

# SENATE BILL No. 1148

November 13, 2014, Introduced by Senator MEEKHOF and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending the title and sections 102, 3101, 3104, 3107, 3107a, 3301, 3310, 3330, 4501, and 6107 (MCL 500.102, 500.3101, 500.3104, 500.3107, 500.3107a, 500.3301, 500.3310, 500.3330, 500.4501, and 500.6107), the title as amended by 2002 PA 304, section 102 as amended by 2000 PA 252, section 3101 as amended by 2008 PA 241, section 3104 as amended by 2002 PA 662, section 3107 as amended by 2012 PA 542, section 3107a as amended by 1991 PA 191, section 3310 as amended by 2001 PA 228, section 3330 as amended by 2012 PA 204, section 4501 as amended by 2012 PA 39, and section 6107 as added by 1992 PA 174, and by adding section 3107c and chapter 63.

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

TITLE

An act to revise, consolidate, and classify the laws relating

1 to the insurance and surety business; to regulate the incorporation  
2 or formation of domestic insurance and surety companies and  
3 associations and **OTHER CORPORATIONS TO PROVIDE BENEFITS UNDER THIS**  
4 **ACT 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 require security for losses arising out of certain accidents; to  
25 provide for the continued availability and affordability of  
26 automobile insurance and homeowners insurance in this state and to  
27 facilitate the purchase of that insurance by all residents of this

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

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

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

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

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

7           Sec. 3101. (1) The owner or registrant of a motor vehicle  
8 required to be registered in this state shall maintain security for  
9 payment of benefits under personal protection insurance ~~—AS~~  
10 **REQUIRED UNDER SECTION 3107**, property protection insurance, and  
11 residual liability insurance **AS REQUIRED UNDER SECTION 3009.**  
12 Security ~~shall only be required~~ **BY THIS SUBSECTION IS ONLY REQUIRED**  
13 to be in effect during the period the motor vehicle is driven or  
14 moved ~~upon~~ **ON** a highway. Notwithstanding any other provision in  
15 this act, an insurer that has issued an automobile insurance policy  
16 on a motor vehicle that is not driven or moved ~~upon~~ **ON** a highway  
17 may allow the insured owner or registrant of the motor vehicle to  
18 delete a portion of the coverages under the policy and maintain the  
19 comprehensive coverage portion of the policy in effect.

20           (2) As used in this chapter:

21           (a) "Automobile insurance" means that term as defined in  
22 section 2102.

23           (B) **"CONSUMER PRICE INDEX" MEANS THE PERCENTAGE OF CHANGE IN**  
24 **THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN THE UNITED**  
25 **STATES CITY AVERAGE FOR ALL ITEMS, AS REPORTED BY THE UNITED STATES**  
26 **DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED**  
27 **BY THE DIRECTOR.**

1           (C) ~~(b)~~ "Highway" means **"HIGHWAY OR STREET" AS** that term as ~~IS~~  
2 defined in section 20 of the Michigan vehicle code, 1949 PA 300,  
3 MCL 257.20.

4           (D) ~~(e)~~ "Motorcycle" means a vehicle ~~having~~ **THAT HAS** a saddle  
5 or seat for the use of the rider, **IS** designed to travel on not more  
6 than 3 wheels in contact with the ground, ~~which~~ **AND** is equipped  
7 with a motor that exceeds 50 cubic centimeters piston displacement.  
8 The wheels on any attachment to the vehicle shall not be considered  
9 as wheels in contact with the ground. Motorcycle does not include a  
10 moped, as defined in section 32b of the Michigan vehicle code, 1949  
11 PA 300, MCL 257.32b. Motorcycle does not include an ORV.

12           (E) ~~(d)~~ "Motorcycle accident" means a loss involving the  
13 ownership, operation, maintenance, or use of a motorcycle as a  
14 motorcycle, but not involving the ownership, operation,  
15 maintenance, or use of a motor vehicle as a motor vehicle.

16           (F) ~~(e)~~ "Motor vehicle" means a vehicle, including a trailer,  
17 operated or designed for operation upon a public highway by power  
18 other than muscular power ~~which~~ **THAT** has more than 2 wheels. Motor  
19 vehicle does not include a motorcycle or a moped, as defined in  
20 section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b.  
21 Motor vehicle does not include a farm tractor or other implement of  
22 husbandry ~~which~~ **THAT** is not subject to the registration  
23 requirements of the Michigan vehicle code pursuant to section 216  
24 of the Michigan vehicle code, 1949 PA 300, MCL 257.216. Motor  
25 vehicle does not include an ORV.

26           (G) ~~(f)~~ "Motor vehicle accident" means a loss involving the  
27 ownership, operation, maintenance, or use of a motor vehicle as a

1 motor vehicle regardless of whether the accident also involves the  
 2 ownership, operation, maintenance, or use of a motorcycle as a  
 3 motorcycle.

4 (H) ~~(g)~~ "ORV" means a motor-driven recreation vehicle designed  
 5 for off-road use and capable of cross-country travel without  
 6 benefit of road or trail, on or immediately over land, snow, ice,  
 7 marsh, swampland, or other natural terrain. ORV includes, but is  
 8 not limited to, a multitrack or multiwheel drive vehicle, a  
 9 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an  
 10 amphibious machine, a ground effect air cushion vehicle, an ATV as  
 11 defined in section 81101 of the natural resources and environmental  
 12 protection act, 1994 PA 451, MCL 324.81101, or other means of  
 13 transportation deriving motive power from a source other than  
 14 muscle or wind. ORV does not include a vehicle described in this  
 15 subdivision that is registered for use upon a public highway and  
 16 has the security ~~described in section 3101 or~~ **REQUIRED UNDER**  
 17 **SUBSECTION (1) OR SECTION 3103** in effect.

18 (I) ~~(h)~~ "Owner" means any of the following:

19 (i) A person renting a motor vehicle or having the use ~~thereof,~~  
 20 **OF A MOTOR VEHICLE**, under a lease or otherwise, for a period that  
 21 is greater than 30 days.

22 (ii) A person who holds the legal title to a vehicle, other  
 23 than a person engaged in the business of leasing motor vehicles who  
 24 is the lessor of a motor vehicle pursuant to a lease providing for  
 25 the use of the motor vehicle by the lessee for a period that is  
 26 greater than 30 days.

27 (iii) A person who has the immediate right of possession of a

1 motor vehicle under an installment sale contract.

2 (J) ~~(i)~~—"Registrant" does not include a person engaged in the  
3 business of leasing motor vehicles who is the lessor of a motor  
4 vehicle pursuant to a lease providing for the use of the motor  
5 vehicle by the lessee for a period that is greater than 30 days.

6 (3) Security **REQUIRED BY SUBSECTION (1)** may be provided under  
7 a policy issued by an insurer duly authorized to transact business  
8 in this state ~~which~~**THAT** affords insurance for the payment of  
9 benefits described in subsection (1). A policy of insurance  
10 represented or sold as providing security is considered to provide  
11 insurance for the payment of the benefits.

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

22 Sec. 3104. (1) ~~An~~**THE CATASTROPHIC CLAIMS ASSOCIATION IS**  
23 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~  
24 ~~the catastrophic claims association, hereinafter referred to as the~~  
25 ~~association, is created. Each~~**IF AN INCORPORATED ASSOCIATION IS**  
26 **ISSUED A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5), THE**  
27 **UNINCORPORATED ASSOCIATION SHALL BE KNOWN AS THE MICHIGAN LEGACY**

1 **CLAIMS ASSOCIATION. UNTIL THE UNINCORPORATED ASSOCIATION IS**  
 2 **DISSOLVED, AN** insurer engaged in writing insurance coverages that  
 3 provide the security required by section 3101(1) ~~within~~**IN** this  
 4 state, as a condition of its authority to transact insurance in  
 5 this state, shall be a member of ~~the association and shall be~~**IS**  
 6 bound by the plan of operation of the **UNINCORPORATED** association.  
 7 ~~Each~~**UNTIL THE UNINCORPORATED ASSOCIATION IS DISSOLVED, AN** insurer  
 8 engaged in writing insurance coverages that provide the security  
 9 required by section 3103(1) ~~within~~**IN** this state, as a condition of  
 10 its authority to transact insurance in this state, ~~shall be~~**IS**  
 11 considered a member of the **UNINCORPORATED** association, but only for  
 12 purposes of **ACCEPTING INDEMNIFICATION UNDER SUBSECTION (8) AND THE**  
 13 **CALCULATION AND CHARGING OF** premiums under subsection ~~(7)(d)~~**(14)**.  
 14 Except as expressly provided in this section, ~~the~~**AN UNINCORPORATED**  
 15 **OR INCORPORATED** association is not **AN INSURER AN IS NOT** subject to  
 16 any laws of this state with respect to insurers, but in all other  
 17 respects the association is subject to the laws of this state to  
 18 the extent that the association would be if it were an insurer  
 19 organized and subsisting under chapter 50.

20 (2) **TWO OR MORE VOTING DIRECTORS OF THE BOARD OF THE**  
 21 **UNINCORPORATED ASSOCIATION MAY FORM AN INCORPORATED ASSOCIATION BY**  
 22 **SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE DEPARTMENT**  
 23 **ARTICLES OF INCORPORATION. IF THE UNINCORPORATED ASSOCIATION HAS**  
 24 **BEEN DISSOLVED, 2 OR MORE INDIVIDUALS MAY FORM AN INCORPORATED**  
 25 **ASSOCIATION BY SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE**  
 26 **DEPARTMENT ARTICLES OF INCORPORATION. ARTICLES OF INCORPORATION**  
 27 **FILED UNDER THIS SUBSECTION MUST INCLUDE ALL OF THE FOLLOWING:**

1 (A) THE NAMES AND PLACES OF RESIDENCE OF THE INCORPORATORS.

2 (B) THE LOCATION OF THE PRINCIPAL OFFICE OF THE INCORPORATED  
3 ASSOCIATION FOR THE TRANSACTION OF BUSINESS IN THIS STATE.

4 (C) THE NAME BY WHICH THE INCORPORATED ASSOCIATION WILL BE  
5 KNOWN, WHICH MUST INCLUDE THE WORDS "MICHIGAN", "CATASTROPHIC",  
6 "CLAIMS", AND "ASSOCIATION", BUT MAY NOT INCLUDE THE WORDS  
7 "LEGACY", "INSURANCE", "CASUALTY", "SURETY", "HEALTH AND ACCIDENT",  
8 "MUTUAL", OR OTHER WORDS DESCRIPTIVE OF THE INSURANCE OR SURETY  
9 BUSINESS.

10 (D) THE PURPOSES OF THE INCORPORATED ASSOCIATION, WHICH MUST  
11 BE LIMITED TO PURPOSES AUTHORIZED FOR AN INCORPORATED ASSOCIATION  
12 UNDER THIS SECTION.

13 (E) A STATEMENT THAT THE INCORPORATED ASSOCIATION IS ORGANIZED  
14 ON A NONSTOCK, DIRECTORSHIP BASIS UNDER THIS ACT AND THE NONPROFIT  
15 CORPORATION ACT, 1982 PA 162, MCL 450.2101 TO 450.3192.

16 (F) ANY OTHER TERMS AND CONDITIONS THAT ARE NOT INCONSISTENT  
17 WITH THIS SECTION OR OTHER APPLICABLE LAW AND THAT THE  
18 INCORPORATORS CONSIDER TO BE NECESSARY FOR THE CONDUCT OF THE  
19 AFFAIRS OF THE INCORPORATED ASSOCIATION.

