

# HOUSE BILL No. 6099

December 18, 2014, Introduced by Rep. Hovey-Wright and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending the title, the heading of chapter 61, and sections 102, 3116, 3301, 3330, 4501, 6101, 6105, 6107, 6110, and 6111 (MCL 500.102, 500.3116, 500.3301, 500.3330, 500.4501, 500.6101, 500.6105, 500.6107, 500.6110, and 500.6111), the title as amended by 2002 PA 304, section 102 as amended by 2000 PA 252, section 3330 as amended by 2012 PA 204, section 4501 as amended by 2012 PA 39, sections 6101, 6105, 6107, and 6110 as added by 1992 PA 174, and section 6111 as amended by 2004 PA 316, and by adding sections 6104, 6104a, 6104b, and 6108; and to repeal acts and parts of acts.

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

TITLE

1

1 An act to revise, consolidate, and classify the laws relating  
2 to the insurance and surety business; to regulate the incorporation  
3 or formation of domestic insurance and surety companies and  
4 associations and the admission of foreign and alien companies and  
5 associations; to provide their rights, powers, and immunities and  
6 to prescribe the conditions on which companies and associations  
7 organized, existing, or authorized under this act may exercise  
8 their powers; to provide the rights, powers, and immunities and to  
9 prescribe the conditions on which other persons, firms,  
10 corporations, associations, risk retention groups, and purchasing  
11 groups engaged in an insurance or surety business may exercise  
12 their powers; to provide for the imposition of a privilege fee on  
13 domestic insurance companies and associations; ~~and the state~~  
14 ~~accident fund;~~ to provide for the imposition of a tax on the  
15 business of foreign and alien companies and associations; to  
16 provide for the imposition of a tax on risk retention groups and  
17 purchasing groups; to provide for the imposition of a tax on the  
18 business of surplus line agents; to provide for the imposition of  
19 regulatory fees on certain insurers; to provide for assessment fees  
20 on certain health maintenance organizations; to modify tort  
21 liability arising out of certain accidents; to provide for limited  
22 actions with respect to that modified tort liability and to  
23 prescribe certain procedures for maintaining those actions; **TO**  
24 **PROSCRIBE THE REIMBURSEMENT OR PAYMENT OF CERTAIN BENEFITS FROM**  
25 **RECOVERIES FOR CLAIMS IN TORT OR CONTRACT;** to require security for  
26 losses arising out of certain accidents; to provide for the  
27 continued availability and affordability of automobile insurance

1 and homeowners insurance in this state and to facilitate the  
2 purchase of that insurance by all residents of this state at fair  
3 and reasonable rates; to provide for certain reporting with respect  
4 to insurance and with respect to certain claims against uninsured  
5 or self-insured persons; to prescribe duties for certain state  
6 departments and officers with respect to that reporting; to provide  
7 for certain assessments; to establish and continue certain state  
8 insurance funds; ~~to modify and clarify the status, rights, powers,~~  
9 ~~duties, and operations of the nonprofit malpractice insurance fund;~~  
10 to provide for the departmental supervision and regulation of the  
11 insurance and surety business within this state; to provide for  
12 regulation ~~over~~ **OF** worker's compensation self-insurers; to provide  
13 for the conservation, rehabilitation, or liquidation of unsound or  
14 insolvent insurers; to provide for the protection of policyholders,  
15 claimants, and creditors of unsound or insolvent insurers; to  
16 provide for associations of insurers to protect policyholders and  
17 claimants in the event of insurer insolvencies; to prescribe  
18 educational requirements for insurance agents and solicitors; to  
19 provide for the regulation of multiple employer welfare  
20 arrangements; to create an automobile **INSURANCE FRAUD AND** theft  
21 prevention authority to reduce **INSURANCE FRAUD AND** the number of  
22 automobile thefts in this state; to prescribe the powers and duties  
23 of the automobile **INSURANCE FRAUD AND** theft prevention authority;  
24 to provide certain powers and duties upon certain officials,  
25 departments, and authorities of this state; to provide for an  
26 appropriation; to repeal acts and parts of acts; and to provide  
27 penalties for the violation of this act.

1           Sec. 102. **AS USED IN THIS ACT:**

2           **(A)** ~~(1)~~ "Commissioner" ~~as used in this act~~ means the  
3 ~~commissioner of the office of financial and insurance~~  
4 ~~services.~~ **DIRECTOR.**

5           **(B)** ~~(2)~~ "Department" ~~as used in this act~~ means the office  
6 **DEPARTMENT** of ~~financial and insurance~~ **AND FINANCIAL** services.

