

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1**

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 150, 2105, 2106, 2108, 2111, 2118, 2120, 3101,  
3101a, 3104, 3107, 3111, 3112, 3113, 3114, 3115, 3135, 3142, 3145,  
3148, 3157, 3163, 3172, 3173a, 3174, 3175, and 3177 (MCL 500.150,  
500.2105, 500.2106, 500.2108, 500.2111, 500.2118, 500.2120,  
500.3101, 500.3101a, 500.3104, 500.3107, 500.3111, 500.3112,  
500.3113, 500.3114, 500.3115, 500.3135, 500.3142, 500.3145,  
500.3148, 500.3157, 500.3163, 500.3172, 500.3173a, 500.3174,  
500.3175, and 500.3177), section 150 as amended by 1992 PA 182,  
section 2108 as amended by 2015 PA 141, section 2111 as amended by  
2012 PA 441, sections 2118 and 2120 as amended by 2007 PA 35,  
section 3101 as amended by 2017 PA 140, section 3101a as amended by



2018 PA 510, section 3104 as amended by 2002 PA 662, section 3107 as amended by 2012 PA 542, section 3113 as amended by 2016 PA 346, section 3114 as amended by 2016 PA 347, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, sections 3172, 3173a, 3174, and 3175 as amended by 2012 PA 204, and section 3177 as amended by 1984 PA 426, and by adding sections 261, 2111f, 2116b, 3107c, 3107d, 3107e, 3157a, 3157b and chapter 63.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 150. (1) ~~Any~~ **Except as provided in subsection (5), any**  
 2 person who violates any provision of this act for which a specific  
 3 penalty is not provided under any other provision of this act or of  
 4 other laws applicable to the violation ~~shall~~ **must** be afforded an  
 5 opportunity for a hearing before the ~~commissioner pursuant to~~  
 6 **director under** the administrative procedures act of 1969, ~~Act No.~~  
 7 ~~306 of the Public Acts of 1969, being sections~~ **1969 PA 306, MCL**  
 8 ~~24.201 to 24.328. of the Michigan Compiled Laws.~~ If the  
 9 ~~commissioner~~ **director** finds that a violation has occurred, the  
 10 ~~commissioner~~ **director** shall reduce the findings and decision to  
 11 writing and ~~shall~~ issue and cause to be served ~~upon~~ **on** the person  
 12 charged with the violation a copy of the findings and an order  
 13 requiring the person to cease and desist from the violation. In  
 14 addition, the ~~commissioner~~ **director** may order any of the following:  
 15           (a) Payment of a civil fine of not more than \$500.00 for each  
 16 violation. However, if the person knew or reasonably should have  
 17 known that he or she was in violation of this act, the ~~commissioner~~  
 18 **director** may order the payment of a civil fine of not more than  
 19 \$2,500.00 for each violation. With respect to filings made under  
 20 chapters 21, 22, 23, 24, and 26, "violation" means a filing not in  
 21 compliance with ~~the provisions of~~ those chapters and does not



1 include an action with respect to an individual policy based ~~upon~~  
 2 **on a noncomplying filing. With respect to an act or omission**  
 3 **described in section 4503, a fine under this section may be ordered**  
 4 **in addition to and not instead of a penalty or restitution under**  
 5 **section 4511.** An order of the ~~commissioner~~**director** under this  
 6 subdivision ~~shall~~**must** not require the payment of civil fines  
 7 exceeding ~~\$25,000.00.~~**\$50,000.00.** A fine collected under this  
 8 subdivision ~~shall~~**must** be turned over to the state treasurer and  
 9 credited to the general fund, **except that a fine collected for an**  
 10 **act or omission under section 4503 must be credited to the**  
 11 **automobile insurance fraud fund created in section 6304.**

12 (b) The suspension, limitation, or revocation of the person's  
 13 license or certificate of authority.

14 (2) After notice and opportunity for hearing, the ~~commissioner~~  
 15 **director** may by order reopen and alter, modify, or set aside, in  
 16 whole or in part, an order issued under this section if, in the  
 17 ~~commissioner's~~**director's** opinion, conditions of fact or law have  
 18 changed to require that action or the public interest requires that  
 19 action.

20 (3) If a person knowingly violates a cease and desist order  
 21 under this section and has been given notice and an opportunity for  
 22 a hearing held ~~pursuant to Act No. 306 of the Public Acts under the~~  
 23 **administrative procedures act** of 1969, **1969 PA 306, MCL 24.201 to**  
 24 **24.328,** the ~~commissioner~~**director** may order a civil fine of  
 25 \$10,000.00 for each violation, or a suspension, limitation, or  
 26 revocation of ~~a~~**the** person's license, or both. A fine collected  
 27 under this subsection ~~shall~~**must** be turned over to the state  
 28 treasurer and credited to the general fund, **except that if the**  
 29 **cease and desist order related to an act or omission under section**



1 4503, the fine must be credited to the automobile insurance fraud  
2 fund created in section 6304.

3 (4) The ~~commissioner~~ director may apply to the Ingham ~~county~~  
4 County circuit court for an order of the court enjoining a  
5 violation of this act.

6 (5) Notwithstanding the limitation in subsection (1) of the  
7 applicability of this section to a violation for which a specific  
8 penalty is not provided, the provisions of subsection (1) relating  
9 to a civil fine and license sanctions, and subsections (2) to (4)  
10 apply to an act or omission described in section 4503.

11 Sec. 261. (1) The department shall maintain on its internet  
12 website a page that does all of the following:

13 (a) Advises that the department may be able to assist a person  
14 who believes that an automobile insurer is not paying benefits, not  
15 making timely payments, or otherwise not performing as it is  
16 obligated to do under an insurance policy.

17 (b) Advises the person of selected important rights that the  
18 person has under chapter 20 that specifically relate to automobile  
19 insurers and the payment of benefits by automobile insurers.

20 (c) Allows the person to submit an explanation of the facts of  
21 the person's problems with the automobile insurer.

22 (d) Allows the person to submit electronically, or instructs  
23 the person how to provide paper copies of, any documentation to  
24 support the facts submitted under subdivision (c).

25 (e) Explains to the person the steps that the department will  
26 take and that may be taken after information is submitted under  
27 this section.

28 (f) Anything else that the director determines to be important  
29 in relation to subdivisions (a) to (e).



1           (2) The department shall maintain on its internet website a  
 2 page that advises consumers about the changes to automobile  
 3 insurance in this state that were made by the amendatory act that  
 4 added this section, including, among any other information that the  
 5 director determines to be important, ways to shop competitively for  
 6 insurance.

7           (3) The department shall maintain on its internet website a  
 8 page that allows a person to report insurance fraud and unfair  
 9 settlement and claims practices to the department.

10           Sec. 2105. (1) ~~No~~**A** policy of automobile insurance or home  
 11 insurance shall ~~must not~~ be offered, bound, made, issued, delivered  
 12 or renewed in this state ~~on and after January 1, 1981, except in~~  
 13 ~~conformity with~~**unless the policy conforms to** this chapter. ~~This~~  
 14 ~~chapter shall not apply to policies of automobile insurance or home~~  
 15 ~~insurance offered, bound, made, issued, delivered or renewed in~~  
 16 ~~this state before January 1, 1981.~~

17           (2) ~~This~~**Except as otherwise expressly provided in subsection**  
 18 **(3) and this chapter, this** chapter shall ~~does~~ not apply to  
 19 insurance written on a group, franchise, blanket policy, or similar  
 20 basis ~~which~~**that** offers home insurance or automobile insurance to  
 21 all members of the group, franchise plan, or blanket coverage who  
 22 are eligible persons.

23           (3) An insurer, including, but not limited to, an insurer that  
 24 writes insurance as described in subsection (2) and an insurer that  
 25 is exempted from any of the requirements of this chapter for any  
 26 reason, shall not establish or maintain rates or rating  
 27 classifications for automobile insurance based on a factor that is  
 28 not allowed, or that is prohibited, under section 2111.

29           Sec. 2106. (1) Except as specifically provided in this



1 chapter, ~~the provisions of chapter 24 and chapter 26 shall~~ do not  
 2 apply to automobile insurance and home insurance.

3 (2) **Subject to section 2108(6), an insurer shall file and use**  
 4 **rates for automobile insurance in accordance with chapter 24.**

5 (3) An insurer may use rates for ~~automobile insurance or home~~  
 6 insurance as soon as those rates are filed.

7 (4) To the extent that other provisions of this ~~code~~ act are  
 8 inconsistent with ~~the provisions of this chapter,~~ this chapter  
 9 ~~shall govern~~ **governs** with respect to automobile insurance and home  
 10 insurance.

11 Sec. 2108. (1) On the effective date of a manual of  
 12 classification, manual of rules and rates, rating plan, or  
 13 modification of a manual of classification, manual of rules and  
 14 rates, or rating plan that an insurer proposes to use for  
 15 ~~automobile insurance or home insurance,~~ the insurer shall file the  
 16 manual or plan with the director. **For automobile insurance, an**  
 17 **insurer shall file a manual or plan described in this subsection in**  
 18 **accordance with subsection (6).** Each filing under this subsection  
 19 must state the character and extent of the coverage contemplated.  
 20 An insurer that is subject to this chapter and that maintains rates  
 21 in any part of this state shall at all times maintain rates in  
 22 effect for all eligible persons meeting the underwriting criteria  
 23 of the insurer.

24 (2) An insurer may satisfy its obligation to make filings  
 25 under subsection (1) by becoming a member of, or a subscriber to, a  
 26 rating organization licensed under chapter 24 or chapter 26 that  
 27 makes the filings, and by filing with the director a copy of its  
 28 authorization of the rating organization to make the filings on its  
 29 behalf. This chapter does not require an insurer to become a member



1 of or a subscriber to a rating organization. An insurer may file  
2 and use deviations from filings made on its behalf. The deviations  
3 are subject to this chapter.

4 (3) A filing under this section must be accompanied by a  
5 certification by or on behalf of the insurer that, to the best of  
6 the insurer's information and belief, the filing conforms to the  
7 requirements of this chapter.

8 (4) A filing under this section must include information that  
9 supports the filing with respect to the requirements of section  
10 2109. The information may include 1 or more of the following:

11 (a) The experience or judgment of the insurer or rating  
12 organization making the filing.

13 (b) The interpretation of the insurer or rating organization  
14 of any statistical data it relies on.

15 (c) The experience of other insurers or rating organizations.

16 (d) Any other relevant information.

17 (5) Except as otherwise provided in this subsection, the  
18 department shall make a filing under this section and any  
19 accompanying information open to public inspection on filing. An  
20 insurer or a rating organization filing on the insurer's behalf may  
21 designate information included in the filing or any accompanying  
22 information as a trade secret. The insurer or the rating  
23 organization filing on behalf of the insurer shall demonstrate to  
24 the director that the designated information is a trade secret. If  
25 the director determines that the information is a trade secret, the  
26 information is not subject to public inspection and is exempt from  
27 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.  
28 As used in this subsection, "trade secret" means that term as  
29 defined in section 2 of the uniform trade secrets act, 1998 PA 448,



1 MCL 445.1902. However, trade secret does not include filings and  
 2 information accompanying filings under this section that were  
 3 subject to public inspection before ~~the effective date of the~~  
 4 ~~amendatory act that added this sentence.~~ **January 11, 2016.**

5 (6) For automobile insurance, an insurer shall file a manual  
 6 or plan described in this subsection in accordance with chapter 24,  
 7 except that the manual or plan must remain on file for a waiting  
 8 period of 90 days before it becomes effective, which period may not  
 9 be extended by the director, and the waiting period applies  
 10 regardless of whether supporting information is required by the  
 11 director under section 2406(1).

12 (7) ~~(6)~~—An insurer shall not make, issue, or renew a contract  
 13 or policy except in accordance with filings that are in effect for  
 14 the insurer under this chapter.

15 (8) A filing under this chapter must specify that the insurer  
 16 will not refuse to insure, refuse to continue to insure, or limit  
 17 the amount of coverage available because of the location of the  
 18 risk, and that the insurer recognizes those practices to constitute  
 19 redlining. An insurer shall not engage in redlining as described in  
 20 this subsection.

21 Sec. 2111. (1) Notwithstanding any provision of this act or  
 22 this chapter to the contrary, classifications and ~~territorial~~-base  
 23 rates used by an insurer in this state with respect to automobile  
 24 insurance or home insurance ~~shall~~**must** conform to the applicable  
 25 requirements of this section.

26 (2) Classifications established under this section for  
 27 automobile insurance ~~shall~~**must** be based only on 1 or more of the  
 28 following factors, which ~~shall~~**must** be applied by an insurer on a  
 29 uniform basis throughout this state:



1 (a) With respect to all automobile insurance coverages:

2 (i) Either the age of the driver; the length of driving  
3 experience; or the number of years licensed to operate a motor  
4 vehicle.

5 (ii) Driver primacy, based on the proportionate use of each  
6 vehicle insured under the policy by individual drivers insured or  
7 to be insured under the policy.

8 (iii) Average miles driven weekly, annually, or both.

9 (iv) Type of use, such as business, farm, or pleasure use.

10 (v) Vehicle characteristics, features, and options, such as  
11 engine displacement, ability of the vehicle and its equipment to  
12 protect passengers from injury, and other similar items, including  
13 vehicle make and model.

14 (vi) Daily or weekly commuting mileage.

15 (vii) Number of cars insured by the insurer or number of  
16 licensed operators in the household. However, number of licensed  
17 operators ~~shall~~**must** not be used as an indirect measure of marital  
18 status.

19 (viii) Amount of insurance.

20 (b) In addition to the factors prescribed in subdivision (a),  
21 with respect to personal protection insurance coverage:

22 (i) Earned income.

23 (ii) Number of dependents of income earners insured under the  
24 policy.

25 (iii) Coordination of benefits.

26 (iv) Use of a safety belt.

27 (c) In addition to the factors prescribed in subdivision (a),  
28 with respect to collision and comprehensive coverages:



1 (i) The anticipated cost of vehicle repairs or replacement,  
2 which may be measured by age, price, cost new, or value of the  
3 insured automobile, and other factors directly relating to that  
4 anticipated cost.

5 (ii) Vehicle make and model.

6 (iii) Vehicle design characteristics related to vehicle  
7 damageability.

8 (iv) Vehicle characteristics relating to automobile theft  
9 prevention devices.

10 (d) With respect to all automobile insurance coverage other  
11 than comprehensive, successful completion by the individual driver  
12 or drivers insured under the policy of an accident prevention  
13 education course that meets the following criteria:

14 (i) The course ~~shall~~**must** include a minimum of 8 hours of  
15 classroom instruction.

16 (ii) The course ~~shall~~**must** include, but not be limited to, a  
17 review of all of the following:

18 (A) The effects of aging on driving behavior.

19 (B) The shapes, colors, and types of road signs.

20 (C) The effects of alcohol and medication on driving.

21 (D) The laws relating to the proper use of a motor vehicle.

22 (E) Accident prevention measures.

23 (F) The benefits of safety belts and child restraints.

24 (G) Major driving hazards.

25 (H) Interaction with other highway users, such as  
26 motorcyclists, bicyclists, and pedestrians.

27 (3) Each insurer shall establish a secondary or merit rating  
28 plan for automobile insurance, other than comprehensive coverage. A  
29 secondary or merit rating plan required under this subsection ~~shall~~



1 **must** provide for premium surcharges for ~~any or all~~ coverages for  
2 automobile insurance, other than comprehensive coverage, based ~~upon~~  
3 **on** any ~~or all~~ of the following, when that information becomes  
4 available to the insurer:

5 (a) Substantially at-fault accidents.

6 (b) Convictions for, determinations of responsibility for  
7 civil infractions for, or findings of responsibility in probate  
8 court for civil infractions for violations under chapter VI of the  
9 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.

10 However, an insured ~~shall~~ **must** not be merit rated for a civil  
11 infraction under chapter VI of the Michigan vehicle code, 1949 PA  
12 300, MCL 257.601 to 257.750, for a period of time longer than that  
13 which the secretary of state's office carries points for that  
14 infraction on the insured's motor vehicle record.

15 (4) An insurer shall not establish or maintain rates or rating  
16 classifications for automobile insurance based on sex or marital  
17 status **or a nondriving factor**.

18 (5) Notwithstanding other provisions of this chapter,  
19 automobile insurance risks may be grouped by territory.

20 (6) This section does not limit insurers or rating  
21 organizations from establishing and maintaining statistical  
22 reporting territories. This section does not prohibit an insurer  
23 from establishing or maintaining, for automobile insurance, a  
24 premium discount plan for senior citizens in this state who are 65  
25 years of age or older, if the plan is uniformly applied by the  
26 insurer throughout this state. If an insurer has not established  
27 and maintained a premium discount plan for senior citizens, the  
28 insurer shall offer reduced premium rates to senior citizens in  
29 this state who are 65 years of age or older and who drive less than



1 3,000 miles per year, regardless of statistical data.

