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Senate Bill 282 (as introduced 4-20-23)  
Sponsor: Senator Sylvia Santana  
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 10-31-23

## **CONTENT**

**The bill would amend the Insurance Code to specify that an automobile insurer could not refuse to insure or modify coverage and costs of insurance solely because of an individual's failure to maintain insurance while incarcerated.**

Generally, unless otherwise specified, the owner or registrant of a registered motor vehicle must maintain personal protection insurance and property protection insurance as required under Chapter 31 (Motor Vehicle Personal and Property Protection), and residual liability insurance.

The bill would prohibit an automobile insurer from refusing to insure, refusing to continue to insure, limiting coverage available to, charging a reinstatement fee for, or increasing the premiums for automobile insurance for an individual who was an eligible person solely because the individual failed to maintain insurance for a vehicle owned by the individual during the 6-month period preceding the application if the individual provided the insurer a certified statement described below with the application.

The individual applying for insurance would have to certify that the individual was a prisoner in a correctional facility and was released from imprisonment within 6 months before the application for insurance. "Correctional facility" would mean a facility or institution which is maintained and operated by the Department of Corrections.

Additionally, the bill would include this provision in the underwriting rules that an insurer may establish.

MCL 500.2118 et al

Legislative Analyst: Eleni Lionas

## **FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on State government and no fiscal impact on local units of government. An insurer who violated the bill would be afforded a hearing before the Director of the Department of Insurance and Financial Services. The cost of hearings and associated administrative expenses likely would be sufficiently met by existing appropriations. If the Director determined that a violation of the Act had occurred, the Director could impose a civil fine of not more than \$1,000 per violation, or of not more than \$5,000 if it were determined that the insurer should have reasonably known the insurer was in violation of the Act. There is a \$50,000 cap on civil fines ordered by the Director for these violations. The revenue collected from civil fines is distributed to local libraries and county law libraries.

Fiscal Analyst: Joe Carrasco, Jr.  
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