7           **(C)** "DIRECTOR" **MEANS THE DIRECTOR OF THE DEPARTMENT.**

8           **(D)** "OFFICE OF FINANCIAL AND INSURANCE REGULATION" **AND "OFFICE**  
9 **OF FINANCIAL AND INSURANCE SERVICES" MEAN THE DEPARTMENT.**

10           Sec. 3116. (1) A subtraction from personal protection  
11 insurance benefits shall not be made because of the value of a  
12 claim in tort based on the same accidental bodily injury. **A**  
13 **SUBTRACTION OR REIMBURSEMENT FROM A CLAIM IN TORT OR CONTRACT SHALL**  
14 **NOT BE MADE FOR PERSONAL PROTECTION INSURANCE BENEFITS, OTHER**  
15 **HEALTH AND ACCIDENT COVERAGE, OR BENEFITS PROVIDED OR REQUIRED TO**  
16 **BE PROVIDED UNDER THE LAWS OF ANY STATE OR THE UNITED STATES,**  
17 **WHETHER PAID OR PAYABLE, EXCEPT AS SET FORTH IN SUBSECTION (2).**

18           (2) A subtraction from or reimbursement for personal  
19 protection insurance benefits, **OTHER HEALTH AND ACCIDENT COVERAGE,**  
20 **OR BENEFITS PROVIDED OR REQUIRED TO BE PROVIDED UNDER THE LAWS OF**  
21 **ANY STATE OR THE UNITED STATES, WHETHER** paid or payable, ~~under this~~  
22 ~~chapter~~ shall be made only if recovery is realized upon a tort  
23 claim arising from an accident occurring outside this state, a tort  
24 claim brought within this state against the owner or operator of a  
25 motor vehicle with respect to which the security required by  
26 section ~~3101 (3)~~ **3101(3)** and (4) was not in effect, or a tort claim  
27 brought within this state based on intentionally caused harm to

1 persons or property, and shall be made only to the extent that the  
2 recovery realized by the claimant is for damages for which the  
3 claimant has received or would otherwise be entitled to receive  
4 personal protection insurance benefits. A subtraction shall be made  
5 only to the extent of the recovery, exclusive of reasonable  
6 ~~attorneys'~~ **ATTORNEY** fees and other reasonable expenses incurred in  
7 effecting the recovery. If personal protection insurance benefits  
8 have already been received, the claimant shall repay to the  
9 insurers out of the recovery a ~~sum~~ **AN AMOUNT** equal to the benefits  
10 received, but not more than the recovery exclusive of reasonable  
11 ~~attorneys'~~ **ATTORNEY** fees and other reasonable expenses incurred in  
12 effecting the recovery. The insurer ~~shall have~~ **HAS** a lien on the  
13 recovery to this extent. A recovery by an injured person or his or  
14 her estate for loss suffered by the person shall not be subtracted  
15 in calculating benefits due a dependent after the death and a  
16 recovery by a dependent for loss suffered by the dependent after  
17 the death shall not be subtracted in calculating benefits due the  
18 injured person.

19 (3) A personal protection insurer with a right of  
20 reimbursement under subsection ~~(1),~~ **(2)**, if suffering loss from  
21 inability to collect reimbursement out of a payment received by a  
22 claimant upon a tort claim, is entitled to indemnity from a person  
23 who, with notice of the insurer's interest, made the payment to the  
24 claimant without making the claimant and the insurer joint payees  
25 ~~as~~ **ACCORDING TO** their interests ~~may appear~~ or without obtaining the  
26 insurer's consent to a different method of payment.

27 (4) A **CLAIMANT'S INSURER, PLAN, OR GOVERNMENTAL ENTITY IS NOT**

1 ENTITLED TO A subtraction or reimbursement shall not be due the  
2 claimant's insurer from that portion of any A recovery to the  
3 extent that THE recovery is realized for noneconomic loss as  
4 provided in section 3135(1) and (2)(b) or for allowable expenses,  
5 work loss, and survivor's loss as defined in sections 3107 to 3110  
6 in excess of the amount recovered by the claimant from his or her  
7 insurer.

