

SENATE BILL No. 1218

November 27, 2018, Introduced by Senator COLBECK 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 1910, 2102, 2103, 2118, 2120,
3009, 3017, 3020, 3037, 3101, 3102, 3103, 3104, 3131, 3135, 3163,
3171, 3172, 3179, 3303, 4501, and 6107 (MCL 500.1910, 500.2102,
500.2103, 500.2118, 500.2120, 500.3009, 500.3017, 500.3020,
500.3037, 500.3101, 500.3102, 500.3103, 500.3104, 500.3131,
500.3135, 500.3163, 500.3171, 500.3172, 500.3179, 500.3303,
500.4501, and 500.6107), the title as amended by 2002 PA 304,
sections 1910, 3171, and 3172 as amended by 2012 PA 204, section
2103 as amended by 2016 PA 449, sections 2118 and 2120 as amended
by 2007 PA 35, sections 3009 and 3037 as amended and section 3017
as added by 2016 PA 346, section 3020 as amended by 2006 PA 106,
section 3101 as amended by 2017 PA 140, section 3102 as amended by
1990 PA 79, section 3103 as amended by 1986 PA 173, section 3104 as

amended by 2002 PA 662, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, section 3303 as amended by 1980 PA 461, section 4501 as amended by 2012 PA 39, and section 6107 as amended by 2017 PA 58, and by adding sections 2112a, 3104a, 3104b, and 3104c and 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 to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations; ~~and the state~~ ~~accident fund;~~ to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort

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

1 state ~~AND~~ to prescribe the powers and duties of the automobile
 2 ~~theft prevention authority; AUTHORITIES;~~ to provide ~~certain~~ **FOR THE**
 3 powers and duties ~~upon~~ **OF** certain officials, departments, and
 4 authorities of this state; to provide for an appropriation; to
 5 repeal acts and parts of acts; and to provide penalties for the
 6 violation of this act.

7 Sec. 1910. (1) ~~Insurance~~ **A LICENSEE** shall not be placed by a
 8 ~~licensee~~ **PLACE INSURANCE** with an unauthorized insurer if coverage
 9 is available from an authorized insurer.

10 (2) There is a rebuttable presumption that the following
 11 coverages are available from an authorized insurer:

12 (a) ~~No-fault~~ **BEFORE JULY 1, 2020, NO-FAULT** automobile
 13 insurance, as required by section 3101, ~~which~~ **THAT** is not written
 14 for a person who is self-insuring motor vehicles under section
 15 3101d.

16 **(B) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE.**

17 **(C)** ~~(b)~~ Private passenger automobile physical damage coverage.

18 **(D)** ~~(e)~~ Homeowners and property insurance on owner-occupied
 19 dwellings, the value of which is less than the maximum limits of
 20 coverage that are available for the property under the general
 21 rules of the Michigan ~~basic property insurance association.~~ **BASIC**
 22 **PROPERTY INSURANCE ASSOCIATION.**

23 **(E)** ~~(d)~~ Any coverage readily available from 3 or more
 24 authorized insurers, unless the authorized insurers quote a premium
 25 and terms not competitive with the premium and terms quoted by an
 26 unauthorized insurer.

27 **(F)** ~~(e)~~ Worker's compensation insurance that is not written

1 for an employer that is partially self-insured under section 611 of
2 the worker's disability compensation act of 1969, 1969 PA 317, MCL
3 418.611.

4 (3) There is a rebuttable presumption that the following
5 coverages are unavailable from an authorized insurer:

6 (a) Coverages with respect to which 1 portion of the risk is
7 acceptable to authorized insurers, but another portion of the ~~same~~
8 risk is not acceptable. The entire coverage may be placed with
9 eligible unauthorized insurers if it can be shown that eligible
10 unauthorized insurers will accept the entire coverage but not the
11 rejected portion alone.

12 (b) Any coverage that the licensee is unable to procure after
13 diligent search among authorized insurers.

14 (4) The ~~commissioner~~**DIRECTOR** shall maintain, on a current
15 basis, a list of those lines of insurance for which coverages are
16 determined by the ~~commissioner~~**DIRECTOR** to be generally unavailable
17 in the authorized insurance market. Any person may request in
18 writing that the ~~commissioner~~**DIRECTOR** add or remove a coverage
19 from the current list. The ~~commissioner~~**DIRECTOR** shall grant or
20 deny a request within 30 days after receiving the written request.
21 The ~~commissioner~~**DIRECTOR** shall encourage dissemination of
22 information regarding the availability of coverages for which the
23 public interest necessitates additions to or deletions from the
24 list. The list ~~shall~~**MUST** be published at least quarterly and ~~shall~~
25 ~~be~~ revised as required. The ~~commissioner~~**DIRECTOR** shall make the
26 list available to all licensees and other members of the public,
27 ~~upon~~**ON** request.

1 Sec. 2102. (1) "Affiliate of", or an insurer "affiliated with"
 2 an insurer, means an insurer that directly, or indirectly through 1
 3 or more intermediaries, controls, or is controlled by, or is under
 4 common control with the insurer specified.

5 (2) "Automobile insurance" means insurance for private
 6 passenger nonfleet automobiles which provides any of the following:

7 **(A) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE.**

8 **(B)** ~~(a)~~ Security required ~~pursuant to~~ **UNDER** section 3101.

9 **(C)** ~~(b)~~ Personal protection, property protection, and residual
 10 liability insurance for amounts in excess of ~~the~~ amounts required
 11 under chapter 31.

12 **(D)** ~~(c)~~ Insurance coverages customarily known as comprehensive
 13 and collision.

14 **(E)** ~~(d)~~ Other insurance coverages for a private passenger
 15 nonfleet automobile as prescribed by rule promulgated by the
 16 ~~commissioner pursuant to Act No. 306 of the Public Acts of 1969, as~~
 17 ~~amended, being sections~~ **DIRECTOR UNDER THE ADMINISTRATIVE**
 18 **PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 to 24.315** ~~of the~~
 19 ~~Michigan Compiled Laws. A~~ **24.328. THE DIRECTOR SHALL TRANSMIT IN**
 20 **ADVANCE** A rule proposed for promulgation ~~by the commissioner~~
 21 ~~pursuant to~~ **UNDER** this section shall be transmitted in advance to
 22 each member of the standing ~~committee~~ **COMMITTEES** in the house and
 23 ~~in the senate which has~~ **WITH** jurisdiction over insurance.

24 (3) "Automobile insurance package policy" means a policy ~~which~~
 25 **THAT** includes more than 1 of the ~~automobile insurance~~ coverages
 26 described in ~~section 2102(2)(a), (b), (c), or (d),~~ **SUBSECTION (2)**
 27 in any combination.

1 (4) "Declination" means any of the following:

2 (a) Refusal by an agent to submit an application on behalf of
3 an applicant to any of the insurers represented by the agent.

4 (b) Refusal by an insurer to issue insurance to a person ~~upon~~
5 **ON** receipt of an application for insurance.

6 (c) Offering insurance at higher rates with a different
7 insurer than that requested by a person.

8 (d) Offering coverage with less favorable terms or conditions
9 than those requested by a person.

10 Sec. 2103. (1) "Eligible person", for automobile insurance,
11 means a person who is an owner or registrant of an automobile
12 registered or to be registered in this state or who holds a valid
13 license to operate a motor vehicle issued by this state, but does
14 not include any of the following:

15 ~~—— (a) A person who is not required to maintain security under~~
16 ~~section 3101, unless the person intends to reside in this state for~~
17 ~~30 days or more and makes a written statement of that intention on~~
18 ~~a form approved by the director.~~

19 **(A)** ~~(b)~~ A person whose license to operate a vehicle is under
20 suspension or revocation.

21 **(B)** ~~(c)~~ A person who has been convicted within the immediately
22 preceding 5-year period of fraud or intent to defraud involving an
23 insurance claim or an application for insurance; or an individual
24 who has been successfully denied, within the immediately preceding
25 5-year period, payment by an insurer of a claim in excess of
26 \$1,000.00 under an automobile insurance policy, if there is
27 evidence of fraud or intent to defraud involving an insurance claim

1 or application.

2 (C) ~~(d)~~—A person who, during the immediately preceding 3-year
3 period, has been convicted under, or who has been subject to an
4 order of disposition of the family division of circuit court for a
5 violation of, any of the following:

6 (i) Section 601d of the Michigan vehicle code, 1949 PA 300,
7 MCL 257.601d, or any other law of this state the violation of which
8 constitutes a felony resulting from the operation of a motor
9 vehicle.

10 (ii) Section 625 of the Michigan vehicle code, 1949 PA 300,
11 MCL 257.625.

12 (iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
13 code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

14 (iv) Section 626 of the Michigan vehicle code, 1949 PA 300,
15 MCL 257.626; or a similar violation under the laws of any other
16 state or a municipality in or outside of this state.

17 (D) ~~(e)~~—A person whose vehicle insured or to be insured under
18 the policy fails to meet the motor vehicle safety requirements of
19 sections 683 to 711 of the Michigan vehicle code, 1949 PA 300, MCL
20 257.683 to 257.711.

21 (E) ~~(f)~~—A person whose policy of automobile insurance has been
22 canceled because of nonpayment of premium or financed premium
23 within the immediately preceding 2-year period, unless the premium
24 due on a policy for which application has been made is paid in full
25 before issuance or renewal of the policy.

26 (F) ~~(g)~~—A person who fails to obtain or maintain membership in
27 a club, group, or organization, if membership is a uniform

1 requirement of the insurer as a condition of providing insurance,
 2 and if the dues, charges, or other conditions for membership are
 3 applied uniformly throughout this state, are not expressed as a
 4 percentage of premium, and do not vary with respect to the rating
 5 classification of the member except for the purpose of offering a
 6 membership fee to family units. Membership fees may vary in
 7 accordance with the amount or type of coverage if the purchase of
 8 additional coverage, either as to type or amount, is not a
 9 condition for reduction of dues or fees.

