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BILL ANALYSIS

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House Bill 4127 (Substitute H-3 as reported with amendments)
Sponsor: Representative Ken Daniels
House Committee: Insurance
Senate Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Insurance Code to prohibit an automobile insurance policy and an automobile insurer and its employees, agents, and adjusters from unreasonably restricting an insured from using a particular person, place, shop, or entity to provide any automobile repair or automobile glass repair or replacement service or product covered by the insurance policy. Before or at the time a claim was filed with an automobile insurer, the insurer would have to disclose whether it had an agreement with any repair or replacement facility to provide a repair or replacement service or product to an insured. The insurer also would have to inform the insured that he or she was not obligated to use a particular repair or replacement facility.

The bill would require the Office of Financial and Insurance Services (OFIS) to develop a plan to inform consumers of their rights regarding insurance coverage of automobile repairs and of their ability to report violations of their rights through OFIS's toll-free telephone number or website, and that the insurer was not required to pay more than a reasonable amount for repairs and parts. The plan would have to be developed and submitted to the Senate and House standing committees on insurance issues within six months after the bill's effective date.

Proposed MCL 500.2110b Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would require OFIS to develop a plan for informing consumers of their rights. This requirement would increase the administrative responsibility of the agency, but the cost would be covered by licensing and regulation fees. The bill would have no impact on the General Fund.

Date Completed: 5-18-04 Fiscal Analyst: Maria Tyszkiewicz

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.