

Act No. 174  
Public Acts of 1992  
Approved by the Governor  
July 22, 1992  
Filed with the Secretary of State  
July 23, 1992

**STATE OF MICHIGAN  
86TH LEGISLATURE  
REGULAR SESSION OF 1992**

Introduced by Reps. Dobronski, Byrum, Pitoniak, Mathieu, Jonker, Emerson, Scott, Porreca, Bennane, Profit, Brown, Sikkema, Palamara, Weeks and Bartnik

# **ENROLLED HOUSE BILL No. 5855**

An act to amend Act No. 218 of the Public Acts of 1956, entitled as amended "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities

of this state; to repeal certain acts and parts of acts; to repeal certain acts and parts of acts on specific dates; to repeal certain parts of this act on specific dates; and to provide penalties for the violation of this act," as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, by adding chapter 61.

*The People of the State of Michigan enact:*

Section 1. Act No. 218 of the Public Acts of 1956, as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, is amended by adding chapter 61 to read as follows:

## CHAPTER 61

### AUTOMOBILE THEFT PREVENTION AUTHORITY

Sec. 6101. As used in this chapter:

- (a) "Authority" means the automobile theft prevention authority.
- (b) "Board" means the board of directors of the automobile theft prevention authority.
- (c) "Economic automobile theft" means automobile theft perpetrated for financial gain.

Sec. 6103. (1) There is hereby created a public body corporate and politic to be known as the automobile theft prevention authority.

(2) The purposes, powers, and duties of the authority shall be vested in and exercised by a board of directors.

(3) The board of directors shall consist of 7 members, appointed by the governor, with the advice and consent of the senate, 2 of whom shall be representative of purchasers of automobile insurance in this state, 2 of whom shall be representative of automobile insurers doing business in this state, 2 of whom shall be representative of law enforcement officials in this state, and 1 of whom shall be the director of the department of state police or his or her designee. The governor shall designate 1 member to serve as the chairperson of the authority.

(4) Members of the board shall serve for a term of 4 years.

(5) Members of the board shall serve without compensation for their membership on the board, except that members of the board shall receive reasonable reimbursement for necessary travel and expenses.

(6) A majority of the members of the board shall constitute a quorum for the transaction of business at a meeting, or the exercise of a power or function of the authority, notwithstanding the existence of 1 or more vacancies. Notwithstanding any other provision of law, action may be taken by the authority at a meeting upon a vote of the majority of its members present in person or through the use of amplified telephonic equipment, if authorized by the bylaws of the board. The authority shall meet at the call of the chair or as may be provided in the bylaws of the authority. Meetings of the authority may be held anywhere within the state of Michigan.

(7) The authority shall be within the department of state police and shall exercise its prescribed statutory powers, duties, and functions independently of the head of that department. The budgeting, procurement, and related functions of the authority, and administrative responsibilities for employees of the authority, shall be performed under the direction and supervision of the director of the department of state police.

Sec. 6105. The authority shall have the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter and the purposes of the authority and the powers delegated by other laws, including, but not limited to, the power to:

(a) Sue and be sued; to have a seal and alter the same at pleasure; to have perpetual succession; to make, execute, and deliver contracts, conveyances, and other instruments necessary or convenient to the exercise of its powers; and to make and amend bylaws.

(b) Solicit and accept gifts, grants, loans, funds collected and placed in the automobile theft prevention fund, and other aids from any person or the federal, state, or a local government or any agency thereof.

(c) Make grants and investments.

(d) Procure insurance against any loss in connection with its property, assets, or activities.

(e) Invest any money held in reserve or sinking funds, or any money not required for immediate use or disbursement, at its discretion and to name and use depositories for its money.

(f) Contract for goods and services and engage personnel as is necessary, including the services of private consultants, managers, counsel, auditors, and others for rendering professional, management, and technical assistance and advice, payable out of any money of the fund legally available for this purpose.

(g) Indemnify and procure insurance indemnifying any member of the board from personal loss or accountability from liability resulting from a member's action or inaction as a member of the board.

(h) Do all other things necessary or convenient to achieve the objectives and purposes of the authority, this chapter, or other laws.

Sec. 6107. (1) Prior to April 1 of each year, each insurer engaged in writing insurance coverages which provide the security required by section 3101(1) within this state, as a condition of its authority to transact insurance in this state, shall pay to the authority an assessment equal to \$1.00 multiplied by the insurer's total earned car years of insurance providing the security required by section 3101(1) written in this state during the immediately preceding calendar year.

(2) Money received pursuant to subsection (1), and all other money received by the authority, shall be segregated and placed in a fund to be known as the automobile theft prevention fund. The automobile theft prevention fund shall be administered by the authority.

(3) Money in the automobile theft prevention fund shall be expended in the following order of priority:

(a) To pay the costs of administration of the authority.

(b) To achieve the purposes and objectives of this chapter, which may include, but not be limited to, the following:

(i) Provide financial support to the department of state police and local law enforcement agencies for economic automobile theft enforcement teams.

(ii) Provide financial support to state or local law enforcement agencies for programs designed to reduce the incidence of economic automobile theft.

(iii) Provide financial support to local prosecutors for programs designed to reduce the incidence of economic automobile theft.

(iv) Provide financial support to judicial agencies for programs designed to reduce the incidence of economic automobile theft.

(v) Provide financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft.

(vi) Conduct educational programs designed to inform automobile owners of methods of preventing automobile theft and to provide equipment, for experimental purposes, to enable automobile owners to prevent automobile theft.

(4) Money in the automobile theft prevention fund shall only be used for automobile theft prevention efforts and shall be distributed based on need and efficacy as determined by the authority.

(5) Money in the automobile theft prevention fund shall not be considered state money.

Sec. 6110. (1) The authority shall develop and implement a plan of operation.

(2) The plan of operation shall include an assessment of the scope of the problem of automobile theft, including particular areas of the state where the problem is greatest; an analysis of various methods of combating the problem of automobile theft and economic automobile theft; a plan for providing financial support to combat automobile theft and economic automobile theft; and an estimate of the funds required to implement the plan.

(3) The authority shall report annually on or before February 1 to the governor and the legislature on its activities in the preceding year.

Sec. 6111. By July 1 of every odd numbered year, the automobile theft prevention authority shall prepare a report that details the theft of automobiles occurring in this state for the previous 2 years, assesses the impact of the thefts on rates charged for automobile insurance, summarizes prevention programs, and outlines allocations made by the authority. The director of the department of state police, insurers, the state court administrative office, and the commissioner shall cooperate in the development of the report as requested by the automobile theft prevention authority and shall make available records and statistics concerning automobile thefts, including the number of automobile thefts, number of prosecutions and convictions involving automobile thefts, and automobile theft recidivism. The automobile theft prevention authority shall evaluate the impact automobile theft has on the citizens of this state and the costs incurred by the citizens through insurance, police enforcement, prosecution, and incarceration due to automobile thefts. The report required by this section shall be submitted to the senate and house of representatives standing committees on insurance issues and the commissioner.

Section 2. Chapter 61 of Act No. 218 of the Public Acts of 1956, as added by this amendatory act, is retroactive and applies effective April 1, 1992.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.