

Legislative Analysis



STANDARD FOR EXCESSIVE INSURANCE RATES

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House Bill 5420

Sponsor: Rep. Marsha Cheeks

Committee: Insurance

Complete to 3-19-08

A PRELIMINARY SUMMARY OF HOUSE BILL 5420 AS INTRODUCED 11-7-07

The Insurance Code has a standard for insurance rates, including automobile insurance rates, that says, "Rates shall not be excessive, inadequate, or unfairly discriminatory."

In further spelling out these criteria, the Insurance Code says: "A rate shall not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist for the insurance to which the rate is applicable." House Bill 5420 would strike the underlined language.

The bill would also strike various provisions that refer to a determination by the commissioner of the Office of Financial and Insurance Services (OFIS) of whether or not a reasonable degree of competition exists.

MCL 500.2109, et al.

FISCAL IMPACT:

A fiscal analysis is in process.

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Fiscal Analyst: Mark Wolf

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