8 (5) AN INSURER, PLAN, OR GOVERNMENTAL ENTITY THAT IS NOT  
9 SUBJECT TO SUBSECTIONS (1) TO (4) AND THAT IS ENTITLED BY LAW OR  
10 CONTRACT TO SUBROGATION OR REIMBURSEMENT OF BENEFITS PAID OR  
11 PAYABLE FROM A CLAIM IN TORT OR CONTRACT ARISING OUT OF BODILY  
12 INJURY IS ENTITLED TO SUBROGATION OR REIMBURSEMENT ONLY TO THE  
13 EXTENT OF THE NET RECOVERY IN TORT OR CONTRACT. IF PAYMENT OF A  
14 CLAIM OF SUBROGATION OR REIMBURSEMENT WOULD RESULT IN THE CLAIMANT  
15 IN TORT OR CONTRACT RECEIVING LESS FROM THE NET RECOVERY OF THE  
16 CLAIM THAN THE INSURER, PLAN, OR GOVERNMENTAL ENTITY, THE INSURER,  
17 PLAN, OR GOVERNMENTAL ENTITY AND THE CLAIMANT IN TORT OR CONTRACT  
18 SHALL SHARE THE NET RECOVERY EQUALLY. IF A CLAIMANT IN TORT OR  
19 CONTRACT MUST REIMBURSE AN INSURER, PLAN, OR GOVERNMENTAL ENTITY,  
20 THE INSURER RESPONSIBLE FOR PAYING THE CLAIMANT'S PERSONAL  
21 PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER SHALL REIMBURSE  
22 THE CLAIMANT FOR THE REIMBURSEMENT. AS USED IN THIS SUBSECTION,  
23 "NET RECOVERY" MEANS THE TOTAL SETTLEMENT OR JUDGMENT EXCLUSIVE OF  
24 REASONABLE ATTORNEY FEES AND OTHER REASONABLE EXPENSES INCURRED IN  
25 EFFECTING THE RECOVERY.

26 Sec. 3301. (1) Every insurer authorized to write automobile  
27 insurance in this state shall participate in an organization for

1 the purpose of doing all of the following:

2 (a) Providing the guarantee that automobile insurance coverage  
3 will be available to any person who is unable to procure that  
4 insurance through ordinary methods.

5 (b) Preserving to the public the benefits of price competition  
6 by encouraging maximum use of the normal private insurance system.

7 **(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE**  
8 **FRAUD AND THEFT PREVENTION AUTHORITY.**

9 (2) The organization created under this chapter shall be  
10 called the "Michigan automobile insurance placement facility".

11 Sec. 3330. (1) The board of governors has the power to direct  
12 the operation of the facility, including, at a minimum, the power  
13 to do all of the following:

14 (a) To sue and be sued in the name of the facility. A judgment  
15 against the facility ~~shall~~**DOES** not create any liabilities in the  
16 individual participating members of the facility.

17 (b) To delegate ministerial duties, to hire a manager, to hire  
18 legal counsel, and to contract for goods and services from others.

19 (c) To assess participating members on the basis of  
20 participation ratios pursuant to section 3303 to cover anticipated  
21 costs of operation and administration of the facility, to provide  
22 for equitable servicing fees, and to share losses, profits, and  
23 expenses pursuant to the plan of operation.

24 (d) To impose limitations on cancellation or nonrenewal by  
25 participating members of facility-placed business, in addition to  
26 the limitations imposed by chapters 21 and 32.

27 (e) To provide for a limited number of participating members

1 to receive equitable distribution of applicants; or to provide for  
2 a limited number of participating members to service applicants in  
3 a plan of sharing of losses in accordance with section 3320(1)(c)  
4 and the plan of operation.

5 (f) To provide for standards of performance of service for the  
6 participating members designated under subdivision (e).

7 (g) To adopt a plan of operation and any amendments to the  
8 plan, consistent with this chapter, necessary to assure the fair,  
9 reasonable, equitable, and nondiscriminatory manner of  
10 administering the facility, including compliance with chapter 21,  
11 and to provide for any other matters necessary or advisable to  
12 implement this chapter, including matters necessary to comply with  
13 the requirements of chapter 21.

14 (h) To assess self-insurers and insurers consistent with  
15 chapter 31 and the assigned claims plan approved under section  
16 3171.