10 (G) ~~(h)~~—A person whose driving record for the 3-year period
 11 immediately preceding application for or renewal of a policy, has,
 12 under section 2119a, an accumulation of more than 6 insurance
 13 eligibility points.

14 (2) "Eligible person", for home insurance, means a person who
 15 is the owner-occupant or tenant of a dwelling of any of the
 16 following types: a house, a condominium unit, a cooperative unit, a
 17 room, or an apartment; or a person who is the owner-occupant of a
 18 multiple unit dwelling of not more than 4 residential units.

19 Eligible person does not include any of the following:

20 (a) A person who has been convicted, in the immediately
 21 preceding 5-year period, of 1 or more of the following:

22 (i) Arson, or conspiracy to commit arson.

23 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
 24 or 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to
 25 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

26 (iii) A crime under section 92, 151, 157b, or 218 of the
 27 Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b,

1 and 750.218, based on a crime described in subparagraph (ii)
2 committed by or on behalf of the person.

3 (b) A person who has been successfully denied, within the
4 immediately preceding 5-year period, payment by an insurer of a
5 claim under a home insurance policy based on evidence of arson,
6 conspiracy to commit arson, fraud, or conspiracy to commit fraud,
7 committed by or on behalf of the person.

8 (c) A person who insures or seeks to insure a dwelling that is
9 being used for an illegal or demonstrably hazardous purpose.

10 (d) A person who refuses to purchase an amount of insurance
11 equal to at least 80% of the replacement cost of the property
12 insured or to be insured under a replacement cost policy.

13 (e) A person who refuses to purchase an amount of insurance
14 equal to at least 100% of the market value of the property insured
15 or to be insured under a repair cost policy.

16 (f) A person who refuses to purchase an amount of insurance
17 equal to at least 100% of the actual cash value of the property
18 insured or to be insured under a tenant or renter's home insurance
19 policy.

20 (g) A person whose policy of home insurance has been canceled
21 because of nonpayment of premium within the immediately preceding
22 2-year period, unless the premium due on the policy is paid in full
23 before issuance or renewal of the policy.

24 (h) A person who insures or seeks to insure a dwelling, if the
25 insured value is not any of the following:

26 (i) For a repair cost policy, at least \$15,000.00.

27 (ii) For a replacement policy, at least \$35,000.00 or another

1 amount established by the director. The director may establish an
2 amount under this subparagraph biennially by a rule promulgated
3 under the administrative procedures act of 1969, 1969 PA 306, MCL
4 24.201 to 24.328, and based on changes in applicable construction
5 cost indices.

6 (i) A person who insures or seeks to insure a dwelling that
7 has physical conditions that clearly present an extreme likelihood
8 of a significant loss under a home insurance policy.

9 (j) A person whose real property taxes with respect to the
10 dwelling insured or to be insured have been and are delinquent for
11 2 or more years at the time of renewal of, or application for, home
12 insurance.

13 (k) A person who has failed to procure or maintain membership
14 in a club, group, or organization, if membership is a uniform
15 requirement of the insurer, and if the dues, charges, or other
16 conditions for membership are applied uniformly throughout this
17 state, are not expressed as a percentage of premium, and do not
18 vary with respect to the rating classification of the member except
19 for the purpose of offering a membership fee to family units.
20 Membership fees may vary in accordance with the amount or type of
21 coverage if the purchase of additional coverage, either as to type
22 or amount, is not a condition for reduction of dues or fees.

23 (3) "Home insurance" means any of the following, but does not
24 include insurance intended to insure commercial, industrial,
25 professional, or business property, obligations, or liabilities:

26 (a) Fire insurance for an insured's dwelling of a type
27 described in subsection (2).

1 (b) If contained in or indorsed to a fire insurance policy
2 providing insurance for the insured's residence, other insurance
3 intended primarily to insure nonbusiness property, obligations, and
4 liabilities.

5 (c) Other insurance coverages for an insured's residence as
6 prescribed by rule promulgated by the director under the
7 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
8 24.328. The director shall transmit a rule proposed for
9 promulgation under this section in advance to each member of the
10 standing committees in the house of representatives and the senate
11 that have jurisdiction over insurance.

12 (4) "Insurance eligibility points" means all of the following:

13 (a) Points calculated, according to the following schedule,
14 for convictions, determinations of responsibility for civil
15 infractions, or findings of responsibility in probate court:

16 (i) For a violation of any lawful speed limit by more than 15
17 miles per hour, or careless driving, 4 points.

18 (ii) For a violation of any lawful speed limit by more than 10
19 miles per hour but less than 16 miles per hour, 3 points.

20 (iii) For a violation of any lawful speed limit by more than 5
21 miles per hour but less than 11 miles per hour, 2 points.

22 (iv) For a violation of any speed limit by more than 5 miles
23 per hour but less than 16 miles per hour on a roadway that had a
24 lawfully posted maximum speed of 70 miles per hour or greater as of
25 January 1, 1974, 2 points.

26 (v) For a violation of a speed limit by less than 6 miles per
27 hour, 1 point.

1 (vi) For all other moving violations pertaining to the
2 operation of motor vehicles, 2 points.

3 (b) Points calculated, according to the following schedule,
4 for determinations that the person was substantially at-fault:

5 (i) For the first substantially at-fault accident, 3 points.

6 (ii) For the second and each subsequent substantially at-fault
7 accident, 4 points.

8 (5) "Insurer" means an insurer authorized to transact in this
9 state the kind or combination of kinds of insurance constituting
10 automobile insurance or home insurance.

11 **SEC. 2112A. (1) THE DIRECTOR SHALL DEVELOP, OR CAUSE TO BE**
12 **DEVELOPED, AND USE A CONSUMER INFORMATION SYSTEM THAT WILL PROVIDE**
13 **AND DISSEMINATE PRICE, BENEFIT, AND OTHER RELEVANT INFORMATION ON A**
14 **READILY AVAILABLE BASIS TO PURCHASERS OF AUTOMOBILE INSURANCE FOR**
15 **PERSONAL, FAMILY, OR HOUSEHOLD NEEDS.**

16 **(2) THE DEVELOPMENT AND USE OF A CONSUMER INFORMATION SYSTEM**
17 **UNDER THIS SECTION MAY BE CONDUCTED INTERNALLY WITHIN THE**
18 **DEPARTMENT, IN COOPERATION WITH THE INSURANCE DEPARTMENTS OF OTHER**
19 **STATES, THROUGH OUTSIDE CONTRACTORS, OR IN ANY OTHER APPROPRIATE**
20 **MANNER.**

21 **(3) TO THE EXTENT THE DIRECTOR DETERMINES IT IS NECESSARY AND**
22 **APPROPRIATE, INSURERS, ADVISORY ORGANIZATIONS, STATISTICAL AGENTS,**
23 **AND OTHER PERSONS INVOLVED IN CONDUCTING THE BUSINESS OF INSURANCE**
24 **IN THIS STATE, TO WHICH THIS SECTION APPLIES, SHALL COOPERATE IN**
25 **THE DEVELOPMENT AND USE OF THE CONSUMER INFORMATION SYSTEM UNDER**
26 **THIS SECTION.**

27 Sec. 2118. (1) As a condition of maintaining its certificate

1 of authority, an insurer shall not refuse to insure, refuse to
2 continue to insure, or limit coverage available to an eligible
3 person for automobile insurance, except in accordance with
4 underwriting rules established pursuant to ~~AS PROVIDED IN~~ this
5 section and sections 2119 and 2120.

6 (2) The underwriting rules that an insurer may establish for
7 automobile insurance ~~shall~~ **MUST** be based only on the following:

8 (a) Criteria identical to the standards set forth in section
9 2103(1).

10 (b) The insurance eligibility point accumulation in excess of
11 the amounts established by section 2103(1) of a member of the
12 household of the eligible person insured or to be insured, if the
13 member of the household usually accounts for 10% or more of the use
14 of a vehicle insured or to be insured. For purposes of this
15 subdivision, **THERE IS A REBUTTABLE PRESUMPTION THAT** a person who is
16 the principal driver for 1 automobile insurance policy ~~shall be~~
17 ~~rebuttably presumed~~ **DOES** not ~~to~~ usually account for more than 10%
18 of the use of ~~other vehicles~~ **ANOTHER VEHICLE** of the household **THAT**
19 **IS** not insured under the policy of ~~that~~ **THE** person.

20 (c) With respect to a vehicle insured or to be insured,
21 substantial modifications from the vehicle's original manufactured
22 state for purposes of increasing the speed or acceleration
23 capabilities of the vehicle.

24 ~~— (d) Except as otherwise provided in section 2116a, failure by~~
25 ~~the person to provide proof that insurance required by section 3101~~
26 ~~was maintained in force with respect to any vehicle that was both~~
27 ~~owned by the person and driven or moved by the person or by a~~

~~member of the household of the person during the 6 month period immediately preceding application. Such proof shall take the form of a certification by the person on a form provided by the insurer that the vehicle was not driven or moved without maintaining the insurance required by section 3101 during the 6 month period immediately preceding application.~~

(D) ~~(e)~~ Type of vehicle insured or to be insured, based on 1 of the following, without regard to the age of the vehicle:

(i) The vehicle ~~is~~ **BEING** of limited production or of custom manufacture.

(ii) The insurer ~~does not have~~ **HAVING** a rate lawfully in effect for the type of vehicle.

(iii) The vehicle ~~represents~~ **REPRESENTING** exposure to extraordinary expense for repair or replacement under comprehensive or collision coverage.

(E) ~~(f)~~ Use of a vehicle insured or to be insured for transportation of passengers for hire, for rental purposes, or for commercial purposes. Rules under this subdivision ~~shall~~ **MUST** not be based on the use of a vehicle for volunteer or charitable purposes or for which reimbursement for normal operating expenses is received.

(F) ~~(g)~~ Payment of a minimum deposit at the time of application or renewal, not to exceed the smallest deposit required under an extended payment or premium finance plan customarily used by the insurer.

