

HOUSE BILL No. 4672

May 30, 2017, Introduced by Reps. Graves, Webber, McCready, Kelly, Runestad, Greimel, Iden, Crawford, Lucido, Marino, Yaroach and Frederick 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 134, 3301, 3330, and 4501 (MCL 500.134, 500.3301, 500.3330, and 500.4501), the title as amended by 2002 PA 304, section 134 as amended by 1990 PA 256, section 3330 as amended by 2012 PA 204, and section 4501 as amended by 2012 PA 39, and by adding chapter 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and

1 to prescribe the conditions on which companies and associations
2 organized, existing, or authorized under this act may exercise
3 their powers; to provide the rights, powers, and immunities and to
4 prescribe the conditions on which other persons, firms,
5 corporations, associations, risk retention groups, and purchasing
6 groups engaged in an insurance or surety business may exercise
7 their powers; to provide for the imposition of a privilege fee on
8 domestic insurance companies and associations; ~~and the state~~
9 ~~accident fund;~~ to provide for the imposition of a tax on the
10 business of foreign and alien companies and associations; to
11 provide for the imposition of a tax on risk retention groups and
12 purchasing groups; to provide for the imposition of a tax on the
13 business of surplus line agents; to provide for the imposition of
14 regulatory fees on certain insurers; to provide for assessment fees
15 on certain health maintenance organizations; to modify tort
16 liability arising out of certain accidents; to provide for limited
17 actions with respect to that modified tort liability and to
18 prescribe certain procedures for maintaining those actions; to
19 require security for losses arising out of certain accidents; to
20 provide for the continued availability and affordability of
21 automobile insurance and homeowners insurance in this state and to
22 facilitate the purchase of that insurance by all residents of this
23 state at fair and reasonable rates; to provide for certain
24 reporting with respect to insurance and with respect to certain
25 claims against uninsured or self-insured persons; to prescribe
26 duties for certain state departments and officers with respect to
27 that reporting; to provide for certain assessments; to establish

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

22 Sec. 134. (1) Every certificate of authority or license in
 23 force immediately ~~prior to~~**BEFORE** January 1, 1957 and existing
 24 under any act repealed by this act is valid until its original
 25 expiration date, unless earlier terminated in accordance with this
 26 act.

27 (2) Any plan of operation adopted by an association or

1 facility, and any premium or assessment levied against an insurer
2 member of that association or facility, is hereby validated
3 retroactively to the date of its original adoption or levy and
4 ~~shall continue~~**CONTINUES** in force and effect according to the terms
5 of the plan of operation, premium, or assessment until otherwise
6 changed by the ~~commissioner~~**DIRECTOR** or the board of directors of
7 the association or facility pursuant to this act.

8 (3) An association or facility or the board of directors of
9 the association or facility is not a state agency and the money of
10 an association or facility is not state money.

11 (4) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN SECTION 6302, A** record
12 of an association or facility ~~shall be exempted~~**IS EXEMPT** from
13 disclosure ~~pursuant to~~**UNDER** section 13 of the freedom of
14 information act, ~~Act No. 442 of the Public Acts of 1976, being~~
15 ~~section 15.243 of the Michigan Compiled Laws.~~**1976 PA 442, MCL**
16 **15.243.**

17 (5) Any premium or assessment levied by an association or
18 facility, or any premium or assessment of a similar association or
19 facility formed under a law in force outside this state, is not a
20 burden or special burden for purposes of a calculation under
21 section 476a, and any premium or assessment paid to an association
22 or facility shall not be included in determining the aggregate
23 amount a foreign insurer pays to the ~~commissioner~~**DEPARTMENT OF**
24 **TREASURY** under section 476a.

25 (6) As used in this section, "association or facility" means
26 an association of insurers created under this act and any other
27 association or facility formed under this act as a nonprofit

organization of insurer members, including, but not limited to, the following:

(a) The Michigan worker's compensation placement facility created under chapter 23.

(b) The Michigan basic property insurance association created under ~~section~~**CHAPTER** 29.

(c) The catastrophic claims association created under chapter 31.

(d) The Michigan automobile insurance placement facility created under chapter 33.