17 **(I) TO ANNUALLY ASSESS PARTICIPATING MEMBERS AND SELF-INSURERS**  
18 **AN AGGREGATE AMOUNT NOT TO EXCEED AN AMOUNT CALCULATED BY THE BOARD**  
19 **TO REASONABLY COVER ANTICIPATED COSTS OF OPERATION AND**  
20 **ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT**  
21 **PREVENTION AUTHORITY.**

22 (2) The board of governors shall institute or cause to be  
23 instituted by the facility or on its behalf an automatic data  
24 processing system for recording and compiling data relative to  
25 individuals insured through the facility. An automatic data  
26 processing system established under this subsection shall, to the  
27 greatest extent possible, be made compatible with the automatic

1 data processing system maintained by the secretary of state, to  
2 provide for the identification and review of individuals insured  
3 through the facility.

4 (3) ON OR BEFORE JANUARY 1, 2016, THE BOARD OF GOVERNORS SHALL  
5 AMEND THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES  
6 NECESSARY TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE  
7 ADMINISTRATIVE DUTIES AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE  
8 INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY AS PROVIDED IN  
9 CHAPTER 61.

10 Sec. 4501. As used in this chapter:

11 (a) "Authorized agency" means the department of state police;  
12 a city, village, or township police department; a county sheriff's  
13 department; a United States criminal investigative department or  
14 agency; the prosecuting authority of a city, village, township,  
15 county, or state or of the United States; the ~~office of financial~~  
16 ~~and insurance regulation;~~ **DEPARTMENT; THE MICHIGAN AUTOMOBILE**  
17 **INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY;** or the department  
18 of state.

19 (b) "Financial loss" includes, but is not limited to, loss of  
20 earnings, out-of-pocket and other expenses, repair and replacement  
21 costs, investigative costs, and claims payments.

22 (c) "Insurance policy" or "policy" means an insurance policy,  
23 benefit contract of a self-funded plan, health maintenance  
24 organization contract, nonprofit dental care corporation  
25 certificate, or health care corporation certificate.

26 (d) "Insurer" means a property-casualty insurer, life insurer,  
27 third party administrator, self-funded plan, health insurer, health

1 maintenance organization, nonprofit dental care corporation, health  
2 care corporation, reinsurer, or any other entity regulated by the  
3 insurance laws of this state and providing any form of insurance.

4 (E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION  
5 AUTHORITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT  
6 PREVENTION AUTHORITY CREATED UNDER SECTION 6104.

7 (F) ~~(e)~~"Organization" means an organization or internal  
8 department of an insurer established to detect and prevent  
9 insurance fraud.

10 (G) ~~(f)~~"Person" includes an individual, insurer, company,  
11 association, organization, Lloyds, society, reciprocal or inter-  
12 insurance exchange, partnership, syndicate, business trust,  
13 corporation, and any other legal entity.

14 (H) ~~(g)~~"Practitioner" means a licensee of this state  
15 authorized to practice medicine and surgery, psychology,  
16 chiropractic, or law, any other licensee of the state, or an  
17 unlicensed health care provider whose services are compensated,  
18 directly or indirectly, by insurance proceeds, or a licensee  
19 similarly licensed in other states and nations, or the practitioner  
20 of any nonmedical treatment rendered in accordance with a  
21 recognized religious method of healing.

22 (I) ~~(h)~~"Runner", "capper", or "steerer" means a person who  
23 receives a pecuniary or other benefit from a practitioner, whether  
24 directly or indirectly, for procuring or attempting to procure a  
25 client, patient, or customer at the direction or request of, or in  
26 cooperation with, a practitioner whose intent is to obtain benefits  
27 under a contract of insurance or to assert a claim against an

1 insured or an insurer for providing services to the client,  
 2 patient, or customer. Runner, capper, or steerer does not include a  
 3 practitioner who procures clients, patients, or customers through  
 4 the use of public media.

5 (J) ~~(i)~~—"Statement" includes, but is not limited to, any  
 6 notice statement, proof of loss, bill of lading, receipt for  
 7 payment, invoice, account, estimate of property damages, bill for  
 8 services, claim form, diagnosis, prescription, hospital or doctor  
 9 record, X-rays, test result, or other evidence of loss, injury, or  
 10 expense.

