

HOUSE BILL No. 5634

December 1, 2009, Introduced by Reps. Stanley, Liss, Haugh, Gregory, Slavens, Segal, Switalski, Geiss, Huckleberry, Tlaib, Robert Jones, Durhal, Cushingberry, Womack, Lemmons, Young, Nathan, Lisa Brown, Roberts, Gonzales, Leland and Lipton and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 2027 (MCL 500.2027), as amended by 1998 PA 26, and by adding section 2027a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2027. Unfair methods of competition and unfair or
- 2 deceptive acts or practices in the business of insurance include:
- 3 (a) Refusing to insure, or refusing to continue to insure, or
- 4 limiting the amount of coverage available to an individual or risk
- 5 because of any of the following:
- 6 (i) Race, color, creed, marital status, sex, or national
- 7 origin, except that marital status may be used to classify
- 8 individuals or risks for the purpose of insuring family units.

1 (ii) The residence, age, disability, or lawful occupation of
2 the individual or the location of the risk, unless there is a
3 reasonable relationship between the residence, age, disability, or
4 lawful occupation of the individual or the location of the risk and
5 the extent of the risk or the coverage issued or to be issued, but
6 subject to subparagraph (iii) **AND SECTION 2027A**. This section shall
7 not prohibit an insurer from specializing in or limiting its
8 transactions of insurance to certain occupational groups, types, or
9 risks as approved by the commissioner. ~~of insurance.~~ The
10 commissioner shall approve the specialization for an insurer
11 licensed to do business in this state and whose articles of
12 incorporation contained a provision on July 1, 1976, requiring that
13 specialization.

14 (iii) For property insurance, the location of the risk, unless
15 there is a statistically significant relationship between the
16 location of the risk and a risk of loss due to fire within the area
17 in which the insured property is located. As used in this
18 subparagraph, "area" means a single zip code number under the
19 zoning improvement plan of the United States postal service.

20 (b) Refusing to insure or refusing to continue to insure an
21 individual or risk solely because the insured or applicant was
22 previously denied insurance coverage by an insurer.

23 (c) Charging a different rate for the same coverage based on
24 sex, marital status, age, residence, location of risk, disability,
25 or lawful occupation of the risk unless the rate differential is
26 based on sound actuarial principles, a reasonable classification
27 system, and is related to the actual and credible loss statistics

1 or reasonably anticipated experience in the case of new coverages
2 BUT SUBJECT TO SECTION 2027A. ~~This~~ EXCEPT AS PROVIDED IN SECTION
3 2027A, THIS subdivision shall ~~DOES~~ not apply if the rate has
4 previously been approved by the commissioner.

5 SEC. 2027A. (1) IT IS AN UNFAIR METHOD OF COMPETITION AND AN
6 UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSURANCE
7 FOR AN AUTOMOBILE INSURER TO REFUSE TO INSURE, REFUSE TO CONTINUE
8 TO INSURE, LIMIT THE AMOUNT OF COVERAGE AVAILABLE, OR CHARGE A
9 DIFFERENT RATE OR PREMIUM FOR THE SAME COVERAGE BASED ON ANY OF THE
10 FOLLOWING FOR AN INSURED OR APPLICANT:

11 (A) EMPLOYMENT.

12 (B) TRADE.

13 (C) BUSINESS.

14 (D) OCCUPATION.

15 (E) PROFESSION.

16 (F) EDUCATION LEVEL.

17 (G) CREDIT HISTORY OR LACK OF CREDIT HISTORY.

18 (2) SUBSECTION (1) (A) TO (F) DOES NOT PROHIBIT A DISCOUNT
19 BASED ON EXPENSE SAVINGS RELATED TO GROUP, BLANKET, OR FRANCHISE
20 AUTOMOBILE INSURANCE.

21 Enacting section 1. This amendatory act takes effect January
22 1, 2010.