20 (3) AT LEAST 1 OF THE INCORPORATORS OF AN INCORPORATED  
21 ASSOCIATION SHALL SIGN THE ARTICLES OF INCORPORATION BEFORE A  
22 NOTARY PUBLIC APPOINTED UNDER THE MICHIGAN NOTARY PUBLIC ACT, 2003  
23 PA 238, MCL 55.261 TO 55.315. THE ARTICLES MUST BE FILED IN THE  
24 FORM PRESCRIBED BY THE DIRECTOR OF THE DEPARTMENT. IF AT THE TIME  
25 OF SUBMISSION NO OTHER INCORPORATED ASSOCIATION IS ACTIVE, THE  
26 DIRECTOR OF THE DEPARTMENT MAY APPROVE AND CERTIFY THE ARTICLES OF  
27 INCORPORATION AS AUTHORIZED UNDER APPLICABLE LAW. THE DIRECTOR OF

1 THE DEPARTMENT SHALL NOT CERTIFY ARTICLES OF INCORPORATION FOR MORE  
2 THAN 1 INCORPORATED ASSOCIATION TO BE ACTIVE AND OPERATE IN THIS  
3 STATE AT THE SAME TIME. IF THE DIRECTOR OF THE DEPARTMENT APPROVES  
4 THE ARTICLES OF INCORPORATION, THE DIRECTOR OF THE DEPARTMENT SHALL  
5 CERTIFY THE ARTICLES AND TRANSMIT 2 CERTIFIED COPIES OF THE  
6 ARTICLES TO THE INCORPORATORS. THE INCORPORATORS SHALL FILE 1  
7 CERTIFIED COPY WITH THE BUREAU OF COMMERCIAL SERVICES OF THE  
8 DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS AND RETAIN 1  
9 CERTIFIED COPY WITH THE RECORDS OF THE INCORPORATED ASSOCIATION.  
10 THE DIRECTOR OF THE DEPARTMENT SHALL RETAIN A CERTIFIED COPY OF THE  
11 ARTICLES OF INCORPORATION WITH THE RECORDS OF THE DEPARTMENT. THE  
12 BOARD OF AN INCORPORATED ASSOCIATION, WITH THE APPROVAL OF THE  
13 DIRECTOR OF THE DEPARTMENT AND IN THE MANNER PROVIDED IN THE  
14 ARTICLES OF INCORPORATION, MAY DO BOTH OF THE FOLLOWING:

15 (A) AMEND THE ARTICLES OF INCORPORATION IN ANY MANNER NOT  
16 INCONSISTENT WITH THIS SECTION AND OTHER APPLICABLE LAW.

17 (B) INTEGRATE INTO A SINGLE INSTRUMENT AS RESTATED ARTICLES OF  
18 INCORPORATION THE PROVISIONS OF THE INCORPORATED ASSOCIATION'S  
19 ARTICLES OF INCORPORATION THEN IN EFFECT, INCLUDING PRIOR  
20 AMENDMENTS.

21 (4) BEFORE AN INCORPORATED ASSOCIATION CONDUCTS CLAIMS  
22 ACTIVITIES AUTHORIZED UNDER THIS SECTION AND WITHIN 90 DAYS AFTER  
23 THE DIRECTOR OF THE DEPARTMENT CERTIFIES THE ARTICLES OF  
24 INCORPORATION OF THE INCORPORATED ASSOCIATION UNDER SUBSECTION (3),  
25 THE INCORPORATED ASSOCIATION SHALL FILE WITH THE DIRECTOR OF THE  
26 DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR OF THE  
27 DEPARTMENT AN APPLICATION FOR A CERTIFICATE OF AUTHORITY DETAILING

1 ALL OF THE FOLLOWING:

2 (A) THE PLAN OF OPERATION UNDER WHICH THE INCORPORATED  
3 ASSOCIATION PROPOSES TO CONDUCT ITS AFFAIRS.

4 (B) A COPY OF THE INCORPORATED ASSOCIATION'S BYLAWS.

5 (C) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR OF THE  
6 DEPARTMENT.

7 (5) AFTER REVIEWING AN APPLICATION FOR A CERTIFICATE OF  
8 AUTHORITY FILED BY AN INCORPORATED ASSOCIATION UNDER SUBSECTION  
9 (4), IF THE DIRECTOR OF THE DEPARTMENT IS SATISFIED THAT THE  
10 INCORPORATED ASSOCIATION CAN COMPLY WITH THIS SECTION AND OTHER  
11 APPLICABLE LAW, THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE TO THE  
12 INCORPORATED ASSOCIATION A CERTIFICATE OF AUTHORITY TO COMMENCE  
13 CLAIMS ACTIVITIES AUTHORIZED UNDER THIS SECTION. WHEN ISSUING A  
14 CERTIFICATE OF AUTHORITY TO AN INCORPORATED ASSOCIATION, THE  
15 DIRECTOR OF THE DEPARTMENT SHALL ESTABLISH THE INITIAL CATASTROPHIC  
16 CLAIMS ASSESSMENT TO BE ASSESSED AS PROVIDED IN SUBSECTION (31).

17 (6) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN  
18 INCORPORATED ASSOCIATION IS SUBJECT TO THE NONPROFIT CORPORATION  
19 ACT, 1982 PA 162, MCL 450.2101 TO 450.3192. AN INCORPORATED  
20 ASSOCIATION IS A CHARITABLE AND BENEVOLENT INSTITUTION FOR THE  
21 PUBLIC BENEFIT AND THE INCORPORATED ASSOCIATION'S MONEY AND  
22 PROPERTY ARE EXEMPT FROM TAXATION BY THIS STATE OR ANY POLITICAL  
23 SUBDIVISION OF THIS STATE. AN INCORPORATED ASSOCIATION MAY NOT BE  
24 INCORPORATED IN THIS STATE EXCEPT UNDER THIS SECTION.

25 (7) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN  
26 INCORPORATED ASSOCIATION IS NOT SUBJECT TO THE LAWS OF THIS STATE  
27 APPLICABLE TO INSURERS AND IS NOT REQUIRED TO PARTICIPATE IN A POOL

1 OR FUND IN WHICH AN INSURER IS REQUIRED TO PARTICIPATE. AN  
2 INCORPORATED ASSOCIATION IS SUBJECT TO SUPERVISION BY THE DIRECTOR  
3 OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. A DISSOLUTION OR  
4 LIQUIDATION OF AN INCORPORATED ASSOCIATION MUST BE CONDUCTED UNDER  
5 THE SUPERVISION OF THE DIRECTOR OF THE DEPARTMENT, WHO HAS THE SAME  
6 POWER RELATING TO THE DISSOLUTION OR LIQUIDATION AS IS GRANTED TO  
7 THE DIRECTOR OF THE DEPARTMENT UNDER THIS ACT FOR DISSOLUTION OR  
8 LIQUIDATION OF OTHER TYPES OF ENTITIES.

9 (8) ~~(2)~~—The UNINCORPORATED association shall provide and each  
10 member shall accept indemnification for 100% of the amount of  
11 ultimate loss sustained under personal protection insurance  
12 coverages in excess of the following amounts in each loss  
13 occurrence:

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

16 (b) For a motor vehicle accident policy issued or renewed  
17 during the period July 1, 2002 to June 30, 2003, \$300,000.00.

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

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

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

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

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

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

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

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

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

9 ~~Beginning July 1, 2013, this \$500,000.00 amount shall be increased~~  
10 ~~biennially on July 1 of each odd numbered year, for policies issued~~  
11 ~~or renewed before July 1 of the following odd numbered year, by the~~  
12 ~~lesser of 6% or the consumer price index, and rounded to the~~  
13 ~~nearest \$5,000.00. This biennial adjustment shall be calculated by~~  
14 ~~the association by January 1 of the year of its July 1 effective~~  
15 ~~date.~~

16 (l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED  
17 DURING THE PERIOD JULY 1, 2013 TO THE FIRST JUNE 30 AFTER THE  
18 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER  
19 SUBSECTION (5), \$500,000.00. THE UNINCORPORATED ASSOCIATION IS NOT  
20 LIABLE OR RESPONSIBLE FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR  
21 VEHICLE ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST  
22 JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE  
23 OF AUTHORITY UNDER SUBSECTION (5).

24 (9) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE  
25 ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30  
26 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF  
27 AUTHORITY UNDER SUBSECTION (5), THE RESPONSIBLE INSURER SHALL

1    **RETAIN 100% OF THE AMOUNT OF ULTIMATE LOSS SUSTAINED UNDER PERSONAL**  
2    **PROTECTION INSURANCE COVERAGES UP TO \$500,000.00. THE INCORPORATED**  
3    **ASSOCIATION IS RESPONSIBLE FOR 100% OF ALL LIABILITY FOR ULTIMATE**  
4    **LOSS SUSTAINED WITHIN THE SCOPE OF PERSONAL PROTECTION INSURANCE**  
5    **COVERAGES AND CLAIMS EXPENSES IN EXCESS OF \$500,000.00.**

6           (10) ~~(3)~~—An insurer may withdraw from the **UNINCORPORATED**  
7    association only ~~upon~~**ON** ceasing to write insurance that provides  
8    the security required by section 3101(1) in this state.

9           (11) ~~(4)~~—An insurer whose membership in the **UNINCORPORATED**  
10   association has been terminated by withdrawal ~~shall continue~~  
11   **CONTINUES** to be bound by the plan of operation ~~,~~ and, ~~upon~~**ON**  
12   withdrawal, all unpaid premiums that have been charged to the  
13   withdrawing member are payable ~~as of~~**ON** the effective date of the  
14   withdrawal.

15           (12) ~~(5)~~—An unsatisfied net liability to the **UNINCORPORATED**  
16   association of an insolvent member shall be assumed by and  
17   apportioned among the remaining members of the **UNINCORPORATED**  
18   association as provided in the plan of operation. The  
19   **UNINCORPORATED** association has all rights allowed by law on behalf  
20   of the remaining members against the estate or funds of the  
21   insolvent member for ~~sums~~**MONEY** due **TO** the **UNINCORPORATED**  
22   association.

23           (13) ~~(6)~~—If a member **OF THE UNINCORPORATED ASSOCIATION** has  
24   been merged or consolidated into another insurer or another insurer  
25   has reinsured a member's entire business that provides the security  
26   required by section 3101(1) in this state, the member and  
27   successors in interest of the member remain liable for the member's

1 obligations **TO THE UNINCORPORATED ASSOCIATION.**

2       (14) ~~(7)~~—The **UNINCORPORATED** association shall do all of the  
3 following on behalf of the members of the **UNINCORPORATED**  
4 association:

5       (a) Assume 100% of all liability as provided in subsection  
6 ~~(2)~~ **(8) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE**  
7 **ACCIDENT FOR A POLICY ISSUED OR RENEWED BEFORE THE FIRST JULY 1**  
8 **AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF**  
9 **AUTHORITY UNDER SUBSECTION (5).**

10       (b) Establish procedures by which members shall promptly  
11 report to the **UNINCORPORATED** association each claim that, on the  
12 basis of the injuries or damages sustained, may reasonably be  
13 anticipated to involve the **UNINCORPORATED** association if the member  
14 is ultimately held legally liable for the injuries or damages.  
15 Solely for the purpose of reporting claims, the member shall in all  
16 instances consider itself legally liable for the injuries or  
17 damages. The member shall also advise the **UNINCORPORATED**  
18 association of subsequent developments likely to materially affect  
19 the interest of the **UNINCORPORATED** association in the claim.

20       (c) Maintain relevant loss and expense data relative to all  
21 liabilities of the **UNINCORPORATED** association and require each  
22 member to furnish statistics, in connection with liabilities of the  
23 **UNINCORPORATED** association, at the times and in the form and detail  
24 as may be required by the plan of operation.

25       (d) In a manner provided for in the plan of operation,  
26 calculate and charge to members ~~of the association~~ a total premium  
27 sufficient to cover the expected losses and expenses of the

1 **UNINCORPORATED** association that the **UNINCORPORATED** association will  
2 likely incur during the period for which the premium is applicable.  
3 The premium ~~shall~~**MUST** include an amount to cover incurred but not  
4 reported losses for the period and may be adjusted for any excess  
5 or deficient premiums from previous periods. **A PREMIUM MAY NOT BE**  
6 **CHARGED UNDER THIS SECTION FOR POLICIES ISSUED OR RENEWED AFTER THE**  
7 **FIRST JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A**  
8 **CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5).** Excesses or  
9 deficiencies from previous periods may be fully adjusted in a  
10 single period or may be adjusted over several periods in a manner  
11 provided for in the plan of operation. Each member shall be charged  
12 an amount equal to that member's total written car years of  
13 insurance providing the security required by section 3101(1) or  
14 3103(1), or both, written in this state during the period to which  
15 the premium applies, multiplied by the average premium per car. The  
16 average premium per car ~~shall be~~**IS** the total premium calculated  
17 divided by the total written car years of insurance providing the  
18 security required by section 3101(1) or 3103(1) written in this  
19 state of all members during the period to which the premium  
20 applies. A member shall be charged a premium for a historic vehicle  
21 that is insured with the member of 20% of the premium charged for a  
22 car insured with the member. As used in this subdivision:

23 (i) "Car" includes a motorcycle but does not include a historic  
24 vehicle.