(G) ~~(h)~~ For purposes of requiring comprehensive deductibles of not more than \$150.00, or of refusing to insure if the person

1 refuses to accept a required deductible, the claim experience of
2 the person with respect to comprehensive coverage.

3 (H) ~~(i)~~—Total abstinence from the consumption of alcoholic
4 beverages except if ~~such~~ **THE** beverages are consumed as part of a
5 religious ceremony. However, an insurer shall not utilize an
6 underwriting rule based on this subdivision unless the insurer ~~has~~
7 ~~been~~ **WAS** authorized to transact automobile insurance in this state
8 ~~prior to~~ **BEFORE** January 1, 1981, and has consistently utilized such
9 an underwriting rule as part of the insurer's automobile insurance
10 underwriting since being authorized to transact automobile
11 insurance in this state.

12 (I) ~~(j)~~—One or more incidents involving a threat, harassment,
13 or physical assault by the insured or applicant for insurance on an
14 insurer employee, agent, or agent employee while acting within the
15 scope of his or her employment ~~so long as~~ **IF** a report of the
16 incident was filed with an appropriate law enforcement agency.

17 Sec. 2120. (1) Affiliated insurers may establish underwriting
18 rules so that each affiliate will provide automobile insurance only
19 to certain eligible persons. This subsection ~~shall apply~~ **APPLIES**
20 only if an eligible person can obtain automobile insurance from 1
21 of the affiliates. The underwriting rules ~~shall be in compliance~~
22 **MUST COMPLY** with this section and sections 2118 and 2119.

23 (2) An insurer may establish separate rating plans so that
24 certain eligible persons are provided automobile insurance under 1
25 rating plan and other eligible persons are provided automobile
26 insurance under another rating plan. This subsection ~~shall apply~~
27 **APPLIES** only if all eligible persons can obtain automobile

1 insurance under a rating plan of the insurer. ~~Underwriting~~ **THE**
 2 **INSURER SHALL ESTABLISH UNDERWRITING** rules consistent with this
 3 section and sections 2118 and 2119 ~~shall be established to define~~
 4 the rating plan applicable to each eligible person.

5 (3) Underwriting rules under this section ~~shall~~ **MUST** be based
 6 only on the following:

7 (a) With respect to a vehicle insured or to be insured,
 8 substantial modifications from the vehicle's original manufactured
 9 state for purposes of increasing the speed or acceleration
 10 capabilities of the vehicle.

11 ~~—— (b) Except as otherwise provided in section 2116a, failure of~~
 12 ~~the person to provide proof that insurance required by section 3101~~
 13 ~~was maintained in force with respect to any vehicle owned and~~
 14 ~~operated by the person or by a member of the household of the~~
 15 ~~person during the 6 month period immediately preceding application~~
 16 ~~or renewal of the policy. Such proof shall take the form of a~~
 17 ~~certification by the person that the required insurance was~~
 18 ~~maintained in force for the 6 month period with respect to such~~
 19 ~~vehicle.~~

20 **(B)** ~~(e)~~ For purposes of insuring persons who have refused a
 21 deductible lawfully required under section 2118(2)(h), **2118(2)(G)**,
 22 the claim experience of the person with respect to comprehensive
 23 coverage.

24 **(C)** ~~(d)~~ Refusal of the person to pay a minimum deposit
 25 required under section 2118(2)(g). **2118(2)(F)**.

26 **(D)** ~~(e)~~ A person's insurance eligibility point accumulation
 27 under section 2103(1)(h), **2103(1)(G)**, or the total insurance

1 eligibility point accumulation of all persons who account for 10%
 2 or more of the use of 1 or more vehicles insured or to be insured
 3 under the policy.

4 (E) ~~(f)~~ The type of vehicle insured or to be insured as
 5 provided in section ~~2118(2)(e)~~. **2118(2)(D)**.

6 Sec. 3009. ~~(1) An automobile liability or motor vehicle~~
 7 ~~liability policy insuring against loss resulting from liability~~
 8 ~~imposed by law for property damage, bodily injury, or death~~
 9 ~~suffered by any person arising out of the ownership, maintenance,~~
 10 ~~or use of a motor vehicle shall not be delivered or issued for~~
 11 ~~delivery in this state with respect to any motor vehicle registered~~
 12 ~~or principally garaged in this state unless the liability coverage~~
 13 ~~is subject to all of the following limits:~~

14 ~~—— (a) A limit, exclusive of interest and costs, of not less than~~
 15 ~~\$20,000.00 because of bodily injury to or death of 1 person in any~~
 16 ~~1 accident.~~

17 ~~—— (b) Subject to the limit for 1 person in subdivision (a), a~~
 18 ~~limit of not less than \$40,000.00 because of bodily injury to or~~
 19 ~~death of 2 or more persons in any 1 accident.~~

20 ~~—— (c) A limit of not less than \$10,000.00 because of injury to~~
 21 ~~or destruction of property of others in any accident.~~

22 ~~—— (2) If authorized by the insured, automobile liability or~~
 23 ~~motor vehicle liability coverage may be excluded when a vehicle is~~
 24 ~~operated by a named person. An exclusion under this subsection is~~
 25 ~~not valid unless the following notice is on the face of the policy~~
 26 ~~or the declaration page or certificate of the policy and on the~~
 27 ~~certificate of insurance.~~

~~Warning when a named excluded person operates a vehicle all liability coverage is void no one is insured. Owners of the vehicle and others legally responsible for the acts of the named excluded person remain fully personally liable.~~

~~(3) A liability policy described in subsection (1) may exclude coverage for liability as provided in section 3017.~~

~~(4) If an insurer deletes coverages from an automobile insurance policy pursuant to section 3101, the insurer shall send documentary evidence of the deletion to the insured.~~ **AFTER JUNE 30, 2020, AN INSURER SHALL NOT ISSUE OR RENEW WITH RESPECT TO A MOTOR VEHICLE REGISTERED OR PRINCIPALLY GARAGED IN THIS STATE AN AUTOMOBILE INSURANCE POLICY THAT PROVIDES SECURITY FOR PAYMENT OF BENEFITS UNDER PERSONAL PROTECTION INSURANCE OR PROPERTY PROTECTION INSURANCE UNDER CHAPTER 31.**

Sec. 3017. (1) An authorized insurer that issues an insurance policy insuring a personal vehicle may exclude all coverage afforded under the policy for any loss or injury that occurs while a transportation network company driver is logged on to a transportation network company digital network or while a transportation network company driver is providing a **TRANSPORTATION NETWORK COMPANY** prearranged ride. By way of example and not as limitation, all of the following coverages may be excluded under this section:

(a) Residual liability insurance ~~required~~ under sections 3009 and ~~OR~~ 3101.

(b) Personal protection and property protection insurance ~~required~~ under section 3101.

1 (c) Uninsured and underinsured motorist coverage.

2 (d) Comprehensive coverage.

3 (e) Collision coverage, including coverage required to be
4 offered under section 3037.

5 (2) This section does not require an automobile insurance
6 policy to provide coverage under any of the following
7 circumstances:

8 (a) While a transportation network company driver is logged on
9 to a transportation network company digital network.

10 (b) While a transportation network company driver is engaged
11 in providing a **TRANSPORTATION NETWORK COMPANY** prearranged ride.

12 (c) While a transportation network company driver otherwise
13 uses a vehicle to transport passengers for compensation.

14 (3) This section does not preclude an insurer from providing
15 coverage for a transportation network company driver's personal
16 vehicle by contract or endorsement.

17 (4) An insurer that excludes the coverage described in
18 subsection (1) does not have a duty to defend or indemnify for any
19 claim that is expressly excluded. This section does not invalidate
20 or limit an exclusion contained in a policy, including a policy in
21 use or approved for use in this state before ~~the effective date of~~
22 ~~this section, MARCH 21, 2017,~~ that excludes coverage for vehicles
23 that are used to carry individuals or property for a charge or that
24 are available for hire by the public. An insurer that defends or
25 indemnifies for a claim against a transportation network company
26 driver who is excluded under the terms of the policy has a right of
27 contribution against other insurers that provided automobile

1 insurance to the transportation network company driver in
2 satisfaction of the coverage requirements of section 23 of the
3 limousine, taxicab, and transportation network company act, **2016 PA**
4 **345, MCL 257.2123**, at the time of the loss.

5 (5) An insurer that provides automobile insurance to a
6 transportation network company shall comply with section 23(5),
7 (6), and (9) of the limousine, taxicab, and transportation network
8 company act, **2016 PA 345, MCL 257.2123**.

9 (6) During an investigation of whether a claim is covered
10 under an insurance policy, a transportation network company and any
11 insurer that provides coverage under section 23 of the limousine,
12 taxicab, and transportation network company act, **2016 PA 345, MCL**
13 **257.2123**, shall cooperate to facilitate the exchange of relevant
14 information with persons who are directly involved and any insurer
15 of the transportation network company driver. Relevant information
16 required to be exchanged under this subsection includes, but is not
17 limited to, all of the following:

18 (a) The times that the transportation network company driver
19 logged on to and logged off of the transportation network company
20 digital network during the 12 hours preceding the accident and the
21 12 hours following the accident.

22 (b) A clear description of the coverage, exclusions, and
23 limits under any insurance policy maintained as required by section
24 23 of the limousine, taxicab, and transportation network company
25 act, **2016 PA 345, MCL 257.2123**.

26 (7) As used in this section, all of the following terms mean
27 those terms as defined in section 2 of the limousine, taxicab, and

1 transportation network company act, 2016 PA 345, MCL 257.2102:

2 (a) "Personal vehicle".

3 ~~—— (b) "Prearranged ride".~~

4 (B) ~~(e)~~ "Transportation network company".

5 (C) ~~(d)~~ "Transportation network company digital network".

6 (D) ~~(e)~~ "Transportation network company driver".

7 (E) "TRANSPORTATION NETWORK COMPANY PREARRANGED RIDE".