#### 11 CHAPTER 61

#### 12 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY

13 Sec. 6101. As used in this chapter:

14 (a) "Authority" means the ~~automobile theft prevention~~  
 15 ~~authority~~ **MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION**  
 16 **AUTHORITY.**

17 (B) **"AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE**  
 18 **ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION**  
 19 **WITH AN APPLICATION FOR OR A POLICY OF AUTOMOBILE INSURANCE.**

20 (C) ~~(b)~~—"Board" means the board of directors of the **MICHIGAN**  
 21 **automobile INSURANCE FRAUD AND theft prevention authority.**

22 ~~——(c) "Economic automobile theft" means automobile theft~~  
 23 ~~perpetrated for financial gain.~~

24 (D) **"CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND**  
 25 **COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE**  
 26 **SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE**  
 27 **CALENDAR YEAR ENDING THE DECEMBER 31 OF THE SECOND PRIOR YEAR AS**

1 REPORTED TO THE STATISTICAL AGENT OF EACH INSURER.

2 (E) "FACILITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE  
3 PLACEMENT FACILITY CREATED UNDER CHAPTER 33.

4 SEC. 6104. (1) BEGINNING JANUARY 1, 2016, THE MICHIGAN  
5 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY IS  
6 CREATED WITHIN THE FACILITY. THE FACILITY SHALL PROVIDE STAFF FOR  
7 THE AUTHORITY AND SHALL CARRY OUT THE ADMINISTRATIVE DUTIES AND  
8 FUNCTIONS AS DIRECTED BY THE BOARD.

9 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE  
10 AUTHORITY IS NOT STATE MONEY. HOWEVER, BOTH OF THE FOLLOWING APPLY  
11 TO THE AUTHORITY:

12 (A) A RECORD OF THE AUTHORITY IS SUBJECT TO DISCLOSURE AS IF  
13 IT WERE A PUBLIC RECORD UNDER THE FREEDOM OF INFORMATION ACT, 1976  
14 PA 442, MCL 15.231 TO 15.246.

15 (B) THE AUTHORITY SHALL CONDUCT ITS BUSINESS AT PUBLIC  
16 MEETINGS HELD IN COMPLIANCE WITH THE OPEN MEETINGS ACT, 1976 PA  
17 267, MCL 15.261 TO 15.275.

18 (3) THE AUTHORITY SHALL DO ALL OF THE FOLLOWING:

19 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW  
20 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE  
21 OF AUTOMOBILE INSURANCE FRAUD AND THEFT.

22 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL  
23 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
24 AUTOMOBILE INSURANCE FRAUD AND THEFT.

25 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW  
26 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING  
27 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF

1 AUTOMOBILE INSURANCE FRAUD AND THEFT, INCLUDING OFFERING REWARDS  
2 FOR INFORMATION THAT RESULTS IN THE SUCCESSFUL PROSECUTION OF CIVIL  
3 OR CRIMINAL CASES.

4 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE  
5 VESTED IN AND EXERCISED BY A BOARD OF DIRECTORS. THE BOARD OF  
6 DIRECTORS CONSISTS OF 15 MEMBERS AS FOLLOWS:

7 (A) NINE MEMBERS WHO REPRESENT AUTOMOBILE INSURERS IN THIS  
8 STATE SUBJECT TO THE FOLLOWING:

9 (i) AT LEAST 2 MEMBERS MUST REPRESENT INSURER GROUPS WITH  
10 350,000 OR MORE CAR YEARS.

11 (ii) AT LEAST 2 MEMBERS MUST REPRESENT INSURER GROUPS WITH LESS  
12 THAN 350,000 BUT 100,000 OR MORE CAR YEARS.

13 (iii) AT LEAST 1 MEMBER MUST REPRESENT INSURER GROUPS WITH LESS  
14 THAN 100,000 CAR YEARS.

15 (B) THE DIRECTOR OR HIS OR HER DESIGNEE.

16 (C) THE ATTORNEY GENERAL OR HIS OR HER DESIGNEE.

17 (D) TWO MEMBERS SELECTED FROM A LIST COMPRISING THE NAMES OF 3  
18 INDIVIDUALS NOMINATED BY THE DEPARTMENT OF STATE POLICE, 3  
19 INDIVIDUALS NOMINATED BY THE MICHIGAN SHERIFFS' ASSOCIATION, AND 3  
20 INDIVIDUALS NOMINATED BY THE MICHIGAN ASSOCIATION OF CHIEFS OF  
21 POLICE.

22 (E) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS  
23 STATE.

24 (F) ONE MEMBER WHO REPRESENTS THE GENERAL PUBLIC.

25 (6) AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE SHALL  
26 SELECT THE INSURER MEMBERS ON THE BOARD UNDER SUBSECTION (5) FROM A  
27 LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS OF THE

1 FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE INSURER  
2 MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT  
3 NOMINATIONS FROM AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE.