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

1 (e) Require and accept the payment of premiums from members of  
2 ~~the association~~ as provided for in the plan of operation. The  
3 **UNINCORPORATED** association shall do either of the following:

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

6 (ii) Require payment of the premiums to be made periodically to  
7 cover the actual cash obligations of the **UNINCORPORATED**  
8 association.

9 (f) Receive and distribute all ~~sums~~ **MONEY** required by the  
10 operation of the **UNINCORPORATED** association.

11 (g) Establish procedures for reviewing claims procedures and  
12 practices of members. ~~of the association.~~ If the claims procedures  
13 or practices of a member are considered inadequate to properly  
14 service the liabilities of the **UNINCORPORATED** association, the  
15 **UNINCORPORATED** association may undertake or may contract with  
16 another person, including another member, to adjust or assist in  
17 the adjustment of claims for the member on claims that create a  
18 potential liability to the **UNINCORPORATED** association and may  
19 charge the cost of the adjustment to the member.

20 (15) **AN INCORPORATED ASSOCIATION SHALL DO ALL OF THE**  
21 **FOLLOWING:**

22 (A) **ASSUME LIABILITY FOR CLAIMS AS PROVIDED IN SUBSECTION (9).**

23 (B) **ESTABLISH PROCEDURES FOR THE OWNER OR REGISTRANT OF A**  
24 **MOTOR VEHICLE THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION**  
25 **3101(1), AN AGENT OF THE OWNER OR REGISTRANT, A CLAIMANT, OR AN**  
26 **INSURER, TO REPORT TO THE INCORPORATED ASSOCIATION EACH CLAIM UNDER**  
27 **THE SECURITY THAT ON THE BASIS OF THE INJURIES OR DAMAGES SUSTAINED**

1 REASONABLY MAY BE ANTICIPATED TO INVOLVE THE INCORPORATED  
2 ASSOCIATION.

3 (C) MAINTAIN RELEVANT LOSS AND EXPENSE DATA RELATIVE TO ALL  
4 LIABILITIES OF THE INCORPORATED ASSOCIATION AND REQUIRE INSURERS TO  
5 FURNISH STATISTICS AT THE TIMES AND IN THE FORM AND DETAIL AS  
6 REQUIRED BY THE PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION.

7 (D) BEFORE THE SECOND JULY 1 AFTER THE DIRECTOR OF THE  
8 DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5)  
9 AND BEFORE JULY 1 OF EACH FOLLOWING YEAR, DETERMINE THE ANNUAL PER-  
10 MOTOR-VEHICLE ASSESSMENT TO BE IMPOSED UNDER SUBSECTION (31). THE  
11 TOTAL OF ALL ASSESSMENTS IMPOSED UNDER SUBSECTION (31) MUST BE  
12 SUFFICIENT TO COVER THE EXPECTED LOSSES AND EXPENSES THAT THE  
13 INCORPORATED ASSOCIATION LIKELY WILL INCUR IN THE PERIOD FOR WHICH  
14 THE ASSESSMENTS ARE APPLICABLE. THE INCORPORATED ASSOCIATION SHALL  
15 CALCULATE THE ASSESSMENT UNDER THIS SUBDIVISION BY DIVIDING THE  
16 TOTAL EXPECTED LOSSES AND EXPENSES OF THE INCORPORATED ASSOCIATION  
17 FOR THE PERIOD BY THE TOTAL WRITTEN CAR YEARS OF INSURANCE  
18 PROVIDING THE SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS  
19 STATE DURING THE PREVIOUS PERIOD. TOTAL EXPECTED LOSSES AND  
20 EXPENSES MUST INCLUDE AN AMOUNT TO COVER INCURRED BUT NOT REPORTED  
21 LOSSES FOR THE PERIOD. THE ASSESSMENT CALCULATED UNDER THIS  
22 SUBDIVISION MAY BE ADJUSTED FOR ANY EXCESS OR DEFICIENT AMOUNTS  
23 FROM PREVIOUS PERIODS. EXCESSES OR DEFICIENCIES FROM A PREVIOUS  
24 PERIOD MAY BE FULLY ADJUSTED IN A SINGLE PERIOD OR MAY BE ADJUSTED  
25 OVER SEVERAL PERIODS AS PROVIDED IN THE PLAN OF OPERATION OF THE  
26 INCORPORATED ASSOCIATION. THE INCORPORATED ASSOCIATION SHALL  
27 DETERMINE A SEPARATE ASSESSMENT AMOUNT TO BE CHARGED TO AN OWNER OR

1 REGISTRANT OF AN INSURED HISTORIC VEHICLE EQUAL TO 20% OF THE  
2 ASSESSMENT CHARGED FOR A MOTOR VEHICLE OTHER THAN A HISTORIC  
3 VEHICLE. AS USED IN THIS SUBDIVISION:

4 (i) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A HISTORIC  
5 VEHICLE.

6 (ii) "HISTORIC VEHICLE" MEANS A VEHICLE THAT IS A REGISTERED  
7 HISTORIC VEHICLE UNDER SECTION 803A OR 803P OF THE MICHIGAN VEHICLE  
8 CODE, 1949 PA 300, MCL 257.803A AND 257.803P.

9 (E) REQUIRE AND ACCEPT THE PAYMENT OF ASSESSMENTS TO THE  
10 INCORPORATED ASSOCIATION AUTHORIZED UNDER THIS SECTION.

11 (16) ~~(8)~~—In addition to other powers ~~granted to it by~~ UNDER  
12 this section, the UNINCORPORATED ASSOCIATION OR AN INCORPORATED  
13 association may do all of the following:

14 (a) Sue and be sued in the name of the association. A judgment  
15 against the UNINCORPORATED association ~~shall~~ DOES not create any  
16 direct liability against the individual members of the  
17 UNINCORPORATED association. The UNINCORPORATED association may  
18 provide for the indemnification of its members, AND THE  
19 UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION MAY  
20 PROVIDE FOR THE INDEMNIFICATION OF THE members of ~~the~~ ITS board of  
21 directors, ~~of the association, and~~ officers, AND employees, and  
22 other persons lawfully acting on behalf of the association.

23 (b) Reinsure all or any portion of its potential liability  
24 with reinsurers licensed to transact insurance in this state or  
25 approved by the ~~commissioner~~ DIRECTOR OF THE DEPARTMENT.

26 (c) Provide for appropriate housing, equipment, and personnel  
27 as ~~may be~~ necessary to assure the efficient operation of the

1 association.

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

8 (e) Contract for goods and services **WITH OTHER PERSONS**  
9 **RELATING TO ALL OR A PORTION OF THE GOODS AND SERVICES NECESSARY**  
10 **FOR THE MANAGEMENT AND OPERATION OF THE ASSOCIATION**, including, **BUT**  
11 **NOT LIMITED TO**, independent claims management, actuarial,  
12 investment, and legal services. ~~, from others within or without~~  
13 ~~this state to assure the efficient operation of the association.~~ **ALL**  
14 **OF THE FOLLOWING APPLY TO A CONTRACT FOR GOODS OR SERVICES BETWEEN**  
15 **THE UNINCORPORATED ASSOCIATION AND AN INCORPORATED ASSOCIATION:**

16 (i) **THE TERMS MUST BE FAIR AND REASONABLE.**

17 (ii) **THE CHARGES OR FEES FOR SERVICES PERFORMED MUST BE**  
18 **REASONABLE.**

19 (iii) **THE EXPENSES INCURRED AND PAYMENT RECEIVED MUST BE**  
20 **ALLOCATED IN CONFORMITY WITH CUSTOMARY ACCOUNTING PRACTICES**  
21 **CONSISTENTLY APPLIED.**

22 (iv) **THE BOOKS, ACCOUNTS, AND RECORDS OF EACH ASSOCIATION MUST**  
23 **BE MAINTAINED TO CLEARLY AND ACCURATELY DISCLOSE THE PRECISE NATURE**  
24 **AND DETAILS OF THE TRANSACTIONS, INCLUDING ACCOUNTING INFORMATION**  
25 **AS NECESSARY TO SUPPORT THE REASONABLENESS OF THE CHARGES OR FEES.**

26 (f) Hear and determine complaints of ~~a company or other~~ **AN**  
27 interested party concerning the operation of the association.

1           (G) BORROW MONEY TO ACCOMPLISH THE PURPOSES OF THE ASSOCIATION  
2 OR IMPLEMENT THIS SECTION AT RATES OF INTEREST DETERMINED BY THE  
3 ASSOCIATION, AND ISSUE NOTES, BONDS, CERTIFICATES, OTHER EVIDENCES  
4 OF INDEBTEDNESS, OR PLEDGES. INTEREST AND EARNINGS ON NOTES, BONDS,  
5 CERTIFICATES, OR OTHER OBLIGATIONS OF THE ASSOCIATION ARE EXEMPT  
6 FROM ANY TAXES IMPOSED BY THIS STATE OR A POLITICAL SUBDIVISION OF  
7 THIS STATE. AN ASSOCIATION SHALL NOT BORROW MONEY FROM ANOTHER  
8 ASSOCIATION.

9           (H) TAKE ACTION NECESSARY TO FACILITATE AND MAINTAIN THE TAX-  
10 EXEMPT STATUS OF THE ASSOCIATION AND ITS INCOME AND OPERATION, AND  
11 TO FACILITATE THE TAX-EXEMPT STATUS OF ANY BONDS OR OTHER  
12 INDEBTEDNESS ISSUED BY OR ON BEHALF OF THE ASSOCIATION.

13           (I) INVEST AND REINVEST MONEY OF THE ASSOCIATION.

14           (J) TAKE, HOLD, AND CONVEY INTERESTS IN PROPERTY.

15           (K) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER  
16 PERSON.

17           (L) ~~(g)~~ Perform other acts not specifically enumerated in this  
18 section that are necessary or proper to accomplish the purposes of  
19 the association OR TO IMPLEMENT THIS SECTION and that are not  
20 inconsistent with this section or the plan of operation OF THE  
21 ASSOCIATION.

22           (17) ~~(9)~~ A board of directors OF THE UNINCORPORATED  
23 ASSOCIATION is created, hereinafter referred to as the board, which  
24 shall TO be responsible for the operation of the UNINCORPORATED  
25 association consistent with the plan of operation OF THE  
26 UNINCORPORATED ASSOCIATION and this section.

27           (18) ~~(10)~~ THE BOARD OF THE UNINCORPORATED ASSOCIATION OR AN

1 INCORPORATED ASSOCIATION SHALL OPERATE THE ASSOCIATION ACCORDING TO  
 2 THE PLAN OF OPERATION OF THE ASSOCIATION AND THIS SECTION. The plan  
 3 of operation OF AN ASSOCIATION shall provide for all of the  
 4 following:

5 (a) The establishment of necessary facilities.