8 Sec. 3020. (1) ~~A~~ **AN AUTHORIZED INSURER SHALL NOT ISSUE OR**
 9 **DELIVER IN THIS STATE A** policy of casualty insurance, ~~except~~ **NOT**
 10 **INCLUDING** worker's compensation and mortgage guaranty insurance,
 11 **BUT** including all classes of motor vehicle coverage, ~~shall not be~~
 12 ~~issued or delivered in this state by an insurer authorized to do~~
 13 ~~business in this state for which a premium or advance assessment is~~
 14 charged, ~~unless~~ the policy contains the following provisions:

15 (a) ~~That~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND**
 16 **(3), THAT** the policy may be canceled at any time at the request of
 17 the insured, in which case the insurer ~~shall~~ **WILL** refund the excess
 18 of paid premium or assessment above the pro rata rates for the
 19 expired time. ~~, except as otherwise provided in subsections (2),~~
 20 ~~(3), and (4).~~

21 (b) Except as otherwise provided in subdivision (d), that the
 22 policy may be canceled at any time by the insurer by mailing to the
 23 insured at the insured's address last known to the insurer or an
 24 authorized agent of the insurer, with postage fully prepaid, a not
 25 less than 10 days' written notice of cancellation with or without
 26 tender of the excess of paid premium or assessment above the pro
 27 rata premium for the expired time.

1 (c) That the minimum earned premium on any policy canceled
2 ~~pursuant to~~ **UNDER** this subsection, other than automobile insurance
3 as defined in section 2102(2)(a), ~~and (b), shall~~ **AND (C), WILL** not
4 be less than the pro rata premium for the expired time or \$25.00,
5 whichever is greater.

6 (d) That an insurer may refuse to renew a malpractice
7 insurance policy only by mailing to the insured at the insured's
8 address last known to the insurer or an authorized agent of the
9 insurer, with postage fully prepaid, a not less than 60 days'
10 written notice of refusal to renew. As used in this subdivision,
11 "malpractice insurance" means malpractice insurance as described in
12 section 624(1)(h).

13 (2) An insurer may file a rule with the ~~commissioner~~ **DIRECTOR**
14 providing for a minimum retention of premium for automobile
15 insurance as defined in section 2102(2)(a), ~~and (b),~~ **AND (C)**. The
16 rule ~~shall~~ **MUST** describe the circumstances under which the
17 retention is applied and ~~shall~~ set forth the amount to be retained,
18 which is subject to the approval of the ~~commissioner~~ **DIRECTOR**. The
19 rule ~~shall~~ **MUST** include, but need not be limited to, the following
20 provisions:

21 (a) That a minimum retention ~~shall~~ **WILL** be applied only when
22 the amount exceeds the amount that would have been retained had the
23 policy been canceled on a pro rata basis.

24 (b) That a minimum retention does not apply to renewal
25 policies.

26 (c) That a minimum retention does not apply when a policy is
27 canceled ~~for the following reasons:~~

1 ~~—— (i) The insured is no longer required to maintain security~~
2 ~~pursuant to section 3101(1).~~

3 ~~—— (ii) The~~ **BECAUSE THE** insured has replaced the automobile
4 insurance policy being canceled with an automobile insurance policy
5 from another insurer and provides proof of the replacement coverage
6 to the canceling insurer.

7 ~~—— (3) Notwithstanding subsection (1), an insurer may issue a~~
8 ~~noncancelable, nonrefundable, 6 month prepaid automobile insurance~~
9 ~~policy in order for an insured to meet the registration~~
10 ~~requirements of section 227a of the Michigan vehicle code, 1949 PA~~
11 ~~300, MCL 257.227a.~~

12 (3) ~~(4)~~ An insurer may provide for a short rate premium for
13 insurance on a motorcycle, watercraft, off-road vehicle, or
14 snowmobile. As used in this subsection:

15 (a) "Motorcycle" means that term as defined in section 3101.

16 (b) "Off-road vehicle" means an ORV as defined in section
17 81101 of the natural resources and environmental protection act,
18 1994 PA 451, MCL 324.81101.

19 (c) "Snowmobile" means that term as defined in section 82101
20 of the natural resources and environmental protection act, 1994 PA
21 451, MCL 324.82101.

22 (d) "Watercraft" means that term as defined in section 80301
23 of the natural resources and environmental protection act, 1994 PA
24 451, MCL 324.80301.

25 (4) ~~(5)~~ Cancellation as prescribed in this section is without
26 prejudice to any claim originating before the cancellation. The
27 mailing of notice is prima facie proof of notice. Delivery of

1 written notice is equivalent to mailing.

2 ~~—— (6) A notice of cancellation, including a cancellation notice~~
 3 ~~under section 3224, shall be accompanied by a statement that the~~
 4 ~~insured shall not operate or permit the operation of the vehicle to~~
 5 ~~which notice of cancellation is applicable, or operate any other~~
 6 ~~vehicle, unless the vehicle is insured as required by law.~~

7 (5) ~~(7)~~ An insurer who wishes to provide for a short rate
 8 premium under subsection ~~(4)~~ (3) shall file with the ~~commissioner~~
 9 ~~pursuant to~~ **DIRECTOR AS PROVIDED IN** chapter 24 or 26 a rule
 10 establishing a short rate premium. The rule ~~shall~~ **MUST** describe the
 11 circumstances under which the short rate is applied and ~~shall~~ set
 12 forth the amount or percentage to be retained.

13 Sec. 3037. (1) At the time a new applicant for the insurance
 14 required by section 3101 **OR AUTOMOBILE INSURANCE** for a private
 15 passenger nonfleet automobile makes an initial written application
 16 to ~~the~~ **AN** insurer, ~~an~~ **THE** insurer shall offer both of the following
 17 collision coverages to the applicant:

18 (a) Limited collision coverage, which must pay for collision
 19 damage to the insured vehicle without a deductible amount if the
 20 operator of the vehicle is not substantially at fault in the
 21 accident from which the damage arose.

22 (b) Broad form collision coverage, which must pay for
 23 collision damage to the insured vehicle regardless of fault, with
 24 deductibles in the amounts as approved by the director, which
 25 deductibles must be waived if the operator of the vehicle is not
 26 substantially at fault in the accident from which the damage arose.

27 (2) In addition to the coverages offered under subsection (1),

1 **AN INSURER MAY OFFER** standard and limited collision coverage ~~may be~~
2 ~~offered~~ with deductibles as approved by the director.

3 (3) An insurer may limit collision coverage offered under this
4 section as provided in section 3017.

5 (4) If ~~the~~ **AN** applicant is required by ~~the~~ **AN** insurer to sign
6 ~~the~~ **A** written application form described in subsection (1), and if
7 the applicant chooses to reject both of the collision coverages, or
8 limited collision without a deductible, offered under subsection
9 (1), the rejection must be made in writing, either on a separate
10 form, as part of the application, or in some combination of these,
11 as approved by the director. The rejection statement must inform
12 the applicant of his or her rights if there is damage to the
13 insured vehicle under the alternative coverage option selected.

14 (5) If a written application is made by mail, and if the
15 applicant fails to sign or return a written rejection statement as
16 required by subsection (4), the requirements of subsection (4) are
17 considered to be satisfied with respect to the insurer if all of
18 the following occur:

19 (a) The application provides the applicant with an opportunity
20 to select the coverages required to be offered under subsection
21 (1).

22 (b) The applicant is requested to sign the rejection
23 statement, either as part of the application or as a separate form
24 issued with the application, if the applicant fails to select
25 either of the coverages specified in subsection (1).

26 (c) The applicant signed the application as otherwise required
27 by the insurer.

1 (6) At the time of ~~the~~**AN** initial written application
2 described in subsection (1), an agent or insurer shall provide the
3 applicant with a written explanation of collision coverage options
4 in easily understandable language, if ~~that~~**THE** information is not
5 contained in the application form.

6 (7) At least annually in conjunction with the renewal of a
7 private passenger nonfleet automobile insurance policy, or at the
8 time of an addition, deletion, or substitution of a vehicle under
9 an existing policy, other than a group policy, an insurer shall
10 inform the policyholder, on a form approved by the director, of all
11 of the following:

12 (a) The current status of collision coverage, if any, for the
13 vehicle or vehicles affected by the renewal or change and the
14 rights of the insured under the current coverage if the vehicle is
15 damaged.

16 (b) The collision coverages available under the policy and the
17 rights of the insured under each collision option if the vehicle is
18 damaged.

19 (c) Procedures for the policyholder to follow if he or she
20 wishes to change the current collision coverage.

21 (8) As used in this section:

22 (a) "Collision damage" does not include losses customarily
23 insured under comprehensive coverages.

24 (b) "Substantially at fault" means a person's action or
25 inaction was more than 50% of the cause of the accident.

26 Sec. 3101. (1) ~~The~~**BEFORE JULY 1, 2020, THE** owner or
27 registrant of a motor vehicle required to be registered in this

1 state shall maintain security for payment of benefits under
2 personal protection insurance, property protection insurance, and
3 residual liability insurance. Security **UNDER THIS SUBSECTION** is
4 only required to be in effect during the period the motor vehicle
5 is driven or moved on a highway. Notwithstanding any other
6 provision in this act, an insurer that has issued an automobile
7 insurance policy on a motor vehicle that is not driven or moved on
8 a highway may allow the insured owner or registrant of the motor
9 vehicle to delete a portion of the coverages **REQUIRED BY THIS**
10 **SUBSECTION** under the policy and maintain the comprehensive coverage
11 portion of the policy in effect.

12 (2) As used in this chapter:

13 (a) "Automobile insurance" means that term as defined in
14 section 2102.

15 (b) "Commercial quadricycle" means a vehicle to which all of
16 the following apply:

17 (i) The vehicle has fully operative pedals for propulsion
18 entirely by human power.

19 (ii) The vehicle has at least 4 wheels and is operated in a
20 manner similar to a bicycle.

21 (iii) The vehicle has at least 6 seats for passengers.

22 (iv) The vehicle is designed to be occupied by a driver and
23 powered either by passengers providing pedal power to the drive
24 train of the vehicle or by a motor capable of propelling the
25 vehicle in the absence of human power.

