

# Act insures against unfair policy prerequisites

By DONNA LOMAS

If you're a male and suspect you pay too much for car insurance, a new insurance law may reduce your rates.

Your female counterpart, however, may find her insurance rates going up after Jan. 1.

If your home insurance rates are higher because you live in a certain area, and/or you believe all companies charge the same rates for home and auto insurance, the new insurance law will help you discard those fears.

The Michigan Essential Insurance Act, going into effect after the first of the year, will make car and home insurance available to nearly everyone in the state. In addition, it will restrict charging higher insurance rates to people on the basis of factors over which they have no control such as gender or home location.

The law requires insurance companies to inform their customers at least once a year which factors are used in setting insurance rates, and customers can ask the company for information used to calculate their insurance bill. The insurer will also inform clients of the methods to protest rate determination. If you have been refused insur-

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ance, or think you have been charged too much, you will be entitled to an oral explanation and, upon request, a written reason.

Proponents of the new law say the key to competitive rates among insurance companies will depend on the consumer.

"WE STRONGLY encourage people to shop around for the best price on car and home insurance," said Barbara Edwards, a State Insurance Commission analyst.

"Comparison shopping in the insurance marketplace will serve to keep rates lower for the consumer," she added.

Home insurance rates will not be based on sex or marital status, although age will continue to be a factor in determining individual rates. Individual driving records will become more important, as will the type of car driven, income of the driver, number of miles driven and other criteria.

Young, female drivers with good driving records might expect a raise in their rates to offset the decline in rates to young male drivers with good driving records because age, but not gender, will continue to be used to set rates.

Home insurance rates may go up in suburban communities to offset a decline in rates for urban areas, Ms. Edwards said.

DRIVERS WHO want to buy car insurance will have to meet certain eligibility requirements according to the new law. Grounds for refusal of car insurance still include a suspended or revoked license; conviction within the past five years of insurance fraud or in the past three years of a felony resulting from operating a motor vehicle,

driving under the influence of alcohol or drugs, leaving the scene of an accident which resulted in the death of someone; failure to meet vehicle safety requirements; failure to obtain membership in a club where membership is needed to buy insurance; or accumulation in the past three years of more than five points (if applying for insurance before Dec. 31, 1982) or six points (if applying on or after Jan. 1, 1983).

"THE NEW law addresses eligibility requirements for home insurance as well.

The requirements are similar to car insurance eligibility, but ineligibility is expanded to include conviction of arson, malicious destruction, illegal or hazardous use of a dwelling, refusal to purchase reasonable amounts of insurance to protect, replace or repair the dwelling, non payment of property taxes for two years, and other related factors.

In determining whether or not a person is eligible to purchase home insurance, however, the following factors

cannot be considered: location, age or market value of the dwelling; amount of insurance being requested; or race, color, creed, marital status, sex, national origin, residence, age, handicap or lawful occupation of the applicant.

The criteria an insurer does decide to use will be filed with the commissioner of insurance for informational purposes only.

"There have been indications of heavy redlining in urban areas," said state Rep. Matthew MacNeely, chairman of the state House Insurance Commission. "This bill will eliminate that discrimination."

According to Terry Buckles, president of the Michigan Association of Insurance Companies (MAIC), the final version of the essential insurance law was not supported by either MAIC nor most segments of the industry.

Although MAIC disagrees with the new law, Buckles said persons wishing to know more about essential insurance can call the MAIC hotline at 1-800-292-0712.

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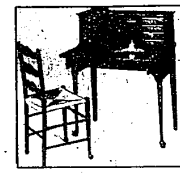
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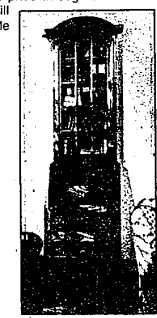
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