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

7 (c) ~~Procedures FOR THE UNINCORPORATED ASSOCIATION, PROVISIONS~~  
 8 to be ~~utilized~~ **USED** in charging premiums, including adjustments  
 9 from excess or deficient premiums from prior periods. **FOR AN**  
 10 **INCORPORATED ASSOCIATION, PROCEDURES FOR CHARGING ASSESSMENTS,**  
 11 **INCLUDING ADJUSTMENTS FROM EXCESS OR DEFICIENT ASSESSMENTS FROM**  
 12 **PRIOR PERIODS.**

13 (d) ~~Procedures FOR THE UNINCORPORATED ASSOCIATION, PROCEDURES~~  
 14 governing the actual payment of premiums to the **UNINCORPORATED**  
 15 association. **FOR AN INCORPORATED ASSOCIATION, PROCEDURES GOVERNING**  
 16 **THE PAYMENT OF ASSESSMENTS TO THE INCORPORATED ASSOCIATION.**

17 (e) Reimbursement **BY THE ASSOCIATION** of each ~~member of~~  
 18 **INDIVIDUAL SERVING ON** the board ~~by the~~ **OF THE** association for  
 19 actual and necessary expenses incurred on association business.

20 (f) The investment policy of the association.

21 (g) Any other matters required by or necessary to effectively  
 22 implement this section.

23 (19) ~~(11) Each THE board shall OF THE UNINCORPORATED~~  
 24 **ASSOCIATION MUST** include **INDIVIDUALS FROM** members **OF THE**  
 25 **UNINCORPORATED ASSOCIATION** that ~~would~~ contribute a total of not  
 26 less than 40% of the total premium calculated ~~pursuant to~~ **UNDER**  
 27 subsection ~~(7)(d)~~ **(14)**. Each director ~~shall be~~ **OF THE**

1 **UNINCORPORATED ASSOCIATION IS** entitled to 1 vote. The initial term  
2 of office of a director ~~shall be~~ **OF THE UNINCORPORATED ASSOCIATION**  
3 **IS** 2 years.

4 (20) ~~(12)~~ As part of the plan of operation **OF THE**  
5 **UNINCORPORATED ASSOCIATION**, the board **OF THE UNINCORPORATED**  
6 **ASSOCIATION** shall adopt rules providing for the composition and  
7 term of successor boards to the initial board, consistent with the  
8 membership composition requirements in subsections ~~(11)~~ **(19)** and  
9 ~~(13)~~ **(21)**. Terms of the directors ~~shall~~ **MUST** be staggered so that  
10 the terms of all the directors do not expire at the same time and  
11 so that a director ~~does not serve~~ **IS NOT APPOINTED FOR** a term of  
12 more than 4 years.

13 (21) ~~(13)~~ The board ~~shall~~ **OF THE UNINCORPORATED ASSOCIATION**  
14 **MUST** consist of 5 directors ~~7~~ and the ~~commissioner shall be~~  
15 **DIRECTOR OF THE DEPARTMENT, WHO IS** an ex officio member of the  
16 board without vote.

17 (22) ~~(14)~~ Each director ~~shall be appointed by the commissioner~~  
18 ~~and~~ **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS OF**  
19 **THE UNINCORPORATED ASSOCIATION. A DIRECTOR OF THE UNINCORPORATED**  
20 **ASSOCIATION** shall serve until that ~~member's~~ **DIRECTOR'S** successor is  
21 selected and qualified. The **DIRECTORS OF THE UNINCORPORATED**  
22 **ASSOCIATION SHALL ELECT FROM THE DIRECTORS A** chairperson of the  
23 board. ~~shall be elected by the board. A~~ **THE DIRECTOR OF THE**  
24 **DEPARTMENT SHALL FILL A** vacancy on the board ~~shall be filled by the~~  
25 ~~commissioner~~ **OF THE UNINCORPORATED ASSOCIATION** consistent with the  
26 plan of operation.

27 (23) ~~(15)~~ After the board is appointed, ~~the~~ **THE board OF THE**

1 UNINCORPORATED ASSOCIATION shall meet as often as the chairperson,  
 2 the ~~commissioner~~, DIRECTOR OF THE DEPARTMENT, or the plan of  
 3 operation ~~shall require~~, OF THE UNINCORPORATED ASSOCIATION  
 4 REQUIRES, or at the request of any 3 ~~members~~ DIRECTORS of the  
 5 board. UNINCORPORATED ASSOCIATION. The chairperson ~~shall retain the~~  
 6 right to MAY vote on all issues. Four ~~members of the board~~  
 7 DIRECTORS OF THE UNINCORPORATED ASSOCIATION constitute a quorum.

8 (24) THE BOARD OF DIRECTORS OF AN INCORPORATED ASSOCIATION  
 9 SHALL OPERATE THE INCORPORATED ASSOCIATION IN ACCORDANCE WITH THE  
 10 PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION AND THIS SECTION.  
 11 ALL OF THE FOLLOWING APPLY TO THE FORMATION AND OPERATION OF THE  
 12 BOARD OF AN INCORPORATED ASSOCIATION:

13 (A) THE BOARD MUST CONSIST OF 7 DIRECTORS APPOINTED BY THE  
 14 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. THE GOVERNOR  
 15 SHALL APPOINT THE INITIAL DIRECTORS WITHIN 45 DAYS AFTER THE  
 16 INCORPORATED ASSOCIATION IS INCORPORATED. AN EMPLOYEE OR OFFICER OF  
 17 AN INSURER IS NOT ELIGIBLE TO SERVE AS A DIRECTOR. THE GOVERNOR  
 18 SHALL APPOINT DIRECTORS AS FOLLOWS:

19 (i) TWO OF THE DIRECTORS MUST REPRESENT INSURERS THAT PROVIDE  
 20 COVERAGES REQUIRED UNDER SECTION 3101(1).

21 (ii) ONE OF THE DIRECTORS MUST REPRESENT HEALTH FACILITIES OR  
 22 AGENCIES, AS THAT TERM IS DEFINED IN SECTION 20106 OF THE PUBLIC  
 23 HEALTH CODE, 1978 PA 368, MCL 333.20106.

24 (iii) ONE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS LICENSED  
 25 UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL  
 26 333.16101 TO 333.18838.

27 (iv) THREE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS WHO ARE

1 INSURED UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER  
2 SECTION 3101(1). OF THESE 3 INDIVIDUALS:

3 (A) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SENATE  
4 MAJORITY LEADER.

5 (B) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SPEAKER OF  
6 THE HOUSE OF REPRESENTATIVES.

7 (B) OF THE DIRECTORS INITIALLY APPOINTED, 2 SHALL BE APPOINTED  
8 FOR A TERM OF 4 YEARS, 2 SHALL BE APPOINTED FOR A TERM OF 3 YEARS,  
9 2 SHALL BE APPOINTED FOR A TERM OF 2 YEARS, AND 1 SHALL BE  
10 APPOINTED FOR A TERM OF 1 YEAR. AFTER THE INITIAL APPOINTMENTS, A  
11 DIRECTOR SHALL BE APPOINTED FOR A TERM OF 4 YEARS. IF THERE IS A  
12 VACANCY ON THE BOARD, THE GOVERNOR SHALL FILL THE VACANCY IN THE  
13 SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE BALANCE OF THE  
14 UNEXPIRED TERM. WITHIN 60 DAYS AFTER THE INITIAL DIRECTORS ARE  
15 APPOINTED, THE DIRECTOR OF THE DEPARTMENT SHALL CALL THE FIRST  
16 MEETING OF THE BOARD. AT THE FIRST MEETING, THE BOARD SHALL ELECT A  
17 CHAIRPERSON FROM THE DIRECTORS OF THE INCORPORATED ASSOCIATION.  
18 FOUR DIRECTORS OF THE INCORPORATED ASSOCIATION CONSTITUTE A QUORUM  
19 FOR THE TRANSACTION OF BUSINESS AT A MEETING. AN AFFIRMATIVE VOTE  
20 OF 4 DIRECTORS OF THE INCORPORATED ASSOCIATION IS NECESSARY FOR  
21 OFFICIAL ACTION OF THE BOARD.

22 (C) THE BOARD SHALL CONDUCT ITS BUSINESS AT A MEETING THAT IS  
23 HELD IN THIS STATE, IS OPEN TO THE PUBLIC, AND IS HELD IN A PLACE  
24 THAT IS AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY  
25 ESTABLISH REASONABLE RULES AND REGULATIONS TO MINIMIZE DISRUPTION  
26 OF A MEETING. AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A  
27 MEETING, THE BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT

1 ITS PRINCIPAL OFFICE AND ON AN INTERNET WEBSITE ACCESSIBLE BY THE  
2 PUBLIC. THE BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF THE MEETING  
3 THE ADDRESS WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE  
4 PUBLIC. THE BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE  
5 FOLLOWING PURPOSES:

6 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,  
7 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE  
8 INCORPORATED ASSOCIATION.

9 (ii) TO CONSULT WITH ITS ATTORNEY.

10 (iii) TO COMPLY WITH STATE OR FEDERAL LAW, RULES, OR REGULATIONS  
11 REGARDING PRIVACY OR CONFIDENTIALITY.

12 (D) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE  
13 INCORPORATED ASSOCIATION'S OPERATIONS AND ACTIVITIES ON AN INTERNET  
14 WEBSITE ACCESSIBLE BY THE PUBLIC.

15 (E) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE  
16 MINUTES SHALL BE OPEN TO PUBLIC INSPECTION, AND THE BOARD SHALL  
17 MAKE THE MINUTES AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC  
18 NOTICE OF ITS MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES  
19 AVAILABLE TO THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR  
20 PRINTING AND COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING  
21 IN THE MINUTES:

22 (i) THE DATE, TIME, AND PLACE OF THE MEETING.

23 (ii) DIRECTORS WHO ARE PRESENT AND ABSENT.

24 (iii) BOARD DECISIONS MADE AT A MEETING OPEN TO THE PUBLIC.

25 (iv) ALL ROLL CALL VOTES TAKEN AT THE MEETING.

26 (F) A DIRECTOR IS NOT LIABLE FOR ANY LAWFUL ACTION TAKEN BY  
27 THE DIRECTOR IN THE PERFORMANCE OF DUTIES UNDER THIS SECTION.

1           (25) ~~(16)~~ An annual report of the operations of the  
2 UNINCORPORATED association in a form and detail as ~~may be~~  
3 determined by the board OF THE UNINCORPORATED ASSOCIATION shall be  
4 furnished to each member OF THE UNINCORPORATED ASSOCIATION.

5           (26) AN INCORPORATED ASSOCIATION SHALL HAVE ITS FINANCES  
6 AUDITED ANNUALLY BY AN INDEPENDENT PUBLIC ACCOUNTANT. THE  
7 INCORPORATED ASSOCIATION SHALL MAKE THE AUDIT AVAILABLE TO THE  
8 PUBLIC AND POST THE AUDIT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE  
9 MAINTAINED BY THE INCORPORATED ASSOCIATION. AN INCORPORATED  
10 ASSOCIATION SHALL MAKE AN ANNUAL REPORT OF THE OPERATIONS OF THE  
11 INCORPORATED ASSOCIATION AVAILABLE TO THE PUBLIC AND POST THE  
12 REPORT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE MAINTAINED BY THE  
13 INCORPORATED ASSOCIATION. BY JUNE 30 OF EACH YEAR AFTER THE YEAR IN  
14 WHICH THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF  
15 AUTHORITY UNDER SUBSECTION (5) TO THE INCORPORATED ASSOCIATION, THE  
16 INCORPORATED ASSOCIATION SHALL PREPARE A STATEMENT OF THE FINANCES  
17 OF THE INCORPORATED ASSOCIATION FOR THE PRECEDING CALENDAR YEAR TO  
18 ACCOMPANY THE ANNUAL REPORT. THE FINANCIAL STATEMENT SHALL CONTAIN  
19 ALL OF THE FOLLOWING:

20           (A) THE NUMBER OF CLAIMS OPENED AND CLOSED IN THE YEAR, THE  
21 AMOUNT EXPENDED ON THE CLAIMS, AND THE ANTICIPATED FUTURE COSTS OF  
22 THE CLAIMS, WITH THE ASSUMPTIONS, METHODOLOGY, AND DATA USED TO  
23 MAKE THE FUTURE PROJECTIONS.