26 (v) The vehicle is used for commercial purposes.

27 (vi) The vehicle is operated by the owner of the vehicle or an

1 employee of the owner of the vehicle.

2 (c) "Electric bicycle" means that term as defined in section
3 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

4 (d) "Golf cart" means a vehicle designed for transportation
5 while playing the game of golf.

6 (e) "Highway" means highway or street as that term is defined
7 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
8 257.20.

9 (f) "Moped" means that term as defined in section 32b of the
10 Michigan vehicle code, 1949 PA 300, MCL 257.32b.

11 (g) "Motorcycle" means a vehicle that has a saddle or seat for
12 the use of the rider, is designed to travel on not more than 3
13 wheels in contact with the ground, and is equipped with a motor
14 that exceeds 50 cubic centimeters piston displacement. For purposes
15 of this subdivision, the wheels on any attachment to the vehicle
16 are not considered as wheels in contact with the ground. Motorcycle
17 does not include a moped or an ORV.

18 (h) "Motorcycle accident" means a loss that involves the
19 ownership, operation, maintenance, or use of a motorcycle as a
20 motorcycle, but does not involve the ownership, operation,
21 maintenance, or use of a motor vehicle as a motor vehicle.

22 (i) "Motor vehicle" means a vehicle, including a trailer, that
23 is operated or designed for operation on a public highway by power
24 other than muscular power and has more than 2 wheels. Motor vehicle
25 does not include any of the following:

26 (i) A motorcycle.

27 (ii) A moped.

1 (iii) A farm tractor or other implement of husbandry that is
2 not subject to the registration requirements of the Michigan
3 vehicle code under section 216 of the Michigan vehicle code, 1949
4 PA 300, MCL 257.216.

5 (iv) An ORV.

6 (v) A golf cart.

7 (vi) A power-driven mobility device.

8 (vii) A commercial quadricycle.

9 (viii) An electric bicycle.

10 (j) "Motor vehicle accident" means a loss that involves the
11 ownership, operation, maintenance, or use of a motor vehicle as a
12 motor vehicle regardless of whether the accident also involves the
13 ownership, operation, maintenance, or use of a motorcycle as a
14 motorcycle.

15 (k) "ORV" means a motor-driven recreation vehicle designed for
16 off-road use and capable of cross-country travel without benefit of
17 road or trail, on or immediately over land, snow, ice, marsh,
18 swampland, or other natural terrain. ORV includes, but is not
19 limited to, a multitrack or multiwheel drive vehicle, a motorcycle
20 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious
21 machine, a ground effect air cushion vehicle, an ATV as defined in
22 section 81101 of the natural resources and environmental protection
23 act, 1994 PA 451, MCL 324.81101, or other means of transportation
24 deriving motive power from a source other than muscle or wind. ORV
25 does not include a vehicle described in this subdivision that is
26 registered for use on a public highway and has the security
27 required under subsection (1) or section 3103 in effect.

1 (l) "Owner" means any of the following:

2 (i) A person renting a motor vehicle or having the use of a
3 motor vehicle, under a lease or otherwise, for a period that is
4 greater than 30 days.

5 (ii) A person renting a motorcycle or having the use of a
6 motorcycle under a lease for a period that is greater than 30 days,
7 or otherwise for a period that is greater than 30 consecutive days.
8 A person who borrows a motorcycle for a period that is less than 30
9 consecutive days with the consent of the owner is not an owner
10 under this subparagraph.

11 (iii) A person that holds the legal title to a motor vehicle
12 or motorcycle, other than a person engaged in the business of
13 leasing motor vehicles or motorcycles that is the lessor of a motor
14 vehicle or motorcycle under a lease that provides for the use of
15 the motor vehicle or motorcycle by the lessee for a period that is
16 greater than 30 days.

17 (iv) A person that has the immediate right of possession of a
18 motor vehicle or motorcycle under an installment sale contract.

19 (m) "Power-driven mobility device" means a wheelchair or other
20 mobility device powered by a battery, fuel, or other engine and
21 designed to be used by an individual with a mobility disability for
22 the purpose of locomotion.

23 (n) "Registrant" does not include a person engaged in the
24 business of leasing motor vehicles or motorcycles that is the
25 lessor of a motor vehicle or motorcycle under a lease that provides
26 for the use of the motor vehicle or motorcycle by the lessee for a
27 period that is longer than 30 days.

1 (3) Security required by subsection (1) may be provided under
2 a policy issued by an authorized insurer that affords insurance for
3 the payment of benefits described in subsection (1). A policy of
4 insurance represented or sold as providing security is considered
5 to provide insurance for the payment of the benefits.

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

16 (5) An insurer that issues a policy that provides the security
17 required under subsection (1) may exclude coverage under the policy
18 as provided in section 3017.

19 Sec. 3102. (1) ~~A-BEFORE JULY 1, 2020, A~~ nonresident owner or
20 registrant of a motor vehicle or motorcycle not registered in this
21 state shall not operate or permit the motor vehicle or motorcycle
22 to be operated in this state for an aggregate of more than 30 days
23 in any calendar year unless he or she continuously maintains
24 security for the payment of benefits ~~pursuant to~~ **UNDER** this
25 chapter.

26 (2) An owner or registrant of a motor vehicle or motorcycle
27 with respect to which security is required **UNDER THIS CHAPTER**, who

1 operates the motor vehicle or motorcycle or permits it to be
 2 operated upon a public highway in this state, without having in
 3 full force and effect security complying with this section or
 4 section 3101 or 3103 is guilty of a misdemeanor. A person who
 5 operates a motor vehicle or motorcycle ~~upon~~ **ON** a public highway in
 6 this state with the knowledge that the owner or registrant does not
 7 have security in ~~full force and effect~~ **AS REQUIRED UNDER THIS**
 8 **CHAPTER** is guilty of a misdemeanor ~~. A person convicted of a~~
 9 ~~misdemeanor under this section shall be fined~~ **PUNISHABLE BY A FINE**
 10 **OF** not less than \$200.00 ~~nor~~ **AND NOT** more than \$500.00 ~~, imprisoned~~
 11 **OR IMPRISONMENT** for not more than 1 year, or both.

12 (3) The failure of a person to produce evidence that a motor
 13 vehicle or motorcycle ~~has~~ **HAD** in ~~full force and effect~~ security
 14 complying with this section or section 3101 or 3103 on the date of
 15 the issuance of the citation, creates a rebuttable presumption in a
 16 prosecution under subsection (2) that the motor vehicle or
 17 motorcycle did not have in ~~full force and effect~~ security complying
 18 with this section or section 3101 or 3103 on the date of the
 19 issuance of the citation.

20 Sec. 3103. (1) An owner or registrant of a motorcycle shall
 21 provide security against loss resulting from liability imposed by
 22 law for property damage, bodily injury, or death suffered by a
 23 person arising out of the ownership, maintenance, or use of ~~that~~
 24 **THE** motorcycle. The security ~~shall conform with~~ **MUST MEET** the
 25 requirements of section 3009(1).

26 (2) Each insurer transacting insurance in this state ~~which~~
 27 **THAT** affords coverage for a motorcycle as described in subsection

1 (1) also shall offer, to an owner or registrant of a motorcycle,
 2 security for the payment of first-party medical benefits only, in
 3 increments of \$5,000.00, payable ~~in the event~~ **IF** the owner or
 4 registrant is involved in a motorcycle accident. An insurer
 5 providing first-party medical benefits **UNDER THIS SUBSECTION** may
 6 offer, at appropriate premium rates, deductibles, provisions for
 7 the coordination of these benefits, and provisions for the
 8 subtraction of other benefits provided or required to be provided
 9 under the laws of any state or the federal government, subject to
 10 the prior approval of the ~~commissioner.~~ **DIRECTOR**. These deductibles
 11 and provisions ~~shall~~ **MUST** apply only to benefits payable to the
 12 person named in the policy, the spouse of the insured, and any
 13 relative of either domiciled in the same household.

14 (3) **THIS SECTION DOES NOT APPLY AFTER JUNE 30, 2020.**

15 Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**
 16 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
 17 ~~the catastrophic claims association, hereinafter referred to as the~~
 18 ~~association, is created.~~ Each **BEFORE JULY 1, 2020, EACH** insurer
 19 engaged in writing insurance coverages that provide the security
 20 required by section 3101(1) ~~within~~ **IN** this state, as a condition of
 21 its authority to transact insurance in this state, shall be a
 22 member of the association and ~~shall be~~ **IS** bound by the plan of
 23 operation of the association. Each **BEFORE JULY 1, 2020, AN** insurer
 24 engaged in writing insurance coverages that provide the security
 25 required by section 3103(1) ~~within~~ **IN** this state, as a condition of
 26 its authority to transact insurance in this state, ~~shall be~~ **IS**
 27 considered **TO BE** a member of the association, but only for purposes

1 of premiums under subsection (7)(d). Except as expressly provided
2 in this section, the association is not subject to any laws of this
3 state with respect to insurers, but in all other respects the
4 association is subject to the laws of this state to the extent that
5 the association would be if it were an insurer organized and
6 subsisting under chapter 50.

7 (2) ~~The~~ **BEFORE JULY 1, 2020, THE** association shall provide and
8 each member shall accept indemnification for 100% of the amount of
9 ultimate loss sustained under personal protection insurance
10 coverages in excess of the following amounts in each loss
11 occurrence:

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

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

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

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

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

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

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

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

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

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

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

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

14 (l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED
15 DURING THE PERIOD JULY 1, 2013 TO JUNE 30, 2015, \$530,000.00.

16 (m) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED
17 DURING THE PERIOD JULY 1, 2015 TO JUNE 30, 2017, \$545,000.00.

18 (n) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED
19 DURING THE PERIOD JULY 1, 2017 TO JUNE 30, 2020, \$555,000.00.

20 (3) An insurer may withdraw from the association only ~~upon~~ **ON**
21 ceasing to write insurance that provides the security required by
22 section 3101(1) in this state.