4 (7) THE GOVERNOR SHALL APPOINT THE LAW ENFORCEMENT MEMBERS TO  
5 THE BOARD UNDER SUBSECTION (5) WITH THE ADVICE AND CONSENT OF THE  
6 SENATE. IN APPOINTING THE LAW ENFORCEMENT MEMBERS, THE GOVERNOR  
7 SHALL NOT APPOINT A MEMBER WHO REPRESENTS THE SAME TYPE OF LAW  
8 ENFORCEMENT AGENCY AS THE OTHER MEMBER WHO REPRESENTS LAW  
9 ENFORCEMENT AGENCIES ON THE BOARD.

10 (8) THE GOVERNOR SHALL APPOINT THE PROSECUTING ATTORNEY MEMBER  
11 TO THE BOARD UNDER SUBSECTION (5) WITH THE ADVICE AND CONSENT OF  
12 THE SENATE.

13 (9) THE GOVERNOR SHALL APPOINT THE PUBLIC MEMBER TO THE BOARD  
14 UNDER SUBSECTION (5) WITH THE ADVICE AND CONSENT OF THE SENATE. THE  
15 PUBLIC MEMBER MUST BE A RESIDENT OF THIS STATE AND NOT BE EMPLOYED  
16 BY OR UNDER CONTRACT WITH ANY STATE OR LOCAL UNIT OF GOVERNMENT OR  
17 ANY INSURER.

18 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER  
19 OF THE BOARD SERVES FOR A TERM OF 4 YEARS AND UNTIL HIS OR HER  
20 SUCCESSOR IS APPOINTED AND QUALIFIED. FOR THE MEMBERS FIRST  
21 SELECTED OR APPOINTED UNDER THIS SECTION, 3 INSURER MEMBERS AND 1  
22 LAW ENFORCEMENT MEMBER SHALL SERVE FOR A TERM OF 2 YEARS; 3 INSURER  
23 MEMBERS, THE PROSECUTING ATTORNEY MEMBER, AND THE GENERAL PUBLIC  
24 MEMBER SHALL SERVE FOR A TERM OF 3 YEARS; AND 3 INSURER MEMBERS AND  
25 1 LAW ENFORCEMENT MEMBER SHALL SERVE FOR A TERM OF 4 YEARS.

26 SEC. 6104A. (1) MEMBERS OF THE BOARD SHALL SERVE WITHOUT  
27 COMPENSATION FOR THEIR MEMBERSHIP ON THE BOARD, EXCEPT THAT MEMBERS

1 OF THE BOARD ARE ENTITLED TO RECEIVE REASONABLE REIMBURSEMENT FOR  
2 NECESSARY TRAVEL AND EXPENSES.

3 (2) A MAJORITY OF THE MEMBERS OF THE BOARD CONSTITUTE A QUORUM  
4 FOR THE TRANSACTION OF BUSINESS AT A MEETING, OR THE EXERCISE OF A  
5 POWER OR FUNCTION OF THE AUTHORITY, NOTWITHSTANDING THE EXISTENCE  
6 OF 1 OR MORE VACANCIES. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
7 ACTION MAY BE TAKEN BY THE AUTHORITY AT A MEETING UPON A VOTE OF  
8 THE MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR THROUGH THE USE OF  
9 AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY THE BYLAWS OR PLAN  
10 OF OPERATION OF THE BOARD. THE AUTHORITY SHALL MEET AT THE CALL OF  
11 THE CHAIR OR AS MAY BE PROVIDED IN THE BYLAWS OF THE AUTHORITY.  
12 MEETINGS OF THE AUTHORITY MAY BE HELD ANYWHERE IN THIS STATE.

13 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY  
14 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN  
15 ACCORDANCE WITH THE PLAN OF OPERATION.

16 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE  
17 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS  
18 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH  
19 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.  
20 AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE  
21 BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT THE BOARD'S  
22 PRINCIPAL OFFICE AND ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE  
23 BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS  
24 WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE  
25 BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE FOLLOWING  
26 PURPOSES:

27 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION, OR

1 DISCIPLINING OF OFFICERS OR EMPLOYEES OF THE AUTHORITY.

2 (B) TO CONSULT WITH ITS ATTORNEY.

3 (C) TO COMPLY WITH STATE OR FEDERAL LAW, RULES, OR REGULATIONS  
4 REGARDING PRIVACY OR CONFIDENTIALITY.