2 (7) Classifications established under this section for home  
3 insurance other than inland marine insurance provided by policy  
4 floaters or endorsements ~~shall~~**must** be based only on 1 or more of  
5 the following factors:

6 (a) Amount and types of coverage.

7 (b) Security and safety devices, including locks, smoke  
8 detectors, and similar, related devices.

9 (c) Repairable structural defects reasonably related to risk.

10 (d) Fire protection class.

11 (e) Construction of structure, based on structure size,  
12 building material components, and number of units.

13 (f) Loss experience of the insured, based on prior claims  
14 attributable to factors under the control of the insured that have  
15 been paid by an insurer. An insured's failure, after written notice  
16 from the insurer, to correct a physical condition that presents a  
17 risk of repeated loss ~~shall be considered~~**is** a factor under the  
18 control of the insured for purposes of this subdivision.

19 (g) Use of smoking materials within the structure.

20 (h) Distance of the structure from a fire hydrant.

21 (i) Availability of law enforcement or crime prevention  
22 services.

23 (8) Notwithstanding other provisions of this chapter, home  
24 insurance risks may be grouped by territory.

25 (9) An insurer may use factors in addition to those permitted  
26 by this section for insurance if the plan is consistent with the  
27 purposes of this act and reflects reasonably anticipated reductions  
28 or increases in losses or expenses.

29 **(10) As used in this section, "nondriving factors" means any**



1 factor for which there is no rational correlation between the  
2 factor and insurance losses. The director shall promulgate rules  
3 under the administrative procedures act of 1969, 1969 PA 306, MCL  
4 24.201 to 24.328, to establish the factors that are nondriving  
5 factors. After the rules are promulgated under this subsection, an  
6 insurer shall not use a factor to establish a rate for automobile  
7 insurance if the factor is in the rules promulgated under this  
8 subsection.

9       Sec. 2111f. (1) Before 6 months after the effective date of  
10 the amendatory act that added this section, an insurer that offers  
11 automobile insurance in this state shall file premium rates for  
12 personal protection insurance coverage for automobile insurance  
13 policies effective after 6 months after the effective date of the  
14 amendatory act that added this section and before 1 year and 6  
15 months after the effective date of the amendatory act that added  
16 this section.

17       (2) The premium rates filed under subsection (1), and any  
18 subsequent premium rates filed by the insurer for personal  
19 protection insurance coverage under automobile insurance policies  
20 effective before 5 years and 6 months after the effective date of  
21 the amendatory act that added this section, must result, as nearly  
22 as practicable, in an average reduction per vehicle from the  
23 premium rates for personal protection insurance coverage that were  
24 in effect for the insurer on May 1, 2019 as follows:

25       (a) For policies subject to the coverage limits under section  
26 3107c(1) (a), an average 80% or greater reduction per vehicle.

27       (b) For policies subject to the coverage limits under section  
28 3107c(1) (b), an average 60% or greater reduction per vehicle.

29       (c) For policies subject to the coverage limits under section



1 3107c(1)(c), an average 30% or greater reduction per vehicle.

2 (d) For policies not subject to any coverage limit under  
3 section 3107c(1)(d), an average 10% or greater reduction per  
4 vehicle.

5 (3) For a policy under which an election under section 3107d  
6 has been made to not maintain coverage for personal protection  
7 insurance benefits payable under section 3107(1)(a), the premium  
8 rates filed under subsection (1), and any subsequent premium rates  
9 filed by the insurer for personal protection insurance coverage  
10 under automobile insurance policies effective before 5 years and 6  
11 months after the effective date of the amendatory act that added  
12 this section, must result in no premium charge for coverage for  
13 personal protection insurance benefits payable under section  
14 3107(1)(a).

15 (4) The director shall review premium rates filed by an  
16 insurer under subsections (1) to (3) for compliance with  
17 subsections (1) to (3). The director shall disapprove a filing that  
18 does not comply with subsections (1) to (3).

19 (5) If the director disapproves a premium rate filing under  
20 subsection (4), the insurer shall submit a revised premium rate  
21 filing to the director within 15 days of the disapproval. The  
22 premium rate filing is subject to review in the same manner as an  
23 original premium rate filing under subsection (4).

24 (6) After 6 months after the effective date of the amendatory  
25 act that added this section and before 5 years and 6 months after  
26 the effective date of the amendatory act that added this section,  
27 an insurer shall not issue or renew an automobile insurance policy  
28 in this state unless the premium rates filed by the insurer for  
29 personal protection insurance coverage are approved under this



1 section.

2 (7) For purposes of calculating a personal protection  
3 insurance premium or premium rate under this section, the premium  
4 includes the catastrophic claims assessment imposed under section  
5 3104.

6 Sec. 2116b. (1) Subject to subsection (2), an automobile  
7 insurer shall not refuse to insure, refuse to continue to insure,  
8 limit coverage available to, charge a reinstatement fee for, or  
9 increase the premiums for automobile insurance for an eligible  
10 person solely because the person previously failed to maintain  
11 insurance required by section 3101 for a vehicle owned by the  
12 person.

13 (2) This section only applies to an eligible person that  
14 applies for automobile insurance within 1 year after the effective  
15 date of this section.

16 Sec. 2118. (1) As a condition of maintaining its certificate  
17 of authority, an insurer shall not refuse to insure, refuse to  
18 continue to insure, or limit coverage available to an eligible  
19 person for automobile insurance, except in accordance with  
20 underwriting rules established pursuant to ~~as provided in~~ this  
21 section and sections 2119 and 2120.

22 (2) The underwriting rules that an insurer may establish for  
23 automobile insurance ~~shall~~ **must** be based only on the following:

24 (a) Criteria identical to the standards set forth in section  
25 2103(1).

26 (b) The insurance eligibility point accumulation in excess of  
27 the amounts established by section 2103(1) of a member of the  
28 household of the eligible person insured or to be insured, if the  
29 member of the household usually accounts for 10% or more of the use



1 of a vehicle insured or to be insured. For purposes of this  
 2 subdivision, a person who is the principal driver for 1 automobile  
 3 insurance policy ~~shall be~~ **is** rebuttably presumed not to usually  
 4 account for more than 10% of the use of other vehicles of the  
 5 household not insured under the policy of that person.

6 (c) With respect to a vehicle insured or to be insured,  
 7 substantial modifications from the vehicle's original manufactured  
 8 state for purposes of increasing the speed or acceleration  
 9 capabilities of the vehicle.

10 (d) Except as otherwise provided in section 2116a **or 2116b**,  
 11 failure by the person to provide proof that insurance required by  
 12 section 3101 was maintained in force with respect to any vehicle  
 13 that was both owned by the person and driven or moved by the person  
 14 or by a member of the household of the person during the 6-month  
 15 period immediately preceding application. ~~Such~~ **The** proof ~~shall~~ **must**  
 16 take the form of a certification by the person on a form provided  
 17 by the insurer that the vehicle was not driven or moved without  
 18 maintaining the insurance required by section 3101 during the 6-  
 19 month period immediately preceding application.

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

22 (i) The vehicle is of limited production or of custom  
 23 manufacture.

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

26 (iii) The vehicle represents exposure to extraordinary expense  
 27 for repair or replacement under comprehensive or collision  
 28 coverage.

29 (f) Use of a vehicle insured or to be insured for



1 transportation of passengers for hire, for rental purposes, or for  
2 commercial purposes. Rules under this subdivision ~~shall~~**must** not be  
3 based on the use of a vehicle for volunteer or charitable purposes  
4 or for which reimbursement for normal operating expenses is  
5 received.

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

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

14 (i) Total abstinence from the consumption of alcoholic  
15 beverages except if such beverages are consumed as part of a  
16 religious ceremony. However, an insurer shall not ~~utilize~~**use** an  
17 underwriting rule based on this subdivision unless the insurer ~~has~~  
18 ~~been~~**was** authorized to transact automobile insurance in this state  
19 ~~prior to~~**before** January 1, 1981, and has consistently ~~utilized~~**used**  
20 such an underwriting rule as part of the insurer's automobile  
21 insurance underwriting since being authorized to transact  
22 automobile insurance in this state.

23 (j) One or more incidents involving a threat, harassment, or  
24 physical assault by the insured or applicant for insurance on an  
25 insurer employee, agent, or agent employee while acting within the  
26 scope of his or her employment, ~~so long as~~**if** a report of the  
27 incident was filed with an appropriate law enforcement agency.

28 Sec. 2120. (1) Affiliated insurers may establish underwriting  
29 rules so that each affiliate will provide automobile insurance only



1 to certain eligible persons. This subsection ~~shall apply~~ **applies**  
 2 only if an eligible person can obtain automobile insurance from 1  
 3 of the affiliates. The underwriting rules ~~shall~~ **must** be in  
 4 compliance with this section and sections 2118 and 2119.

5 (2) An insurer may establish separate rating plans so that  
 6 certain eligible persons are provided automobile insurance under 1  
 7 rating plan and other eligible persons are provided automobile  
 8 insurance under another rating plan. This subsection ~~shall apply~~  
 9 **applies** only if all eligible persons can obtain automobile  
 10 insurance under a rating plan of the insurer. Underwriting rules  
 11 consistent with this section and sections 2118 and 2119 ~~shall~~ **must**  
 12 be established to define the rating plan applicable to each  
 13 eligible person.

14 (3) Underwriting rules under this section ~~shall~~ **must** be based  
 15 only on the following:

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

20 (b) Except as otherwise provided in section 2116a **or 2116b**,  
 21 failure of the person to provide proof that insurance required by  
 22 section 3101 was maintained in force with respect to any vehicle  
 23 owned and operated by the person or by a member of the household of  
 24 the person during the 6-month period immediately preceding  
 25 application or renewal of the policy. ~~Such~~ **The** proof ~~shall~~ **must**  
 26 take the form of a certification by the person that the required  
 27 insurance was maintained in force for the 6-month period with  
 28 respect to ~~such~~ **the** vehicle.

29 (c) For purposes of insuring persons who have refused a



1 deductible lawfully required under section 2118(2)(h), the claim  
2 experience of the person with respect to comprehensive coverage.

3 (d) Refusal of the person to pay a minimum deposit required  
4 under section 2118(2)(g).

5 (e) A person's insurance eligibility point accumulation under  
6 section 2103(1)(h), or the total insurance eligibility point  
7 accumulation of all persons who account for 10% or more of the use  
8 of 1 or more vehicles insured or to be insured under the policy.

9 (f) The type of vehicle insured or to be insured as provided  
10 in section 2118(2)(e).

11 Sec. 3101. (1) ~~The~~ **Except as provided in section 3107d, the**  
12 owner or registrant of a motor vehicle required to be registered in  
13 this state shall maintain security for payment of benefits under  
14 personal protection insurance ~~—and~~ property protection insurance  
15 **as required under this chapter,** and residual liability insurance.  
16 Security is only required to be in effect during the period the  
17 motor vehicle is driven or moved on a highway. Notwithstanding any  
18 other provision in this act, an insurer that has issued an  
19 automobile insurance policy on a motor vehicle that is not driven  
20 or moved on a highway may allow the insured owner or registrant of  
21 the motor vehicle to delete a portion of the coverages under the  
22 policy and maintain the comprehensive coverage portion of the  
23 policy in effect.

24 (2) As used in this chapter:

25 (a) "Automobile insurance" means that term as defined in  
26 section 2102.

27 (b) "Commercial quadricycle" means a vehicle to which all of  
28 the following apply:

29 (i) The vehicle has fully operative pedals for propulsion



1 entirely by human power.

2 (ii) The vehicle has at least 4 wheels and is operated in a  
3 manner similar to a bicycle.

4 (iii) The vehicle has at least 6 seats for passengers.

5 (iv) The vehicle is designed to be occupied by a driver and  
6 powered either by passengers providing pedal power to the drive  
7 train of the vehicle or by a motor capable of propelling the  
8 vehicle in the absence of human power.

9 (v) The vehicle is used for commercial purposes.

10 (vi) The vehicle is operated by the owner of the vehicle or an  
11 employee of the owner of the vehicle.

12 (c) "Electric bicycle" means that term as defined in section  
13 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

14 (d) "Golf cart" means a vehicle designed for transportation  
15 while playing the game of golf.

16 (e) "Highway" means highway or street as that term is defined  
17 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL  
18 257.20.

19 (f) "Moped" means that term as defined in section 32b of the  
20 Michigan vehicle code, 1949 PA 300, MCL 257.32b.

21 (g) "Motorcycle" means a vehicle that has a saddle or seat for  
22 the use of the rider, is designed to travel on not more than 3  
23 wheels in contact with the ground, and is equipped with a motor  
24 that exceeds 50 cubic centimeters piston displacement. For purposes  
25 of this subdivision, the wheels on any attachment to the vehicle  
26 are not considered as wheels in contact with the ground. Motorcycle  
27 does not include a moped or an ORV.

28 (h) "Motorcycle accident" means a loss that involves the  
29 ownership, operation, maintenance, or use of a motorcycle as a



1 motorcycle, but does not involve the ownership, operation,  
2 maintenance, or use of a motor vehicle as a motor vehicle.

3 (i) "Motor vehicle" means a vehicle, including a trailer, that  
4 is operated or designed for operation on a public highway by power  
5 other than muscular power and has more than 2 wheels. Motor vehicle  
6 does not include any of the following:

7 (i) A motorcycle.

8 (ii) A moped.

9 (iii) A farm tractor or other implement of husbandry that is not  
10 subject to the registration requirements of the Michigan vehicle  
11 code under section 216 of the Michigan vehicle code, 1949 PA 300,  
12 MCL 257.216.

13 (iv) An ORV.

14 (v) A golf cart.

15 (vi) A power-driven mobility device.

16 (vii) A commercial quadricycle.

17 (viii) An electric bicycle.

18 (j) "Motor vehicle accident" means a loss that involves the  
19 ownership, operation, maintenance, or use of a motor vehicle as a  
20 motor vehicle regardless of whether the accident also involves the  
21 ownership, operation, maintenance, or use of a motorcycle as a  
22 motorcycle.

23 (k) "ORV" means a motor-driven recreation vehicle designed for  
24 off-road use and capable of cross-country travel without benefit of  
25 road or trail, on or immediately over land, snow, ice, marsh,  
26 swampland, or other natural terrain. ORV includes, but is not  
27 limited to, a multitrack or multiwheel drive vehicle, a motorcycle  
28 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious  
29 machine, a ground effect air cushion vehicle, an ATV as defined in



1 section 81101 of the natural resources and environmental protection  
2 act, 1994 PA 451, MCL 324.81101, or other means of transportation  
3 deriving motive power from a source other than muscle or wind. ORV  
4 does not include a vehicle described in this subdivision that is  
5 registered for use on a public highway and has the security  
6 required under subsection (1) or section 3103 in effect.

7 (l) "Owner" means any of the following:

8 (i) A person renting a motor vehicle or having the use of a  
9 motor vehicle, under a lease or otherwise, for a period that is  
10 greater than 30 days.

11 (ii) A person renting a motorcycle or having the use of a  
12 motorcycle under a lease for a period that is greater than 30 days,  
13 or otherwise for a period that is greater than 30 consecutive days.  
14 A person who borrows a motorcycle for a period that is less than 30  
15 consecutive days with the consent of the owner is not an owner  
16 under this subparagraph.

17 (iii) A person that holds the legal title to a motor vehicle or  
18 motorcycle, other than a person engaged in the business of leasing  
19 motor vehicles or motorcycles that is the lessor of a motor vehicle  
20 or motorcycle under a lease that provides for the use of the motor  
21 vehicle or motorcycle by the lessee for a period that is greater  
22 than 30 days.

23 (iv) A person that has the immediate right of possession of a  
24 motor vehicle or motorcycle under an installment sale contract.

25 (m) "Power-driven mobility device" means a wheelchair or other  
26 mobility device powered by a battery, fuel, or other engine and  
27 designed to be used by an individual with a mobility disability for  
28 the purpose of locomotion.

29 (n) "Registrant" does not include a person engaged in the



1 business of leasing motor vehicles or motorcycles that is the  
 2 lessor of a motor vehicle or motorcycle under a lease that provides  
 3 for the use of the motor vehicle or motorcycle by the lessee for a  
 4 period that is longer than 30 days.

5 (3) Security required by subsection (1) may be provided under  
 6 a policy issued by an authorized insurer that affords insurance for  
 7 the payment of benefits described in subsection (1). A policy of  
 8 insurance represented or sold as providing security is considered  
 9 to provide insurance for the payment of the benefits.