23 (4) An insurer whose membership in the association has been
24 terminated by withdrawal ~~shall continue~~ **CONTINUES** to be bound by
25 the plan of operation, and ~~upon~~ **ON** withdrawal, all unpaid premiums
26 that have been charged to the withdrawing member are payable as of
27 the effective date of the withdrawal.

1 (5) An unsatisfied net liability to the association of an
2 insolvent member shall be assumed by and apportioned among the
3 remaining members of the association as provided in the plan of
4 operation. The association has all rights allowed by law on behalf
5 of the remaining members against the estate or funds of the
6 insolvent member for ~~sums~~**MONEY** due the association.

7 (6) If a member has been merged or consolidated into another
8 insurer or another insurer has reinsured a member's entire business
9 that provides the security required by section 3101(1) in this
10 state, the member and successors in interest of the member remain
11 liable for the member's obligations.

12 (7) ~~The~~**BEFORE JULY 1, 2020, THE** association shall do all of
13 the following on behalf of the members of the association:

14 (a) Assume 100% of all liability as provided in subsection
15 (2).

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

25 (c) Maintain relevant loss and expense data relative to all
26 liabilities of the association and require each member to furnish
27 statistics, in connection with liabilities of the association, at

1 the times and in the form and detail as ~~may be~~ required by the plan
2 of operation.

3 (d) In a manner provided for in the plan of operation,
4 calculate and charge to members of the association a total premium
5 sufficient to cover the expected losses and expenses of the
6 association that the association will likely incur during the
7 period for which the premium is applicable. The premium ~~shall~~**MUST**
8 include an amount to cover incurred but not reported losses for the
9 period and may be adjusted for any excess or deficient premiums
10 from previous periods. Excesses or deficiencies from previous
11 periods may be fully adjusted in a single period or may be adjusted
12 over several periods in a manner provided for in the plan of
13 operation. Each member ~~shall~~**MUST** be charged an amount equal to
14 that member's total written car years of insurance providing the
15 security required by section 3101(1) or 3103(1), or both, written
16 in this state during the period to which the premium applies,
17 multiplied by the average premium per car. The average premium per
18 car ~~shall be~~**IS** the total premium calculated divided by the total
19 written car years of insurance providing the security required by
20 section 3101(1) or 3103(1), written in this state of all members
21 during the period to which the premium applies. A member ~~shall~~**MUST**
22 be charged a premium for a historic vehicle that is insured with
23 the member of 20% of the premium charged for a car insured with the
24 member. As used in this subdivision:

25 (i) "Car" includes a motorcycle but does not include a
26 historic vehicle.

27 (ii) "Historic vehicle" means a vehicle that is a registered

1 historic vehicle under section 803a or 803p of the Michigan vehicle
2 code, 1949 PA 300, MCL 257.803a and 257.803p.

3 (e) Require and accept the payment of premiums from members of
4 the association as provided for in the plan of operation. The
5 association shall do either of the following:

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

8 (ii) Require payment of the premiums to be made periodically
9 to cover the actual cash obligations of the association.

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

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

21 **(H) DO ANYTHING NECESSARY, AS REQUIRED BY THE BOARD OR THE**
22 **DIRECTOR OF THE DEPARTMENT, TO PREPARE FOR AND COMPLETE THE**
23 **ASSUMPTION OF OBLIGATIONS OF THE ASSOCIATION BY THE DEPARTMENT AS**
24 **PROVIDED BY SECTION 3104A.**

25 (8) In addition to other powers granted to it by this section,
26 the association may do all of the following:

27 (a) Sue and be sued in the name of the association. A judgment

1 against the association ~~shall~~**DOES** not create any direct liability
2 against the individual members of the association. The association
3 may provide for the indemnification of its members, members of the
4 board of directors of the association, and officers, employees, and
5 other persons lawfully acting on behalf of the association.

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

9 (c) Provide for appropriate housing, equipment, and personnel
10 as ~~may be~~ necessary to assure the efficient operation of the
11 association.

12 (d) Pursuant to the plan of operation, adopt reasonable rules
13 for the administration of the association, enforce those rules, and
14 delegate authority, as the board considers necessary to assure the
15 proper administration and operation of the association consistent
16 with the plan of operation.

17 (e) Contract for goods and services, including independent
18 claims management, actuarial, investment, and legal services, from
19 others ~~within~~**IN** or ~~without~~**OUTSIDE OF** this state to assure the
20 efficient operation of the association.

21 (f) Hear and determine complaints of a company or other
22 interested party concerning the operation of the association.

23 (g) Perform other acts not specifically enumerated in this
24 section that are necessary or proper to accomplish the purposes of
25 the association and that are not inconsistent with this section or
26 the plan of operation.

27 (9) A board of directors is created ~~, hereinafter referred to~~

1 ~~as the board, which shall be responsible for the operation of~~ **AND**
2 **SHALL OPERATE** the association consistent with the plan of operation
3 and this section.

4 (10) The plan of operation ~~shall~~ **MUST** provide for all of the
5 following:

6 (a) The establishment of necessary facilities.

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

8 (c) Procedures to be utilized in charging premiums, including
9 adjustments from excess or deficient premiums from prior periods.

10 (d) Procedures governing the actual payment of premiums to the
11 association.

12 (e) Reimbursement of each member of the board by the
13 association for actual and necessary expenses incurred on
14 association business.

15 (f) The investment policy of the association.

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

18 (11) ~~Each board shall include members that would contribute a~~
19 ~~total of not less than 40% of the total premium calculated pursuant~~
20 ~~to subsection (7) (d).~~ Each director ~~shall be~~ **IS** entitled to 1 vote.
21 The initial term of office of a director ~~shall be~~ **IS** 2 years.

22 (12) As part of the plan of operation, the board shall adopt
23 rules providing for the composition and term of successor boards to
24 the initial board, consistent with the membership composition
25 requirements in subsections (11) and (13). Terms of the directors
26 ~~shall~~ **MUST** be staggered so that the terms of all the directors do
27 not expire at the same time and so that a director does not serve a

1 term of more than 4 years.

2 (13) The board ~~shall~~ **MUST** consist of 5 directors ~~and the~~
3 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT, WHO** shall ~~be~~ **SERVE AS** an
4 ex officio member of the board without vote. **AT LEAST 1 OF THE**
5 **MEMBERS OF THE BOARD MUST REPRESENT EACH OF THE FOLLOWING GROUPS OR**
6 **ORGANIZATIONS:**

7 (A) CLAIMANTS RECEIVING BENEFITS FROM THE ASSOCIATION.

8 (B) INSURANCE ACTUARIES.

9 (C) THE STATE COURT ADMINISTRATIVE OFFICE.

10 (D) INSURANCE FRAUD EXPERTS.

11 (E) CONSUMER FRAUD EXPERTS.

12 (14) ~~Each director shall be appointed by the commissioner and~~
13 **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS. A**
14 **DIRECTOR** shall serve until ~~that member's~~ **HIS OR HER** successor is
15 selected and qualified. The ~~chairperson of the board shall be~~
16 ~~elected by the board. A~~ **ELECT A CHAIRPERSON. THE DIRECTOR OF THE**
17 **DEPARTMENT SHALL FILL ANY** vacancy on the board ~~shall be filled by~~
18 ~~the commissioner consistent with~~ **AS PROVIDED IN** the plan of
19 operation.

20 (15) ~~After the board is appointed, the~~ **THE** board shall meet as
21 often as the chairperson, the ~~commissioner,~~ **DIRECTOR OF THE**
22 **DEPARTMENT,** or the plan of operation ~~shall require,~~ **REQUIRES,** or at
23 the request of any 3 members of the board. The chairperson ~~shall~~
24 ~~retain the right to~~ **MAY** vote on all issues. Four members of the
25 board constitute a quorum.

26 (16) An annual report of the operations of the association in
27 a form and detail as ~~may be determined by the board shall~~ **MUST** be

1 furnished to each member.

2 ~~—— (17) Not more than 60 days after the initial organizational~~
3 ~~meeting of the board, the board shall submit to the commissioner~~
4 ~~for approval a proposed plan of operation consistent with the~~
5 ~~objectives and provisions of this section, which shall provide for~~
6 ~~the economical, fair, and nondiscriminatory administration of the~~
7 ~~association and for the prompt and efficient provision of~~
8 ~~indemnity. If a plan is not submitted within this 60 day period,~~
9 ~~then the commissioner, after consultation with the board, shall~~
10 ~~formulate and place into effect a plan consistent with this~~
11 ~~section.~~

12 ~~—— (18) The plan of operation, unless approved sooner in writing,~~
13 ~~shall be considered to meet the requirements of this section if it~~
14 ~~is not disapproved by written order of the commissioner within 30~~
15 ~~days after the date of its submission. Before disapproval of all or~~
16 ~~any part of the proposed plan of operation, the commissioner shall~~
17 ~~notify the board in what respect the plan of operation fails to~~
18 ~~meet the requirements and objectives of this section. If the board~~
19 ~~fails to submit a revised plan of operation that meets the~~
20 ~~requirements and objectives of this section within the 30 day~~
21 ~~period, the commissioner shall enter an order accordingly and shall~~
22 ~~immediately formulate and place into effect a plan consistent with~~
23 ~~the requirements and objectives of this section.~~

24 (17) ~~(19)~~ The proposed plan of operation or **ANY** amendments to
25 the plan of operation **OF THE ASSOCIATION** are subject to majority
26 approval by the board, ~~ratified~~ **RATIFICATION** by a majority of the
27 membership having a vote, with voting rights being apportioned

1 according to the premiums charged in subsection (7)(d), and are
2 ~~subject to approval by the commissioner.~~ **DIRECTOR OF THE DEPARTMENT.**

3 (18) ~~(20) Upon approval by the commissioner and ratification~~
4 ~~by the members of the plan submitted, or upon the promulgation of a~~
5 ~~plan by the commissioner, each insurer authorized to write~~
6 ~~insurance providing the security required by section 3101(1) in~~
7 ~~this state, as provided in this section, A MEMBER OF THE~~
8 **ASSOCIATION** is bound by and shall formally subscribe to and
9 participate in the plan ~~approved~~ **OF OPERATION** as a condition of
10 maintaining its authority to transact insurance in this state.

