



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4427 (Substitute H-2 as passed by the House)
Sponsor: Representative Charles Smiley
House Committee: Transportation and Infrastructure
Senate Committee: Transportation

Date Completed: 9-2-16

CONTENT

The bill would amend the Insurance Code to revise the number of "insurance eligibility points" that are assigned for speeding violations.

Insurance eligibility points are calculated by insurers for purposes of determining eligibility for automobile insurance and applying underwriting rules. Insurance eligibility points are calculated according to a schedule in the Code for speeding violations, other moving violations, and incidents in which a person was substantially at fault in an accident.

For speeding violations, points are calculated according to the schedule shown in Table 1 based on convictions, determinations of responsibility for civil infractions, and findings of responsibility in the probate court, according to the speed in excess of the lawful speed limit.

Table 1
Current Insurance Eligibility Points

Miles Per Hour Over Speed Limit	Number of Points
More than 15	4
More than 10 but less than 16	3
10 or less	2
15 or less on roadway with speed limit of 70 mph as of 1-1-1974	2

The bill would revise the insurance eligibility points, as shown in Table 2.

Table 2
Proposed Insurance Eligibility Points

Miles Per Hour Over Speed Limit	Number of Points
More than 15	4
More than 10 but less than 16	3
More than 5 but less than 11	2
More than 5 but less than 16 on roadway with speed limit of 70 mph or greater as of 1-1-1974	2
Less than 6	1

The bill would take effect 90 days after enactment.

MCL 500.2103

BACKGROUND

An Insurance Consumer Information Sheet of the Department of Financial and Insurance Services (DIFS) states the following:

"Insurance companies will assign you *insurance eligibility points* for certain traffic violations and accidents. THESE POINTS ARE NOT THE SAME AS THOSE ON YOUR OFFICIAL DRIVING RECORD, but are simply a guide to help the company decide whether you are eligible for auto insurance." (Emphasis and upper case in original.)

The Insurance Code requires automobile insurers to send each policyholder, at least annually, a notice that certain information is available and will be provided to the policyholder upon request. This information includes a description of all of the insurer's and its affiliates' underwriting rules based on insurance eligibility points.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

It is anticipated that the bill would have no fiscal impact on the Department of Insurance and Financial Services or local government. The bill would not impose any new responsibilities upon the Department, or create any new revenue sources.

Fiscal Analyst: Michael Siracuse