

HOUSE BILL No. 5854

September 23, 2014, Introduced by Rep. Lund and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 102, 3101a, 3171, 3172, 3173, 3173a, 3174,
3175, 3177, and 3178 (MCL 500.102, 500.3101a, 500.3171, 500.3172,
500.3173, 500.3173a, 500.3174, 500.3175, 500.3177, and 500.3178),
section 102 as amended by 2000 PA 252, section 3101a as amended by
2011 PA 91, sections 3171, 3172, 3173a, 3174, and 3175 as amended
and section 3178 as added by 2012 PA 204, and section 3177 as
amended by 1984 PA 426.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 102. ~~(1)~~ **AS USED IN THIS ACT:**

(A) "Commissioner" ~~as used in this act~~ means the commissioner
~~of the office of financial and insurance services.~~ **DIRECTOR.**

(B) ~~(2)~~ "Department" ~~as used in this act~~ means the office

1 ~~DEPARTMENT of financial and insurance~~ **AND FINANCIAL** services.

2 (C) "DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT.

3 Sec. 3101a. ~~(1) Except as otherwise provided in this section,~~
4 ~~an insurer, in conjunction with the issuance of an automobile~~
5 ~~insurance policy, as defined in section 3303, shall provide 2~~
6 ~~certificates of insurance for each insured vehicle. The insurer~~
7 ~~shall mark 1 of the certificates as the secretary of state's copy,~~
8 ~~which copy, except as otherwise provided in this section, shall be~~
9 ~~filed with the secretary of state by the policyholder upon~~
10 ~~application for a vehicle registration. The secretary of state~~
11 ~~shall not maintain the certificate of insurance received under this~~
12 ~~subsection on file.~~

13 (1) ~~(2) Beginning December 30, 2011, an~~ **AN** insurer, in
14 conjunction with the issuance of an automobile insurance policy,
15 shall provide to the insured 1 certificate of insurance for each
16 insured vehicle, and for private passenger nonfleet automobiles
17 listed on the policy shall supply to the secretary of state ~~, in~~
18 ~~the format and timeline as required by the secretary of state,~~
19 ~~which shall not be required more frequently than every 14 days, the~~
20 automobile insurer's name, the **NAME OF THE** named insured, the named
21 insured's address, the vehicle identification number for each ~~such~~
22 **PRIVATE PASSENGER NONFLEET** vehicle listed on the policy, and the
23 policy number. **THE INSURER SHALL SUPPLY THE INFORMATION REQUIRED**
24 **UNDER THIS SUBSECTION IN THE FORMAT AND ON A TIMELINE AS REQUIRED**
25 **BY THE SECRETARY OF STATE. THE SECRETARY OF STATE SHALL NOT REQUIRE**
26 **THE SUBMISSION OF INFORMATION UNDER THIS SUBSECTION MORE FREQUENTLY**
27 **THAN EVERY 14 DAYS. IN DETERMINING THE FORMAT UNDER THIS**

1 SUBSECTION, THE SECRETARY OF STATE SHALL CONSULT WITH INSURERS. AS
2 USED IN THIS SUBSECTION, "PRIVATE PASSENGER NONFLEET AUTOMOBILE"
3 MEANS THAT TERM AS DEFINED IN SECTION 3303.

4 (2) THE SECRETARY OF STATE SHALL PROVIDE POLICY INFORMATION
5 RECEIVED UNDER SUBSECTION (1) TO THE MICHIGAN AUTOMOBILE INSURANCE
6 PLACEMENT FACILITY AS REQUIRED FOR THE MICHIGAN AUTOMOBILE
7 INSURANCE PLACEMENT FACILITY TO COMPLY WITH THIS ACT.

8 (3) Until December 31, 2014, the secretary of state shall
9 provide policy information received under ~~this subsection (1)~~ to
10 the department of community health as required for the department
11 of community health to comply with 2006 PA 593, MCL 550.281 to
12 550.289. ~~In determining the format under this subsection, the~~
13 ~~secretary of state shall consult with insurers. As used in this~~
14 ~~subsection, "private passenger nonfleet automobile" means that term~~
15 ~~as defined in section 3303.~~

16 (4) ~~(3)~~ The secretary of state shall accept as proof of
17 vehicle insurance a transmission of the insured vehicle's vehicle
18 identification number. Policy information submitted by an insurer
19 and received by the secretary of state under this section is
20 confidential, is not subject to the freedom of information act,
21 1976 PA 442, MCL 15.231 to 15.246, and shall not be disclosed to
22 any person except the department of community health for purposes
23 of 2006 PA 593, MCL 550.281 to 550.289, or pursuant to an order by
24 a court of competent jurisdiction in connection with a claim or
25 fraud investigation or prosecution. The transmission to the
26 secretary of state of a vehicle identification number is proof of
27 insurance to the secretary of state for motor vehicle registration

1 purposes only and is not evidence that a policy of insurance
2 actually exists between an insurer and an individual.