24           (B) THE TOTAL NUMBER OF OPEN CLAIMS AND THEIR ANTICIPATED  
25 FUTURE COSTS, THE ASSUMPTIONS, METHODOLOGY, AND DATA USED TO MAKE  
26 THE FUTURE PROJECTIONS, A CATEGORICAL SUMMARY OF CLAIMS PAID, BOTH  
27 OPEN AND CLOSED, AND THE EXPECTED FUTURE COSTS OF CLAIMS GROUPED BY

1 NUMERIC RANGE.

2 (C) THE NUMBER OF NEW CLAIMS PROJECTED FOR THE UPCOMING YEAR,  
3 IF ANY, THEIR ANTICIPATED FUTURE COSTS, AND THE ASSUMPTIONS,  
4 METHODOLOGY, AND DATA USED TO MAKE THE FUTURE PROJECTIONS.

5 (D) THE CURRENT RATIO OF CLAIMS OPENED TO CLAIMS CLOSED.

6 (E) THE AVERAGE LENGTH OF A CLAIM.

7 (F) A STATEMENT OF THE CURRENT FINANCIAL CONDITION OF THE  
8 INCORPORATED ASSOCIATION AND THE REASONS FOR ANY DEFICIT OR SURPLUS  
9 IN COLLECTED ASSESSMENTS COMPARED TO LOSSES.

10 (G) A STATEMENT OF THE ASSUMPTIONS, METHODOLOGY, AND DATA USED  
11 TO MAKE REVENUE PROJECTIONS.

12 (H) A STATEMENT OF THE ASSUMPTIONS, METHODOLOGY, AND DATA USED  
13 TO DETERMINE THE INCORPORATED ASSOCIATION'S ANNUAL ASSESSMENTS.

14 (I) A LIST OF ASSETS OF THE INCORPORATED ASSOCIATION LISTED BY  
15 CATEGORY OR TYPE OF ASSET, SUCH AS, FOR EXAMPLE, STOCKS, BONDS, OR  
16 MUTUAL FUNDS, AND THE EXPECTED RETURN ON EACH ASSET.

17 (J) THE TOTAL AMOUNT OF THE INCORPORATED ASSOCIATION'S  
18 DISCOUNTED AND UNDISCOUNTED LIABILITIES AND A DESCRIPTION AND  
19 EXPLANATION OF THE LIABILITIES, INCLUDING AN EXPLANATION OF THE  
20 ASSOCIATION'S DEFINITION OF THE TERMS "DISCOUNTED" AND  
21 "UNDISCOUNTED".

22 (K) A SUMMARY OF SERVICES FOR WHICH CLAIMS WERE PAID AND THE  
23 AVERAGE COST FOR THE SERVICES.

24 (L) MEASURES TAKEN BY THE INCORPORATED ASSOCIATION, IF ANY, TO  
25 CONTAIN COSTS.

26 (M) MEASURES TAKEN BY THE INCORPORATED ASSOCIATION, IF ANY, TO  
27 REDUCE ANY DEFICIT REPORTED UNDER SUBDIVISION (F).

1           (27) ~~(17) Not more than 60 days after the initial~~  
2 ~~organizational meeting of the board, the board shall submit to the~~  
3 ~~commissioner for approval a proposed~~ **AN ASSOCIATION SHALL OPERATE**  
4 **UNDER A** plan of operation **OF THE ASSOCIATION THAT IS APPROVED BY**  
5 **THE DIRECTOR OF THE DEPARTMENT, THAT IS** consistent with the  
6 objectives and provisions of this section, ~~which shall provide~~ **AND**  
7 **THAT PROVIDES** for the economical, fair, and nondiscriminatory  
8 administration of the association and, **FOR THE UNINCORPORATED**  
9 **ASSOCIATION,** for the prompt and efficient provision of indemnity -  
10 ~~If a plan is not submitted within this 60-day period, then the~~  
11 ~~commissioner,~~ **TO MEMBERS OF THE UNINCORPORATED ASSOCIATION. IF AN**  
12 **ASSOCIATION DOES NOT HAVE AN APPROVED PLAN OF OPERATION, THE**  
13 **DIRECTOR OF THE DEPARTMENT,** after consultation with the board **OF**  
14 **THE ASSOCIATION,** shall formulate and place into effect a plan  
15 consistent with this section.

16           (28) ~~(18) The~~ **A** plan of operation ~~, unless approved sooner in~~  
17 ~~writing, shall be~~ **OF AN ASSOCIATION OR AN AMENDMENT TO A PLAN OF**  
18 **OPERATION OF AN ASSOCIATION THAT HAS BEEN SUBMITTED TO THE DIRECTOR**  
19 **OF THE DEPARTMENT FOR APPROVAL IS** considered to meet the  
20 requirements of this section if it is not **APPROVED OR** disapproved  
21 by written order of the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT**  
22 within 30 days after the date of its submission. Before disapproval  
23 of all or any part of the proposed plan of operation, the  
24 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall notify the ~~board~~  
25 **ASSOCIATION** in what respect the plan of operation fails to meet the  
26 requirements and objectives of this section. If the ~~board~~  
27 **ASSOCIATION** fails to submit a revised plan of operation that meets

1 the requirements and objectives of this section within the 30-day  
 2 period, the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** shall enter an  
 3 order accordingly and shall immediately formulate and place into  
 4 effect a plan **OF OPERATION FOR THE ASSOCIATION** consistent with the  
 5 requirements and objectives of this section.

6 (29) ~~(19) The~~**FOR THE UNINCORPORATED ASSOCIATION, A** proposed  
 7 plan of operation or amendments to the plan of operation **OF THE**  
 8 **ASSOCIATION** are subject to majority approval by the board **OF THE**  
 9 **UNINCORPORATED ASSOCIATION**, ratified by a majority of the  
 10 ~~membership having~~**MEMBERS OF THE UNINCORPORATED ASSOCIATION THAT**  
 11 **HAVE** a vote, with voting rights being apportioned according to the  
 12 premiums charged in subsection ~~(7)(d)~~**(14) (D)**, and are subject to  
 13 approval by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT AS PROVIDED**  
 14 **IN THIS SECTION. FOR AN INCORPORATED ASSOCIATION, A PROPOSED PLAN**  
 15 **OF OPERATION OR AMENDMENTS TO THE PLAN OF OPERATION OF THE**  
 16 **ASSOCIATION ARE SUBJECT TO APPROVAL BY THE BOARD OF THE**  
 17 **INCORPORATED ASSOCIATION AND ARE SUBJECT TO APPROVAL BY THE**  
 18 **DIRECTOR OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. THIS STATE**  
 19 **IS NOT LIABLE FOR AN OBLIGATION OF AN ASSOCIATION, AND ANY DEBT OF**  
 20 **AN ASSOCIATION IS NOT A DEBT OF THIS STATE. THE CREDIT OF THIS**  
 21 **STATE MAY NOT BE LOANED TO AN ASSOCIATION.**

22 (30) ~~(20) Upon~~**FOR THE UNINCORPORATED ASSOCIATION, ON** approval  
 23 by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** and ratification by  
 24 the members **OF THE UNINCORPORATED ASSOCIATION** of the plan **OF**  
 25 **OPERATION** submitted, or ~~upon~~**ON** the promulgation of a plan by the  
 26 ~~commissioner~~**DIRECTOR OF THE DEPARTMENT**, each insurer authorized  
 27 to write insurance providing the security required by section

1 3101(1) in this state, as provided in this section, is bound by and  
2 shall formally subscribe to and participate in the plan approved as  
3 a condition of maintaining its authority to transact insurance in  
4 this state.

5 (31) FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30  
6 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF  
7 AUTHORITY UNDER SUBSECTION (5), AN ANNUAL CATASTROPHIC CLAIMS  
8 ASSESSMENT IS IMPOSED ON THE OWNER OR REGISTRANT OF A MOTOR VEHICLE  
9 THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION 3101(1). THE  
10 OWNER OR REGISTRANT, NOT THE INSURER, IS LIABLE FOR THE PAYMENT OF  
11 THE ASSESSMENT. THE ASSESSMENT IMPOSED UNDER THIS SUBSECTION IS A  
12 CHARGE IMPOSED BY AN INCORPORATED ASSOCIATION AND IS NOT PART OF AN  
13 INSURER'S PREMIUM. UNTIL THE SECOND JUNE 30 AFTER A CERTIFICATE OF  
14 AUTHORITY IS ISSUED UNDER SUBSECTION (5), THE ANNUAL AMOUNT OF THE  
15 CATASTROPHIC CLAIMS ASSESSMENT IS THE INITIAL ASSESSMENT SET BY THE  
16 DIRECTOR OF THE DEPARTMENT UNDER SUBSECTION (5). AFTER THE SECOND  
17 JUNE 30 AFTER A CERTIFICATE OF AUTHORITY IS ISSUED UNDER SUBSECTION  
18 (5), THE ANNUAL AMOUNT OF THE CATASTROPHIC CLAIMS ASSESSMENT SHALL  
19 BE EQUAL TO THE PER-MOTOR-VEHICLE ASSESSMENT DETERMINED BY THE  
20 INCORPORATED ASSOCIATION UNDER SUBSECTION (15) (D). THE OWNER OR  
21 REGISTRANT SHALL PAY THE PER-MOTOR-VEHICLE ASSESSMENT FOR EACH  
22 MOTOR VEHICLE AT THE TIME OF PAYMENT FOR A MOTOR VEHICLE POLICY  
23 ISSUED BY AN INSURER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE  
24 THAT AFFORDS INSURANCE FOR THE PAYMENT OF BENEFITS REQUIRED UNDER  
25 SECTION 3101(1). THE INSURER SHALL COLLECT THE CATASTROPHIC CLAIMS  
26 ASSESSMENT ON BEHALF OF THE INCORPORATED ASSOCIATION. THE INSURER  
27 SHALL INCLUDE THE CATASTROPHIC CLAIMS ASSESSMENT AS A SEPARATE

1 IDENTIFIED CHARGE ON ITS POLICY INVOICE. THE INSURER SHALL COLLECT  
2 THE ASSESSMENT WITH THE INSURER'S USUAL CYCLE FOR COLLECTION OF  
3 INSURANCE PREMIUMS AND SHALL PROMPTLY TRANSMIT ALL ASSESSMENTS  
4 COLLECTED TO THE INCORPORATED ASSOCIATION ON FORMS AND IN A MANNER  
5 PRESCRIBED BY THE INCORPORATED ASSOCIATION AND SHALL HOLD  
6 ASSESSMENTS COLLECTED IN TRUST FOR THE INCORPORATED ASSOCIATION  
7 UNTIL REMITTED TO THE ASSOCIATION. AN INSURER SHALL TREAT THE  
8 FAILURE TO PAY AN ASSESSMENT UNDER THIS SUBSECTION IN THE SAME  
9 MANNER AS THE FAILURE TO PAY AN INSURANCE PREMIUM. AN INSURER THAT  
10 RECEIVES FROM AN INCORPORATED ASSOCIATION A REFUND OF A PORTION OF  
11 AN ASSESSMENT PAID BECAUSE OF THE CANCELLATION OF THE POLICY SHALL  
12 REFUND THAT PORTION TO THE OWNER OR REGISTRANT.

13 (32) ~~(21) The AN~~ association is subject to all the reporting,  
14 loss reserve, and investment requirements of the ~~commissioner~~  
15 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member of~~  
16 ~~the association.~~ **IS AN INSURER.**

17 (33) ~~(22)~~ Premiums charged members by the **UNINCORPORATED**  
18 association shall be recognized in the rate-making procedures for  
19 insurance rates in the same manner that expenses and premium taxes  
20 are recognized.

21 (34) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an  
22 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**  
23 **DEPARTMENT** may visit ~~the AN~~ association at any time and examine any  
24 and all the association's affairs **AND RECORDS RELATING TO THE**  
25 **BUSINESS OF THE ASSOCIATION. AN ASSOCIATION SHALL PAY EXPENSES**  
26 **INCURRED BY THE DIRECTOR OF THE DEPARTMENT FOR THE EXAMINATION OF**  
27 **THE ASSOCIATION. AN ASSOCIATION IS SUBJECT TO FEES IMPOSED UNDER**

1 SECTION 224(4) TO (11) IN THE SAME MANNER AS ANY OTHER TYPE OF  
2 ENTITY UNDER THIS ACT.

3 (35) ~~(24)~~The UNINCORPORATED association ~~does not have~~  
4 ~~liability~~ IS NOT LIABLE for losses occurring before July 1, 1978.  
5 AN UNINCORPORATED ASSOCIATION IS NOT LIABLE FOR LOSSES OCCURRING  
6 UNDER POLICIES ISSUED OR RENEWED AFTER THE FIRST JUNE 30 AFTER THE  
7 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER  
8 SUBSECTION (5).