11 (19) **NOTWITHSTANDING ANYTHING IN THIS SECTION OR THE PLAN OF**
12 **OPERATION TO THE CONTRARY, THE BOARD, THE ASSOCIATION, AND THE**
13 **MEMBERS OF THE ASSOCIATION SHALL DO ALL OF THE FOLLOWING:**

14 (A) **AS REQUIRED BY THE DIRECTOR OF THE DEPARTMENT OR OTHERWISE**
15 **UNDER SECTION 3104A, TRANSFER ANY RECORDS OR COPIES OF RECORDS FOR**
16 **THE IMPLEMENTATION AND ADMINISTRATION OF SECTION 3104A.**

17 (B) **COOPERATE WITH THE DIRECTOR OF THE DEPARTMENT OR ANY**
18 **AGENCY IN THE DEPARTMENT IN THE IMPLEMENTATION AND ADMINISTRATION**
19 **OF SECTION 3104A.**

20 (C) **IN THE TIME AND MANNER REQUIRED BY THE DIRECTOR OF THE**
21 **DEPARTMENT, TRANSFER ANY MONEY IN THE POSSESSION OR CONTROL OF THE**
22 **BOARD, ASSOCIATION, OR MEMBER THAT BELONGS OR IS ATTRIBUTABLE TO**
23 **THE ASSOCIATION TO IMPLEMENT AND ADMINISTER SECTION 3104A.**

24 (20) ~~(21)~~ The association is subject to all the reporting,
25 loss reserve, and investment requirements of the ~~commissioner~~
26 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member~~ **ARE**
27 **THE MEMBERS** of the association.

1 (21) ~~(22)~~ Premiums charged members by the association ~~shall~~
 2 **MUST** be recognized in the rate-making procedures for insurance
 3 rates in the same manner that expenses and premium taxes are
 4 recognized.

5 (22) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
 6 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**
 7 **DEPARTMENT** may visit the association at any time and examine any
 8 and all **OF** the association's affairs.

9 (23) ~~(24)~~ The association does not have liability for losses
 10 occurring before July 1, 1978 **OR AFTER JUNE 30, 2020.**

11 (24) ~~(25)~~ As used in this section:

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

19 **(A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION**
 20 **CREATED IN SUBSECTION (1) .**

21 **(B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION**
 22 **CREATED IN SUBSECTION (9) .**

23 (C) ~~(b)~~ "Motor vehicle accident policy" means a policy
 24 providing the coverages required under section 3101(1) .

25 (D) ~~(c)~~ "Ultimate loss" means the actual loss amounts that a
 26 member is obligated to pay and that are paid or payable by the
 27 member, and do not include claim expenses. An ultimate loss is

1 incurred by the association on the date that the loss occurs.

2 SEC. 3104A. (1) BEFORE JULY 1, 2020, THE DIRECTOR SHALL
3 ORGANIZE A CATASTROPHIC CLAIMS BUREAU IN THE DEPARTMENT. THE BUREAU
4 MUST BE ORGANIZED TO DO ALL OF THE FOLLOWING:

5 (A) AFTER JUNE 30, 2020, PAY, TO OR ON BEHALF OF AN
6 INDIVIDUAL, ANY AMOUNT TO WHICH THE INDIVIDUAL IS ENTITLED AS
7 PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER BECAUSE
8 OF AN ULTIMATE LOSS THAT HAS EXCEEDED THE APPLICABLE AMOUNT UNDER
9 SECTION 3104(2).

10 (B) RECEIVE, FROM THE ASSOCIATION AND MEMBERS OR FORMER
11 MEMBERS OF THE ASSOCIATION, AND MAINTAIN RECORDS RELATING TO CLAIMS
12 AS TO WHICH THE ULTIMATE LOSS HAS EXCEEDED THE APPLICABLE AMOUNT
13 UNDER SECTION 3104(2) OR THAT, ON THE BASIS OF THE INJURIES OR
14 DAMAGES SUSTAINED, MAY REASONABLY BE ANTICIPATED TO EXCEED THE
15 APPLICABLE AMOUNT.

16 (C) ESTABLISH PROCEDURES FOR REVIEWING CLAIM RECORDS RECEIVED
17 UNDER SUBDIVISION (B) AND CLAIMS FOR PAYMENT UNDER SUBDIVISION (A)
18 SO AS TO PROPERLY PAY BENEFITS UNDER THIS CHAPTER.

19 (D) SUBJECT TO SUBSECTION (3), CALCULATE AND CHARGE TO
20 INSURERS THAT ISSUE AUTOMOBILE INSURANCE POLICIES IN THIS STATE A
21 TOTAL PREMIUM SUFFICIENT TO COVER THE EXPECTED PAYMENTS OF AMOUNTS
22 UNDER THIS SECTION BY THE BUREAU DURING THE PERIOD FOR WHICH THE
23 PREMIUM IS APPLICABLE. THE PREMIUM MUST INCLUDE AN AMOUNT TO COVER
24 INCURRED BUT NOT REPORTED LOSSES FOR THE PERIOD AND MAY BE ADJUSTED
25 FOR ANY EXCESS OR DEFICIENT PREMIUMS FROM PREVIOUS PERIODS.
26 EXCESSES OR DEFICIENCIES FROM PREVIOUS PERIODS MAY BE FULLY
27 ADJUSTED IN A SINGLE PERIOD OR MAY BE ADJUSTED OVER SEVERAL

1 PERIODS. THE BUREAU SHALL CHARGE AN AUTOMOBILE INSURER AN AMOUNT
2 EQUAL TO THE INSURER'S TOTAL WRITTEN CAR YEARS OF INSURANCE WRITTEN
3 IN THIS STATE DURING THE PERIOD TO WHICH THE PREMIUM APPLIES,
4 MULTIPLIED BY THE AVERAGE PREMIUM PER CAR. THE AVERAGE PREMIUM PER
5 CAR IS THE TOTAL PREMIUM UNDER THIS SUBDIVISION DIVIDED BY THE
6 TOTAL WRITTEN CAR YEARS OF INSURANCE WRITTEN IN THIS STATE BY ALL
7 INSURERS DURING THE PERIOD TO WHICH THE PREMIUM APPLIES. THE BUREAU
8 SHALL CHARGE AN INSURER A PREMIUM FOR A HISTORIC VEHICLE THAT IS
9 INSURED WITH THE INSURER OF 20% OF THE PREMIUM CHARGED FOR A CAR
10 INSURED WITH THE MEMBER. THE BUREAU SHALL DO EITHER OF THE
11 FOLLOWING:

12 (i) REQUIRE PAYMENT OF THE PREMIUMS IN FULL WITHIN 45 DAYS
13 AFTER THE PREMIUMS ARE CHARGED.

14 (ii) REQUIRE PAYMENT OF THE PREMIUMS TO BE MADE PERIODICALLY
15 TO COVER THE ACTUAL CASH OBLIGATIONS OF THE BUREAU.

16 (E) ACCEPT THE PAYMENT OF PREMIUMS CHARGED UNDER SUBDIVISION
17 (D) FROM INSURERS.

18 (F) ESTABLISH PROCEDURES FOR REVIEWING INFORMATION FROM FORMER
19 MEMBERS OF THE ASSOCIATION ABOUT CLAIMS AS TO WHICH THE INJURIES OR
20 DAMAGES SUSTAINED MAY REASONABLY BE ANTICIPATED TO EXCEED THE
21 APPLICABLE AMOUNT UNDER SECTION 3104(2). THE BUREAU MAY CONTRACT
22 WITH ANOTHER PERSON, INCLUDING, BUT NOT LIMITED TO, ANOTHER
23 INSURER, TO ADJUST OR ASSIST IN THE ADJUSTMENT OF SUCH A CLAIM FOR
24 THE FORMER MEMBER AND MAY CHARGE THE COST OF THE ADJUSTMENT TO THE
25 FORMER MEMBER.

26 (G) ANYTHING ELSE NECESSARY OR CONVENIENT TO IMPLEMENTING OR
27 APPLYING THIS SECTION.

1 (2) A FORMER MEMBER OF THE ASSOCIATION OR AN INSURER THAT
2 ISSUES AUTOMOBILE INSURANCE IN THIS STATE SHALL DO ALL OF THE
3 FOLLOWING:

4 (A) TRANSFER TO THE BUREAU, IN THE TIME AND MANNER REQUIRED BY
5 THE BUREAU OR THE DIRECTOR, ALL RECORDS RELATING TO CLAIMS AS TO
6 WHICH THE ULTIMATE LOSS HAS EXCEEDED THE APPLICABLE AMOUNT UNDER
7 SECTION 3104(2), INCLUDING, BUT NOT LIMITED TO, RECORDS REQUESTED
8 BY THE BUREAU OR THE DIRECTOR.

9 (B) PROVIDE TO THE BUREAU, IN THE TIME AND MANNER REQUIRED BY
10 THE BUREAU OR THE DIRECTOR, COPIES OF ALL RECORDS RELATING TO
11 CLAIMS THAT, ON THE BASIS OF THE INJURIES OR DAMAGES SUSTAINED, MAY
12 REASONABLY BE ANTICIPATED TO EXCEED THE APPLICABLE AMOUNT UNDER
13 SECTION 3104(2), INCLUDING, BUT NOT LIMITED TO, RECORDS REQUESTED
14 BY THE BUREAU OR THE DIRECTOR.

15 (C) COOPERATE WITH THE BUREAU WITH RESPECT TO CLAIMS DESCRIBED
16 IN SUBDIVISION (B), INCLUDING, BUT NOT LIMITED TO, PROVIDING ANY
17 REQUESTED INFORMATION TO THE BUREAU AND COOPERATING WITH ANY PERSON
18 WITH WHOM THE BUREAU CONTRACTS UNDER SUBSECTION (1)(F).