3 (5) ~~(4)~~—A person who supplies false information to the
4 secretary of state under this section or who issues or uses an
5 altered, fraudulent, or counterfeit certificate of insurance is
6 guilty of a misdemeanor punishable by imprisonment for not more
7 than 1 year or a fine of not more than \$1,000.00, or both.

8 ~~—(5) The department of community health shall report to the~~
9 ~~senate and house of representatives appropriations committees and~~
10 ~~standing committees concerning insurance issues on the number of~~
11 ~~claims and total dollar amount recovered from automobile insurers~~
12 ~~pursuant to 2006 PA 593, MCL 550.281 to 550.289. The reports~~
13 ~~required by this subsection shall be given to the appropriations~~
14 ~~committees and standing committees concerning insurance issues by~~
15 ~~December 30, 2012 and December 30, 2013 and shall cover the~~
16 ~~immediately preceding 12 month period.~~

17 Sec. 3171. ~~(1) Until an assigned claims plan is approved under~~
18 ~~subsection (3), the secretary of state shall organize and maintain~~
19 ~~an assigned claims facility and plan. A self insurer and insurer~~
20 ~~writing insurance as provided by this chapter in this state shall~~
21 ~~participate in the assigned claims plan. Costs incurred in the~~
22 ~~operation of the facility and the plan shall be allocated fairly~~
23 ~~among insurers and self insurers. The secretary of state shall~~
24 ~~promulgate rules to implement the facility and plan in accordance~~
25 ~~with and subject to the administrative procedures act of 1969, 1969~~
26 ~~PA 306, MCL 24.201 to 24.328. After an assigned claims plan is~~
27 ~~approved under subsection (3), the secretary of state shall~~

~~continue to maintain the assigned claims facility and plan organized under this subsection as required by the plan approved under subsection (3).~~

(1) ~~(2)~~ The Michigan automobile insurance placement facility shall ~~adopt and~~ maintain an assigned claims plan. A self-insurer or insurer writing insurance as provided by this chapter in this state shall participate in the assigned claims plan. Costs incurred in the administration of the assigned claims plan shall be allocated fairly among insurers and self-insurers. ~~On approval under subsection (3), the Michigan automobile insurance placement facility shall implement the assigned claims plan.~~

(2) ~~(3)~~ By August 1, 2012, the ~~THE~~ Michigan automobile insurance placement facility board of governors shall adopt ~~an~~ **ANY NECESSARY AMENDMENT TO THE** assigned claims plan by majority vote and shall submit it to the ~~commissioner~~ **DIRECTOR** for his or her approval. The ~~commissioner~~ **DIRECTOR** shall review the ~~plan~~ **AMENDMENT** within 30 days and respond in writing as provided in this subsection. If the ~~commissioner~~ **DIRECTOR** finds that the ~~plan~~ **AMENDMENT** meets the requirements of this chapter, he or she shall approve it. If the ~~commissioner~~ **DIRECTOR** finds that the ~~plan~~ **AMENDMENT** fails to meet the requirements of this chapter, he or she shall state in what respects the ~~plan~~ **AMENDMENT** is deficient and shall afford the Michigan automobile insurance placement facility board of governors 10 days within which to correct the deficiency. If the ~~commissioner~~ **DIRECTOR** and the Michigan automobile insurance placement facility board of governors fail to agree that the ~~plan~~ **AMENDMENT** submitted, with any corrections, meets the requirements

1 of this chapter, either party to the controversy may submit the
 2 issue to the circuit court for Ingham county for a determination.
 3 If the ~~commissioner~~**DIRECTOR** fails to render a written decision on
 4 **AN AMENDMENT TO** the assigned claims plan within 30 days after
 5 receipt of the ~~plan~~,**AMENDMENT**, the ~~plan shall be~~**AMENDMENT IS**
 6 considered approved. The Michigan automobile insurance placement
 7 facility shall forward a ~~plan~~**AN AMENDMENT** approved under this
 8 subsection to the secretary of state. The ~~plan~~**AMENDMENT** takes
 9 effect on approval by the ~~commissioner~~.**DIRECTOR**.