9 (36) AN INCORPORATED ASSOCIATION SHALL COMPLY WITH THE FREEDOM  
10 OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246, AS IF THE  
11 INCORPORATED ASSOCIATION WERE A PUBLIC BODY. A RECORD OR PORTION OF  
12 A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED, PREPARED,  
13 USED, OR RETAINED BY THE INCORPORATED ASSOCIATION IN CONNECTION  
14 WITH THE INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO  
15 FINANCIAL OR PROPRIETARY INFORMATION AND IS CONSIDERED BY THE  
16 PERSON OR INSURER PROVIDING THE INCORPORATED ASSOCIATION WITH THE  
17 RECORD, MATERIAL, DATA, OR INFORMATION AS CONFIDENTIAL AND  
18 ACKNOWLEDGED BY THE INCORPORATED ASSOCIATION AS CONFIDENTIAL IS NOT  
19 SUBJECT TO DISCLOSURE BY THE INCORPORATED ASSOCIATION. AS USED IN  
20 THIS SUBSECTION:

21 (A) "FINANCIAL OR PROPRIETARY INFORMATION" MEANS INFORMATION  
22 THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM  
23 OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE THE PERSON  
24 PROVIDING THE INFORMATION TO THE INCORPORATED ASSOCIATION  
25 SIGNIFICANT COMPETITIVE HARM. FINANCIAL OR PROPRIETARY INFORMATION  
26 INCLUDES, BUT IS NOT LIMITED TO, FINANCIAL PERFORMANCE DATA AND  
27 PROJECTIONS, FINANCIAL STATEMENTS, AND PRODUCT AND MARKET DATA.

1 (B) "PUBLIC BODY" MEANS THAT TERM AS DEFINED IN SECTION 2 OF  
2 THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.232.

3 (37) THE UNINCORPORATED ASSOCIATION SHALL CONTINUE IN  
4 EXISTENCE UNTIL ALL LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH  
5 THE UNINCORPORATED ASSOCIATION HAS LIABILITY UNDER THIS SECTION ARE  
6 PAID. ON PAYMENT OF THE UNINCORPORATED ASSOCIATION'S FINAL  
7 LIABILITY UNDER THIS SECTION, THE UNINCORPORATED ASSOCIATION SHALL  
8 NOTIFY THE DIRECTOR OF THE DEPARTMENT, WIND UP THE AFFAIRS OF THE  
9 UNINCORPORATED ASSOCIATION, TRANSMIT ANY REMAINING MONEY OF THE  
10 UNINCORPORATED ASSOCIATION TO AN INCORPORATED ASSOCIATION, AND  
11 DISSOLVE THE UNINCORPORATED ASSOCIATION.

12 (38) THE LEGISLATURE FINDS THAT THERE IS A COMPELLING STATE  
13 INTEREST IN PROTECTING PUBLIC HEALTH AND MAINTAINING A VIABLE,  
14 ORDERLY, AND COST-EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE  
15 INSURANCE IN THIS STATE, AND ALSO FINDS THAT AN ASSOCIATION CREATED  
16 AND POWERS CONFERRED ON AN ASSOCIATION BY THIS SECTION CONSTITUTE A  
17 NECESSARY PROGRAM AND SERVE A NECESSARY PUBLIC PURPOSE. THE  
18 LEGISLATURE DETERMINES THAT IT IS ESSENTIAL FOR THE PUBLIC PURPOSES  
19 OF THIS SECTION THAT REVENUES RECEIVED BY AN ASSOCIATION BE EXEMPT  
20 FROM FEDERAL TAXATION, AND IT IS THE INTENT OF THE LEGISLATURE THAT  
21 AN ASSOCIATION AND ACTIVITIES OF AN ASSOCIATION AUTHORIZED UNDER  
22 THIS SECTION ARE FOR THE PURPOSE OF PROTECTING AND ADVANCING THE  
23 PUBLIC INTEREST IN MAINTAINING A VIABLE, ORDERLY, AND COST-  
24 EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE INSURANCE IN THIS  
25 STATE AND PROTECTING PUBLIC HEALTH. IT IS THE INTENT OF THE  
26 LEGISLATURE THAT AN ASSOCIATION IS AUTHORIZED UNDER THIS SECTION TO  
27 BE ESTABLISHED AND OPERATE IN A MANNER ALLOWING AN ASSOCIATION TO

1 QUALIFY AS AN ENTITY RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS  
2 AUTHORIZED TO ISSUE TAX-EXEMPT BONDS. THIS SECTION, BEING NECESSARY  
3 FOR AND TO SECURE THE PUBLIC HEALTH, SAFETY, CONVENIENCE, AND  
4 WELFARE OF THE CITIZENS OF THIS STATE, SHALL BE LIBERALLY CONSTRUED  
5 TO EFFECT ITS PUBLIC PURPOSES.

6 (39) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS  
7 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF COVERAGE UNDER THE  
8 POLICY.

9 (40) ~~(25)~~ As used in this section:

10 ~~—— (a) "Consumer price index" means the percentage of change in~~  
11 ~~the consumer price index for all urban consumers in the United~~  
12 ~~States city average for all items for the 24 months prior to~~  
13 ~~October 1 of the year prior to the July 1 effective date of the~~  
14 ~~biennial adjustment under subsection (2) (k) as reported by the~~  
15 ~~United States department of labor, bureau of labor statistics, and~~  
16 ~~as certified by the commissioner.~~

17 (A) "ASSOCIATION" MEANS THE UNINCORPORATED ASSOCIATION CREATED  
18 UNDER SUBSECTION (1) OR AN INCORPORATED ASSOCIATION FORMED UNDER  
19 SUBSECTIONS (2) TO (7).

20 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE UNINCORPORATED  
21 ASSOCIATION OR OF AN INCORPORATED ASSOCIATION.

22 (C) "INCORPORATED ASSOCIATION" MEANS AN INCORPORATED  
23 ASSOCIATION FORMED AS A NONPROFIT ASSOCIATION UNDER SUBSECTIONS (2)  
24 TO (7).

25 (D) ~~(b)~~ "Motor vehicle accident policy" means a policy  
26 providing the coverages required under section 3101(1).

27 (E) ~~(e)~~ "Ultimate loss" means the actual loss amounts that a

1 ~~member~~ **AN INSURER** is obligated to pay and that are paid or payable  
 2 by the ~~member~~, **INSURER**, and ~~do~~ **DOES** not include claim expenses. An  
 3 ultimate loss is incurred by ~~the~~ **AN** association on the date that  
 4 the loss occurs.

5 (F) **"UNINCORPORATED ASSOCIATION" MEANS THE UNINCORPORATED**  
 6 **NONPROFIT ASSOCIATION CREATED UNDER SUBSECTION (1) AND INCLUDES THE**  
 7 **UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE**  
 8 **CATASTROPHIC CLAIMS ASSOCIATION AND THE UNINCORPORATED NONPROFIT**  
 9 **ASSOCIATION WHEN IT IS KNOWN AS THE MICHIGAN LEGACY CLAIMS**  
 10 **ASSOCIATION.**

11 Sec. 3107. (1) Except as **OTHERWISE** provided in ~~subsection (2)~~,  
 12 **THIS SECTION**, personal protection insurance benefits are payable  
 13 for the following:

14 (a) ~~Allowable~~ **FOR LOSS OCCURRENCES UNDER MOTOR VEHICLE**  
 15 **ACCIDENT POLICIES ISSUED OR RENEWED BEFORE JANUARY 1, 2015,**  
 16 **SUBJECT, IF APPLICABLE, TO CHAPTER 21B, ALLOWABLE** expenses  
 17 consisting of all reasonable charges incurred for reasonably  
 18 necessary products, services, and accommodations for an injured  
 19 person's care, recovery, or rehabilitation. ~~Allowable expenses~~  
 20 ~~within personal protection insurance coverage shall not include~~  
 21 **PAYMENT TO PROVIDERS FOR THOSE PRODUCTS, SERVICES, AND**  
 22 **ACCOMMODATIONS ARE SUBJECT TO THE LIMITS IN SECTION 3107C.**

23 (B) **PERSONAL PROTECTION INSURANCE BENEFITS ARE NOT PAYABLE FOR**  
 24 either of the following:

25 (i) Charges for a hospital room in excess of a reasonable and  
 26 customary charge for semiprivate accommodations ~~except if~~ **UNLESS**  
 27 the injured person requires special or intensive care.

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

4           (C) ~~(b)~~—Work loss consisting of loss of income from work an  
5 injured person would have performed during the first 3 years after  
6 the date of the accident if he or she had not been injured. Work  
7 loss does not include any loss after the date on which the injured  
8 person dies. Because the benefits received from personal protection  
9 insurance for loss of income are not taxable income, the benefits  
10 payable for such loss of income shall be reduced 15% unless the  
11 claimant presents to the insurer in support of his or her claim  
12 reasonable proof of a lower value of the income tax advantage in  
13 his or her case, in which case the lower value shall apply. For the  
14 period beginning October 1, 2012 through September 30, 2013, the  
15 benefits payable for work loss sustained in a single 30-day period  
16 and the income earned by an injured person for work during the same  
17 period together shall not exceed \$5,189.00, which maximum shall  
18 apply pro rata to any lesser period of work loss. Beginning October  
19 1, 2013, the maximum shall be adjusted annually to reflect changes  
20 in the cost of living under rules prescribed by the ~~commissioner~~  
21 **DIRECTOR** but any change in the maximum shall apply only to benefits  
22 arising out of accidents occurring subsequent to the date of change  
23 in the maximum.

24           (D) ~~(e)~~—Expenses not exceeding \$20.00 per day, reasonably  
25 incurred in obtaining ordinary and necessary services in lieu of  
26 those that, if he or she had not been injured, an injured person  
27 would have performed during the first 3 years after the date of the

1 accident, not for income but for the benefit of himself or herself  
2 or of his or her dependent.

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

5 (a) A person who is 60 years of age or older and in the event  
6 of an accidental bodily injury would not be eligible to receive  
7 work loss benefits under subsection ~~(1)(b)~~ **(1)(C)** may waive  
8 coverage for work loss benefits by signing a waiver on a form  
9 provided by the insurer. An insurer shall offer a reduced premium  
10 rate to a person who waives coverage under this subsection for work  
11 loss benefits. Waiver of coverage for work loss benefits applies  
12 only to work loss benefits payable to the person or persons who  
13 have signed the waiver form.

14 (b) An insurer shall not be required to provide coverage for  
15 the medical use of marihuana or for expenses related to the medical  
16 use of marihuana.

17 Sec. 3107a. Subject to ~~the provisions of section 3107(1)(b)~~,  
18 **3107(1)(C)**, work loss for an injured person who is temporarily  
19 unemployed at the time of the accident or during the period of  
20 disability shall be based on earned income for the last month  
21 employed full time preceding the accident.

22 **SEC. 3107C. (1) EXCEPT AS PROVIDED IN SUBSECTIONS (3) AND (4),**  
23 **ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION**  
24 **3107(1)(A) FOR ATTENDANT CARE PROVIDED IN THE HOME BY A FAMILY OR**  
25 **HOUSEHOLD MEMBER:**

26 **(A) PAYMENT IS LIMITED TO A TOTAL OF 56 HOURS PER WEEK,**  
27 **REGARDLESS OF THE LEVEL OF CARE PROVIDED.**

1 (B) PAYMENT IS LIMITED TO \$15.00 PER HOUR, REGARDLESS OF THE  
2 LEVEL OF CARE PROVIDED. BEGINNING 3 YEARS AFTER THE EFFECTIVE DATE  
3 OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND EVERY 3 YEARS  
4 AFTER THAT DATE, THE DIRECTOR SHALL ADJUST THIS AMOUNT TO REFLECT  
5 THE AGGREGATE PERCENTAGE CHANGE IN THE UNITED STATES CONSUMER PRICE  
6 INDEX, ROUNDED TO THE NEAREST 10 CENTS.

