

SENATE BILL NO. 282

April 20, 2023, Introduced by Senators SANTANA, IRWIN, WOJNO, GEISS, BAYER, CHANG, KLINEFELT and SHINK and referred to the Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 2118 and 2120 (MCL 500.2118 and 500.2120), as amended by 2019 PA 21, and by adding section 2116c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 2116c. (1) An automobile insurer shall not refuse to**
2 **insure, refuse to continue to insure, limit coverage available to,**
3 **charge a reinstatement fee for, or increase the premiums for**
4 **automobile insurance for an individual who is an eligible person**
5 **solely because the individual failed to maintain insurance required**

1 by section 3101 for a vehicle owned by the individual during the 6-
2 month period preceding the application if the individual provides
3 the insurer a certified statement under subsection (2) with the
4 application.

5 (2) To satisfy the requirements of this section, the
6 individual applying for insurance must certify that the individual
7 was a prisoner in a correctional facility, as that term is defined
8 in section 15 of the corrections code of 1953, 1953 PA 232, MCL
9 791.215, and was released from imprisonment within 6 months before
10 the application for insurance.

11 Sec. 2118. (1) As a condition of maintaining its certificate
12 of authority, an insurer shall not refuse to insure, refuse to
13 continue to insure, or limit coverage available to an eligible
14 person for automobile insurance, except in accordance with
15 underwriting rules established as provided in this section and
16 sections 2119 and 2120.

17 (2) The underwriting rules that an insurer may establish for
18 automobile insurance must be based only on the following:

19 (a) Criteria identical to the standards set forth in section
20 2103(1).

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

1 (c) With respect to a vehicle insured or to be insured,
2 substantial modifications from the vehicle's original manufactured
3 state for purposes of increasing the speed or acceleration
4 capabilities of the vehicle.

5 (d) Except as otherwise provided in section 2116a, ~~or~~ 2116b,
6 **or 2116c**, failure by the person to provide proof that insurance
7 required by section 3101 was maintained in force with respect to
8 any vehicle that was both owned by the person and driven or moved
9 by the person or by a member of the household of the person during
10 the 6-month period immediately preceding application. The proof
11 must take the form of a certification by the person on a form
12 provided by the insurer that the vehicle was not driven or moved
13 without maintaining the insurance required by section 3101 during
14 the 6-month period immediately preceding application.

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

17 (i) The vehicle is of limited production or of custom
18 manufacture.

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

21 (iii) The vehicle represents exposure to extraordinary expense
22 for repair or replacement under comprehensive or collision
23 coverage.

24 (f) Use of a vehicle insured or to be insured for
25 transportation of passengers for hire, for rental purposes, or for
26 commercial purposes. Rules under this subdivision must not be based
27 on the use of a vehicle for volunteer or charitable purposes or for
28 which reimbursement for normal operating expenses is received.

29 (g) Payment of a minimum deposit at the time of application or

1 renewal, not to exceed the smallest deposit required under an
2 extended payment or premium finance plan customarily used by the
3 insurer.

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

8 (i) Total abstinence from the consumption of alcoholic
9 beverages except if such beverages are consumed as part of a
10 religious ceremony. However, an insurer shall not use an
11 underwriting rule based on this subdivision unless the insurer was
12 authorized to transact automobile insurance in this state before
13 January 1, 1981, and has consistently used such an underwriting
14 rule as part of the insurer's automobile insurance underwriting
15 since being authorized to transact automobile insurance in this
16 state.

17 (j) One or more incidents involving a threat, harassment, or
18 physical assault by the insured or applicant for insurance on an
19 insurer employee, agent, or agent employee while acting within the
20 scope of his or her employment, if a report of the incident was
21 filed with an appropriate law enforcement agency.

22 Sec. 2120. (1) Affiliated insurers may establish underwriting
23 rules so that each affiliate will provide automobile insurance only
24 to certain eligible persons. This subsection applies only if an
25 eligible person can obtain automobile insurance from 1 of the
26 affiliates. The underwriting rules must be in compliance with this
27 section and sections 2118 and 2119.

28 (2) An insurer may establish separate rating plans so that
29 certain eligible persons are provided automobile insurance under 1

1 rating plan and other eligible persons are provided automobile
2 insurance under another rating plan. This subsection applies only
3 if all eligible persons can obtain automobile insurance under a
4 rating plan of the insurer. Underwriting rules consistent with this
5 section and sections 2118 and 2119 must be established to define
6 the rating plan applicable to each eligible person.

7 (3) Underwriting rules under this section must be based only
8 on the following:

9 (a) With respect to a vehicle insured or to be insured,
10 substantial modifications from the vehicle's original manufactured
11 state for purposes of increasing the speed or acceleration
12 capabilities of the vehicle.

13 (b) Except as otherwise provided in section 2116a, ~~or~~ 2116b,
14 **or 2116c**, failure of the person to provide proof that insurance
15 required by section 3101 was maintained in force with respect to
16 any vehicle owned and operated by the person or by a member of the
17 household of the person during the 6-month period immediately
18 preceding application or renewal of the policy. The proof must take
19 the form of a certification by the person that the required
20 insurance was maintained in force for the 6-month period with
21 respect to the vehicle.

22 (c) For purposes of insuring persons who have refused a
23 deductible lawfully required under section 2118(2)(h), the claim
24 experience of the person with respect to comprehensive coverage.

25 (d) Refusal of the person to pay a minimum deposit required
26 under section 2118(2)(g).

27 (e) A person's insurance eligibility point accumulation under
28 section 2103(1)(h), or the total insurance eligibility point
29 accumulation of all persons who account for 10% or more of the use

- 1 of 1 or more vehicles insured or to be insured under the policy.
- 2 (f) The type of vehicle insured or to be insured as provided
- 3 in section 2118(2)(e).