(e) The Michigan life and health insurance guaranty association created under chapter 77.

(f) The property and casualty guaranty association created under chapter 79.

(g) The assigned claims facility created under section 3171. Sec. 3301. (1) Every insurer authorized to write automobile insurance in this state shall participate in an organization for the purpose of doing all of the following:

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

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

(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

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

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

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

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

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

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

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

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

24 (g) To adopt a plan of operation and any amendments to the
25 plan, consistent with this chapter, necessary to assure the fair,
26 reasonable, equitable, and nondiscriminatory manner of
27 administering the facility, including compliance with chapter 21,

1 and to provide for any other matters necessary or advisable to
2 implement this chapter, including matters necessary to comply with
3 the requirements of chapter 21.

4 (h) To assess self-insurers and insurers consistent with
5 chapter 31 and the assigned claims plan approved under section
6 3171.

7 **(I) UNTIL DECEMBER 31, 2022, TO COLLECT FROM PARTICIPATING**
8 **MEMBERS AND SELF-INSURERS MONEY PAID AT THE DISCRETION OF THE**
9 **MEMBERS AND SELF-INSURERS TO COVER ANTICIPATED COSTS OF OPERATION**
10 **AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD**
11 **AUTHORITY. A MEMBER OR SELF-INSURER THAT PAYS MONEY FOR THE COSTS**
12 **AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD**
13 **AUTHORITY SHALL NOT PAY THE MONEY FROM PREMIUM REVENUE, BUT SHALL**
14 **PAY THE MONEY FROM OTHER EARNINGS OR INVESTMENTS. NOTWITHSTANDING**
15 **ANY OTHER PROVISION OF THIS ACT TO THE CONTRARY, AN INSURER, THE**
16 **DIRECTOR OR DEPARTMENT, OR ANY OTHER PERSON SHALL NOT INCLUDE OR**
17 **CONSIDER THE PAYMENT OF MONEY AS DESCRIBED IN THIS SUBSECTION WITH**
18 **RESPECT TO ESTABLISHING A RATE.**

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

1 (3) BEFORE MARCH 1, 2018, THE BOARD OF GOVERNORS SHALL AMEND
2 THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY
3 TO COLLECT MONEY AND CARRY OUT THE ADMINISTRATIVE DUTIES AND
4 FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

5 Sec. 4501. As used in this chapter:

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

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

16 (c) "Insurance policy" or "policy" means an insurance policy,
17 benefit contract of a self-funded plan, health maintenance
18 organization contract, nonprofit dental care corporation
19 certificate, or health care corporation certificate.

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

25 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**
26 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**
27 **6302.**

1 **(F)** ~~(e)~~—"Organization" means an organization or internal
2 department of an insurer established to detect and prevent
3 insurance fraud.

4 **(G)** ~~(f)~~—"Person" includes an individual, insurer, company,
5 association, organization, Lloyds, society, reciprocal or inter-
6 insurance exchange, partnership, syndicate, business trust,
7 corporation, and any other legal entity.

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

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

26 **(J)** ~~(i)~~—"Statement" includes, but is not limited to, any
27 notice statement, proof of loss, bill of lading, receipt for

1 payment, invoice, account, estimate of property damages, bill for
2 services, claim form, diagnosis, prescription, hospital or doctor
3 record, X-rays, test result, or other evidence of loss, injury, or
4 expense.

5 CHAPTER 63

6 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

7 SEC. 6301. AS USED IN THIS CHAPTER:

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

10 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
11 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
12 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE
13 INSURANCE.

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

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

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

22 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD
23 AUTHORITY IS CREATED WITHIN THE FACILITY. THE FACILITY SHALL
24 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE
25 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

26 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE
27 AUTHORITY IS NOT STATE MONEY. HOWEVER, THE AUTHORITY SHALL COMPLY