7 (C) THE LIMITATIONS IN SUBDIVISIONS (A) AND (B) APPLY  
8 REGARDLESS OF WHETHER THE FAMILY OR HOUSEHOLD MEMBER IS LICENSED OR  
9 OTHERWISE AUTHORIZED TO RENDER THE ATTENDANT CARE UNDER ARTICLE 15  
10 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16101 TO 333.18838,  
11 OR IS EMPLOYED BY, UNDER CONTRACT WITH, OR IN ANY WAY CONNECTED  
12 WITH AN INDIVIDUAL OR AGENCY WHO IS LICENSED OR AUTHORIZED TO  
13 RENDER THE CARE.

14 (2) EXCEPT AS PROVIDED IN SUBSECTIONS (3) AND (4), BOTH OF THE  
15 FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION 3107(1) (A) OR  
16 (B) FOR ATTENDANT CARE PROVIDED IN THE HOME BY SOMEONE OTHER THAN A  
17 FAMILY OR HOUSEHOLD MEMBER:

18 (A) PAYMENT IS LIMITED TO A TOTAL OF 24 HOURS PER DAY FOR  
19 SERVICES PERFORMED BY 1 OR MORE INDIVIDUALS.

20 (B) PAYMENT FOR THE FIRST 30 DAYS OF ATTENDANT CARE IS NOT  
21 SUBJECT TO A COPAYMENT. AFTER 30 DAYS, PAYMENT IS SUBJECT TO A  
22 COPAYMENT OF 20% UP TO A MAXIMUM OF \$200.00 PER MONTH.

23 (3) EXCEPT AS PROVIDED IN SUBSECTION (4), PAYMENT FOR  
24 ATTENDANT CARE PROVIDED BY A FAMILY OR HOUSEHOLD MEMBER AND SOMEONE  
25 OTHER THAN A FAMILY OR HOUSEHOLD MEMBER IS CUMULATIVELY LIMITED TO  
26 24 HOURS PER DAY.

27 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN

1 **INSURER OR AN INCORPORATED ASSOCIATION FORMED UNDER SECTION 3104A**  
2 **MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE AT**  
3 **ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.**

4 Sec. 3301. (1) Every insurer authorized to write automobile  
5 insurance in this state shall participate in an organization for  
6 the purpose of doing all of the following:

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

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

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

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

16 Sec. 3310. (1) The board of governors of the facility shall  
17 consist of 11 governors. Seven of the governors shall be elected as  
18 provided in the plan of operation. Four governors shall be  
19 appointed by the ~~commissioner~~, **DIRECTOR**, of which 2 shall represent  
20 insurance agents subject to section 1209(1) and 2 shall represent  
21 the general public. Each governor appointed by the ~~commissioner~~  
22 ~~pursuant to~~ **DIRECTOR UNDER** this subsection shall serve an annual  
23 term. The 7 elected members of the board of governors of the  
24 facility shall be elected to serve annual terms commencing within  
25 45 days after the annual determination of participation ratios.  
26 Vacancies shall be filled as provided for in the plan of operation.

27 **(2) AMENDMENTS TO THE PLAN OF OPERATION FOR THE FACILITY ARE**

1 SUBJECT TO MAJORITY APPROVAL BY THE BOARD OF GOVERNORS AND  
2 RATIFICATION BY A MAJORITY OF THE MEMBERSHIP. THE MEMBERSHIP VOTE  
3 SHALL BE DETERMINED BY PARTICIPATION RATIO AS DEFINED IN SECTION  
4 3303 (E) (iii) . The facility committee shall adopt a plan of operation  
5 by majority vote of the committee and ~~APPROVED AND RATIFIED~~  
6 **AMENDMENTS** shall ~~submit it~~ **BE SUBMITTED** to the commissioner  
7 **DIRECTOR** for his or her approval. If the commissioner ~~DIRECTOR~~  
8 finds that the **AMENDMENTS TO THE** plan meets ~~MEET~~ the requirements  
9 of this chapter, he or she shall approve it. ~~THEM~~. If the  
10 commissioner ~~DIRECTOR~~ finds that the **AMENDMENTS TO THE** plan fails  
11 **FAIL** to meet the requirements of this chapter, he or she shall  
12 state in what respects the plan is ~~AMENDMENTS ARE~~ deficient and  
13 shall afford the facility committee ~~BOARD OF GOVERNORS~~ 10 days  
14 within which to correct the deficiency. If the commissioner  
15 ~~DIRECTOR~~ and the facility committee ~~BOARD OF GOVERNORS~~ fail to  
16 agree that the provisions of ~~CORRECTED AMENDMENTS TO~~ the plan so  
17 submitted meet the requirements of this chapter, either party to  
18 the controversy may submit the issue to the circuit court for  
19 Ingham county for a determination. If the commissioner ~~DIRECTOR~~  
20 fails to render a written decision on the **AMENDMENTS TO THE** plan of  
21 operation within 30 days after receipt of the plan, ~~AMENDMENTS~~, the  
22 plan ~~AMENDMENTS~~ shall be considered approved.

23 ~~—— (3) Amendments to the plan of operation shall be subject to~~  
24 ~~majority approval by the board of governors and ratified by~~  
25 ~~majority of the membership vote. The membership vote shall be~~  
26 ~~determined as defined in section 3303(e) (iii) . Amendments to the plan~~  
27 ~~of operation shall be subject to the approval of the commissioner,~~

1 ~~as provided in subsection (2).~~

2 (3) ~~(4)~~ Every insurer authorized to write automobile insurance  
3 in this state shall adhere to the plan of operation.

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

7 (a) To sue and be sued in the name of the facility. A judgment  
8 against the facility shall not create any liabilities in the  
9 individual participating members of the facility.

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

12 (c) To assess participating members on the basis of  
13 participation ratios pursuant to section 3303 to cover anticipated  
14 costs of operation and administration of the facility, to provide  
15 for equitable servicing fees, and to share losses, profits, and  
16 expenses pursuant to the plan of operation.

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

20 (e) To provide for a limited number of participating members  
21 to receive equitable distribution of applicants; or to provide for  
22 a limited number of participating members to service applicants in  
23 a plan of sharing of losses in accordance with section 3320(1)(c)  
24 and the plan of operation.

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

27 (g) To adopt a plan of operation and any amendments to the

1 plan, consistent with this chapter, necessary to assure the fair,  
2 reasonable, equitable, and nondiscriminatory manner of  
3 administering the facility, including compliance with chapter 21,  
4 and to provide for any other matters necessary or advisable to  
5 implement this chapter, including matters necessary to comply with  
6 the requirements of chapter 21.

7 (h) To assess self-insurers and insurers consistent with  
8 chapter 31 and the assigned claims plan approved under section  
9 3171.

10 (I) UNTIL DECEMBER 31, 2020, TO ANNUALLY ASSESS PARTICIPATING  
11 MEMBERS AND SELF-INSURERS AN AGGREGATE AMOUNT NOT TO EXCEED  
12 \$21,000,000.00 TO COVER ANTICIPATED COSTS OF OPERATION AND  
13 ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY  
14 AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.

15 (2) The board of governors shall institute or cause to be  
16 instituted by the facility or on its behalf an automatic data  
17 processing system for recording and compiling data relative to  
18 individuals insured through the facility. An automatic data  
19 processing system established under this subsection shall, to the  
20 greatest extent possible, be made compatible with the automatic  
21 data processing system maintained by the secretary of state, to  
22 provide for the identification and review of individuals insured  
23 through the facility.

24 (3) BEFORE MARCH 1, 2015, THE BOARD OF GOVERNORS SHALL AMEND  
25 THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY  
26 TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE ADMINISTRATIVE DUTIES  
27 AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

1           Sec. 4501. As used in this chapter:

2           (a) "Authorized agency" means the department of state police;  
3 a city, village, or township police department; a county sheriff's  
4 department; a United States criminal investigative department or  
5 agency; the prosecuting authority of a city, village, township,  
6 county, or state or of the United States; ~~the office of financial~~  
7 ~~and insurance regulation; DEPARTMENT; THE MICHIGAN AUTOMOBILE~~  
8 **INSURANCE FRAUD AUTHORITY;** or the department of state.

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

12           (c) "Insurance policy" or "policy" means an insurance policy,  
13 benefit contract of a self-funded plan, health maintenance  
14 organization contract, nonprofit dental care corporation  
15 certificate, or health care corporation certificate.

16           (d) "Insurer" means a property-casualty insurer, life insurer,  
17 third party administrator, self-funded plan, health insurer, health  
18 maintenance organization, nonprofit dental care corporation, health  
19 care corporation, reinsurer, or any other entity regulated by the  
20 insurance laws of this state and providing any form of insurance.

21           **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**  
22 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**  
23 **6302.**

24           **(F)** ~~(e)~~-"Organization" means an organization or internal  
25 department of an insurer established to detect and prevent  
26 insurance fraud.

27           **(G)** ~~(f)~~-"Person" includes an individual, insurer, company,

1 association, organization, Lloyds, society, reciprocal or inter-  
2 insurance exchange, partnership, syndicate, business trust,  
3 corporation, and any other legal entity.

4 (H) ~~(g)~~—"Practitioner" means a licensee of this state  
5 authorized to practice medicine and surgery, psychology,  
6 chiropractic, or law, any other licensee of the state, or an  
7 unlicensed health care provider whose services are compensated,  
8 directly or indirectly, by insurance proceeds, or a licensee  
9 similarly licensed in other states and nations, or the practitioner  
10 of any nonmedical treatment rendered in accordance with a  
11 recognized religious method of healing.

12 (I) ~~(h)~~—"Runner", "capper", or "steerer" means a person who  
13 receives a pecuniary or other benefit from a practitioner, whether  
14 directly or indirectly, for procuring or attempting to procure a  
15 client, patient, or customer at the direction or request of, or in  
16 cooperation with, a practitioner whose intent is to obtain benefits  
17 under a contract of insurance or to assert a claim against an  
18 insured or an insurer for providing services to the client,  
19 patient, or customer. Runner, capper, or steerer does not include a  
20 practitioner who procures clients, patients, or customers through  
21 the use of public media.

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

1           Sec. 6107. (1) ~~Prior to~~ **SUBJECT TO SECTION 6307(1), BEFORE**  
2 April 1 of each year, each insurer engaged in writing insurance  
3 coverages ~~which~~ **THAT** provide the security required by section  
4 3101(1) ~~within~~ **IN** this state, as a condition of its authority to  
5 transact insurance in this state, shall pay to the authority an  
6 assessment equal to \$1.00 multiplied by the insurer's total ~~earned~~  
7 **WRITTEN** car years of insurance providing the security required by  
8 section 3101(1) written in this state during the ~~immediately~~  
9 preceding calendar year.

10           (2) Money received ~~pursuant to~~ **UNDER** subsection (1), and all  
11 other money received by the authority, shall be segregated and  
12 placed in a fund to be known as the automobile theft prevention  
13 fund. The **AUTHORITY SHALL ADMINISTER THE** automobile theft  
14 prevention fund. ~~shall be administered by the authority.~~

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

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

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

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

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

26           (iii) Provide financial support to local prosecutors for  
27 programs designed to reduce the incidence of ~~economic~~ automobile

1 theft.

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

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

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

12 (4) Money in the automobile theft prevention fund shall only  
13 be used for automobile theft prevention efforts. ~~and shall be~~  
14 ~~distributed based on need and efficacy as determined by the~~  
15 ~~authority.~~ **THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE**  
16 **CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD**  
17 **SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS**  
18 **SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR**  
19 **EXISTING PROGRAMS.**

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

## 22 CHAPTER 63

### 23 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

#### 24 SEC. 6301. AS USED IN THIS CHAPTER:

25 (A) "AUTHORITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
26 AUTHORITY CREATED IN SECTION 6302.