10 (4) Security required by subsection (1) may be provided by any  
 11 other method approved by the secretary of state as affording  
 12 security equivalent to that afforded by a policy of insurance, if  
 13 proof of the security is filed and continuously maintained with the  
 14 secretary of state throughout the period the motor vehicle is  
 15 driven or moved on a highway. The person filing the security has  
 16 all the obligations and rights of an insurer under this chapter.  
 17 When the context permits, "insurer" as used in this chapter,  
 18 includes a person that files the security as provided in this  
 19 section.

20 (5) An insurer that issues a policy that provides the security  
 21 required under subsection (1) may exclude coverage under the policy  
 22 as provided in section 3017.

23 Sec. 3101a. (1) An insurer, in conjunction with the issuance  
 24 of an automobile insurance policy, shall provide to the insured 1  
 25 certificate of insurance for each insured vehicle and for private  
 26 passenger nonfleet automobiles listed on the policy shall supply to  
 27 the secretary of state the automobile insurer's name, the name of  
 28 the named insured, the named insured's address, the vehicle  
 29 identification number for each vehicle listed on the policy, and



1 the policy number. The insurer shall transmit the information  
 2 required under this subsection in a format as required by the  
 3 secretary of state. The secretary of state shall not require the  
 4 information to be transmitted more frequently than every 14 days.

5       **(2) The secretary of state shall provide policy information**  
 6 **received under subsection (1) to the Michigan automobile insurance**  
 7 **placement facility as required for the Michigan automobile**  
 8 **insurance placement facility to comply with this act. Information**  
 9 **received by the Michigan automobile insurance placement facility**  
 10 **under this subsection is confidential and is not subject to the**  
 11 **freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The**  
 12 **Michigan automobile insurance placement facility shall only use the**  
 13 **information for purposes of administering the assigned claims plan**  
 14 **under this chapter and shall not disclose the information to any**  
 15 **person unless it is for the purpose of administering the assigned**  
 16 **claims plan or in compliance with an order by a court of competent**  
 17 **jurisdiction in connection with a fraud investigation or**  
 18 **prosecution.**

19       **(3) ~~(2)~~—**The secretary of state shall provide policy  
 20 information received under subsection (1) to the department of  
 21 health and human services as required for the department of health  
 22 and human services to comply with 2006 PA 593, MCL 550.281 to  
 23 550.289.

24       **(4) ~~(3)~~—**The secretary of state shall accept as proof of  
 25 vehicle insurance a transmission of the insured vehicle's vehicle  
 26 identification number. Policy information submitted by an insurer  
 27 and received by the secretary of state under this section is  
 28 confidential, is not subject to the freedom of information act,  
 29 1976 PA 442, MCL 15.231 to 15.246, and ~~shall~~**must** not be disclosed



1 to any person except the department of health and human services  
 2 for purposes of 2006 PA 593, MCL 550.281 to 550.289, or pursuant to  
 3 an order by a court of competent jurisdiction in connection with a  
 4 claim or fraud investigation or prosecution. The transmission to  
 5 the secretary of state of a vehicle identification number is proof  
 6 of insurance to the secretary of state for motor vehicle  
 7 registration purposes only and is not evidence that a policy of  
 8 insurance actually exists between an insurer and an individual.

9 (5) ~~(4)~~—A person who supplies false information to the  
 10 secretary of state under this section or who issues or uses an  
 11 altered, fraudulent, or counterfeit certificate of insurance is  
 12 guilty of a misdemeanor punishable by imprisonment for not more  
 13 than 1 year or a fine of not more than \$1,000.00, or both.

14 (6) ~~(5)~~—The department of health and human services shall  
 15 report to the senate and house of representatives appropriations  
 16 committees and standing committees concerning insurance issues on  
 17 the number of claims and total dollar amount recovered from  
 18 automobile insurers under 2006 PA 593, MCL 550.281 to 550.289. The  
 19 reports required by this subsection must be given to the  
 20 appropriations committees and standing committees concerning  
 21 insurance issues by December 30 of each year and must cover the  
 22 preceding 12-month period.

23 (7) ~~(6)~~—As used in this section:

24 (a) "Automobile insurance" means that term as defined in  
 25 section 3303.

26 (b) "Private passenger nonfleet automobile" means that term as  
 27 defined in section 3303.

28 Sec. 3104. (1) ~~An~~ **The catastrophic claims association is**  
 29 **created as an** unincorporated, nonprofit association. ~~to be known as~~



1 ~~the catastrophic claims association, hereinafter referred to as the~~  
 2 ~~association, is created.~~ Each insurer engaged in writing insurance  
 3 coverages that provide the security required by section 3101(1)  
 4 ~~within-in~~ this state, as a condition of its authority to transact  
 5 insurance in this state, shall be a member of the association and  
 6 ~~shall be-is~~ bound by the plan of operation of the association. ~~Each~~  
 7 **An** insurer engaged in writing insurance coverages that provide the  
 8 security required by section 3103(1) ~~within-in~~ this state, as a  
 9 condition of its authority to transact insurance in this state,  
 10 ~~shall be-is~~ considered **to be** a member of the association, but only  
 11 for purposes of premiums under subsection (7)(d). Except as  
 12 expressly provided in this section, the association is not subject  
 13 to any laws of this state with respect to insurers, but in all  
 14 other respects the association is subject to the laws of this state  
 15 to the extent that the association would be if it were an insurer  
 16 organized and subsisting under chapter 50.

17 (2) ~~The~~ **For a motor vehicle accident policy issued or renewed**  
 18 **before 6 months after the effective date of the amendatory act that**  
 19 **added section 3107c and for a motor vehicle accident policy issued**  
 20 **or renewed after 6 months after the effective date of the**  
 21 **amendatory act that added section 3107c for which the coverage**  
 22 **level under section 3107c(1)(d) applies, the** association shall  
 23 provide and each member shall accept indemnification for 100% of  
 24 the amount of ultimate loss sustained under personal protection  
 25 insurance coverages in excess of the following amounts in each loss  
 26 occurrence:

27 (a) For a motor vehicle accident policy issued or renewed  
 28 before July 1, 2002, \$250,000.00.

29 (b) For a motor vehicle accident policy issued or renewed



1 during the period July 1, 2002 to June 30, 2003, \$300,000.00.

2 (c) For a motor vehicle accident policy issued or renewed  
3 during the period July 1, 2003 to June 30, 2004, \$325,000.00.

4 (d) For a motor vehicle accident policy issued or renewed  
5 during the period July 1, 2004 to June 30, 2005, \$350,000.00.

6 (e) For a motor vehicle accident policy issued or renewed  
7 during the period July 1, 2005 to June 30, 2006, \$375,000.00.

8 (f) For a motor vehicle accident policy issued or renewed  
9 during the period July 1, 2006 to June 30, 2007, \$400,000.00.

10 (g) For a motor vehicle accident policy issued or renewed  
11 during the period July 1, 2007 to June 30, 2008, \$420,000.00.

12 (h) For a motor vehicle accident policy issued or renewed  
13 during the period July 1, 2008 to June 30, 2009, \$440,000.00.

14 (i) For a motor vehicle accident policy issued or renewed  
15 during the period July 1, 2009 to June 30, 2010, \$460,000.00.

16 (j) For a motor vehicle accident policy issued or renewed  
17 during the period July 1, 2010 to June 30, 2011, \$480,000.00.

18 (k) For a motor vehicle accident policy issued or renewed  
19 during the period July 1, 2011 to June 30, 2013, \$500,000.00.

20 **(l) For a motor vehicle accident policy issued or renewed**  
21 **during the period July 1, 2013 to June 30, 2015, \$530,000.00.**

22 **(m) For a motor vehicle accident policy issued or renewed**  
23 **during the period July 1, 2015 to June 30, 2017, \$545,000.00.**

24 **(n) For a motor vehicle accident policy issued or renewed**  
25 **during the period July 1, 2017 to June 30, 2019, \$555,000.00.**

26 **(o) For a motor vehicle accident policy issued or renewed**  
27 **during the period July 1, 2019 to June 30, 2021, \$580,000.00.**

28 Beginning July 1, ~~2013, 2021~~, this ~~\$500,000.00~~ **\$580,000.00** amount  
29 ~~shall~~ **must** be increased biennially on July 1 of each odd-numbered



1 year, for policies issued or renewed before July 1 of the following  
 2 odd-numbered year, by the lesser of 6% or the ~~consumer price index,~~  
 3 **Consumer Price Index**, and rounded to the nearest \$5,000.00. ~~This~~  
 4 **The association shall calculate this** biennial adjustment ~~shall be~~  
 5 ~~calculated by the association by~~ January 1 of the year of its July  
 6 1 effective date.

7 (3) An insurer may withdraw from the association only ~~upon on~~  
 8 ceasing to write insurance that provides the security required by  
 9 section 3101(1) in this state.

10 (4) An insurer whose membership in the association has been  
 11 terminated by withdrawal ~~shall continue~~ **continues** to be bound by  
 12 the plan of operation, and ~~upon on~~ withdrawal, all unpaid premiums  
 13 that have been charged to the withdrawing member are payable as of  
 14 the effective date of the withdrawal.

15 (5) An unsatisfied net liability to the association of an  
 16 insolvent member ~~shall~~ **must** be assumed by and apportioned among the  
 17 remaining members of the association as provided in the plan of  
 18 operation. The association has all rights allowed by law on behalf  
 19 of the remaining members against the estate or funds of the  
 20 insolvent member for ~~sums~~ **money** due the association.

21 (6) If a member has been merged or consolidated into another  
 22 insurer or another insurer has reinsured a member's entire business  
 23 that provides the security required by section 3101(1) in this  
 24 state, the member and successors in interest of the member remain  
 25 liable for the member's obligations.

26 (7) The association shall do all of the following on behalf of  
 27 the members of the association:

28 (a) Assume 100% of all liability as provided in subsection  
 29 (2).



1 (b) Establish procedures by which members ~~shall~~**must** promptly  
2 report to the association each claim that, on the basis of the  
3 injuries or damages sustained, may reasonably be anticipated to  
4 involve the association if the member is ultimately held legally  
5 liable for the injuries or damages. Solely for the purpose of  
6 reporting claims, the member shall in all instances consider itself  
7 legally liable for the injuries or damages. The member shall also  
8 advise the association of subsequent developments likely to  
9 materially affect the interest of the association in the claim.

10 (c) Maintain relevant loss and expense data ~~relative~~**relating**  
11 to all liabilities of the association and require each member to  
12 furnish statistics, in connection with liabilities of the  
13 association, at the times and in the form and detail as ~~may be~~  
14 required by the plan of operation.

15 (d) In a manner provided for in the plan of operation,  
16 calculate and charge to members of the association a total premium  
17 sufficient to cover the expected losses and expenses of the  
18 association that the association will likely incur during the  
19 period for which the premium is applicable. The **total** premium ~~shall~~  
20 **must** include an amount to cover incurred but not reported losses  
21 for the period and ~~may~~**must** be adjusted for any excess or deficient  
22 premiums from previous periods. Excesses or deficiencies from  
23 previous periods ~~may~~**must either** be fully adjusted in a single  
24 period or ~~may~~ be adjusted over several periods in a manner provided  
25 for in the plan of operation. Each member ~~shall~~**must** be charged an  
26 amount equal to that member's total written car years of insurance  
27 providing the security required by section 3101(1) or 3103(1), or  
28 both, written in this state during the period to which the premium  
29 applies, **with the total written car years of insurance** multiplied



1 by the **applicable** average premium per car. The average premium per  
 2 car ~~shall be~~ **is** the total premium, ~~calculated as adjusted for any~~  
 3 **excesses or deficiencies**, divided by the total written car years of  
 4 insurance providing the security required by section 3101(1) or  
 5 3103(1), **or both**, written in this state of all members during the  
 6 period to which the premium applies, **excluding cars insured under a**  
 7 **policy with a coverage limit under section 3107c(1) (a), (b), or (c)**  
 8 **or as to which an election to not maintain personal protection**  
 9 **insurance benefits has been made under section 3107d except for any**  
 10 **portion of total premium that is an adjustment for a deficiency in**  
 11 **a previous period. A member may not be charged a premium for a car**  
 12 **insured under a policy with a coverage limit under section**  
 13 **3107c(1) (a), (b), or (c) or as to which an election to not maintain**  
 14 **personal protection insurance benefits has been made under section**  
 15 **3107d other than for the portion of the total premium attributable**  
 16 **to an adjustment for a deficiency in a previous period.** A member  
 17 ~~shall~~ **must** be charged a premium for a historic vehicle that is  
 18 insured with the member of 20% of the premium charged for a car  
 19 insured with the member. ~~As used in this subdivision:~~

20 ~~(i) "Car" includes a motorcycle but does not include a historic~~  
 21 ~~vehicle.~~

22 ~~(ii) "Historic vehicle" means a vehicle that is a registered~~  
 23 ~~historic vehicle under section 803a or 803p of the Michigan vehicle~~  
 24 ~~code, 1949 PA 300, MCL 257.803a and 257.803p.~~

25 (e) Require and accept the payment of premiums from members of  
 26 the association as provided for in the plan of operation. The  
 27 association shall do either of the following:

28 (i) Require payment of the premium in full within 45 days after  
 29 the premium charge.



1           (ii) Require payment of the premiums to be made periodically to  
2 cover the actual cash obligations of the association.

3           (f) Receive and distribute all ~~sums~~**money** required by the  
4 operation of the association.

5           (g) Establish procedures for reviewing claims procedures and  
6 practices of members of the association. If the claims procedures  
7 or practices of a member are considered inadequate to properly  
8 service the liabilities of the association, the association may  
9 undertake or may contract with another person, including another  
10 member, to adjust or assist in the adjustment of claims for the  
11 member on claims that create a potential liability to the  
12 association and may charge the cost of the adjustment to the  
13 member.

14           (h) **Provide any records necessary or requested by the director**  
15 **for the actuarial examination under subsection (21).**

16           (i) **Subject to subsection (23), obey an order of the director**  
17 **for a rebate under subsection (22).**

18           (8) In addition to other powers granted to it by this section,  
19 the association may do all of the following:

20           (a) Sue and be sued in the name of the association. A judgment  
21 against the association ~~shall~~**does** not create any direct liability  
22 against the individual members of the association. The association  
23 may provide for the indemnification of its members, members of the  
24 board of directors of the association, and officers, employees, and  
25 other persons lawfully acting on behalf of the association.

26           (b) Reinsure all or any portion of its potential liability  
27 with reinsurers licensed to transact insurance in this state or  
28 approved by the ~~commissioner~~**director**.

29           (c) Provide for appropriate housing, equipment, and personnel



1 as ~~may be~~ necessary to assure the efficient operation of the  
2 association.

3 (d) Pursuant to the plan of operation, adopt reasonable rules  
4 for the administration of the association, enforce those rules, and  
5 delegate authority, as the board considers necessary to assure the  
6 proper administration and operation of the association consistent  
7 with the plan of operation.

8 (e) Contract for goods and services, including independent  
9 claims management, actuarial, investment, and legal services, from  
10 others ~~within in~~ or ~~without outside~~ of this state to assure the  
11 efficient operation of the association.

12 (f) Hear and determine complaints of a company or other  
13 interested party concerning the operation of the association.

14 (g) Perform other acts not specifically enumerated in this  
15 section that are necessary or proper to accomplish the purposes of  
16 the association and that are not inconsistent with this section or  
17 the plan of operation.

18 (9) A board of directors is created ~~, hereinafter referred to~~  
19 ~~as the board, which shall be responsible for the operation of~~ **and**  
20 **shall operate** the association consistent with the plan of operation  
21 and this section.

22 (10) The plan of operation ~~shall~~ **must** provide for all of the  
23 following:

24 (a) The establishment of necessary facilities.

25 (b) The management and operation of the association.

26 (c) Procedures to be utilized in charging premiums, including  
27 adjustments from excess or deficient premiums from prior periods.

28 **The plan must require that any deficiency from a prior period be**  
29 **amortized over not fewer than 15 years.**



1 (d) Procedures for a rebate to members of the association, for  
 2 distribution to insureds as provided in subsection (24), as ordered  
 3 by the director under subsection (22). The procedures must provide  
 4 for a distribution of a rebate attributable to a historic vehicle  
 5 equal to 20% of the rebate for a car that is not a historic  
 6 vehicle.

7 (e) ~~(d)~~ Procedures governing the actual payment of premiums to  
 8 the association.

9 (f) ~~(e)~~ Reimbursement of each member of the board by the  
 10 association for actual and necessary expenses incurred on  
 11 association business.

12 (g) ~~(f)~~ The investment policy of the association.