1 WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
2 15.246, AS IF THE AUTHORITY WERE A PUBLIC BODY. A RECORD OR PORTION
3 OF A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED,
4 PREPARED, USED, OR RETAINED BY THE AUTHORITY IN CONNECTION WITH THE
5 INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO FINANCIAL OR
6 PROPRIETARY INFORMATION AND IS CONSIDERED BY THE PERSON OR INSURER
7 PROVIDING THE AUTHORITY WITH THE RECORD, MATERIAL, DATA, OR
8 INFORMATION AS CONFIDENTIAL AND ACKNOWLEDGED BY THE AUTHORITY AS
9 CONFIDENTIAL IS NOT SUBJECT TO DISCLOSURE BY THE AUTHORITY. AS USED
10 IN THIS SUBSECTION:

11 (A) "FINANCIAL OR PROPRIETARY INFORMATION" MEANS INFORMATION
12 THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM
13 OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE THE PERSON
14 PROVIDING THE INFORMATION TO THE AUTHORITY SIGNIFICANT COMPETITIVE
15 HARM. FINANCIAL OR PROPRIETARY INFORMATION INCLUDES, BUT IS NOT
16 LIMITED TO, FINANCIAL PERFORMANCE DATA AND PROJECTIONS, FINANCIAL
17 STATEMENTS, AND PRODUCT AND MARKET DATA.

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

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

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

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

27 (C) PROVIDE FINANCIAL SUPPORT TO AN INDEPENDENT ENTITY, FORMED

1 BY THE DIRECTOR, TO INVESTIGATE THE CLAIMS PRACTICES OF INSURANCE
2 COMPANIES AND TO EVALUATE IF THOSE CLAIMS PRACTICES CREATE
3 UNNECESSARY DISPUTES, TREAT PATIENTS OR MEDICAL PROVIDERS UNFAIRLY,
4 INCREASE LITIGATION, OR CAUSE UNNECESSARY DELAYS IN THE PAYMENT OF
5 CLAIMS.

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

10 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE
11 VESTED IN AND SHALL BE EXERCISED BY A BOARD OF DIRECTORS. THE BOARD
12 OF DIRECTORS CONSISTS OF 25 MEMBERS AS FOLLOWS:

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

15 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH
16 350,000 OR MORE CAR YEARS.

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

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

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

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

23 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR
24 HER DESIGNEE.

25 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES
26 IN THIS STATE.

27 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS

1 STATE.

2 (G) TWO MEMBERS WHO REPRESENT THE GENERAL PUBLIC.

3 (H) THREE MEMBERS WHO REPRESENT CONSUMER RIGHTS AND PATIENT
4 ADVOCACY GROUPS.

5 (I) ONE MEMBER OF THE MEDICAL COMMUNITY WHO CARES PRIMARILY
6 FOR PATIENTS WITH ACUTE MEDICAL NEEDS.

7 (J) THREE MEMBERS OF THE MEDICAL COMMUNITY WHO CARE PRIMARILY
8 FOR PATIENTS WITH SUBACUTE MEDICAL NEEDS.

9 (K) TWO LICENSED ATTORNEYS KNOWLEDGEABLE ABOUT CHAPTER 31.

10 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE
11 ELECTED BY AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE INSURANCE IN
12 THIS STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF
13 GOVERNORS OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR
14 THE MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT
15 NOMINATIONS FROM AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE
16 INSURANCE IN THIS STATE.

17 (7) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD
18 REPRESENTING LAW ENFORCEMENT AGENCIES OTHER THAN THE DEPARTMENT OF
19 STATE POLICE. IN APPOINTING THE MEMBERS, THE GOVERNOR SHALL SOLICIT
20 INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN THIS STATE.

21 (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD
22 REPRESENTING PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE
23 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS
24 ASSOCIATION OF MICHIGAN.

25 (9) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD
26 REPRESENTING THE GENERAL PUBLIC. THE GOVERNOR SHALL APPOINT
27 INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE AND NOT EMPLOYED BY OR

1 UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN
2 INSURER.

3 (10) THE GOVERNOR SHALL APPOINT THE 4 MEDICAL COMMUNITY
4 MEMBERS OF THE BOARD. IN APPOINTING THESE MEMBERS, THE GOVERNOR
5 SHALL SOLICIT INPUT FROM THE MEDICAL COMMUNITY IN THIS STATE. THE
6 GOVERNOR SHALL APPOINT INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE
7 AND ARE NOT EMPLOYED BY OR UNDER CONTRACT WITH A STATE OR LOCAL
8 UNIT OF GOVERNMENT OR AN INSURER.