5 (5) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE  
6 AUTHORITY'S OPERATIONS AND ACTIVITIES, INCLUDING, BUT NOT LIMITED  
7 TO, THE ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 6110, ON A  
8 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

9 (6) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE  
10 BOARD SHALL MAKE THE MINUTES OPEN TO PUBLIC INSPECTION AND  
11 AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC NOTICE OF ITS  
12 MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES AVAILABLE TO  
13 THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR PRINTING AND  
14 COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING IN THE  
15 MINUTES:

16 (A) THE DATE, TIME, AND PLACE OF THE MEETING.

17 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD  
18 MEMBERS WHO ARE ABSENT.

19 (C) BOARD DECISIONS MADE DURING ANY PORTION OF THE MEETING  
20 THAT WAS OPEN TO THE PUBLIC.

21 (D) ALL ROLL CALL VOTES TAKEN AT THE MEETING.

22 SEC. 6104B. BEFORE JANUARY 2, 2016, THE DEPARTMENT OF STATE  
23 POLICE SHALL TRANSFER ALL ASSETS OF THE AUTOMOBILE THEFT PREVENTION  
24 AUTHORITY TO THE FACILITY FOR THE BENEFIT OF THE MICHIGAN  
25 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY.

26 Sec. 6105. The ~~authority shall have~~ BOARD HAS the powers  
27 necessary ~~or convenient to carry out and effectuate the purposes~~

1 ~~and provisions of this chapter and the purposes of the authority~~  
2 ~~and the powers delegated by other laws~~ **ITS DUTIES UNDER THIS ACT,**  
3 including, but not limited to, the power to **DO THE FOLLOWING:**

4 (a) Sue and be sued  ~~; to have a seal and alter the same at~~  
5  ~~pleasure; to have perpetual succession; to make, execute, and~~  
6  ~~deliver contracts, conveyances, and other instruments necessary or~~  
7  ~~convenient to the exercise of its powers; and to make and amend~~  
8  ~~bylaws~~ **IN THE NAME OF THE AUTHORITY.**

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

13 (c) Make grants and investments.

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

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

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

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

1           ~~(h) Do all other things necessary or convenient to achieve the~~  
2 ~~objectives and purposes of the authority, this chapter, or other~~  
3 ~~laws.~~ **PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS SECTION**  
4 **THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF THE**  
5 **AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS CHAPTER OR THE**  
6 **PLAN OF OPERATION.**

7           Sec. 6107. (1) ~~Prior to~~ **BEFORE** April 1 of each year, each ~~AN~~  
8 insurer **OR SELF-INSURER** engaged in writing insurance coverages  
9 ~~which~~ **THAT** provide the security required by section 3101(1) ~~within~~  
10 **IN** this state, as a condition of its authority to transact  
11 insurance in this state, shall pay to the ~~authority~~ **FACILITY, FOR**  
12 **DEPOSIT INTO THE ACCOUNT OF THE AUTHORITY,** an assessment equal ~~to~~  
13 ~~\$1.00 multiplied by the insurer's total earned car years of~~  
14 ~~insurance providing the security required by section 3101(1)~~  
15 ~~written in this state during the immediately preceding calendar~~  
16 ~~year.~~ **DETERMINED BY THE FACILITY AS PROVIDED IN THE PLAN OF**  
17 **OPERATION. THE ASSESSMENT TO EACH INSURER AND SELF-INSURER MUST BE**  
18 **BASED ON THE RATIO OF ITS CAR YEARS WRITTEN TO THE STATEWIDE TOTAL**  
19 **CAR YEARS FOR ALL INSURERS AND SELF-INSURERS.**

20           (2) Money received ~~pursuant to~~ **UNDER** subsection (1), and all  
21 other money received by **THE FACILITY ON BEHALF OF** the authority,  
22 shall be segregated and ~~placed in a fund to be known as the~~  
23 ~~automobile theft prevention fund. The automobile theft prevention~~  
24 ~~fund shall be administered by the authority.~~ **FROM OTHER MONEY OF THE**  
25 **FACILITY, IF APPLICABLE, AND SHALL ONLY BE EXPENDED AS DIRECTED BY**  
26 **THE BOARD.**

27           ~~(3) Money in the automobile theft prevention fund shall be~~

1 ~~expended in the following order of priority.~~

2 ~~—— (a) To pay the costs of administration of the authority.~~

3 ~~—— (b) To achieve the purposes and objectives of this chapter,~~  
4 ~~which may include, but not be limited to, the following.~~

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

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

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

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

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

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

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

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

3 (3) FROM THE MONEY RECEIVED ANNUALLY UNDER SUBSECTION (1), THE  
4 BOARD SHALL NOT REDUCE THE AMOUNT OF MONEY AVAILABLE TO PROVIDE  
5 FINANCIAL SUPPORT FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
6 AUTOMOBILE THEFT BELOW \$6,000,000.00.