10 ~~—— (4) Amendments to the assigned claims plan approved under~~
 11 ~~subsection (3) shall be adopted by the board of governors and~~
 12 ~~approved by the commissioner as provided in subsection (3). Until~~
 13 ~~the date established in the plan under subsection (5) (c), the board~~
 14 ~~of governors shall give the secretary of state advance notice of~~
 15 ~~any proposed amendments to the plan.~~

16 ~~—— (5) The plan adopted under subsection (3) shall include all of~~
 17 ~~the following:~~

18 ~~—— (a) The date on and after which all claims for benefits~~
 19 ~~through the assigned claims plan under section 3172 shall be filed~~
 20 ~~with the Michigan automobile insurance placement facility.~~

21 ~~—— (b) The date by which existing claims that have been assigned~~
 22 ~~under the plan maintained by the secretary of state under~~
 23 ~~subsection (1) will be transferred to the Michigan automobile~~
 24 ~~insurance placement facility to be included in and administered~~
 25 ~~under the adopted plan.~~

26 ~~—— (c) A date by which all functions of the assigned claims plan~~
 27 ~~maintained by the secretary of state, with the exception of driver~~

~~license and vehicle sanctions, will be transferred to the Michigan automobile insurance placement facility.~~

~~—— (d) Requirements for the transfer of records relating to assigned claims from the secretary of state to the Michigan automobile insurance placement facility and the disposition by the secretary of state of records relating to assigned claims.~~

(3) ~~(e) Reimbursement~~ **EXCEPT AS PROVIDED IN SECTION 3177(4),**
THE ASSIGNED CLAIMS PLAN MUST PROVIDE FOR REIMBURSEMENT of the secretary of state by the Michigan automobile insurance placement facility for all of the following:

~~—— (i) Expenses of developing the plan under subsection (6).~~

~~—— (ii) Expenses of transferring operations from the assigned claims facility to the Michigan automobile insurance placement facility.~~

~~—— (iii) Expenses~~ **EXPENSES** incurred by the secretary of state after the transfer of operations from the assigned claims facility to the Michigan automobile insurance placement facility for operations performed by the secretary of state on behalf of the Michigan automobile insurance placement facility.

~~—— (6) The secretary of state and the Michigan automobile insurance placement facility shall cooperate and mutually develop the aspects of the plan to be adopted under subsection (3) that are required under subsection (5).~~

~~—— (7) The secretary of state shall provide the Michigan automobile insurance placement facility with all information necessary for the operation of the assigned claims fund.~~

~~—— (8) One year after the date established under subsection~~

~~(5)(c), the commissioner shall report in writing to the senate and house of representatives standing committees on insurance issues on the cost of the transfer of the assigned claims plan to the Michigan automobile insurance placement facility and the effectiveness of operations under the new plan.~~

(4) (9) As used in this section AND SECTIONS 3172 TO 3178:

(a) "Michigan automobile insurance placement facility" means the Michigan automobile insurance placement facility created under chapter 33.

(b) "Michigan automobile insurance placement facility board of governors" means the board of governors created under section 3310.

Sec. 3172. (1) A person entitled to claim because of accidental bodily injury arising out of the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle in this state may obtain personal protection insurance benefits through the assigned claims plan if ~~no~~ **THE PERSON CAN DEMONSTRATE, AFTER EXERCISING DUE DILIGENCE, THAT ANY OF THE FOLLOWING APPLY:**

(A) NO personal protection insurance ~~is~~ applicable to the injury, ~~no personal protection insurance applicable to the injury~~ can be identified., ~~the~~

(B) THE personal protection insurance applicable to the injury cannot be ascertained because of a dispute between 2 or more automobile insurers concerning their obligation to provide coverage or the equitable distribution of the loss., ~~or the~~

(C) THE only identifiable personal protection insurance applicable to the injury is, because of financial inability of 1 or more insurers to fulfill their obligations, inadequate to provide

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

(2) **UNPAID** benefits due or coming due **AS DESCRIBED IN**
SUBSECTION (1) may be collected under the assigned claims plan, and
THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY AND the
insurer to which the claim is assigned ~~is~~**ARE** entitled to
reimbursement from the ~~defaulting~~**RESPONSIBLE** insurers to the
extent of their financial responsibility, ~~—INCLUDING REIMBURSEMENT~~
FOR ALL OF THE FOLLOWING:

(A) **BENEFITS PAID.**

(B) **INCURRED LOSS ADJUSTMENT COSTS.**

(C) **INCURRED ATTORNEY FEES.**

(3) **A PERSON ENTITLED TO CLAIM BENEFITS THROUGH THE ASSIGNED**
CLAIMS PLAN AS PROVIDED IN SUBSECTION (1) SHALL FILE A COMPLETED
APPLICATION ON A CLAIM FORM PROVIDED BY THE MICHIGAN AUTOMOBILE
INSURANCE PLACEMENT FACILITY AND PROVIDE A SATISFACTORY PROOF OF
LOSS TO THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY. THE
MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY SHALL PROVIDE A
FORM FOR THE SUBMISSION OF CLAIMS THAT ALLOWS THE MICHIGAN
AUTOMOBILE INSURANCE PLACEMENT FACILITY TO HANDLE THE SUBMISSION OF
CLAIMS IN AN EFFICIENT AND REASONABLE MANNER. THE ASSIGNED CLAIMS
PLAN MUST DEFINE THE REQUIREMENTS FOR A SATISFACTORY PROOF OF LOSS.

(4) ~~(2)~~ Except as otherwise provided in this subsection,
personal protection insurance benefits, including benefits arising
from accidents occurring before March 29, 1985, payable through the
assigned claims plan shall be reduced to the extent that benefits
covering the same loss are available from other sources, regardless
of the nature or number of benefit sources available and regardless

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

17 (5) ~~(3)~~ If the obligation to provide personal protection
 18 insurance benefits cannot be ascertained because of a dispute
 19 between 2 or more automobile insurers concerning their obligation
 20 to provide coverage or the equitable distribution of the loss, and
 21 if a method of voluntary payment of benefits cannot be agreed upon
 22 among or between the disputing insurers, all of the following
 23 apply:

24 (a) The insurers who are parties to the dispute shall, or the
 25 claimant may, immediately notify the Michigan automobile insurance
 26 placement facility of their inability to determine their statutory
 27 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 TO WHOM THE CLAIM IS ASSIGNED** shall
7 ~~be immediately commenced~~ **COMMENCE AN ACTION** on behalf of the
8 Michigan automobile insurance placement facility ~~by the insurer to~~
9 ~~whom the claim is assigned~~ in circuit court to declare the rights
10 and duties of any interested party.

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

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

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

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

7 Sec. 3173. (1) A person who because of a limitation or
8 exclusion in sections 3105 to 3116 is disqualified from receiving
9 personal protection insurance benefits under a policy otherwise
10 applying to his **OR HER** accidental bodily injury, **OR A PERSON WHO**
11 **BECAUSE OF A LIMITATION OR EXCLUSION UNDER A POLICY OF AUTOMOBILE**
12 **INSURANCE OTHERWISE APPLYING TO HIS OR HER ACCIDENTAL BODILY INJURY**
13 **IS DISQUALIFIED FROM RECEIVING PERSONAL PROTECTION INSURANCE**
14 **BENEFITS**, is also disqualified from receiving benefits under the
15 assigned claims plan.

16 (2) **A PERSON WHO IS ELIGIBLE TO RECEIVE BENEFITS FOR HIS OR**
17 **HER ACCIDENTAL BODILY INJURY THROUGH THE MICHIGAN PROPERTY AND**
18 **CASUALTY GUARANTY ASSOCIATION MAINTAINED UNDER CHAPTER 79 IS**
19 **DISQUALIFIED FROM RECEIVING BENEFITS UNDER THE ASSIGNED CLAIMS**
20 **PLAN.**

21 Sec. 3173a. (1) The Michigan automobile insurance placement
22 facility shall make an initial determination of a claimant's
23 eligibility for benefits under the assigned claims plan **BASED ON**
24 **THE SUBMISSION BY THE CLAIMANT OF A COMPLETED CLAIM FORM AND A**
25 **SATISFACTORY PROOF OF LOSS UNDER SECTION 3172(3)** and shall deny an
26 ~~obviously-ineligible~~ claim. **A CLAIMANT SHALL COOPERATE IN THE**
27 **INVESTIGATION OF ELIGIBILITY AND THE SETTLEMENT OR DEFENSE OF ANY**

1 CLAIM OR LAWSUIT, INCLUDING, BUT NOT LIMITED TO, EXAMINATIONS UNDER
 2 OATH AND EXAMINATIONS BY PHYSICIANS SELECTED BY THE MICHIGAN
 3 AUTOMOBILE INSURANCE PLACEMENT FACILITY OR BY THE INSURER ASSIGNED
 4 THE CLAIM BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY.

