

# HOUSE BILL NO. 6266

December 10, 2024, Introduced by Reps. Scott, Tyrone Carter, Grant, Arbit, Hoskins, Young, Brenda Carter, Wilson, Xiong and MacDonell and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding section 2229.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 2229. (1) A policy of automobile insurance or homeowners  
2 insurance must not be offered, bound, made, issued, delivered, or  
3 renewed in this state unless the policy conforms with the  
4 requirements under this section.

5       (2) This section does not apply to notices required under the  
6 fair credit reporting act, 15 USC 1601 to 1693r.

7       (3) An insurer that makes a material change to an insured's

1 automobile insurance or homeowners insurance policy shall provide a  
2 written notice to the insured that includes either of the  
3 following:

4 (a) An explanation of the principal factors for the material  
5 change.

6 (b) A statement that the insured has the right to request, in  
7 writing, and obtain an explanation of the principal factors for the  
8 material change.

9 (4) An insured who receives a written notice under subsection  
10 (3)(b) may submit to the insurer a written request for an  
11 explanation of the principal factors for the material change. Upon  
12 receiving a request for an explanation under this subsection, the  
13 insurer shall provide a written explanation to the insured of the  
14 principal factors for the material change.

15 (5) An insurer shall provide a copy of a written notice  
16 provided under subsection (3) and written explanation under  
17 subsection (4), as applicable, to the insurance producer, if any,  
18 to which both of the following apply:

19 (a) Either of the following applies:

20 (i) The producer represented the insured in obtaining coverage  
21 from the insurer.

22 (ii) The producer represented the insurer regarding the  
23 provisions of coverage to the insured.

24 (b) The producer is not an employee, an exclusive agent, or a  
25 captive agent of the insurer.

26 (6) An insurer shall provide written notice under subsection  
27 (3) and a written explanation under subsection (4), and an insured  
28 shall provide a written request under subsection (4), in a manner  
29 that meets either of the following:

1 (a) By first class mail.

2 (b) If it meets the requirements of section 2266 and the  
3 uniform electronic transactions act, 2000 PA 305, MCL 450.831 to  
4 450.849, delivered, stored, and presented by electronic means.

5 (7) An insurer may provide a written notice under subsection  
6 (3) or a written explanation under subsection (4) to an insurance  
7 producer through the insurer's portal for insurance producer  
8 communications.

9 (8) The following apply to a written notice provided under  
10 subsection (3) and a written explanation provided under subsection  
11 (4):

12 (a) The notice or explanation must be sufficiently clear and  
13 use language sufficiently specific to enable the insured to  
14 identify the basis for the insurer's decision to make the material  
15 change.

16 (b) The notice or explanation must, in no particular order,  
17 include a description of the principal factors most heavily weighed  
18 by an insurer in making a material change.

19 (c) The notice or explanation must provide a point of contact  
20 through which the insured may discuss the reasons for the material  
21 change.

22 (9) The following statements do not meet the requirements  
23 under subsection (8):

24 (a) A statement that sets forth that the material change is  
25 based on the insurer's internal standards, policies, or models.

26 (b) A statement that sets forth that the insured failed to  
27 achieve a particular score on the insurer's scoring system.

28 (c) A statement containing generalized terms, including, but  
29 not limited to, the following terms:

1 (i) Poor loss history.

2 (ii) Poor insurance score.

3 (10) The requirements set forth in this section do not  
4 replace, and are in addition to, the requirements under any other  
5 section in this act requiring notice of cancellation for an  
6 automobile insurance policy or homeowners insurance policy.

7 (11) This section does not prohibit an insurer from  
8 voluntarily providing the disclosures required under this section.

9 (12) This section applies to policies that are issued,  
10 delivered, amended, or renewed after January 1, 2026.

11 (13) As used in this section:

12 (a) "Automobile insurance" means that term as defined in  
13 section 3303.

14 (b) "Insured" means an individual entitled to coverage under  
15 an insurance policy.

16 (c) "Material change" means the nonrenewal or cancellation of;  
17 an increase of more than 10% over the expiring premium for; a  
18 reduction in coverage of; or another adverse or unfavorable change  
19 in the terms of coverage or amount of insurance in connection with  
20 an automobile insurance or homeowners insurance policy. A material  
21 change does not include any of the following:

22 (i) An increase in the insurer's filed rate plan and automatic  
23 inflationary increases.

24 (ii) An additional premium due to a change initiated by the  
25 insured, including, but not limited to, the following changes:

26 (A) Adding or removing vehicles or drivers.

27 (B) Adding an endorsement.

28 (C) Adding additional coverages.

29 (D) Adding covered premises.

- 1           (E) Increasing coverage limits or deductibles.
- 2           (iii) An additional premium due to a change in risk exposure
- 3 because of the insured's participation in a usage-based or
- 4 telematics insurance program.