13 (h) ~~(g)~~ Any other matters required by or necessary to  
 14 effectively implement this section.

15 (11) ~~Each~~ **The** board ~~shall~~ **must** include members that would  
 16 contribute a total of not less than 40% of the total premium  
 17 calculated pursuant to ~~under~~ subsection (7) (d). Each ~~director shall~~  
 18 ~~be~~ **board member is** entitled to 1 vote. The initial term of office  
 19 of a ~~director shall be~~ **board member is** 2 years.

20 (12) As part of the plan of operation, the board shall adopt  
 21 rules providing for the composition ~~and term of successor boards to~~  
 22 the ~~initial~~ board **and the terms of board members**, consistent with  
 23 the membership composition requirements in subsections (11) and  
 24 (13). Terms of the ~~directors shall~~ **board members must** be staggered  
 25 so that the terms of all the ~~directors~~ **board members** do not expire  
 26 at the same time and so that a ~~director~~ **board member** does not serve  
 27 a term of more than 4 years.

28 (13) The board ~~shall~~ **must** consist of 5 ~~directors,~~ **board**  
 29 **members** and the ~~commissioner~~ **director, who** shall ~~be~~ **serve as** an ex



1 officio member of the board without vote.

2 (14) ~~Each director~~ **The director** shall be appointed by the  
3 commissioner and ~~appoint the board members.~~ **A board member** shall  
4 serve until that member's ~~his or her~~ successor is selected and  
5 qualified. The **board shall elect the** chairperson of the board.  
6 ~~shall be elected by the board.~~ **The director shall fill any**  
7 vacancy on the board ~~shall be filled by the commissioner consistent~~  
8 ~~with~~ **as provided in** the plan of operation.

9 (15) ~~After the board is appointed, the~~ **The** board shall meet as  
10 often as the chairperson, the commissioner, ~~director,~~ **director,** or the plan  
11 of operation shall ~~require,~~ **requires,** or at the request of any 3  
12 ~~members of the board.~~ **board members.** The chairperson shall ~~retain~~  
13 ~~the right to~~ **may** vote on all issues. Four ~~members of the board~~  
14 **board members** constitute a quorum.

15 (16) ~~An~~ **The board shall furnish to each member of the**  
16 **association an** annual report of the operations of the association  
17 in a form and detail as ~~may be determined by the board.~~ ~~shall be~~  
18 ~~furnished to each member.~~

19 (17) ~~Not more than 60 days after the initial organizational~~  
20 ~~meeting of the board, the board shall submit to the commissioner~~  
21 ~~for approval a proposed plan of operation consistent with the~~  
22 ~~objectives and provisions of this section, which shall provide for~~  
23 ~~the economical, fair, and nondiscriminatory administration of the~~  
24 ~~association and for the prompt and efficient provision of~~  
25 ~~indemnity. If a plan is not submitted within this 60-day period,~~  
26 ~~then the commissioner, after consultation with the board, shall~~  
27 ~~formulate and place into effect a plan consistent with this~~  
28 ~~section.~~

29 (18) ~~The plan of operation, unless approved sooner in writing,~~



1 ~~shall be considered to meet the requirements of this section if it~~  
 2 ~~is not disapproved by written order of the commissioner within 30~~  
 3 ~~days after the date of its submission. Before disapproval of all or~~  
 4 ~~any part of the proposed plan of operation, the commissioner shall~~  
 5 ~~notify the board in what respect the plan of operation fails to~~  
 6 ~~meet the requirements and objectives of this section. If the board~~  
 7 ~~fails to submit a revised plan of operation that meets the~~  
 8 ~~requirements and objectives of this section within the 30-day~~  
 9 ~~period, the commissioner shall enter an order accordingly and shall~~  
 10 ~~immediately formulate and place into effect a plan consistent with~~  
 11 ~~the requirements and objectives of this section.~~

12       (17) ~~(19) The proposed plan of operation or~~ **Any** amendments to  
 13 the plan of operation are subject to majority approval by the  
 14 board, ~~ratified~~ **ratification** by a majority of the membership **of the**  
 15 **association** having a vote, with voting rights being apportioned  
 16 according to the premiums charged in subsection (7) (d), and ~~are~~  
 17 ~~subject to approval by the commissioner.~~ **director.**

18       (18) ~~(20) Upon approval by the commissioner and ratification~~  
 19 ~~by the members of the plan submitted, or upon the promulgation of a~~  
 20 ~~plan by the commissioner, each~~ **An** insurer authorized to write  
 21 insurance providing the security required by section 3101(1) in  
 22 this state, as provided in this section, is bound by and shall  
 23 formally subscribe to and participate in the plan ~~approved of~~  
 24 **operation** as a condition of maintaining its authority to transact  
 25 insurance in this state.

26       (19) ~~(21) The association is subject to all the reporting,~~  
 27 ~~loss reserve, and investment requirements of the commissioner~~  
 28 **director** to the same extent as ~~would~~ **is** a member of the  
 29 association.



1           (20) ~~(22)~~ Premiums charged members by the association ~~shall~~  
 2 **must** be recognized in the rate-making procedures for insurance  
 3 rates in the same manner that expenses and premium taxes are  
 4 recognized. **If a member of the association passes on any portion of**  
 5 **the premium payable under this section to an insured, the amount**  
 6 **passed on must equal the portion of the premium payable by the**  
 7 **member under this section attributable to the car or historic**  
 8 **vehicle insured, including any adjustments for excesses or**  
 9 **deficiencies from a previous period.**

10           (21) ~~(23)~~ The ~~commissioner~~ **director** or an authorized  
 11 representative of the ~~commissioner~~ **director** may visit the  
 12 association at any time and examine any and all **of** the  
 13 association's affairs. **Beginning July 1, 2019, and every third year**  
 14 **after 2019, the director shall engage 1 or more independent**  
 15 **actuaries to examine the affairs and records of the association for**  
 16 **the previous 3 years. The actuarial examination must be conducted**  
 17 **using sound actuarial principles consistent with the applicable**  
 18 **statements of principles and the code of professional conduct**  
 19 **adopted by the Casualty Actuarial Society. By September 1, 2019 and**  
 20 **by September 1 of every third year after 2019, the director shall**  
 21 **provide a report to the legislature on the results of the audit**  
 22 **conducted under this subsection.**

23           (22) If the actuarial examination under subsection (21) shows  
 24 that the assets of the association exceed 120% of its liabilities,  
 25 including incurred but not reported liabilities, and if the rebate  
 26 will not threaten the association's ongoing ability to provide  
 27 reimbursements for personal protection insurance benefits based on  
 28 sound actuarial principles consistent with the applicable  
 29 statements of principles and the code of professional conduct



1 adopted by the Casualty Actuarial Society, the director shall order  
2 the association to rebate an amount equal to the difference between  
3 the total excess and 120% of the liabilities of the association,  
4 including incurred but not reported liabilities, under subsection  
5 (10) (d) and order the members of the association to distribute the  
6 rebates under subsection (24).

7 (23) Within 30 days after receiving an order from the director  
8 under subsection (22), the association may request a hearing to  
9 review the order by filing a written request with the director. The  
10 department shall conduct the review as a contested case under the  
11 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
12 24.328.

13 (24) A member of the association shall distribute any rebate  
14 it receives under subsection (10) (d) to the persons that it insures  
15 under policies that provide the security required under section  
16 3101(1) or 3103(1), or both, and that are subject to a premium  
17 under this section on a uniform basis per car and historic vehicle  
18 in a manner and on the date or dates provided by the director in  
19 accordance with an order issued by the director. A rebate  
20 attributable to a historic vehicle must be equal to 20% of the  
21 rebate for a car that is not a historic vehicle.

22 (25) By September 1 of each year, the association shall  
23 prepare, submit to the committees of the senate and house of  
24 representatives with jurisdiction over insurance matters, and post  
25 on the association website an annual consumer statement, written in  
26 a manner intended for the general public. The statement must  
27 include all of the following:

28 (a) The number of claims opened during the preceding 12  
29 months, the amount expended on the claims, and the future



1 anticipated costs of the claims.

2 (b) For each of the preceding 10 years, the total number of  
3 open claims, the amount expended on the claims, and the anticipated  
4 future costs of the claims.

5 (c) For each of the preceding 10 years, the total number of  
6 claims closed and the amount expended on the claims.

7 (d) For each of the preceding 10 years, the ratio of claims  
8 opened to claims closed.

9 (e) For each of the preceding 10 years, the average length of  
10 open claims.

11 (f) A statement of the current financial condition of the  
12 association and the reasons for any deficit or surplus in collected  
13 assessments compared to losses.

14 (g) A statement of the assumptions, methodology, and data used  
15 to make revenue projections. As used in this subdivision, "revenue"  
16 means return on investments.

17 (h) A statement of the assumptions, methodology, and data used  
18 to make cost projections.

19 (i) A list of the association's assets, sorted by category or  
20 type of asset, such as stocks, bonds, or mutual funds, and the  
21 expected return on each asset.

22 (j) The total amount of the association's discounted and  
23 undiscounted liabilities and a description and explanation of the  
24 liabilities, including an explanation of the association's  
25 definition of the terms discounted and undiscounted.

26 (k) Measures taken by the association to contain costs.

27 (l) A statement explaining what portion of the assessment to  
28 insureds as recognized in rates under subsection (20) is  
29 attributable to claims occurring in the previous 12 months,



1 administrative costs, and the amount, if any, to adjust for past  
2 deficits.

3 (m) A statement explaining any qualifications identified by  
4 the independent auditors in the most recent audit report prepared  
5 under subsection (21).

6 (n) A loss payment summary for each of the preceding years by  
7 category.

8 (o) For each of the preceding 10 years, an injury type  
9 summary, categorizing the injuries suffered by claimants the  
10 payment of whose claims are being reimbursed by the association, by  
11 brain injuries, injuries resulting in quadriplegia, injuries  
12 resulting in paraplegia, burn injuries, and other injuries.

13 (p) A summary of investment returns over the preceding 10  
14 years showing the investment balance, the investment gain, and the  
15 percentage return on the investment balance.

16 (q) A summary of the mortality assumptions used in making cost  
17 projections.

18 (r) A summary of any financial practices that differ from  
19 those found in the National Association of Insurance Commissioners  
20 Accounting Practices and Procedures Manual.

21 (26) By September 1 of each year, the association shall  
22 prepare and provide to the committees of the senate and house of  
23 representatives with jurisdiction over insurance matters an annual  
24 report of the association. The report must contain all of the  
25 following:

26 (a) An executive summary.

27 (b) A discussion of the mortality assumptions used by the  
28 association in making cost projections.

29 (c) An evaluation of the accuracy of the association's



1 actuarial assumptions over the preceding 5 years.

2 (d) The annual consumer statement prepared under subsection  
3 (25).

4 (e) Anything else the association determines is necessary to  
5 advise the legislature about the operations of the association.

6 (27) ~~(24)~~—The association does not have liability for losses  
7 occurring before July 1, 1978. **After the effective date of the**  
8 **amendatory act that added section 3107c, the association does not**  
9 **have liability for an ultimate loss under personal protection**  
10 **insurance coverage for a motor vehicle accident policy to which a**  
11 **limit under section 3107c(1) (a) to (c) is applicable.**

12 (28) ~~(25)~~—As used in this section:

13 (a) "Association" means the catastrophic claims association  
14 created in subsection (1).

15 (b) "Board" means the board of directors of the association  
16 created in subsection (9).

17 (c) "Car" includes a motorcycle but does not include a  
18 historic vehicle.

19 (d) ~~(a)~~—"Consumer price index"—**Price Index** means the  
20 percentage of change in the ~~consumer price index~~ **Consumer Price**  
21 **Index** for all urban consumers in the United States city average for  
22 all items for the 24 months ~~prior to~~ **before** October 1 of the year  
23 ~~prior to~~ **before** the July 1 effective date of the biennial  
24 adjustment under subsection ~~(2) (k)~~ **(2) (o)** as reported by the United  
25 States ~~department of labor, bureau of labor statistics,~~ **Department**  
26 **of Labor, Bureau of Labor Statistics,** and as certified by the  
27 ~~commissioner.~~ **director.**

28 (e) "Historic vehicle" means a vehicle that is a registered  
29 historic vehicle under section 803a or 803p of the Michigan vehicle



1 code, 1949 PA 300, MCL 257.803a and 257.803p.

2 (f) ~~(b)~~—"Motor vehicle accident policy" means a policy  
3 providing the coverages required under section 3101(1).

4 (g) ~~(e)~~—"Ultimate loss" means the actual loss amounts that a  
5 member is obligated to pay and that are paid or payable by the  
6 member, and do not include claim expenses. An ultimate loss is  
7 incurred by the association on the date that the loss occurs.

8 Sec. 3107. (1) ~~Except as provided in subsection (2), Subject~~  
9 **to the exceptions and limitations in this chapter**, personal  
10 protection insurance benefits are payable for the following:

11 (a) Allowable expenses consisting of ~~all~~ reasonable charges  
12 incurred for reasonably necessary products, services and  
13 accommodations for an injured person's care, recovery, or  
14 rehabilitation. Allowable expenses ~~within personal protection~~  
15 ~~insurance coverage shall do~~ not include either of the following:

16 (i) Charges for a hospital room in excess of a reasonable and  
17 customary charge for semiprivate accommodations, ~~except if unless~~  
18 the injured person requires special or intensive care.

19 (ii) Funeral and burial expenses in excess of the amount set  
20 forth in the policy, which ~~shall must~~ not be less than \$1,750.00 or  
21 more than \$5,000.00.

22 (b) Work loss consisting of loss of income from work an  
23 injured person would have performed during the first 3 years after  
24 the date of the accident if he or she had not been injured. Work  
25 loss does not include any loss after the date on which the injured  
26 person dies. Because the benefits received from personal protection  
27 insurance for loss of income are not taxable income, the benefits  
28 payable for ~~such the~~ loss of income ~~shall must~~ be reduced 15%  
29 unless the claimant presents to the insurer in support of his or



1 her claim reasonable proof of a lower value of the income tax  
 2 advantage in his or her case, in which case the lower value ~~shall~~  
 3 ~~apply.~~ **must be applied.** For the period beginning October 1, 2012  
 4 through September 30, 2013, the benefits payable for work loss  
 5 sustained in a single 30-day period and the income earned by an  
 6 injured person for work during the same period together ~~shall~~ **must**  
 7 not exceed \$5,189.00, which maximum ~~shall apply~~ **must be applied** pro  
 8 rata to any lesser period of work loss. Beginning October 1, 2013,  
 9 the maximum ~~shall~~ **must** be adjusted annually to reflect changes in  
 10 the cost of living under rules prescribed by the ~~commissioner~~  
 11 **director**, but any change in the maximum ~~shall apply~~ **must be applied**  
 12 only to benefits arising out of accidents occurring ~~subsequent to~~  
 13 **after** the date of change in the maximum.

14 (c) Expenses not exceeding \$20.00 per day, reasonably incurred  
 15 in obtaining ordinary and necessary services in lieu of those that,  
 16 if he or she had not been injured, an injured person would have  
 17 performed during the first 3 years after the date of the accident,  
 18 not for income but for the benefit of himself or herself or of his  
 19 or her dependent.

20 (2) Both of the following apply to personal protection  
 21 insurance benefits payable under subsection (1):

22 (a) A person who is 60 years of age or older and in the event  
 23 of an accidental bodily injury would not be eligible to receive  
 24 work loss benefits under subsection (1)(b) may waive coverage for  
 25 work loss benefits by signing a waiver on a form provided by the  
 26 insurer. An insurer shall offer a reduced premium rate to a person  
 27 who waives coverage under this ~~subsection~~ **subdivision** for work loss  
 28 benefits. Waiver of coverage for work loss benefits applies only to  
 29 work loss benefits payable to the person or persons who have signed



1 the waiver form.

2 (b) An insurer ~~shall~~**is** not ~~be~~ required to provide coverage  
3 for the medical use of marihuana or for expenses related to the  
4 medical use of marihuana.

5 **Sec. 3107c. (1) Except as provided in section 3107d, and**  
6 **subject to subsection (5), for an insurance policy that provides**  
7 **the security required under section 3101(1) and is issued or**  
8 **renewed after 6 months after the effective date of the amendatory**  
9 **act that added this section, the person named or to be named in the**  
10 **policy shall, in a way required under section 3107e and on a form**  
11 **approved by the director, select 1 of the following coverage levels**  
12 **for personal protection insurance benefits under section**  
13 **3107(1) (a) :**

14 (a) A limit per person per loss occurrence, consisting of both  
15 of the following:

16 (i) A \$50,000.00 limit for any personal protection insurance  
17 benefits under section 3107(1) (a) .