27 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE

1 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION  
2 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE  
3 INSURANCE.

4 (C) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

5 (D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND  
6 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE  
7 SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE  
8 SECOND PREVIOUS CALENDAR YEAR AS REPORTED TO THE STATISTICAL AGENT  
9 OF EACH INSURER.

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

12 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
13 AUTHORITY IS CREATED WITHIN THE FACILITY. THE FACILITY SHALL  
14 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE  
15 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

16 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE  
17 AUTHORITY IS NOT STATE MONEY. THE AUTHORITY IS NOT A PUBLIC BODY  
18 UNDER, AND A RECORD OF THE AUTHORITY IS NOT SUBJECT TO DISCLOSURE  
19 UNDER, THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO  
20 15.246.

21 (3) WITH THE DISCRETION TO APPROVE OR DISAPPROVE PROGRAMS TO  
22 BE SUPPORTED, THE AUTHORITY SHALL DO BOTH OF THE FOLLOWING:

23 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW  
24 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE  
25 OF AUTOMOBILE INSURANCE FRAUD.

26 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL  
27 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF

1 AUTOMOBILE INSURANCE FRAUD.

2 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW  
3 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING  
4 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
5 AUTOMOBILE INSURANCE FRAUD.

6 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE  
7 VESTED IN AND SHALL BE EXERCISED BY A BOARD OF DIRECTORS. THE BOARD  
8 OF DIRECTORS SHALL CONSIST OF 15 MEMBERS AS FOLLOWS:

9 (A) EIGHT MEMBERS WHO REPRESENT AUTOMOBILE INSURERS IN THIS  
10 STATE, INCLUDING THE FOLLOWING:

11 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH  
12 350,000 OR MORE CAR YEARS.

13 (ii) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH FEWER  
14 THAN 350,000 BUT 100,000 OR MORE CAR YEARS.

15 (iii) AT LEAST 1 MEMBER WHO REPRESENTS INSURER GROUPS WITH FEWER  
16 THAN 100,000 CAR YEARS.

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

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

19 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR  
20 HER DESIGNEE.

21 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES  
22 IN THIS STATE.

23 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS  
24 STATE.

25 (G) ONE MEMBER WHO REPRESENTS THE GENERAL PUBLIC.

26 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE  
27 ELECTED BY AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE FROM A

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

5 (7) THE MEMBERS OF THE BOARD REPRESENTING LAW ENFORCEMENT  
6 AGENCIES OTHER THAN THE DEPARTMENT OF STATE POLICE SHALL BE  
7 APPOINTED BY THE GOVERNOR. IN APPOINTING THE MEMBERS, THE GOVERNOR  
8 SHALL SOLICIT INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN  
9 THIS STATE.

10 (8) THE MEMBER OF THE BOARD REPRESENTING PROSECUTING ATTORNEYS  
11 SHALL BE APPOINTED BY THE GOVERNOR. IN APPOINTING THE MEMBER, THE  
12 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS  
13 ASSOCIATION OF MICHIGAN.

14 (9) THE MEMBER OF THE BOARD REPRESENTING THE GENERAL PUBLIC  
15 SHALL BE APPOINTED BY THE GOVERNOR. THE GOVERNOR SHALL APPOINT AN  
16 INDIVIDUAL WHO IS A RESIDENT OF THIS STATE AND IS NOT EMPLOYED BY  
17 OR UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN  
18 INSURER.

19 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER  
20 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS OR UNTIL HIS OR HER  
21 SUCCESSOR IS ELECTED, DESIGNATED, OR APPOINTED, WHICHEVER OCCURS  
22 LATER. OF THE MEMBERS FIRST ELECTED OR APPOINTED UNDER THIS  
23 SECTION, 2 MEMBERS REPRESENTING INSURERS AND 1 MEMBER REPRESENTING  
24 LAW ENFORCEMENT AGENCIES SHALL SERVE FOR A TERM OF 2 YEARS, 3  
25 MEMBERS REPRESENTING INSURERS, THE MEMBER REPRESENTING PROSECUTING  
26 ATTORNEYS, AND THE MEMBER REPRESENTING THE GENERAL PUBLIC SHALL  
27 SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS REPRESENTING INSURERS

1 AND 1 MEMBER REPRESENTING LAW ENFORCEMENT AGENCIES SHALL SERVE FOR  
2 A TERM OF 4 YEARS.

3 (11) THE BOARD IS DISSOLVED ON JANUARY 1, 2021.

4 SEC. 6303. (1) A MEMBER OF THE BOARD SHALL SERVE WITHOUT  
5 COMPENSATION, EXCEPT THAT THE BOARD SHALL REIMBURSE A MEMBER IN A  
6 REASONABLE AMOUNT FOR NECESSARY TRAVEL AND EXPENSES.

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

17 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY  
18 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN  
19 ACCORDANCE WITH THE PLAN OF OPERATION.

20 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE  
21 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS  
22 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH  
23 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.  
24 AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE  
25 BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT THE BOARD'S  
26 PRINCIPAL OFFICE AND ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE  
27 BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS

1 WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE  
2 BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE FOLLOWING  
3 PURPOSES:

4 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,  
5 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE  
6 AUTHORITY.

7 (B) TO CONSULT WITH ITS ATTORNEY.

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

10 (5) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE  
11 AUTHORITY'S OPERATIONS AND ACTIVITIES, INCLUDING, BUT NOT LIMITED  
12 TO, THE ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 6310, ON A  
13 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

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

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

22 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD  
23 MEMBERS WHO ARE ABSENT.

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

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

27 SEC. 6304. (1) BEFORE JANUARY 1, 2021, THE AUTHORITY SHALL

1 TRANSFER ALL ASSETS OF THE AUTHORITY TO THE DEPARTMENT OF STATE  
2 POLICE FOR THE BENEFIT OF THE AUTOMOBILE THEFT PREVENTION  
3 AUTHORITY.

4 (2) ON JANUARY 1, 2021, THE AUTHORITY IS DISSOLVED.

5 SEC. 6305. THE BOARD HAS THE POWERS NECESSARY TO CARRY OUT ITS  
6 DUTIES UNDER THIS ACT, INCLUDING, BUT NOT LIMITED TO, THE POWER TO  
7 DO THE FOLLOWING:

8 (A) SUE AND BE SUED IN THE NAME OF THE AUTHORITY.

9 (B) SOLICIT AND ACCEPT GIFTS, GRANTS, LOANS, AND OTHER AID  
10 FROM ANY PERSON, THE FEDERAL GOVERNMENT, THIS STATE, A LOCAL UNIT  
11 OF GOVERNMENT, OR AN AGENCY OF THE FEDERAL GOVERNMENT, THIS STATE,  
12 OR A LOCAL UNIT OF GOVERNMENT.

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 AT ITS DISCRETION ANY MONEY HELD IN RESERVE OR  
17 SINKING FUNDS OR ANY MONEY NOT REQUIRED FOR IMMEDIATE USE OR  
18 DISBURSEMENT AND TO SELECT AND USE DEPOSITORIES FOR ITS MONEY.

19 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS  
20 NECESSARY.

21 (G) INDEMNIFY AND PROCURE INSURANCE INDEMNIFYING ANY MEMBER OF  
22 THE BOARD FOR PERSONAL LOSS OR ACCOUNTABILITY RESULTING FROM THE  
23 MEMBER'S ACTION OR INACTION AS A MEMBER OF THE BOARD.

24 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS  
25 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF  
26 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR  
27 THE PLAN OF OPERATION.

1           SEC. 6307. (1) SECTION 6107(1) DOES NOT APPLY FROM JANUARY 1,  
2 2015 TO DECEMBER 31, 2020.

3           (2) BEFORE APRIL 1 OF EACH YEAR FROM 2015 TO 2020, AN INSURER  
4 OR SELF-INSURER ENGAGED IN WRITING INSURANCE COVERAGES THAT PROVIDE  
5 THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS STATE, AS A  
6 CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN THIS STATE,  
7 SHALL PAY TO THE FACILITY, FOR DEPOSIT INTO THE ACCOUNT OF THE  
8 AUTHORITY, AN ASSESSMENT DETERMINED BY THE FACILITY AS PROVIDED IN  
9 THE PLAN OF OPERATION. THE ASSESSMENT SHALL BE BASED ON THE RATIO  
10 OF THE CAR YEARS WRITTEN BY THE INSURER OR SELF-INSURER TO THE  
11 TOTAL CAR YEARS WRITTEN IN THIS STATE BY ALL INSURERS AND SELF-  
12 INSURERS.

13           (3) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER  
14 SUBSECTION (2), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY, FROM  
15 OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE FACILITY SHALL ONLY  
16 EXPEND THE MONEY RECEIVED UNDER SUBSECTION (2) AS DIRECTED BY THE  
17 BOARD.

18           (4) FROM THE MONEY RECEIVED EACH YEAR UNDER SUBSECTION (2),  
19 THE BOARD SHALL PAY AT LEAST \$6,250,000.00 TO THE AUTOMOBILE THEFT  
20 PREVENTION FUND CREATED IN SECTION 6107.

21           SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE  
22 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO  
23 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE  
24 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED  
25 BY THE BOARD.

26           (2) THE DEPARTMENT OF STATE POLICE SHALL COOPERATE WITH THE  
27 AUTHORITY AND SHALL PROVIDE AVAILABLE MOTOR VEHICLE FRAUD AND THEFT

1 STATISTICS TO THE AUTHORITY ON REQUEST.

2 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE  
3 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD  
4 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS  
5 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR  
6 EXISTING PROGRAMS.

7 SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE  
8 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE  
9 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND  
10 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE  
11 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE  
12 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S  
13 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD AND COST SAVINGS THAT  
14 HAVE RESULTED FROM THOSE EFFORTS.

15 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED UNDER  
16 SUBSECTION (1) SHALL DETAIL THE AUTOMOBILE INSURANCE FRAUD  
17 OCCURRING IN THIS STATE FOR THE PREVIOUS YEAR, ASSESS THE IMPACT OF  
18 THE FRAUD ON RATES CHARGED FOR AUTOMOBILE INSURANCE, SUMMARIZE  
19 PREVENTION PROGRAMS, AND OUTLINE ALLOCATIONS MADE BY THE AUTHORITY.  
20 THE MEMBERS OF THE BOARD, INSURERS, AND THE DIRECTOR SHALL  
21 COOPERATE IN DEVELOPING THE REPORT AS REQUESTED BY THE AUTHORITY  
22 AND SHALL MAKE AVAILABLE TO THE AUTHORITY RECORDS AND STATISTICS  
23 CONCERNING AUTOMOBILE INSURANCE FRAUD, INCLUDING THE NUMBER OF  
24 INSTANCES OF SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF  
25 PROSECUTIONS AND CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD,  
26 AND AUTOMOBILE INSURANCE FRAUD RECIDIVISM. THE AUTHORITY SHALL  
27 EVALUATE THE IMPACT AUTOMOBILE INSURANCE FRAUD HAS ON THE CITIZENS

1 OF THIS STATE AND THE COSTS INCURRED BY THE CITIZENS THROUGH  
2 INSURANCE, POLICE ENFORCEMENT, PROSECUTION, AND INCARCERATION  
3 BECAUSE OF AUTOMOBILE INSURANCE FRAUD. THE REPORT TO THE  
4 LEGISLATURE REQUIRED BY THIS SECTION SHALL BE SUBMITTED TO THE  
5 SENATE AND HOUSE OF REPRESENTATIVES STANDING COMMITTEES WITH  
6 PRIMARY JURISDICTION OVER INSURANCE ISSUES AND THE DIRECTOR.

7 Enacting section 1. The title and sections 3301, 3330, 4501,  
8 and 6107 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,  
9 500.3330, 500.4501, and 500.6107, as amended by this amendatory  
10 act, and sections 6301, 6302, 6303, 6304, 6305, 6307, 6308, and  
11 6310 of the insurance code of 1956, 1956 PA 218, as added by this  
12 amendatory act, take effect January 1, 2015.