7 SEC. 6108. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE  
8 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO  
9 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE  
10 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES SET  
11 FORTH BY THE BOARD.

12 (2) THE DEPARTMENT OF STATE POLICE SHALL COOPERATE WITH THE  
13 AUTHORITY AND SHALL PROVIDE AVAILABLE MOTOR VEHICLE FRAUD AND THEFT  
14 STATISTICS TO THE AUTHORITY ON REQUEST.

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

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

24 ~~—— (3) The authority shall report annually on or before February~~  
25 ~~1 to the governor and the legislature on its activities in the~~  
26 ~~preceding year.~~ BEGINNING JANUARY 1, 2017, THE AUTHORITY SHALL  
27 PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT AND AN ANNUAL REPORT

1 TO THE LEGISLATURE ON ITS EFFORTS TO PREVENT AUTOMOBILE INSURANCE  
2 FRAUD AND COST SAVINGS THAT HAVE RESULTED FROM ITS EFFORTS UNDER  
3 THIS CHAPTER.

4 Sec. 6111. (1) By July 1 of every ~~odd~~-EVEN numbered year, the  
5 ~~automobile theft prevention~~ authority shall prepare a report that  
6 details the theft of automobiles **AND AUTOMOBILE INSURANCE FRAUD**  
7 occurring in this state for the previous 2 years, assesses the  
8 impact of the thefts **AND FRAUD** on rates charged for automobile  
9 insurance, summarizes prevention programs, and outlines allocations  
10 made by the authority. The ~~director of the department of state~~  
11 ~~police,~~ **MEMBERS OF THE BOARD**, insurers, and the ~~commissioner~~  
12 **DIRECTOR** shall cooperate in the development of the report as  
13 requested by the ~~automobile theft prevention~~ authority and shall  
14 make available records and statistics concerning **ALL OF THE**  
15 **FOLLOWING:**

16 (A) **FOR** automobile thefts, ~~including~~ the number of automobile  
17 thefts, number of prosecutions and convictions involving automobile  
18 thefts, and automobile theft recidivism. ~~The automobile theft~~  
19 ~~prevention~~

20 (B) **FOR AUTOMOBILE INSURANCE FRAUD, THE NUMBER OF INSTANCES OF**  
21 **SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS AND**  
22 **CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AND AUTOMOBILE**  
23 **INSURANCE FRAUD RECIDIVISM.**

24 (2) **IN THE REPORT REQUIRED BY THIS SECTION, THE** authority  
25 shall evaluate the impact automobile theft **AND AUTOMOBILE INSURANCE**  
26 **FRAUD** has on the citizens of this state and the costs incurred by  
27 the citizens through insurance, police enforcement, prosecution,

1 and incarceration due to automobile thefts **AND AUTOMOBILE INSURANCE**  
2 **FRAUD.**

3 (3) The **AUTHORITY SHALL SUBMIT THE** report required by this  
4 section ~~shall be submitted~~ to the senate and house of  
5 representatives standing committees on insurance issues and the  
6 ~~commissioner~~.**DIRECTOR.**

7 Enacting section 1. Section 6103 of the insurance code of  
8 1956, 1956 PA 218, MCL 500.6103, is repealed effective January 1,  
9 2016.

10 Enacting section 2. The title and sections 4501, 6101, 6105,  
11 6107, 6110, and 6111 of the insurance code of 1956, 1956 PA 218,  
12 MCL 500.4501, 500.6101, 500.6105, 500.6107, 500.6110, and 500.6111,  
13 as amended by this amendatory act, and sections 6104a and 6108 of  
14 the insurance code of 1956, 1956 PA 218, as added by this  
15 amendatory act, take effect January 1, 2016.

16 Enacting section 3. This amendatory act does not take effect  
17 unless Senate Bill No.\_\_\_\_ or House Bill No.\_\_\_\_ (request no.  
18 02982'13 a) of the 97th Legislature is enacted into law.