18 (ii) An additional \$200,000.00 for medically necessary  
19 treatment rendered at an acute care unit or trauma center of a  
20 hospital immediately after the accidental bodily injury and until  
21 the patient is stable.

22 (b) A limit of \$250,000.00 per individual per loss occurrence  
23 for any personal protection insurance benefits under section  
24 3107(1) (a) .

25 (c) A limit of \$500,000.00 per individual per loss occurrence  
26 for any personal protection insurance benefits under section  
27 3107(1) (a) .

28 (d) No limit for personal protection insurance benefits under  
29 section 3107(1) (a) .



1 (2) The form required under subsection (1) must do all of the  
2 following:

3 (a) State, in a conspicuous manner, the benefits and risks  
4 associated with each coverage option.

5 (b) Provide a way for the person to mark the form to  
6 acknowledge that he or she has read the form and understands the  
7 options available.

8 (c) Allow the insured person to mark the form to make the  
9 selection of coverage level under subsection (1).

10 (d) Require the person to sign the form.

11 (3) If an insurance policy is issued or renewed as described  
12 in subsection (1) and the person named in the policy has not made  
13 an effective selection under subsection (1) but a premium or  
14 portion of a premium has been paid, there is a rebuttable  
15 presumption that the amount of the premium accurately reflects the  
16 level of coverage applicable to the policy under subsection (1).

17 (4) If an insurance policy is issued or renewed as described  
18 in subsection (1), the person named in the policy has not made an  
19 effective selection under subsection (1), and a presumption under  
20 subsection (3) does not apply, the limit under subsection (1)(a)  
21 applies to the policy.

22 (5) The coverage level selected under subsection (1) applies  
23 to the person named in the policy, the person's spouse, and a  
24 relative of either domiciled in the same household, and any other  
25 person with a right to claim personal protection insurance benefits  
26 under the policy.

27 (6) If benefits are payable under section 3107(1)(a) under 2  
28 or more insurance policies, the benefits are only payable up to an  
29 aggregate coverage limit for both or all of the policies that



1 equals the highest available coverage limit under any 1 of the  
2 policies.

3 (7) An insurer shall offer, for a policy that provides the  
4 security required under section 3101(1) to which a limit under  
5 subsection (1)(a) to (c) applies, a rider that will provide  
6 coverage for attendant care in excess of the applicable limit.

7 Sec. 3107d. (1) For an insurance policy that provides the  
8 security required under section 3101(1) and is issued or renewed  
9 after 6 months after the effective date of the amendatory act that  
10 added this section, the person named or to be named in the policy  
11 who is a qualified person may, in a way required under section  
12 3107e and on a form approved by the director, elect to not maintain  
13 coverage for personal protection insurance benefits payable under  
14 section 3107(1)(a). The person named in the policy shall, when  
15 requesting issuance or renewal of the policy, provide to the  
16 insurer a document from the person that provides the qualified  
17 health coverage stating that the person named in the policy has  
18 qualified health coverage.

19 (2) The form required under subsection (1) must do all of the  
20 following:

21 (a) Require the person named or to be named in the policy to  
22 mark the form to certify whether he or she is a qualified person.

23 (b) Disclose in a conspicuous manner that a qualified person  
24 is not obligated to but may purchase coverage for personal  
25 protection insurance coverage benefits payable under section  
26 3107(1)(a).

27 (c) State, in a conspicuous manner, the coverage levels  
28 available under section 3107c.

29 (d) State, in a conspicuous manner, the benefits and risks



1 associated with not maintaining the coverage.

2 (e) State, in a conspicuous manner, that if during the term of  
3 the policy the person ceases to have qualified health insurance,  
4 the person has 14 days to notify the insurer or the person will be  
5 excluded from all personal protection insurance coverage benefits  
6 under section 3107(1) (a) .

7 (f) Provide a way for the person named or to be named in the  
8 policy to mark the form to acknowledge that he or she has read the  
9 form and understands it and that he or she understands the options  
10 available to him or her.

11 (g) If the person named or to be named in the policy is a  
12 qualified person, provide the person a way to mark the form to  
13 elect not to maintain the coverage.

14 (h) Require the person to sign the form.

15 (3) If an insurance policy is issued or renewed as described  
16 in subsection (1) and the person named in the policy has not made  
17 an effective election under subsection (1) but a premium or portion  
18 of a premium has been paid, there is a rebuttable presumption that  
19 the amount of the premium accurately reflects whether the person  
20 elected to maintain coverage for personal protection benefits under  
21 section 3107(1) (a) .

22 (4) If an insurance policy is issued or renewed as described  
23 in subsection (1), the person named in the policy has not made an  
24 effective election under subsection (1), and a presumption under  
25 subsection (3) does not apply, the policy is considered to provide  
26 personal protection benefits under section 3107(1) (a) .

27 (5) An election under this section applies to the person named  
28 in the policy, the person's spouse, a relative of either domiciled  
29 in the same household, and any other person who would have had a



1 right to claim personal protection insurance benefits under the  
2 policy but for the election.

3 (6) If a person named in an insurance policy under which  
4 coverage for personal protection insurance benefits payable under  
5 section 3107(1) (a) are not maintained under this section ceases,  
6 during the term of the policy, to be covered under qualified health  
7 coverage, the person shall, within 14 days, notify the insurer that  
8 the person is no longer a qualified person. All of the following  
9 apply under this subsection:

10 (a) During the 14-day period, if a person to whom the election  
11 under this section applies as described in subsection (5) suffers  
12 accidental bodily injury arising from a motor vehicle accident, the  
13 person is entitled to claim benefits under the assigned claims  
14 plan.

15 (b) If the person named in the insurance policy notifies the  
16 insurer within the 14-day period, the person shall obtain insurance  
17 that provides the security required under section 3101(1) that  
18 includes the coverage that was not maintained under this section.

19 (c) If the person named in the insurance policy does not  
20 notify the insurer within the 14-day period and a person to whom  
21 the election under this section applies as described in subsection  
22 (5) suffers accidental bodily injury arising from a motor vehicle  
23 accident, unless the injured person is entitled to coverage under  
24 some other policy, the injured person is not entitled to be paid  
25 personal protection insurance benefits under section 3107(1) (a) for  
26 the injury.

27 (7) As used in this section:

28 (a) "Qualified health coverage" means either of the following:

29 (i) Other health or accident coverage that does not exclude or



1 limit coverage for injuries related to motor vehicle accidents.

2 (ii) Coverage under the federal Medicare program established  
3 under subchapter XVIII of the social security act, 42 USC 1395 to  
4 1395III.

5 (iii) Medicaid coverage under a program for medical assistance  
6 established under subchapter XIX of the social security act, 42 USC  
7 1396 to 1396w-5.

8 (b) "Qualified person" means a person who has qualified health  
9 coverage.

10 Sec. 3107e. (1) A form under section 3107c or 3107d must be  
11 delivered to the person insured or to be insured under the policy  
12 using 1 of the following methods:

13 (a) Personal delivery.

14 (b) First-class mail, postage prepaid.

15 (c) Electronic means in accordance with section 2266.

16 (2) A person must make a selection under section 3107c or an  
17 election under section 3107d in 1 of the following ways:

18 (a) Marking and signing a paper form.

19 (b) Giving verbal instructions, in person or telephonically,  
20 that the form be marked and signed in behalf of the person.

21 (c) Electronically marking the form and providing an  
22 electronic signature as provided in the uniform electronic  
23 transactions act, 2000 PA 305, MCL 450.831 to 450.849.

24 Sec. 3111. Personal protection insurance benefits are payable  
25 for accidental bodily injury suffered in an accident occurring out  
26 of this state, if the accident occurs within the United States, its  
27 territories and possessions, or ~~in~~ Canada, and the person whose  
28 injury is the basis of the claim was at the time of the accident a  
29 named insured under a personal protection insurance policy, ~~his~~ **the**



1 spouse **of a named insured**, a relative of either domiciled in the  
 2 same household, or an occupant of a vehicle involved in the  
 3 accident, ~~whose~~ **if the occupant was a resident of this state or if**  
 4 **the** owner or registrant **of the vehicle** was insured under a personal  
 5 protection insurance policy or ~~has~~ provided security approved by  
 6 the secretary of state under ~~subsection (4) of section~~  
 7 ~~3101.3101(4)~~ .

8       Sec. 3112. Personal protection insurance benefits are payable  
 9 to or for the benefit of an injured person or, in case of his **or**  
 10 **her** death, to or for the benefit of his **or her** dependents. **A health**  
 11 **care provider listed in section 3157 may make a claim and assert a**  
 12 **direct cause of action against an insurer, or under the assigned**  
 13 **claims plan under sections 3171 to 3175, to recover overdue**  
 14 **benefits payable for charges for products, services, or**  
 15 **accommodations provided to an injured person.** Payment by an insurer  
 16 in good faith of personal protection insurance benefits, to or for  
 17 the benefit of a person who it believes is entitled to the  
 18 benefits, discharges the insurer's liability to the extent of the  
 19 payments unless the insurer has been notified in writing of the  
 20 claim of some other person. If there is doubt about the proper  
 21 person to receive the benefits or the proper apportionment among  
 22 the persons entitled ~~thereto,~~ **to the benefits**, the insurer, the  
 23 claimant, or any other interested person may apply to the circuit  
 24 court for an appropriate order. The court may designate the payees  
 25 and make an equitable apportionment, taking into account the  
 26 relationship of the payees to the injured person and other factors  
 27 as the court considers appropriate. In the absence of a court order  
 28 directing otherwise the insurer may pay:

29       (a) To the dependents of the injured person, the personal



1 protection insurance benefits accrued before his **or her** death  
 2 without appointment of an administrator or executor.

3 (b) To the surviving spouse, the personal protection insurance  
 4 benefits due any dependent children living with the spouse.

5 Sec. 3113. A person is not entitled to be paid personal  
 6 protection insurance benefits for accidental bodily injury if at  
 7 the time of the accident any of the following circumstances  
 8 existed:

9 (a) The person was willingly operating or willingly using a  
 10 motor vehicle or motorcycle that was taken unlawfully, and the  
 11 person knew or should have known that the motor vehicle or  
 12 motorcycle was taken unlawfully.

13 (b) The person was the owner or registrant of a motor vehicle  
 14 or motorcycle involved in the accident with respect to which the  
 15 security required by section 3101 or 3103 was not in effect.

16 (c) The person was not a resident of this state. ~~was an~~  
 17 ~~occupant of a motor vehicle or motorcycle not registered in this~~  
 18 ~~state, and the motor vehicle or motorcycle was not insured by an~~  
 19 ~~insurer that has filed a certification in compliance with section~~  
 20 ~~3163.~~

21 (d) The person was operating a motor vehicle or motorcycle as  
 22 to which he or she was named as an excluded operator as allowed  
 23 under section 3009(2).

24 (e) The person was the owner or operator of a motor vehicle  
 25 for which coverage was excluded under a policy exclusion authorized  
 26 under section 3017.

27 Sec. 3114. (1) Except as provided in subsections (2), (3), and  
 28 (5), a personal protection insurance policy described in section  
 29 3101(1) applies to accidental bodily injury to the person named in



1 the policy, the person's spouse, and a relative of either domiciled  
2 in the same household, if the injury arises from a motor vehicle  
3 accident. A personal injury insurance policy described in section  
4 3103(2) applies to accidental bodily injury to the person named in  
5 the policy, the person's spouse, and a relative of either domiciled  
6 in the same household, if the injury arises from a motorcycle  
7 accident. If personal protection insurance benefits or personal  
8 injury benefits described in section 3103(2) are payable to or for  
9 the benefit of an injured person under his or her own policy and  
10 would also be payable under the policy of his or her spouse,  
11 relative, or relative's spouse, the injured person's insurer shall  
12 pay all of the benefits and is not entitled to recoupment from the  
13 other insurer.

14 (2) A person ~~suffering~~ **who suffers** accidental bodily injury  
15 while an operator or a passenger of a motor vehicle operated in the  
16 business of transporting passengers shall receive the personal  
17 protection insurance benefits to which the person is entitled from  
18 the insurer of the motor vehicle. This subsection does not apply to  
19 a passenger in any of the following, unless the passenger is not  
20 entitled to personal protection insurance benefits under any other  
21 policy:

22 (a) A school bus, as defined by the department of education,  
23 providing transportation not prohibited by law.

24 (b) A bus operated by a common carrier of passengers certified  
25 by the department of transportation.

26 (c) A bus operating under a government sponsored  
27 transportation program.

28 (d) A bus operated by or providing service to a nonprofit  
29 organization.



1 (e) A taxicab insured as prescribed in section 3101 or 3102.

2 (f) A bus operated by a canoe or other watercraft, bicycle, or  
3 horse livery used only to transport passengers to or from a  
4 destination point.

5 (g) A transportation network company vehicle.

6 **(h) A motor vehicle insured under a policy for which the**  
7 **person named in the policy has elected to not maintain coverage for**  
8 **personal protection insurance benefits under section 3107d.**

9 (3) An employee, his or her spouse, or a relative of either  
10 domiciled in the same household, who suffers accidental bodily  
11 injury while an occupant of a motor vehicle owned or registered by  
12 the employer, shall receive personal protection insurance benefits  
13 to which the employee is entitled from the insurer of the furnished  
14 vehicle. **This subsection does not apply to a motor vehicle insured**  
15 **under a policy for which the person named in the policy has elected**  
16 **to not maintain coverage for personal protection insurance benefits**  
17 **under section 3107d.**

18 (4) Except as provided in subsections ~~(1) to~~ **(2) and** (3), a  
19 person ~~suffering~~ **who suffers** accidental bodily injury arising from  
20 a motor vehicle accident while an occupant of a motor vehicle **who**  
21 **is not covered under a personal protection insurance policy as**  
22 **provided in subsection (1)** shall claim personal protection  
23 insurance benefits ~~from insurers in the following order of~~  
24 ~~priority:~~

25 ~~(a) The insurer of the owner or registrant of the vehicle~~  
26 ~~occupied.~~

27 ~~(b) The insurer of the operator of the vehicle occupied.~~**under**  
28 **the assigned claims plan under sections 3171 to 3175.**

29 (5) ~~A~~ **Subject to subsections (6) and (7), a person suffering**



1 **who suffers** accidental bodily injury arising from a motor vehicle  
2 accident that shows evidence of the involvement of a motor vehicle  
3 while an operator or passenger of a motorcycle shall claim personal  
4 protection insurance benefits from insurers in the following order  
5 of priority:

6 (a) The insurer of the owner or registrant of the motor  
7 vehicle involved in the accident.

8 (b) The insurer of the operator of the motor vehicle involved  
9 in the accident.

10 (c) The motor vehicle insurer of the operator of the  
11 motorcycle involved in the accident.

12 (d) The motor vehicle insurer of the owner or registrant of  
13 the motorcycle involved in the accident.

14 **(6) If an applicable insurance policy in an order of priority**  
15 **under subsection (5) is a policy for which the person named in the**  
16 **policy has elected to not maintain coverage for personal protection**  
17 **insurance benefits under section 3107d, the injured person shall**  
18 **claim benefits only under other policies, subject to subsection**  
19 **(7), in the same order of priority for which no such election has**  
20 **been made. If there are no other policies for which no such**  
21 **election has been made, the injured person shall claim benefits**  
22 **under the next order of priority or, if there is not a next order**  
23 **of priority, under the assigned claims plan under sections 3171 to**  
24 **3175.**

25 (7) If personal protection insurance benefits are payable  
26 under subsection (5) under 2 or more insurance policies in the same  
27 order of priority, the benefits are only payable up to an aggregate  
28 coverage limit for both or all of the policies that equals the  
29 highest available coverage limit under any 1 of the policies.



1           (8) ~~(6) If~~ **Subject to subsections (6) and (7), if** 2 or more  
 2 insurers are in the same order of priority to provide personal  
 3 protection insurance benefits under subsection (5), an insurer  
 4 ~~paying~~ **that pays** benefits due is entitled to partial recoupment  
 5 from the other insurers in the same order of priority, and a  
 6 reasonable amount of partial recoupment of the expense of  
 7 processing the claim, in order to accomplish equitable distribution  
 8 of the loss among all of the insurers.

9           (9) ~~(7) As used in this section:~~

10           (a) "Personal vehicle", ~~"prearranged ride", and~~  
 11 "transportation network company digital network", **and**  
 12 **"transportation network company prearranged ride"** mean those terms  
 13 as defined in section 2 of the limousine, taxicab, and  
 14 transportation network company act, **2016 PA 345, MCL 257.2102.**

15           (b) "Transportation network company vehicle" means a personal  
 16 vehicle while the driver is logged on to the transportation network  
 17 company digital network or while the driver is engaged in a  
 18 **transportation network company** prearranged ride.