5 The MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY SHALL NOTIFY
 6 ~~THE~~ claimant ~~shall be notified promptly in writing of the~~ A denial
 7 and the reasons for the denial.

8 (2) A person who presents or causes to be presented an oral or
 9 written statement, including computer-generated information, as
 10 part of or in support of a claim to the Michigan automobile
 11 insurance placement facility OR TO THE INSURER ASSIGNED THE CLAIM
 12 BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY for payment
 13 or another benefit knowing that the statement contains false
 14 information concerning a fact or thing material to the claim
 15 commits a fraudulent insurance act under section 4503 that is
 16 subject to the penalties imposed under section 4511. A claim that
 17 contains or is supported by a fraudulent insurance act as described
 18 in this subsection is ineligible for payment ~~or~~ OF benefits under
 19 the assigned claims plan.

20 Sec. 3174. A person claiming through the assigned claims plan
 21 shall notify the Michigan automobile insurance placement facility
 22 of his or her claim within ~~the time that would have been allowed~~
 23 ~~for filing an action for personal protection insurance benefits if~~
 24 ~~identifiable coverage applicable to the claim had been in effect.~~
 25 ~~The~~ 1 YEAR AFTER THE DATE OF THE ACCIDENT. ON AN INITIAL
 26 DETERMINATION OF A CLAIMANT'S ELIGIBILITY FOR BENEFITS THROUGH THE
 27 ASSIGNED CLAIMS PLAN, THE Michigan automobile insurance placement

1 facility shall promptly assign the claim in accordance with the
2 plan and notify the claimant of the identity and address of the
3 insurer to which the claim is assigned. An action by ~~the~~^A claimant
4 ~~shall not be commenced more than 30 days after receipt of notice of~~
5 ~~the assignment or the last date on which the action could have been~~
6 ~~commenced against an insurer of identifiable coverage applicable to~~
7 ~~the claim, whichever is later.~~ **MUST BE COMMENCED AS PROVIDED IN**
8 **SECTION 3145.**

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

24 (a) For the calendar year in which claims are paid by the
25 insurer, the amount shall be determined by applying the specified
26 annual yield rate specified in this subsection to 1/2 of the total
27 claims payments and loss adjustment costs.

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

10 (2) ~~The~~ **AN INSURER ASSIGNED A CLAIM BY THE MICHIGAN AUTOMOBILE**
11 **INSURANCE PLACEMENT FACILITY UNDER THE ASSIGNED CLAIMS PLAN MAY**
12 **BRING AN ACTION FOR REIMBURSEMENT AND INDEMNIFICATION OF THE CLAIM**
13 **ON BEHALF OF THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY.**
14 ~~THE insurer to whom claims have~~ **THE CLAIM HAS** been assigned shall
15 preserve and enforce rights to indemnity or reimbursement against
16 third parties and account to the Michigan automobile insurance
17 placement facility for the rights and shall assign the rights to
18 the Michigan automobile insurance placement facility on
19 reimbursement by the Michigan automobile insurance placement
20 facility. This section does not preclude an insurer from entering
21 into reasonable compromises and settlements with third parties
22 against whom rights to indemnity or reimbursement exist. The
23 insurer shall account to the Michigan automobile insurance
24 placement facility for any compromises and settlements. The
25 procedures established under the assigned claims plan ~~shall~~ **MUST**
26 establish reasonable standards for enforcing rights to indemnity or
27 reimbursement against third parties, including a standard

1 establishing an amount below which actions to preserve and enforce
2 the rights need not be pursued.

