

HOUSE BILL No. 5779

April 23, 1998, Introduced by Reps. Stallworth, Hale, DeHart, Vaughn, Kaza, Cherry, Schauer, Leland, Scott, Freeman, Harder, Hanley, Olshove, Murphy, Rison, Quarles, Kilpatrick, Mans, Goschka, Callahan and Price and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2111 (MCL 500.2111), as amended by 1996
PA 98.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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
9 uniform basis throughout the state:

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

2 (i) Either the age of the driver; the length of driving
3 experience; or the number of years licensed to operate a motor
4 vehicle.

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

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

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

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

14 (vi) Daily or weekly commuting mileage.

15 (vii) Number of cars insured by the insurer or number of
16 licensed operators in the household. However, number of licensed
17 operators shall not be used as an indirect measure of marital
18 status.

19 (viii) Amount of insurance.

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

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

22 (i) Earned income.

23 (ii) Number of dependents of income earners insured under
24 the policy.

25 (iii) Coordination of benefits.

26 (iv) Use of a safety belt.

1 (c) In addition to the factors prescribed in subdivision
2 (a), with respect to collision and comprehensive coverages:

3 (i) The anticipated cost of vehicle repairs or replacement,
4 which may be measured by age, price, cost new, or value of the
5 insured automobile, and other factors directly relating to that
6 anticipated cost.

7 (ii) Vehicle make and model.

8 (iii) Vehicle design characteristics related to vehicle
9 damageability.

10 (iv) Vehicle characteristics relating to automobile theft
11 prevention devices.

12 (d) With respect to all automobile insurance coverage other
13 than comprehensive, successful completion by the individual
14 driver or drivers insured under the policy of an accident preven-
15 tion education course that meets the following criteria:

16 (i) The course shall include a minimum of 8 hours of class-
17 room instruction.

18 (ii) The course shall include, but not be limited to, a
19 review of all of the following:

20 (A) The effects of aging on driving behavior.

21 (B) The shapes, colors, and types of road signs.

22 (C) The effects of alcohol and medication on driving.

23 (D) The laws relating to the proper use of a motor vehicle.

24 (E) Accident prevention measures.

25 (F) The benefits of safety belts and child restraints.

26 (G) Major driving hazards.

1 (H) Interaction with other highway users such as
2 motorcyclists, bicyclists, and pedestrians.

3 (3) Each insurer shall establish a secondary or merit rating
4 plan for automobile insurance, other than comprehensive
5 coverage. A secondary or merit rating plan required under this
6 subsection shall provide for premium surcharges for any or all
7 coverages for automobile insurance, other than comprehensive cov-
8 erage, based upon any or all of the following, when that informa-
9 tion becomes available to the insurer:

10 (a) Substantially at-fault accidents.

11 (b) Convictions for, determinations of responsibility for
12 civil infractions for, or findings of responsibility in probate
13 court for civil infractions for, violations under chapter VI of
14 ~~Act No. 300 of the Public Acts of 1949, being sections 257.601~~
15 ~~to 257.750 of the Michigan Compiled Laws~~ THE MICHIGAN VEHICLE
16 CODE, 1949 PA 300, MCL 257.601 TO 257.750. However, beginning
17 ~~90 days after the effective date of this sentence~~ MAY 28, 1996,
18 an insured shall not be merit rated for a civil infraction under
19 chapter VI of ~~Act No. 300 of the Public Acts of 1949~~ THE
20 MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.601 TO 257.750, for a
21 period of time longer than that which the secretary of state's
22 office carries points for that infraction on the insured's motor
23 vehicle record.

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

1 (5) Notwithstanding other provisions of this chapter,
2 automobile insurance risks ~~may~~ SHALL NOT be grouped by
3 territory.

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

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

20 (a) Amount and types of coverage.

21 (b) Security and safety devices, including locks, smoke
22 detectors, and similar, related devices.

23 (c) Repairable structural defects reasonably related to
24 risk.

25 (d) Fire protection class.

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

1 (f) Loss experience of the insured, based upon prior claims
2 attributable to factors under the control of the insured that
3 have been paid by an insurer.

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

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

6 (i) Availability of law enforcement or crime prevention
7 services.

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

10 (9) An insurer may utilize factors in addition to those
11 specified in this section, if the commissioner finds, after a
12 hearing held pursuant to the administrative procedures act of
13 1969, ~~Act No. 306 of the Public Acts of 1969, being sections~~
14 ~~24.201 to 24.328 of the Michigan Compiled Laws~~ 1969 PA 306,
15 MCL 24.201 TO 24.328, that the factors would encourage innova-
16 tion, would encourage insureds to minimize the risks of loss from
17 hazards insured against, and would be consistent with the pur-
18 poses of this chapter.

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