19           Sec. 3115. ~~(1) Except as provided in subsection (1) of section~~  
 20 ~~3114, 3114(1),~~ a person ~~suffering~~ **who suffers** accidental bodily  
 21 injury while not an occupant of a motor vehicle shall claim  
 22 personal protection insurance benefits ~~from insurers in the~~  
 23 ~~following order of priority:~~

24           ~~(a) Insurers of owners or registrants of motor vehicles~~  
 25 ~~involved in the accident.~~

26           ~~(b) Insurers of operators of motor vehicles involved in the~~  
 27 ~~accident.~~ **under the assigned claims plan under sections 3171 to**  
 28 **3175.**

29           ~~(2) When 2 or more insurers are in the same order of priority~~



1 ~~to provide personal protection insurance benefits an insurer paying~~  
 2 ~~benefits due is entitled to partial recoupment from the other~~  
 3 ~~insurers in the same order of priority, together with a reasonable~~  
 4 ~~amount of partial recoupment of the expense of processing the~~  
 5 ~~claim, in order to accomplish equitable distribution of the loss~~  
 6 ~~among such insurers.~~

7 ~~(3) A limit upon the amount of personal protection insurance~~  
 8 ~~benefits available because of accidental bodily injury to 1 person~~  
 9 ~~arising from 1 motor vehicle accident shall be determined without~~  
 10 ~~regard to the number of policies applicable to the accident.~~

11 Sec. 3135. (1) A person remains subject to tort liability for  
 12 noneconomic loss caused by his or her ownership, maintenance, or  
 13 use of a motor vehicle only if the injured person has suffered  
 14 death, serious impairment of body function, or permanent serious  
 15 disfigurement.

16 (2) For a cause of action for damages ~~pursuant to~~**under**  
 17 subsection (1) ~~filed on or after July 26, 1996, or (3) (d)~~, all of  
 18 the following apply:

19 (a) The issues of whether the injured person has suffered  
 20 serious impairment of body function or permanent serious  
 21 disfigurement are questions of law for the court if the court finds  
 22 either of the following:

23 (i) There is no factual dispute concerning the nature and  
 24 extent of the person's injuries.

25 (ii) There is a factual dispute concerning the nature and  
 26 extent of the person's injuries, but the dispute is not material to  
 27 the determination whether the person has suffered a serious  
 28 impairment of body function or permanent serious disfigurement.

29 However, for a closed-head injury, a question of fact for the jury



1 is created if a licensed allopathic or osteopathic physician who  
2 regularly diagnoses or treats closed-head injuries testifies under  
3 oath that there may be a serious neurological injury.

4 (b) Damages ~~shall~~**must** be assessed on the basis of comparative  
5 fault, except that damages ~~shall~~**must** not be assessed in favor of a  
6 party who is more than 50% at fault.

7 (c) Damages ~~shall~~**must** not be assessed in favor of a party who  
8 was operating his or her own vehicle at the time the injury  
9 occurred and did not have in effect for that motor vehicle the  
10 security required by section 3101 at the time the injury occurred.

11 (3) Notwithstanding any other provision of law, tort liability  
12 arising from the ownership, maintenance, or use within this state  
13 of a motor vehicle with respect to which the security required by  
14 section 3101 was in effect is abolished except as to:

15 (a) Intentionally caused harm to persons or property. Even  
16 though a person knows that harm to persons or property is  
17 substantially certain to be caused by his or her act or omission,  
18 the person does not cause or suffer that harm intentionally if he  
19 or she acts or refrains from acting for the purpose of averting  
20 injury to any person, including himself or herself, or for the  
21 purpose of averting damage to tangible property.

22 (b) Damages for noneconomic loss as provided and limited in  
23 subsections (1) and (2).

24 (c) Damages for allowable expenses, work loss, and survivor's  
25 loss as defined in sections 3107 to 3110 in excess of **any**  
26 **applicable limit under section 3107c or** the daily, monthly, and 3-  
27 year limitations contained in those sections, **or without limit for**  
28 **allowable expenses if an election to not maintain that coverage was**  
29 **made under section 3107d.** The party liable for damages is entitled



1 to an exemption reducing his or her liability by the amount of  
 2 taxes that would have been payable on account of income the injured  
 3 person would have received if he or she had not been injured.

4 (d) Damages for economic loss by a nonresident. ~~in excess of~~  
 5 ~~the personal protection insurance benefits provided under section~~  
 6 ~~3163(4). Damages under this subdivision are not recoverable to the~~  
 7 ~~extent that benefits covering the same loss are available from~~  
 8 ~~other sources, regardless of the nature or number of benefit~~  
 9 ~~sources available and regardless of the nature or form of the~~  
 10 ~~benefits.~~ **However, to recover under this subdivision, the**  
 11 **nonresident must have suffered death, serious impairment of body**  
 12 **function, or permanent serious disfigurement.**

13 (e) Damages up to \$1,000.00 to a motor vehicle, to the extent  
 14 that the damages are not covered by insurance. An action for  
 15 damages under this subdivision ~~shall~~ **must** be conducted as provided  
 16 in subsection (4).

17 (4) All of the following apply to an action for damages under  
 18 subsection (3)(e):

19 (a) Damages ~~shall~~ **must** be assessed on the basis of comparative  
 20 fault, except that damages ~~shall~~ **must** not be assessed in favor of a  
 21 party who is more than 50% at fault.

22 (b) Liability is not a component of residual liability, as  
 23 prescribed in section 3131, for which maintenance of security is  
 24 required by this act.

25 (c) The action ~~shall~~ **must** be commenced, whenever legally  
 26 possible, in the small claims division of the district court or the  
 27 municipal court. If the defendant or plaintiff removes the action  
 28 to a higher court and does not prevail, the judge may assess costs.

29 (d) A decision of the court is not res judicata in any



1 proceeding to determine any other liability arising from the same  
2 circumstances that gave rise to the action.

3 (e) Damages ~~shall~~**must** not be assessed if the damaged motor  
4 vehicle was being operated at the time of the damage without the  
5 security required by section 3101.

6 (5) As used in this section, "serious impairment of body  
7 function" means an objectively manifested impairment of an  
8 important body function that affects the person's general ability  
9 to lead his or her normal life.

10 Sec. 3142. (1) Personal protection insurance benefits are  
11 payable as loss accrues.

12 (2) ~~Personal~~**Subject to subsection (3), personal** protection  
13 insurance benefits are overdue if not paid within 30 days after an  
14 insurer receives reasonable proof of the fact and of the amount of  
15 loss sustained. ~~If~~**Subject to subsection (3), if** reasonable proof  
16 is not supplied as to the entire claim, the amount supported by  
17 reasonable proof is overdue if not paid within 30 days after the  
18 proof is received by the insurer. ~~Any~~**Subject to subsection (3),**  
19 **any** part of the remainder of the claim that is later supported by  
20 reasonable proof is overdue if not paid within 30 days after the  
21 proof is received by the insurer. For the purpose of calculating  
22 the extent to which benefits are overdue, payment ~~shall~~**must** be  
23 treated as made on the date a draft or other valid instrument was  
24 placed in the United States mail in a properly addressed, postpaid  
25 envelope, or, if not so posted, on the date of delivery.

26 (3) **For personal protection insurance benefits under section**  
27 **3107(1) (a), payment for a product, service, or accommodations is**  
28 **not overdue if a bill for the product, service, or accommodations**  
29 **is not provided to the insurer within 90 days after the product,**



1 **service, or accommodations is provided.**

2 (4) ~~(3)~~—An overdue payment bears simple interest at the rate  
3 of 12% per annum.

4 Sec. 3145. (1) An action for recovery of personal protection  
5 insurance benefits payable under this chapter for accidental bodily  
6 injury may not be commenced later than 1 year after the date of the  
7 accident causing the injury unless written notice of injury as  
8 provided herein has been given to the insurer within 1 year after  
9 the accident or unless the insurer has previously made a payment of  
10 personal protection insurance benefits for the injury. ~~If~~ **Subject**  
11 **to subsection (2), if** the notice has been given or a payment has  
12 been made, the action may be commenced at any time within 1 year  
13 after the most recent allowable expense, work loss, or survivor's  
14 loss has been incurred. However, the claimant may not recover  
15 benefits for any portion of the loss incurred more than 1 year  
16 before the date on which the action was commenced. The notice of  
17 injury required by this subsection may be given to the insurer or  
18 any of its authorized agents by a person claiming to be entitled to  
19 benefits ~~therefor,~~ **because of the injury,** or by someone in ~~his~~ **the**  
20 **person's** behalf. The notice ~~shall~~ **must** give the name and address of  
21 the claimant and indicate in ordinary language the name of the  
22 person injured and the time, place, and nature of ~~his~~ **the person's**  
23 injury.

24 (2) **The limitation under subsection (1) on recovery of**  
25 **benefits incurred more than 1 year before an action is commenced is**  
26 **tolled from the date the person claiming the benefits makes a**  
27 **specific claim for the benefits until the date the insurer formally**  
28 **denies the claim. This subsection does not apply if the person**  
29 **claiming the benefits fails to pursue the claim with reasonable**



1 diligence.

2 (3) ~~(2)~~—An action for recovery of property protection  
3 insurance benefits ~~shall~~**may** not be commenced later than 1 year  
4 after the accident.

5 Sec. 3148. (1) ~~An~~**Subject to subsections (3), (6), and (7), an**  
6 attorney ~~is entitled to~~**may be awarded** a reasonable fee for  
7 advising and representing a claimant in an action for personal or  
8 property protection insurance benefits ~~which~~**that** are overdue. The  
9 attorney's fee ~~shall be~~**is** a charge against the insurer in addition  
10 to the benefits recovered, if the court finds that the insurer  
11 unreasonably refused to pay the claim or unreasonably delayed in  
12 making proper payment. **An attorney advising or representing an**  
13 **injured person concerning a claim for payment of personal**  
14 **protection insurance benefits from an insurer shall not claim,**  
15 **file, or serve a lien for payment of a fee or fees until all of the**  
16 **following apply:**

17 (a) A payment for the claim is authorized under this chapter.

18 (b) A payment for the claim is overdue under this chapter.

19 (c) The attorney notifies the resident agent of the insurer in  
20 writing that the payment for the claim is overdue under this  
21 chapter.

22 (d) Within 30 days after the insurer receives the notice under  
23 subdivision (c), the insurer does not either provide reasonable  
24 proof that the insurer is not responsible for the payment or take  
25 remedial action.

26 (2) If an attorney claims, files, serves, or enforces a lien  
27 in a manner prohibited by subsection (1), an insurer or other  
28 person aggrieved by the lien is entitled to court costs and  
29 reasonable attorney fees related to opposition of the imposition of



1 the lien.

2 (3) If an action involves a number of claims, the court shall  
3 reduce an attorney's fee under subsection (1) in the proportion  
4 that the number of claims that were not determined to have been  
5 unreasonably refused or delayed bears to the total number of claims  
6 presented in the action.

7 (4) ~~(2) An~~ **A court may award an** insurer ~~may be allowed by a~~  
8 ~~court an award of a reasonable sum~~ **amount** against a claimant as an  
9 ~~attorney's~~ **attorney** fee for the insurer's attorney in ~~defense~~  
10 **defending** against ~~a~~ **any of the following:**

11 (a) **A** claim that was in some respect fraudulent or so  
12 excessive as to have no reasonable foundation.

13 (b) **A** claim for benefits for a treatment, product, service,  
14 rehabilitative occupational training, or accommodation that was not  
15 medically necessary or that was for an excessive amount.

16 (c) **A** claim for which the client was solicited by the attorney  
17 in violation of the law of this state or the Michigan rules of  
18 professional conduct.

19 (5) To the extent that personal or property protection  
20 insurance benefits are then due or thereafter come due to the  
21 claimant because of loss resulting from the injury on which the  
22 claim is based, ~~such a~~ **an attorney** fee **awarded in favor of the**  
23 **insurer** may be ~~treated~~ **taken** as an offset against ~~such the~~  
24 benefits. ~~and also, judgment~~ **Judgment** may **also** be entered against the  
25 claimant for any amount of ~~a~~ **an attorney** fee awarded ~~against him~~  
26 ~~and that is~~ not offset ~~in this way~~ **against benefits** or otherwise  
27 paid.

28 (6) For a dispute over payment for allowable expenses under  
29 section 3107(1) (a) for attendant care or nursing services, attorney



1 fees may be awarded in relation to expenses recovered for the 12  
 2 months preceding the date the insurer is notified of the dispute.  
 3 Attorney fees must not be awarded in relation to expenses paid  
 4 after the date the insurer is notified of the dispute, including  
 5 any future payments ordered after the judgment is entered.

6 (7) A court shall not award a fee to an attorney for advising  
 7 or representing a claimant in an action for personal or property  
 8 protection insurance benefits for a treatment, product, service,  
 9 rehabilitative occupational training, or accommodation provided to  
 10 the claimant if the attorney or a related person of the attorney  
 11 has, or had at the time the treatment, product, service,  
 12 rehabilitative occupational training, or accommodation was  
 13 provided, a direct or indirect financial interest in the person  
 14 that provided the treatment, product, service, rehabilitative  
 15 occupational training, or accommodation. For purposes of this  
 16 subsection, a direct or indirect financial interest exists if the  
 17 person that provided the treatment, product, service,  
 18 rehabilitative occupational training, or accommodation makes a  
 19 direct or indirect payment or grants a financial incentive to the  
 20 attorney or a related person of the attorney relating to the  
 21 treatment, product, service, rehabilitative occupational training,  
 22 or accommodation within 24 months before or after the treatment,  
 23 product, service, rehabilitative occupational training, or  
 24 accommodation is provided.

25 Sec. 3157. (1) ~~A~~ Subject to subsections (2) and (3), a person,  
 26 including, but not limited to, a physician, hospital, clinic, or  
 27 other ~~person or~~ institution, that lawfully ~~rendering~~ renders  
 28 treatment, **products, services, or accommodations** to an injured  
 29 person for an accidental bodily injury covered by personal



1 protection insurance, ~~and a person or institution providing or that~~  
 2 **provides** rehabilitative occupational training **to the injured person**  
 3 following the injury, may charge a reasonable amount for the  
 4 **treatment, training,** products, services, and accommodations.  
 5 ~~rendered.~~ The charge ~~shall~~ **must** not exceed the amount the person ~~or~~  
 6 ~~institution~~ customarily charges for like **treatment, training,**  
 7 products, services, and accommodations in cases ~~not involving that~~  
 8 **do not involve personal protection** insurance.

9 (2) Subject to subsections (3), (6), and (7), a person that  
 10 renders a treatment, training, product, service, or accommodation  
 11 to an injured person for an accidental bodily injury is not  
 12 eligible for payment or reimbursement under this chapter of more  
 13 than the amount payable for the treatment, training, product,  
 14 service, or accommodation under R 418.10101 to R 418.101503 of the  
 15 Michigan Administrative Code or schedules of maximum fees for  
 16 worker's compensation developed under those rules, in effect on the  
 17 effective date of the amendatory act that added this subsection.  
 18 The director shall review any changes to R 418.10101 to R  
 19 418.101503 of the Michigan Administrative Code or schedules of  
 20 maximum fees for worker's compensation developed under those rules.  
 21 If the director determines that the changes are reasonable and  
 22 appropriate for purposes of assuring affordable automobile  
 23 insurance in this state, the changes apply for purposes of this  
 24 subsection and the director shall issue an order to that effect.

25 (3) For attendant care rendered in the injured person's home,  
 26 an insurer is only required to pay benefits for attendant care up  
 27 to the hourly limitation in section 315 of the worker's disability  
 28 compensation act of 1969, 1969 PA 317, MCL 418.315. This subsection  
 29 only applies if the attendant care is provided directly, or



1 indirectly through another person, by any of the following:

2 (a) An individual who is related to the injured person.

3 (b) An individual who is domiciled in the household of the  
4 injured person.

5 (c) An individual with whom the injured person had a business  
6 or social relationship before the injury.

7 (4) An insurer may contract to pay benefits for attendant care  
8 for more than the hourly limitation under subsection (3).

9 (5) If R 418.10101 to R 418.101503 of the Michigan  
10 Administrative Code or schedules of maximum fees for worker's  
11 compensation developed under those rules, in effect on the  
12 effective date of the amendatory act that added this subsection,  
13 including any changes applicable under subsection (2), do not  
14 provide an amount payable for treatment, training, product,  
15 service, or accommodation rendered to an injured person for  
16 accidental bodily injury covered by personal protection insurance  
17 or rehabilitative occupational training to the injured person  
18 following the injury, the person that renders the treatment,  
19 product, service, or accommodation is not eligible for payment or  
20 reimbursement under this chapter of more than the average amount  
21 accepted by the person as payment or reimbursement in full for the  
22 treatment, training, product, service, or accommodation during the  
23 preceding calendar year in cases that do not involve personal  
24 protection insurance.