3 (3) An action to enforce rights to indemnity or reimbursement
4 against a third party ~~shall~~**MAY** not be commenced after the later of
5 2 years after the assignment of the claim to the insurer or 1 year
6 after the date of the last payment ~~to the claimant.~~**MADE.**

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

10 (5) The Michigan automobile insurance placement facility may
11 enter into a written agreement with the debtor permitting the
12 payment of the judgment or acknowledgment of debt in installments
13 payable to the Michigan automobile insurance placement facility. A
14 default in payment of installments under a judgment as agreed
15 subjects the debtor to suspension or revocation of his or her motor
16 vehicle license or registration in the same manner as for the
17 failure by an uninsured motorist to pay a judgment by installments
18 under section 3177, **INCLUDING RESPONSIBILITY FOR EXPENSES AS**
19 **PROVIDED IN SECTION 3177(4).**

20 Sec. 3177. (1) ~~An~~**THE** insurer obligated to pay personal
21 protection insurance benefits for accidental bodily injury to a
22 person arising out of the ownership, maintenance, or use of an
23 uninsured motor vehicle as a motor vehicle may recover ~~such~~**ALL**
24 benefits paid, ~~and appropriate~~**INCURRED** loss adjustment costs, **AND**
25 incurred **ATTORNEY FEES** from the owner or registrant of the
26 uninsured motor vehicle or from his or her estate. Failure of ~~such~~
27 ~~a person~~**THE OWNER OR REGISTRANT** to make payment within 30 days

1 after A judgment IS ENTERED IN AN ACTION FOR RECOVERY UNDER THIS
 2 SUBSECTION is a ground for suspension or revocation of his or her
 3 motor vehicle registration and license as defined in section 25 of
 4 the Michigan vehicle code, ~~Act No. 300 of the Public Acts of 1949,~~
 5 ~~being section 257.25 of the Michigan Compiled Laws. An 1949 PA 300,~~
 6 MCL 257.25. FOR PURPOSES OF THIS SECTION, AN uninsured motor
 7 vehicle ~~for the purpose of this section~~ is a motor vehicle with
 8 respect to which security ~~is~~ AS required by sections 3101 and 3102
 9 is not in effect at the time of the accident.

10 (2) THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY MAY
 11 MAKE A WRITTEN AGREEMENT WITH THE OWNER OR REGISTRANT OF AN
 12 UNINSURED VEHICLE OR HIS OR HER ESTATE PERMITTING THE PAYMENT OF A
 13 JUDGMENT DESCRIBED IN SUBSECTION (1) IN INSTALLMENTS PAYABLE TO THE
 14 MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY. The motor vehicle
 15 registration and license OF AN OWNER OR REGISTRANT WHO MAKES A
 16 WRITTEN AGREEMENT UNDER THIS SUBSECTION shall not be suspended or
 17 revoked and, ~~the motor vehicle registration and license~~ IF ALREADY
 18 SUSPENDED OR REVOKED UNDER SUBSECTION (1), shall be restored ~~if the~~
 19 ~~debtor enters into a written agreement with the secretary of state~~
 20 ~~permitting the payment of the judgment in installments,~~ if the
 21 payment of any installments is not in default.

22 (3) The secretary of state upon receipt of a certified
 23 abstract of court record of a judgment DESCRIBED IN SUBSECTION (1)
 24 or notice from ~~the~~ AN insurer OR THE MICHIGAN AUTOMOBILE INSURANCE
 25 PLACEMENT FACILITY OR ITS DESIGNEE of an acknowledgment of A debt
 26 DESCRIBED IN SUBSECTION (1) shall notify the owner or registrant ~~of~~
 27 ~~an uninsured vehicle~~ of the provisions of subsection (1) at ~~that~~

1 ~~person's~~ **THE OWNER OR REGISTRANT'S** last ~~recorded~~ address **RECORDED**
2 with the secretary of state and inform ~~that person~~ **THE OWNER OR**
3 **REGISTRANT** of the right to enter into a written agreement with the
4 ~~secretary of state~~ **MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY**
5 **OR ITS DESIGNEE** for the payment of the judgment or debt in
6 installments.

7 (4) **EXPENSES FOR THE SUSPENSION, REVOCATION, OR REINSTATEMENT**
8 **OF A MOTOR VEHICLE REGISTRATION OR LICENSE UNDER THIS SECTION ARE**
9 **THE RESPONSIBILITY OF THE OWNER OR REGISTRANT OR OF HIS OR HER**
10 **ESTATE.**

11 Sec. 3178. ~~After an assigned claims plan is approved under~~
12 ~~section 3171(3), the~~ **THE** Michigan automobile insurance placement
13 facility board of governors shall report annually to the
14 ~~commissioner~~ **DIRECTOR** and the ~~commissioner~~ **DIRECTOR** shall report to
15 the standing committees of the senate and house of representatives
16 with primary jurisdiction over insurance matters on the
17 effectiveness of the assigned claims plan, including detailed
18 demographic information on the individuals who are submitting
19 claims and whose claims are being assigned.