9 (11) THE GOVERNOR SHALL APPOINT THE 3 CONSUMER RIGHTS AND
10 PATIENT ADVOCACY MEMBERS OF THE BOARD. IN APPOINTING THESE MEMBERS,
11 THE GOVERNOR SHALL SOLICIT INPUT FROM CONSUMER RIGHTS AND PATIENT
12 ADVOCACY GROUPS IN THIS STATE. THE GOVERNOR SHALL APPOINT
13 INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE AND ARE NOT EMPLOYED BY
14 OR UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN
15 INSURER.

16 (12) THE STATE BAR OF MICHIGAN SHALL ELECT THE 2 ATTORNEY
17 MEMBERS OF THE BOARD.

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

1 COMMUNITY, AND 1 OF THE ATTORNEYS ELECTED BY THE STATE BAR OF
2 MICHIGAN SHALL SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS
3 REPRESENTING INSURERS, 1 MEMBER REPRESENTING LAW ENFORCEMENT
4 AGENCIES, 1 MEMBER WHO REPRESENTS CONSUMER RIGHTS AND PATIENT
5 ADVOCACY GROUPS, 2 MEMBERS OF THE MEDICAL COMMUNITY, AND 1 OF THE
6 ATTORNEYS ELECTED BY THE STATE BAR OF MICHIGAN SHALL SERVE FOR A
7 TERM OF 4 YEARS.

8 (14) THE BOARD IS DISSOLVED ON JANUARY 1, 2023.

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

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

23 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY
24 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN
25 ACCORDANCE WITH THE PLAN OF OPERATION.

26 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE
27 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS

1 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH
2 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.
3 AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE
4 BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT THE BOARD'S
5 PRINCIPAL OFFICE AND ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE
6 BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS
7 WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE
8 BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE FOLLOWING
9 PURPOSES:

10 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
11 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
12 AUTHORITY.

13 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

20 (6) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE
21 BOARD SHALL MAKE THE MINUTES OPEN TO PUBLIC INSPECTION AND
22 AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC NOTICE OF ITS
23 MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES AVAILABLE TO
24 THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR PRINTING AND
25 COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING IN THE
26 MINUTES:

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

1 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD
2 MEMBERS WHO ARE ABSENT.

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

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

6 SEC. 6304. ON JANUARY 1, 2023, THE AUTHORITY IS DISSOLVED.

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

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

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

15 (C) MAKE GRANTS AND INVESTMENTS.

16 (D) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH ITS
17 PROPERTY, ASSETS, OR ACTIVITIES.

18 (E) INVEST AT ITS DISCRETION ANY MONEY HELD IN RESERVE OR
19 SINKING FUNDS OR ANY MONEY NOT REQUIRED FOR IMMEDIATE USE OR
20 DISBURSEMENT AND TO SELECT AND USE DEPOSITORIES FOR ITS MONEY.

21 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS
22 NECESSARY.

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

26 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
27 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF

1 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
2 THE PLAN OF OPERATION.

3 SEC. 6307. (1) AN INSURER OR SELF-INSURER ENGAGED IN WRITING
4 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION
5 3101(1) IN THIS STATE MAY PAY TO THE FACILITY, FOR DEPOSIT INTO THE
6 ACCOUNT OF THE AUTHORITY, MONEY TO BE USED BY THE AUTHORITY TO
7 CARRY OUT ITS DUTIES UNDER THIS CHAPTER.

8 (2) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER
9 SUBSECTION (1), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY FOR
10 THE PURPOSE, FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE
11 FACILITY SHALL ONLY EXPEND THE MONEY RECEIVED UNDER SUBSECTION (1)
12 AS DIRECTED BY THE BOARD.

13 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE
14 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO
15 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE
16 FRAUD DATA AND CLAIMS PRACTICES INFORMATION TO THE AUTHORITY USING
17 THE FORMAT AND PROCEDURES ADOPTED BY THE BOARD.

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

21 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE
22 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD
23 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS
24 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR
25 EXISTING PROGRAMS.