25 (6) A neurological rehabilitation clinic is not entitled to  
26 payment or reimbursement for a treatment, training, product,  
27 service, or accommodation unless the neurological rehabilitation  
28 clinic is accredited by the Commission on Accreditation of  
29 Rehabilitation Facilities or a similar organization recognized by



1 the director for purposes of accreditation under this subsection.  
 2 This subsection does not apply to a neurological rehabilitation  
 3 clinic that is in the process of becoming accredited as required  
 4 under this subsection on the effective date of the amendatory act  
 5 that added this subsection, unless 3 years have passed since the  
 6 beginning of that process and the neurological rehabilitation  
 7 clinic is still not accredited.

8 (7) Subsections (2) to (6) do not apply to emergency medical  
 9 services rendered by an ambulance operation. As used in this  
 10 subsection:

11 (a) "Ambulance operation" means that term as defined in  
 12 section 20902 of the public health code, 1978 PA 368, MCL  
 13 333.20902.

14 (b) "Emergency medical services" means that term as defined in  
 15 section 20904 of the public health code, 1978 PA 368, MCL  
 16 333.20904.

17 (8) Subsections (2) to (7) apply to a treatment, training,  
 18 product, service, or accommodation rendered after the effective  
 19 date of the amendatory act that added this subsection, regardless  
 20 of when the accidental bodily injury occurred. Subsections (2) to  
 21 (7) apply regardless of whether indemnification for the charge is  
 22 being made by the catastrophic claims association under section  
 23 3104.

24 (9) As used in this section, "neurological rehabilitation  
 25 clinic" means a person that provides post-acute brain and spinal  
 26 rehabilitation care.

27 Sec. 3157a. (1) By rendering any treatment, products,  
 28 services, or accommodations to 1 or more injured persons for an  
 29 accidental bodily injury covered by personal protection insurance



1 under this chapter after the effective date of the amendatory act  
 2 that added this section, a physician, hospital, clinic, or other  
 3 person is considered to have agreed to do both of the following:

4 (a) Submit necessary records and other information concerning  
 5 treatment, products, services, or accommodations provided for  
 6 utilization review under this section.

7 (b) Comply with any decision of the department under this  
 8 section.

9 (2) A physician, hospital, clinic, or other person or  
 10 institution that knowingly submits false or misleading records or  
 11 other information to an insurer, the association created under  
 12 section 3104, or the department under this section is guilty of a  
 13 misdemeanor punishable by imprisonment for not more than 1 year or  
 14 a fine of not more than \$1,000.00, or both.

15 (3) The department shall promulgate rules under the  
 16 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
 17 24.328, to do both of the following:

18 (a) Establish criteria or standards for utilization review  
 19 that identify utilization of treatment, products, services, or  
 20 accommodations under this chapter above the usual range of  
 21 utilization for the treatment, products, services, or  
 22 accommodations based on medically accepted standards.

23 (b) Provide procedures related to utilization review,  
 24 including procedures for all of the following:

25 (i) Acquiring necessary records, medical bills, and other  
 26 information concerning the treatment, products, services, or  
 27 accommodations provided.

28 (ii) Allowing an insurer to request an explanation for and  
 29 requiring a physician, hospital, clinic, or other person to explain



1 the necessity or indication for treatment, products, services, or  
2 accommodations provided.

3 (iii) Appealing determinations.

4 (4) If a physician, hospital, clinic, or other person provides  
5 treatment, products, services, or accommodations under this chapter  
6 that are not usually associated with, are longer in duration than,  
7 are more frequent than, or extend over a greater number of days  
8 than the treatment, products, services, or accommodations usually  
9 require for the diagnosis or condition for which the patient is  
10 being treated, the insurer or the association created under section  
11 3104 may require the physician, hospital, clinic, or other person  
12 to explain the necessity or indication for the treatment, products,  
13 services, or accommodations in writing under the procedures  
14 provided under subsection (3).

15 (5) If an insurer or the association created under section  
16 3104 determines that a physician, hospital, clinic, or other person  
17 improperly overutilized or otherwise rendered or ordered  
18 inappropriate treatment, products, services, or accommodations, or  
19 that the cost of the treatment, products, services, or  
20 accommodations was inappropriate under this chapter, the physician,  
21 hospital, clinic, or other person may appeal the determination to  
22 the department under the procedures provided under subsection (3).

23 (6) If the department determines that an insurer complies with  
24 the criteria or standards for utilization review established under  
25 subsection (3), the department shall certify the insurer.

26 (7) As used in this section, "utilization review" means the  
27 initial evaluation by an insurer or the association created under  
28 section 3104 of the appropriateness in terms of both the level and  
29 the quality of treatment, products, services, or accommodations



1 provided under this chapter based on medically accepted standards.

2       **Sec. 3157b. Any proprietary information or sensitive**  
 3 **personally identifiable information regarding a patient that is**  
 4 **submitted to the department under section 3157a is exempt from**  
 5 **disclosure under section 13(e) of the freedom of information act,**  
 6 **1976 PA 442, MCL 15.243, and the department shall exempt any such**  
 7 **information from disclosure under any other applicable exemptions**  
 8 **under section 13 of the freedom of information act, 1976 PA 442,**  
 9 **MCL 15.243.**

10       Sec. 3163. ~~(1) An insurer authorized to transact automobile~~  
 11 ~~liability insurance and personal and property protection insurance~~  
 12 ~~in this state shall file and maintain a written certification that~~  
 13 ~~any~~ **is not required to provide personal protection insurance or**  
 14 **property protection insurance benefits under this chapter for**  
 15 ~~accidental bodily injury or property damage occurring in this state~~  
 16 ~~arising from the ownership, operation, maintenance, or use of a~~  
 17 ~~motor vehicle as a motor vehicle by an out-of-state resident who is~~  
 18 ~~insured under its~~ **the insurer's** automobile liability insurance  
 19 policies. ~~, is subject to the personal and property protection~~  
 20 ~~insurance system under this act.~~

21       ~~(2) A nonadmitted insurer may voluntarily file the~~  
 22 ~~certification described in subsection (1).~~

23       ~~(3) Except as otherwise provided in subsection (4), if a~~  
 24 ~~certification filed under subsection (1) or (2) applies to~~  
 25 ~~accidental bodily injury or property damage, the insurer and its~~  
 26 ~~insureds with respect to that injury or damage have the rights and~~  
 27 ~~immunities under this act for personal and property protection~~  
 28 ~~insureds, and claimants have the rights and benefits of personal~~  
 29 ~~and property protection insurance claimants, including the right to~~



1 ~~receive benefits from the electing insurer as if it were an insurer~~  
 2 ~~of personal and property protection insurance applicable to the~~  
 3 ~~accidental bodily injury or property damage.~~

4 ~~(4) If an insurer of an out-of-state resident is required to~~  
 5 ~~provide benefits under subsections (1) to (3) to that out-of-state~~  
 6 ~~resident for accidental bodily injury for an accident in which the~~  
 7 ~~out-of-state resident was not an occupant of a motor vehicle~~  
 8 ~~registered in this state, the insurer is only liable for the amount~~  
 9 ~~of ultimate loss sustained up to \$500,000.00. Benefits under this~~  
 10 ~~subsection are not recoverable to the extent that benefits covering~~  
 11 ~~the same loss are available from other sources, regardless of the~~  
 12 ~~nature or number of benefit sources available and regardless of the~~  
 13 ~~nature or form of the benefits.~~

14 Sec. 3172. (1) A person entitled to claim because of  
 15 accidental bodily injury arising out of the ownership, operation,  
 16 maintenance, or use of a motor vehicle as a motor vehicle in this  
 17 state may ~~obtain-claim~~ personal protection insurance benefits  
 18 through the assigned claims plan if ~~no~~ **any of the following apply:**

19 (a) **No** personal protection insurance is applicable to the  
 20 injury. ~~no~~

21 (b) **No** personal protection insurance applicable to the injury  
 22 can be identified. ~~the~~

23 (c) **No** personal protection insurance applicable to the injury  
 24 ~~cannot-can~~ be ascertained because of a dispute between 2 or more  
 25 automobile insurers concerning their obligation to provide coverage  
 26 or the equitable distribution of the loss. ~~or the~~

27 (d) **The** only identifiable personal protection insurance  
 28 applicable to the injury is, because of financial inability of 1 or  
 29 more insurers to fulfill their obligations, inadequate to provide



1 benefits up to the maximum prescribed. ~~In that case, unpaid~~

2       **(2) Unpaid** benefits due or coming due **as described in**  
 3 **subsection (1)** may be collected under the assigned claims plan, and  
 4 the insurer to which the claim is assigned is entitled to  
 5 reimbursement from the defaulting insurers to the extent of their  
 6 financial responsibility.

7       **(3) A person entitled to claim personal protection insurance**  
 8 **benefits through the assigned claims plan under subsection (1)**  
 9 **shall file a completed application on a claim form provided by the**  
 10 **Michigan automobile insurance placement facility and provide**  
 11 **reasonable proof of loss to the Michigan automobile insurance**  
 12 **placement facility. The Michigan automobile insurance placement**  
 13 **facility or an insurer assigned to administer a claim on behalf of**  
 14 **the Michigan automobile insurance placement facility under the**  
 15 **assigned claims plan shall specify in writing the materials that**  
 16 **constitute a reasonable proof of loss within 60 days after receipt**  
 17 **by the Michigan automobile insurance placement facility of an**  
 18 **application that complies with this subsection.**

19       **(4) The Michigan automobile insurance placement facility or an**  
 20 **insurer assigned to administer a claim on behalf of the Michigan**  
 21 **automobile insurance placement facility under the assigned claims**  
 22 **plan is not required to pay an interest penalty in connection with**  
 23 **a claim for any period of time during which the claim is reasonably**  
 24 **in dispute.**

25       **(5) ~~(2)~~** Except as otherwise provided in this subsection,  
 26 personal protection insurance benefits, including benefits arising  
 27 from accidents occurring before March 29, 1985, payable through the  
 28 assigned claims plan ~~shall~~ **must** be reduced to the extent that  
 29 benefits covering the same loss are available from other sources,



1 regardless of the nature or number of benefit sources available and  
 2 regardless of the nature or form of the benefits, to a person  
 3 claiming personal protection insurance benefits through the  
 4 assigned claims plan. This subsection only applies if the personal  
 5 protection insurance benefits are payable through the assigned  
 6 claims plan ~~because no personal protection insurance is applicable~~  
 7 ~~to the injury, no personal protection insurance applicable to the~~  
 8 ~~injury can be identified, or the only identifiable personal~~  
 9 ~~protection insurance applicable to the injury is, because of~~  
 10 ~~financial inability of 1 or more insurers to fulfill their~~  
 11 ~~obligations, inadequate to provide benefits up to the maximum~~  
 12 ~~prescribed.~~ **under subsection (1) (a), (b), or (d).** As used in this  
 13 subsection, "sources" and "benefit sources" do not include the  
 14 program for medical assistance for the medically indigent under the  
 15 social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or  
 16 ~~insurance under the health insurance for the aged act, title and~~  
 17 **disabled under subchapter** XVIII of the social security act, 42 USC  
 18 1395 to ~~1395kkk-1.~~ **1395lll.**

19 (6) ~~(3)~~—If the obligation to provide personal protection  
 20 insurance benefits cannot be ascertained because of a dispute  
 21 between 2 or more automobile insurers concerning their obligation  
 22 to provide coverage or the equitable distribution of the loss, and  
 23 if a method of voluntary payment of benefits cannot be agreed upon  
 24 among or between the disputing insurers, all of the following  
 25 apply:

26 (a) The insurers who are parties to the dispute shall, or the  
 27 claimant may, immediately notify the Michigan automobile insurance  
 28 placement facility of their inability to determine their statutory  
 29 obligations.



1           (b) ~~The claim shall be assigned by the Michigan automobile~~  
 2 insurance placement facility **shall assign the claim** to an insurer  
 3 and the insurer shall immediately provide personal protection  
 4 insurance benefits to the claimant or claimants entitled to  
 5 benefits.

6           (c) ~~An action~~ **The insurer assigned the claim by the Michigan**  
 7 **automobile insurance placement facility** shall ~~be~~ immediately  
 8 ~~commenced~~ **commence an action** on behalf of the Michigan automobile  
 9 insurance placement facility ~~by the insurer to whom the claim is~~  
 10 ~~assigned~~ in circuit court to declare the rights and duties of any  
 11 interested party.

12           (d) The insurer to whom the claim is assigned shall join as  
 13 parties defendant to the action commenced under subdivision (c)  
 14 each insurer disputing either the obligation to provide personal  
 15 protection insurance benefits or the equitable distribution of the  
 16 loss among the insurers.

17           (e) The circuit court shall declare the rights and duties of  
 18 any interested party whether or not other relief is sought or could  
 19 be granted.

20           (f) After hearing the action, the circuit court shall  
 21 determine the insurer or insurers, if any, obligated to provide the  
 22 applicable personal protection insurance benefits and the equitable  
 23 distribution, if any, among the insurers obligated, and shall order  
 24 reimbursement to the Michigan automobile insurance placement  
 25 facility from the insurer or insurers to the extent of the  
 26 responsibility as determined by the court. The reimbursement  
 27 ordered under this subdivision ~~shall~~ **must** include all benefits and  
 28 costs paid or incurred by the Michigan automobile insurance  
 29 placement facility and all benefits and costs paid or incurred by



1 insurers determined not to be obligated to provide applicable  
 2 personal protection insurance benefits, including ~~reasonable,~~  
 3 ~~actually-incurred~~ attorney fees and interest at the rate prescribed  
 4 in section 3175 ~~as of~~ **applicable on** December 31 of the year  
 5 preceding the determination of the circuit court.

6 **(7) The Michigan automobile insurance placement facility and**  
 7 **the insurer to whom a claim is assigned by the Michigan automobile**  
 8 **insurance placement facility are only required to provide personal**  
 9 **protection insurance benefits under section 3107(1)(a) up to the**  
 10 **limit provided in section 3107c(1)(a).**

11 Sec. 3173a. (1) The Michigan automobile insurance placement  
 12 facility shall **review a claim for personal protection insurance**  
 13 **benefits under the assigned claims plan, shall** make an initial  
 14 determination of ~~a claimant's~~ **the** eligibility for benefits under  
 15 **this chapter and** the assigned claims plan, and shall deny an  
 16 ~~obviously ineligible~~ **a claim .** ~~The~~ **that the Michigan automobile**  
 17 **insurance placement facility determines is ineligible under this**  
 18 **chapter or the assigned claims plan. If a claimant or person making**  
 19 **a claim through or on behalf of a claimant fails to cooperate with**  
 20 **the Michigan automobile insurance placement facility as required by**  
 21 **subsection (2), the Michigan automobile insurance placement**  
 22 **facility shall suspend benefits to the claimant under the assigned**  
 23 **claims plan. A suspension under this subsection is not an**  
 24 **irrevocable denial of benefits, and must continue only until the**  
 25 **Michigan automobile insurance placement facility determines that**  
 26 **the claimant or person making a claim through or on behalf of a**  
 27 **claimant cooperates or resumes cooperation with the Michigan**  
 28 **automobile insurance placement facility. The Michigan automobile**  
 29 **insurance placement facility shall promptly notify in writing the**



1 claimant ~~shall be notified promptly in writing~~ and any person that  
2 submitted a claim through or on behalf of a claimant of the a  
3 denial and the reasons for the denial.

4 (2) A claimant or a person making a claim through or on behalf  
5 of a claimant shall cooperate with the Michigan automobile  
6 insurance placement facility in its determination of eligibility  
7 and the settlement or defense of any claim or suit, including, but  
8 not limited to, submitting to an examination under oath and  
9 compliance with sections 3151 to 3153. There is a rebuttable  
10 presumption that a person has satisfied the duty to cooperate under  
11 this section if all of the following apply:

12 (a) The person submitted a claim for personal protection  
13 insurance benefits under the assigned claims plan by submitting to  
14 the Michigan automobile insurance placement facility a complete  
15 application on a form provided by the Michigan automobile insurance  
16 placement facility in accordance with the assigned claims plan.

17 (b) The person provided reasonable proof of loss under the  
18 assigned claims plan as described in section 3172.

19 (c) If required under this subsection to submit to an  
20 examination under oath, the person submitted to the examination,  
21 subject to all of the following:

22 (i) The person was provided at least 21 days' notice of the  
23 examination.

