSE, A MORTGAGE OF REAL  
PROPERTY OWNED BY THE INSURED OR INSURANCE APPLICANT.

10 (I)>> OTHER EVENTS, AS DETERMINED BY THE INSURER.

11 (2) IF AN INSURED OR INSURANCE APPLICANT SUBMITS A REQUEST FOR  
12 AN EXCEPTION UNDER SUBSECTION (1), AN INSURER MAY, BUT IS NOT  
13 REQUIRED TO DO, ANY OF THE FOLLOWING:

14 (A) REQUIRE A REASONABLE WRITTEN AND INDEPENDENTLY VERIFIABLE  
15 DOCUMENTATION OF THE EVENT.

16 (B) REQUIRE THE INSURED OR INSURANCE APPLICANT TO DEMONSTRATE  
17 THAT THE EVENT HAD DIRECT AND MEANINGFUL IMPACT ON THE INSURED'S OR  
18 INSURANCE APPLICANT'S CREDIT INFORMATION.

19 (C) REQUIRE A REQUEST TO BE MADE NO MORE THAN 60 DAYS FROM THE  
20 DATE OF THE APPLICATION FOR INSURANCE OR THE POLICY RENEWAL.

21 (D) GRANT AN EXCEPTION EVEN IF THE INSURED OR INSURANCE  
22 APPLICANT DID NOT PROVIDE AN INITIAL REQUEST FOR AN EXCEPTION IN  
23 WRITING.

24 (E) GRANT AN EXCEPTION WHERE THE INSURED OR INSURANCE  
25 APPLICANT ASKS FOR CONSIDERATION OF REPEATED EVENTS OR THE INSURER  
26 HAS CONSIDERED THIS EVENT PREVIOUSLY.

27 (3) A LAW, RULE, OR REGULATION RELATING TO UNDERWRITING,

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1 RATING, OR RATE FILING IS NOT VIOLATED BY ANY INSURER AS A RESULT  
2 OF GRANTING AN EXCEPTION UNDER THIS SECTION.

3 (4) THE INSURER SHALL PROVIDE NOTICE TO INSUREDS AND INSURANCE  
4 APPLICANTS THAT REASONABLE EXCEPTIONS ARE AVAILABLE AND INFORMATION  
5 ABOUT HOW TO INQUIRE FURTHER.

6 (5) WITHIN 30 DAYS OF THE INSURER'S RECEIPT OF SUFFICIENT  
7 DOCUMENTATION OF AN EVENT DESCRIBED IN SUBSECTION (1), THE INSURER  
8 SHALL INFORM THE INSURED OR INSURANCE APPLICANT OF THE OUTCOME OF  
9 HIS OR HER REQUEST FOR A REASONABLE EXCEPTION. THIS COMMUNICATION  
10 SHALL BE IN WRITING OR PROVIDED IN THE SAME MEDIUM AS THE REQUEST  
11 FOR A REASONABLE EXCEPTION.

12 <<Enacting section 1. This amendatory act does not take effect  
13 unless all of the following bills of the 96th Legislature are enacted  
14 into law:

- 15 (a) Senate Bill No. 300.
- 16 (b) House Bill No. 4593.
- 17 (c) House Bill No. 4594.
- 18 (d) House Bill No. 4596.

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