26 SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE
27 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE

1 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND
2 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE
3 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE
4 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S
5 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD, UNFAIR CLAIMS
6 PRACTICES OF INSURANCE COMPANIES, AND COST SAVINGS THAT HAVE
7 RESULTED FROM THOSE EFFORTS.

8 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED BY THIS
9 SECTION MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD AND UNFAIR
10 CLAIMS PRACTICES OF INSURANCE COMPANIES OCCURRING IN THIS STATE FOR
11 THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD AND UNFAIR CLAIMS
12 PRACTICES OF INSURANCE COMPANIES ON RATES CHARGED FOR AUTOMOBILE
13 INSURANCE, SUMMARIZE PREVENTION PROGRAMS, AND OUTLINE ALLOCATIONS
14 MADE BY THE AUTHORITY. THE MEMBERS OF THE BOARD, INSURERS, AND THE
15 DIRECTOR SHALL COOPERATE IN DEVELOPING THE REPORT AS REQUESTED BY
16 THE AUTHORITY AND SHALL MAKE AVAILABLE TO THE AUTHORITY RECORDS AND
17 STATISTICS CONCERNING AUTOMOBILE INSURANCE FRAUD AND UNFAIR CLAIMS
18 PRACTICES OF INSURANCE COMPANIES, INCLUDING THE NUMBER OF INSTANCES
19 OF SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS
20 AND CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AUTOMOBILE
21 INSURANCE FRAUD RECIDIVISM, UNFAIR SETTLEMENT PRACTICES AND CLAIMS
22 PRACTICES, INCLUDING THE CLAIMS PRACTICES OF THE CATASTROPHIC
23 CLAIMS ASSOCIATION UNDER SECTION 3104, REIMBURSEMENT RATE
24 PRACTICES, TIMELINESS OF CLAIMS PRACTICES, AND THE USE OF
25 INDEPENDENT MEDICAL EXAMINERS AND SPECIAL INVESTIGATION UNITS. THE
26 AUTHORITY SHALL EVALUATE THE IMPACT AUTOMOBILE INSURANCE FRAUD HAS
27 ON THE CITIZENS OF THIS STATE AND THE COSTS INCURRED BY THE

1 CITIZENS THROUGH INSURANCE, POLICE ENFORCEMENT, PROSECUTION, AND
2 INCARCERATION BECAUSE OF AUTOMOBILE INSURANCE FRAUD. THE AUTHORITY
3 SHALL EVALUATE THE IMPACT UNFAIR CLAIMS PRACTICES BY INSURERS HAVE
4 ON THE CITIZENS OF THIS STATE AND SHALL DETERMINE THE COSTS
5 INCURRED BY THE CITIZENS THROUGH UNNECESSARY LITIGATION AND BAD-
6 FAITH PRACTICES THAT DELAY, WITHHOLD, OR DENY POLICYHOLDER BENEFITS
7 THAT ARE BASED ON LEGITIMATE CLAIMS, INCLUDING SPECIAL
8 INVESTIGATION UNITS THAT REPORT SUSPECTED FRAUD AND ABUSE CASES
9 THAT ARE NOT BASED ON INDEPENDENT, APPROPRIATE, AND GOOD-FAITH
10 INVESTIGATION. THE AUTHORITY SHALL ALSO REPORT ON ALL OF THE
11 FOLLOWING:

12 (A) PROCESSING, SUBMISSION, AND BILLING PRACTICES, AND SHALL
13 RECOMMEND APPROPRIATE STANDARDIZATION PRACTICES.

14 (B) THE COSTS OF UNNECESSARY LITIGATION AND BAD-FAITH
15 PRACTICES THAT DELAY, WITHHOLD, OR DENY POLICYHOLDER BENEFITS, AND
16 SHALL RECOMMEND ANY CHANGES TO EXISTING LAWS TO REDUCE THESE COSTS.

17 (3) THE AUTHORITY SHALL SUBMIT THE ANNUAL REPORT TO THE
18 LEGISLATURE REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF
19 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER
20 INSURANCE ISSUES AND THE DIRECTOR.

21 Enacting section 1. This amendatory act takes effect January
22 1, 2018.