

**SUBSTITUTE FOR
HOUSE BILL NO. 5694**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2025 (MCL 500.2025).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2025. ~~(1) Nothing in sections 2017 through 2024 shall be~~
2 ~~construed as including within the definition of discrimination or~~
3 ~~rebates any of the~~ **The following practices are not included in the**
4 **definition of discrimination or rebates in sections 2017 to 2024:**

5 **(a)** ~~(1) In the case of any~~ **For a** contract of life insurance or
6 life annuity, paying bonuses to policyholders or otherwise abating
7 ~~their~~ **the policy holder's** premiums in whole or in part out of
8 surplus accumulated from non-participating insurance. ~~± Provided,~~
9 ~~That any such~~ **However, any** bonuses or abatement of premiums shall



1 **must** be fair and equitable to policyholders and for the best
2 interest of the company and its policyholders. †

3 **(b)** ~~(2) In the case of~~ **For** life insurance policies issued on
4 the industrial debit plan, making allowance to policyholders who
5 have continuously for a specified period made premium payments
6 directly to an office of the insurer in an amount ~~which~~ **that** fairly
7 represents the saving in collection expense. †

8 **(c)** ~~(3)~~ Readjustment of the rate of premium for a group
9 insurance policy based on the loss or expense experience
10 ~~thereunder,~~ **under the group insurance policy**, at the end of the
11 first or any subsequent policy year of **the group** insurance
12 ~~thereunder, which~~ **policy, that** may be made retroactive only for
13 ~~such~~ **the group insurance** policy year.

14 **(2)** An insurer offering life, disability, long-term care,
15 excepted benefits, or property and casualty insurance products, by
16 or through its employees, affiliates, insurance producers, or
17 third-party representatives, or an insurance producer acting on the
18 insurance producer's behalf, may offer or provide, for free or at a
19 discounted price, value-added products or services that are not
20 specified in the policy of insurance if the product or service
21 meets the following criteria:

22 **(a)** Relates to the insurance coverage.

23 **(b)** Is primarily designed to satisfy 1 or more of the
24 following objectives:

25 **(i)** Provides loss mitigation or loss control.

26 **(ii)** Reduces claim costs or claim settlement costs.

27 **(iii)** Provides education about liability risks or risk of loss
28 to persons or property.

29 **(iv)** Monitors or assesses risk, identifies sources of risk, or



1 develops strategies for eliminating or reducing risk.

2 (v) Enhances health.

3 (vi) Enhances financial wellness through items such as
4 education or financial planning services.

5 (vii) Provides post-loss services.

6 (viii) Incentivizes behavioral changes to improve the health or
7 reduce the risk of death or disability of a customer.

8 (ix) Assists in the administration of the employee or retiree
9 benefit insurance coverage.

10 (c) The cost to the insurer or producer offering the product
11 or service to any given customer must be reasonable in comparison
12 to that customer's premiums or insurance coverage for the policy
13 class.

14 (d) If the insurer or producer is providing the product or
15 service offered, the insurer or producer must ensure that the
16 customer is provided with contact information to assist the
17 customer with questions regarding the product or service.

18 (3) The director may adopt rules under the administrative
19 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, when
20 implementing this section to ensure consumer protection, including,
21 but not limited to, rules, consistent with applicable law, that
22 address consumer data protections, privacy and consumer disclosure,
23 and unfair discrimination.

