

SENATE BILL NO. 709

February 07, 2024, Introduced by Senators SANTANA and SHINK and referred to the Committee of the Whole.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2118 (MCL 500.2118), as amended by 2019 PA 21.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2118. (1) As a condition of maintaining its certificate
2 of authority, an insurer shall not refuse to insure, refuse to
3 continue to insure, or limit coverage available to an eligible
4 person for automobile insurance, except in accordance with
5 underwriting rules established as provided in this section and
6 sections 2119 and 2120.

1 (2) The underwriting rules that an insurer may establish for
2 automobile insurance must be based only on the following:

3 (a) Criteria identical to the standards set forth in section
4 2103(1).

5 (b) The insurance eligibility point accumulation in excess of
6 the amounts established by section 2103(1) of a member of the
7 household of the eligible person insured or to be insured, if the
8 member of the household usually accounts for 10% or more of the use
9 of a vehicle insured or to be insured. For purposes of this
10 subdivision, a person who is the principal driver for 1 automobile
11 insurance policy is rebuttably presumed not to usually account for
12 more than 10% of the use of other vehicles of the household not
13 insured under the policy of that person.

14 (c) With respect to a vehicle insured or to be insured,
15 substantial modifications from the vehicle's original manufactured
16 state for purposes of increasing the speed or acceleration
17 capabilities of the vehicle.

18 (d) Except as otherwise provided in section 2116a, ~~or~~ 2116b,
19 **or 2116c**, failure by the person to provide proof that insurance
20 required by section 3101 was maintained in force with respect to
21 any vehicle that was both owned by the person and driven or moved
22 by the person or by a member of the household of the person during
23 the 6-month period immediately preceding application. The proof
24 must take the form of a certification by the person on a form
25 provided by the insurer that the vehicle was not driven or moved
26 without maintaining the insurance required by section 3101 during
27 the 6-month period immediately preceding application.

28 (e) Type of vehicle insured or to be insured, based on 1 of
29 the following, without regard to the age of the vehicle:

1 (i) The vehicle is of limited production or of custom
2 manufacture.

3 (ii) The insurer does not have a rate lawfully in effect for
4 the type of vehicle.

5 (iii) The vehicle represents exposure to extraordinary expense
6 for repair or replacement under comprehensive or collision
7 coverage.

8 (f) Use of a vehicle insured or to be insured for
9 transportation of passengers for hire, for rental purposes, or for
10 commercial purposes. Rules under this subdivision must not be based
11 on the use of a vehicle for volunteer or charitable purposes or for
12 which reimbursement for normal operating expenses is received.

13 (g) Payment of a minimum deposit at the time of application or
14 renewal, not to exceed the smallest deposit required under an
15 extended payment or premium finance plan customarily used by the
16 insurer.

17 (h) For purposes of requiring comprehensive deductibles of not
18 more than \$150.00, or of refusing to insure if the person refuses
19 to accept a required deductible, the claim experience of the person
20 with respect to comprehensive coverage.

21 (i) Total abstinence from the consumption of alcoholic
22 beverages except if such beverages are consumed as part of a
23 religious ceremony. However, an insurer shall not use an
24 underwriting rule based on this subdivision unless the insurer was
25 authorized to transact automobile insurance in this state before
26 January 1, 1981, and has consistently used such an underwriting
27 rule as part of the insurer's automobile insurance underwriting
28 since being authorized to transact automobile insurance in this
29 state.

1 (j) One or more incidents involving a threat, harassment, or
2 physical assault by the insured or applicant for insurance on an
3 insurer employee, agent, or agent employee while acting within the
4 scope of his or her employment, if a report of the incident was
5 filed with an appropriate law enforcement agency.

6 Enacting section 1. This amendatory act does not take effect
7 unless all of the following bills of the 102nd Legislature are
8 enacted into law:

9 (a) Senate Bill No. 282.

10 (b) Senate Bill No. 708.