24 (ii) The examination was conducted in a location reasonably  
25 convenient for the person.

26 (iii) Any reasonable request by the person to reschedule the  
27 date, time, or location of the examination was accommodated.

28 (3) The Michigan automobile insurance placement facility may  
29 perform its functions and responsibilities under this section and



1 the assigned claims plan directly or through an insurer assigned by  
 2 the Michigan automobile insurance placement facility to administer  
 3 the claim on behalf of the Michigan automobile insurance placement  
 4 facility. The assignment of a claim by the Michigan automobile  
 5 insurance placement facility to an insurer is not a determination  
 6 of eligibility under this chapter or the assigned claims plan, and  
 7 a claim assigned to an insurer by the Michigan automobile insurance  
 8 placement facility may later be denied if the claim is not eligible  
 9 under this chapter or the assigned claims plan.

10 (4) ~~(2)~~—A person who presents or causes to be presented an  
 11 oral or written statement, including computer-generated  
 12 information, as part of or in support of a claim to the Michigan  
 13 automobile insurance placement facility, **or to an insurer to which**  
 14 **the claim is assigned under the assigned claims plan**, for payment  
 15 or another benefit knowing that the statement contains false  
 16 information concerning a fact or thing material to the claim  
 17 commits a fraudulent insurance act under section 4503 that is  
 18 subject to the penalties imposed under section 4511. A claim that  
 19 contains or is supported by a fraudulent insurance act as described  
 20 in this subsection is ineligible for payment ~~or~~ **of personal**  
 21 **protection insurance** benefits under the assigned claims plan.

22 (5) **The Michigan automobile insurance placement facility may**  
 23 **contract with other persons for all or a portion of the goods and**  
 24 **services necessary for operating and maintaining the assigned**  
 25 **claims plan.**

26 Sec. 3174. A person claiming through the assigned claims plan  
 27 shall notify the Michigan automobile insurance placement facility  
 28 of his or her claim within ~~the time that would have been allowed~~  
 29 ~~for filing an action for personal protection insurance benefits if~~



1 ~~identifiable coverage applicable to the claim had been in effect.~~  
 2 ~~The 1 year after the date of the accident. On an initial~~  
 3 ~~determination of a claimant's eligibility for benefits through the~~  
 4 ~~assigned claims plan, the~~ Michigan automobile insurance placement  
 5 facility shall promptly assign the claim in accordance with the  
 6 plan and notify the claimant of the identity and address of the  
 7 insurer to which the claim is assigned. An action by ~~the a~~ claimant  
 8 ~~shall not be commenced more than 30 days after receipt of notice of~~  
 9 ~~the assignment or the last date on which the action could have been~~  
 10 ~~commenced against an insurer of identifiable coverage applicable to~~  
 11 ~~the claim, whichever is later.~~ **must be commenced as provided in**  
 12 **section 3145.**

13       Sec. 3175. (1) The assignment of claims under the assigned  
 14 claims plan ~~shall~~ **must** be made according to procedures established  
 15 in the assigned claims plan that assure fair allocation of the  
 16 burden of assigned claims among insurers doing business in this  
 17 state on a basis reasonably related to the volume of automobile  
 18 liability and personal protection insurance they write on motor  
 19 vehicles or the number of self-insured motor vehicles. An insurer  
 20 to whom claims have been assigned shall make prompt payment of loss  
 21 in accordance with this act. An insurer is entitled to  
 22 reimbursement by the Michigan automobile insurance placement  
 23 facility for the payments, the established loss adjustment cost,  
 24 and an amount determined by use of the average annual 90-day United  
 25 States treasury bill yield rate, as reported by the ~~council of~~  
 26 ~~economic advisers~~ **Council of Economic Advisers** as of December 31 of  
 27 the year for which reimbursement is sought, as follows:

28       (a) For the calendar year in which claims are paid by the  
 29 insurer, the amount ~~shall~~ **must** be determined by applying the



1 specified annual yield rate specified in this subsection to 1/2 of  
2 the total claims payments and loss adjustment costs.

3 (b) For the period from the end of the calendar year in which  
4 claims are paid by the insurer to the date payments for the  
5 operation of the assigned claims plan are due, the amount ~~shall~~  
6 **must** be determined by applying the annual yield rate specified in  
7 this subsection to the total claims payments and loss adjustment  
8 costs multiplied by a fraction, the denominator of which is 365 and  
9 the numerator of which is equal to the number of days that have  
10 elapsed between the end of the calendar year and the date payments  
11 for the operation of the assigned claims plan are due.

12 (2) ~~The~~ **An insurer assigned a claim by the Michigan automobile**  
13 **insurance placement facility under the assigned claims plan or a**  
14 **person authorized to act on behalf of the plan may bring an action**  
15 **for reimbursement and indemnification of the claim on behalf of the**  
16 **Michigan automobile insurance placement facility. The** insurer to  
17 ~~whom claims have~~ **which the claim has** been assigned shall preserve  
18 and enforce rights to indemnity or reimbursement against third  
19 parties and account to the Michigan automobile insurance placement  
20 facility for the rights and shall assign the rights to the Michigan  
21 automobile insurance placement facility on reimbursement by the  
22 Michigan automobile insurance placement facility. This section does  
23 not preclude an insurer from entering into reasonable compromises  
24 and settlements with third parties against whom rights to indemnity  
25 or reimbursement exist. The insurer shall account to the Michigan  
26 automobile insurance placement facility for any compromises and  
27 settlements. The procedures established under the assigned claims  
28 plan ~~shall~~ **of operation must** establish reasonable standards for  
29 enforcing rights to indemnity or reimbursement against third



1 parties, including a standard establishing an amount below which  
 2 actions to preserve and enforce the rights need not be pursued.

3 (3) An action to enforce rights to indemnity or reimbursement  
 4 against a third party ~~shall~~**must** not be commenced after the later  
 5 of ~~2~~**the following:**

6 (a) **Two** years after the assignment of the claim to the  
 7 insurer. ~~or 1~~

8 (b) **One** year after the date of the last payment to the  
 9 claimant.

10 (c) **One year after the date the responsible third party is**  
 11 **identified.**

12 (4) Payments for the operation of the assigned claims plan not  
 13 paid by the due date ~~shall~~ bear interest at the rate of 20% per  
 14 annum.

15 (5) The Michigan automobile insurance placement facility may  
 16 enter into a written agreement with the debtor permitting the  
 17 payment of the judgment or acknowledgment of debt in installments  
 18 payable to the Michigan automobile insurance placement facility. A  
 19 default in payment of installments under a judgment as agreed  
 20 subjects the debtor to suspension or revocation of his or her motor  
 21 vehicle license or registration in the same manner as for the  
 22 failure by an uninsured motorist to pay a judgment by installments  
 23 under section 3177, **including responsibility for expenses as**  
 24 **provided in section 3177(4).**

25 Sec. 3177. (1) ~~An~~**The** insurer obligated to pay personal  
 26 protection insurance benefits for accidental bodily injury to a  
 27 person arising out of the ownership, maintenance, or use of an  
 28 uninsured motor vehicle as a motor vehicle may recover ~~such~~**all**  
 29 benefits paid, ~~and appropriate~~**incurred** loss adjustment costs **and**



1 **expenses, and incurred attorney fees** from the owner or registrant  
 2 of the uninsured motor vehicle or from his or her estate. Failure  
 3 of ~~such a person~~ **the owner or registrant** to make payment within 30  
 4 days after **a judgment is entered in an action for recovery under**  
 5 **this subsection** is a ground for suspension or revocation of his or  
 6 her motor vehicle registration and license as defined in section 25  
 7 of the Michigan vehicle code, ~~Act No. 300 of the Public Acts of~~  
 8 ~~1949, being section 257.25 of the Michigan Compiled Laws. An 1949~~  
 9 **PA 300, MCL 257.25. For purposes of this section, an** uninsured  
 10 motor vehicle ~~for the purpose of this section~~ is a motor vehicle  
 11 with respect to which security as required by sections 3101 and  
 12 3102 is not in effect at the time of the accident.

13 (2) **The Michigan automobile insurance placement facility may**  
 14 **make a written agreement with the owner or registrant of an**  
 15 **uninsured vehicle or his or her estate permitting the payment of a**  
 16 **judgment described in subsection (1) in installments payable to the**  
 17 **Michigan automobile insurance placement facility.** The motor vehicle  
 18 registration and license ~~shall of an owner or registrant who makes~~  
 19 **a written agreement under this subsection must** not be suspended or  
 20 revoked and, ~~the motor vehicle registration and license shall if~~  
 21 **already suspended or revoked under subsection (1), must** be restored  
 22 ~~if the debtor enters into a written agreement with the secretary of~~  
 23 ~~state permitting the payment of the judgment in installments, if~~  
 24 the payment of any installments is not in default.

25 (3) The secretary of state, ~~upon~~ **on** receipt of a certified  
 26 abstract of court record of a judgment **described in subsection (1)**  
 27 or notice from ~~the~~ **an insurer or the Michigan automobile insurance**  
 28 **placement facility or its designee** of an acknowledgment of a debt  
 29 **described in subsection (1), shall** notify the owner or registrant



1 ~~of an uninsured vehicle~~ of the provisions of subsection (1) at ~~that~~  
 2 ~~person's~~ **the owner or registrant's** last ~~recorded~~ address **recorded**  
 3 with the secretary of state and inform ~~that person~~ **the owner or**  
 4 **registrant** of the right to enter into a written agreement **under**  
 5 **this section** with the ~~secretary of state~~ **Michigan automobile**  
 6 **insurance placement facility or its designee** for the payment of the  
 7 judgment or debt in installments.

8 (4) **Expenses for the suspension, revocation, or reinstatement**  
 9 **of a motor vehicle registration or license under this section are**  
 10 **the responsibility of the owner or registrant or of his or her**  
 11 **estate. An owner or registrant whose registration or license is**  
 12 **suspended under this section shall pay any reinstatement fee as**  
 13 **required under section 320e of the Michigan vehicle code, 1949 PA**  
 14 **300, MCL 257.320e.**

#### 15 CHAPTER 63

#### 16 AUTOMOBILE INSURANCE FRAUD TASK FORCE

17 Sec. 6301. As used in this chapter:

18 (a) "Automobile insurance fraud" means a fraudulent insurance  
 19 act as described in section 4503 that is committed in connection  
 20 with automobile insurance, including an application for automobile  
 21 insurance, regardless of whether the act constitutes a crime or  
 22 another violation of law.

23 (b) "Fund" means the automobile insurance fraud fund created  
 24 in section 6304.

25 (c) "Task force" means the automobile insurance fraud task  
 26 force created under section 6302.

27 Sec. 6302. (1) The automobile insurance fraud task force is  
 28 created in the department of state police. Members of the task  
 29 force shall perform their duties on the task force under the



1 direction of the director of the department of state police.

2 (2) The task force consists of the following members,  
3 appointed as follows:

4 (a) Five officers of the department of state police as  
5 described under section 6 of 1935 PA 59, MCL 28.6, appointed by the  
6 director of the department of state police.

7 (b) One employee of the department, appointed by the director.

8 (c) One representative of the catastrophic claims association  
9 created under section 3104, appointed by the catastrophic claims  
10 association board.

11 (d) One employee of the Michigan automobile insurance  
12 placement facility who is involved in the operation of the assigned  
13 claims plan created under section 3171, appointed by the Michigan  
14 automobile insurance placement facility.

15 (e) One employee of the department of attorney general,  
16 appointed by the attorney general.

17 (3) A member of the task force shall serve at the pleasure of  
18 the person that appointed the member. If a vacancy occurs on the  
19 task force, the person with the power to appoint a member to the  
20 vacant position shall make an appointment in the same manner as the  
21 original appointment.

22 (4) The task force shall do all of the following:

23 (a) Receive records from the anti-fraud unit created under  
24 Executive Order No. 2018-9.

25 (b) Collect and maintain claims of automobile insurance fraud.

26 (c) Investigate claims of automobile insurance fraud.

27 (d) Maintain records of its investigations.

28 (e) Pursue the prosecution, whether criminal or civil, of  
29 persons that commit automobile insurance fraud.



1 (5) The task force may do 1 or more of the following:

2 (a) Share records of its investigations with other law  
3 enforcement agencies and departments and agencies of this state.

4 (b) Review records of other law enforcement agencies and  
5 departments and agencies of this state to assist in the  
6 investigation of automobile insurance fraud and enforcement of laws  
7 relating to automobile insurance fraud.

8 (c) Conduct outreach and coordination efforts with local and  
9 state law enforcement agencies and departments and agencies of this  
10 state to promote investigation and prosecution of automobile  
11 insurance fraud.

12 (d) Anything else that it determines is necessary to  
13 investigate and prosecute automobile insurance fraud in this state.

14 Sec. 6303. (1) Within 60 days after the effective date of this  
15 chapter, the anti-fraud unit created as provided in Executive Order  
16 No. 2018-9 shall transfer all records regarding claims of  
17 automobile insurance fraud and investigation of claims of  
18 automobile insurance fraud in its possession to the task force.

19 (2) After the anti-fraud unit has transferred the records as  
20 required by subsection (1), the anti-fraud unit is dissolved.

21 Sec. 6304. (1) The automobile insurance fraud fund is created  
22 within the state treasury.

23 (2) The state treasurer may receive money or other assets from  
24 any source for deposit into the fund. The state treasurer shall  
25 direct the investment of the fund. The state treasurer shall credit  
26 to the fund interest and earnings from fund investments.

27 (3) Money in the fund at the close of the fiscal year must  
28 remain in the fund and not lapse to the general fund.

29 (4) The department of state police is the administrator of the



1 fund for auditing purposes.

2 (5) The department of state police shall disburse money from  
3 the fund, upon appropriation, as follows:

4 (a) Until 5 years after the effective date of this section,  
5 money in the fund must be disbursed to the department of state  
6 police, the department, the catastrophic claims association, the  
7 Michigan automobile insurance placement facility, and the  
8 department of the attorney general, in proportion to the number of  
9 officers, employees, or representatives each of these has on the  
10 task force. Money disbursed under this subdivision must be used for  
11 the operation of the task force.

12 (b) Beginning 5 years after the effective date of this  
13 section, the department of state police shall expend money from the  
14 fund, upon appropriation for the operation of the task force.

15 Sec. 6305. (1) An insurer authorized to transact automobile  
16 insurance in this state shall report data regarding automobile  
17 insurance fraud by medical providers, attorneys, or other persons  
18 to the task force.

19 (2) The department shall cooperate with the task force and  
20 shall provide all available statistics on automobile fraud and  
21 unfair claims practices to the task force on request.

22 Sec. 6307. (1) Beginning July 1 of the year after the  
23 effective date of the amendatory act that added this section, the  
24 task force shall prepare and publish an annual report to the  
25 legislature on the task force's efforts to prevent automobile  
26 insurance fraud by medical providers, attorneys, or other persons,  
27 unfair claims practices of insurance companies, and cost savings  
28 that have resulted from those efforts.

29 (2) The annual report to the legislature required by this



1 section must detail the automobile insurance fraud by medical  
2 providers, attorneys, or other persons and unfair claims practices  
3 of insurance companies occurring in this state for the previous  
4 year, assess the impact of the fraud and unfair claims practices on  
5 rates charged for automobile insurance, and outline any  
6 expenditures made by the task force. The director shall cooperate  
7 in developing the report as requested by the task force and shall  
8 make available to the task force records and statistics concerning  
9 automobile insurance fraud by medical providers, attorneys, or  
10 other persons and unfair claims practices, including the number of  
11 instances of suspected and confirmed automobile insurance fraud,  
12 number of prosecutions and convictions involving automobile  
13 insurance fraud, automobile insurance fraud recidivism, unfair  
14 settlement practices and claims practices, including those reported  
15 to the department under section 261, reimbursement rate practices,  
16 timeliness of claims practices, and the use of independent medical  
17 examiners. The task force shall evaluate the impact automobile  
18 insurance fraud by medical providers, attorneys, or other persons  
19 has on the citizens of this state and the costs incurred by the  
20 citizens through insurance, police enforcement, prosecution, and  
21 incarceration because of automobile insurance fraud. The task force  
22 shall evaluate the impact unfair claims practices by insurers have  
23 on the citizens of this state and shall determine the costs  
24 incurred by the citizens through unnecessary litigation and bad-  
25 faith practices.

26 (3) The task force shall submit the annual report to the  
27 legislature required by this section to the standing committees of  
28 the senate and house of representatives with primary jurisdiction  
29 over insurance issues and the director.



1           Enacting section 1. Section 3112 of the insurance code of  
2 1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act,  
3 applies to products, services, or accommodations provided after the  
4 effective date of this amendatory act.