19 (D) PROVIDE THE BUREAU WITH ALL INFORMATION REQUESTED BY THE
20 BUREAU AND ANY OTHER INFORMATION NECESSARY TO ALLOW THE BUREAU TO
21 CALCULATE PREMIUMS UNDER SUBSECTION (1)(D).

22 (E) PAY ANY PREMIUM CHARGED BY THE BUREAU UNDER SUBSECTION
23 (1)(D) AS REQUIRED BY THE BUREAU.

24 (F) PAY ANY OTHER MONEY IN THE FORMER MEMBER'S OR INSURER'S
25 POSSESSION THAT IS ATTRIBUTABLE TO THE ASSOCIATION.

26 (G) DO ANYTHING ELSE REQUIRED BY THE BUREAU OR THE DIRECTOR
27 THAT IS NECESSARY OR CONVENIENT TO THE IMPLEMENTATION OR

1 ADMINISTRATION OF THIS SECTION.

2 (3) THE BUREAU SHALL NOT CHARGE PREMIUMS UNDER SUBSECTION
3 (1) (D) UNLESS MONEY RECEIVED UNDER SUBSECTIONS (1) (B) AND (E) AND
4 (2) AND HELD BY THE BUREAU, WITH INTEREST AND OTHER EARNINGS FROM
5 THE MONEY HELD, ARE INSUFFICIENT TO COVER THE EXPECTED PAYMENTS OF
6 AMOUNTS UNDER THIS SECTION FOR THE APPLICABLE PERIOD.

7 (4) PREMIUMS THAT THE BUREAU CHARGES TO INSURERS UNDER
8 SUBSECTION (1) (D) MUST BE RECOGNIZED IN THE RATE-MAKING PROCEDURES
9 FOR INSURANCE RATES IN THE SAME MANNER THAT EXPENSES AND PREMIUM
10 TAXES ARE RECOGNIZED.

11 (5) THE BUREAU SHALL ANNUALLY DISCLOSE TO THE PUBLIC ON THE
12 DEPARTMENT WEBSITE MONEY HELD BY THE BUREAU, INTEREST AND OTHER
13 EARNINGS OF THE BUREAU, AND ALL DATA USED IN COMPUTING THE EXPECTED
14 LOSSES AND EXPENSES OF ADMINISTERING THIS SECTION AND DETERMINING
15 ANY PREMIUMS CHARGED UNDER SUBSECTION (1) (D), INCLUDING THE AMOUNT
16 THAT COVERS INCURRED BUT NOT REPORTED LOSSES FOR THE PERIOD AND ANY
17 ADJUSTMENT FOR ANY EXCESS OR DEFICIENT PREMIUMS FROM PREVIOUS
18 PERIODS AND THE ACTUARIAL COMPUTATION USED IN MAKING THESE
19 DETERMINATIONS, INCLUDING ESTIMATES AND ASSUMPTIONS. THE DISCLOSURE
20 MUST INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE FOLLOWING:

21 (A) THE ACTUARIAL COMPUTATION USED IN MAKING DETERMINATIONS OF
22 UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES.

23 (B) ALL DOCUMENTS USED IN ESTABLISHING THE FOLLOWING:

24 (i) THE CALCULATION OF THE PRESENT VALUE OF DISBURSEMENTS
25 EXPECTED TO BE MADE IN THE ULTIMATE SETTLEMENT OF THE CLAIMS
26 REPORTED.

27 (ii) THE ACTUARIAL TABLES USED TO REFLECT THE PROBABILITIES OF

1 EACH CLAIMANT SURVIVING TO INCUR THE COSTS PROJECTED.

2 (iii) THE CALCULATION OF INCURRED BUT NOT REPORTED LOSSES.

3 (iv) THE ACTUARIAL ASSUMPTIONS AND CALCULATIONS USED IN
4 PRODUCING THE SHORT-TERM DISCOUNT RATE AND THE LONG-TERM DISCOUNT
5 RATE.

6 (v) THE FORECASTS PRODUCING THE ECONOMIC ASSUMPTIONS FOR CLAIM
7 COST INFLATION AND INVESTMENT RETURNS USED.

8 (vi) THE CURRENT ECONOMIC DATA AND HISTORICAL LONG-TERM
9 CONSUMER PRICE INDEX DATA FOR ANY COST COMPONENT CATEGORIES USED IN
10 PRODUCING INFLATION ASSUMPTIONS.

11 (vii) THE LOSS DEVELOPMENT ANALYSIS UNDERTAKEN IN CONNECTION
12 WITH THE PROVISION FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES.

13 (viii) THE TREND ANALYSIS FOR BOTH FREQUENCY AND SEVERITY
14 UNDERTAKEN IN CONNECTION WITH THE PROVISION FOR UNPAID LOSSES AND
15 LOSS ADJUSTMENT EXPENSES.

16 (C) THE ANNUAL ACTUARIAL EVALUATION USED IN ESTABLISHING ANY
17 PREMIUM.

18 (D) ANNUAL ASSESSMENT REPORTS USED IN ESTABLISHING ANY
19 PREMIUM.

20 (E) THE ANNUITY MODEL USED BY THE OPINING ACTUARY IN HIS OR
21 HER ACTUARIAL OPINION PROJECTING FUTURE PAYMENT STREAMS AT THE
22 CLAIMANT LEVEL AND THE MORTALITY ADJUSTMENT APPLIED.

23 (F) ANY EXPLANATORY MEMORANDUM EXPLAINING THE VARIOUS
24 COMPONENTS OF THE PREMIUM AND THE JUDGMENTS MADE TO PRODUCE THE
25 PREMIUM.

26 (G) THE IMPACT OF EXPENSE REDUCTION INITIATIVES FOR THE PRIOR
27 REPORTING PERIOD, INCLUDING AT A MINIMUM AMOUNT ESTIMATES FOR THE

1 FOLLOWING INITIATIVES:

2 (i) INSURER FRAUD REDUCTION.

3 (ii) CONSUMER FRAUD REDUCTION.

4 (iii) HEALTHCARE COST REDUCTION.

5 (iv) COURT COST REDUCTION.

6 (H) THE BREAKDOWN OF PAYMENTS INTO LEGACY AND SAFETY NET
7 COVERAGE.

8 (6) THE DIRECTOR SHALL ANNUALLY APPOINT AN INDEPENDENT
9 CERTIFIED PUBLIC ACCOUNTANT TO CONDUCT AND DELIVER TO THE DIRECTOR
10 AND THE SENATE AND HOUSE OF REPRESENTATIVES STANDING COMMITTEES ON
11 INSURANCE ISSUES AN AUDIT OF MONEY HELD BY AND INCOME OF THE BUREAU
12 AND EXPENSES OF ADMINISTERING THIS SECTION. IN CONDUCTING THE
13 AUDIT, THE APPOINTED CERTIFIED PUBLIC ACCOUNTANT MUST BE GIVEN
14 ACCESS TO ALL RECORDS OF THE BUREAU. EACH AUDIT REQUIRED BY THIS
15 SUBSECTION MUST INCLUDE A DETERMINATION OF WHETHER THE BUREAU IS
16 LIKELY TO BE ABLE TO CONTINUE TO MEET ITS OBLIGATIONS.

17 (7) AS REQUIRED BY THE DIRECTOR, THE BUREAU SHALL ADMINISTER
18 THIS SECTION AND DO ANYTHING RELATED TO THE ADMINISTRATION OF THIS
19 SECTION.

20 (8) THE DIRECTOR SHALL DO ALL OF THE FOLLOWING:

21 (A) ALL THINGS NECESSARY TO ENSURE THAT THE BUREAU IS PROPERLY
22 ADMINISTERING THIS SECTION.

23 (B) ALL THINGS NECESSARY TO ENSURE THAT INSURERS, INCLUDING
24 FORMER MEMBERS OF THE ASSOCIATION AND INSURERS THAT ISSUE
25 AUTOMOBILE INSURANCE POLICIES IN THIS STATE, ARE COMPLYING WITH
26 THIS SECTION.

27 (C) AS NECESSARY, PROMULGATE RULES TO IMPLEMENT THIS SECTION

1 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL
2 24.201 TO 24.328.

3 (9) AS USED IN THIS SECTION:

4 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
5 CREATED UNDER SECTION 3104.

6 (B) "BUREAU" MEANS THE CATASTROPHIC CLAIMS BUREAU CREATED
7 UNDER THIS SECTION.

8 (C) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A
9 HISTORIC VEHICLE.

10 (D) "HISTORIC VEHICLE" MEANS A VEHICLE THAT IS A REGISTERED
11 HISTORIC VEHICLE UNDER SECTION 803A OR 803P OF THE MICHIGAN VEHICLE
12 CODE, 1949 PA 300, MCL 257.803A AND 257.803P.

13 (E) "ULTIMATE LOSS" MEANS THAT TERM AS DEFINED IN SECTION
14 3104.

15 SEC. 3104B. (1) THE MICHIGAN ACCIDENT LIABILITY SAFETY NET
16 FUND IS CREATED WITHIN THE STATE TREASURY.

17 (2) THE BUREAU SHALL PAY INTO THE FUND MONEY RECEIVED BY THE
18 BUREAU UNDER SECTION 3104A(1)(B) AND (E) AND (2). THE STATE
19 TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM THE BUREAU OR ANY
20 OTHER SOURCE FOR DEPOSIT INTO THE FUND.

21 (3) THE BUREAU SHALL DIRECT THE INVESTMENT OF THE FUND. THE
22 BUREAU SHALL INVEST MONEY HELD IN THE FUND IN LOW- TO marginally
23 LOW-RISK INVESTMENTS THAT MAXIMIZE RETURNS WHILE SAFEGUARDING
24 AGAINST SIGNIFICANT LOSSES. THE BUREAU SHALL CREDIT TO THE FUND
25 INTEREST AND EARNINGS FROM FUND INVESTMENTS.

26 (4) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR MUST
27 REMAIN IN THE FUND AND NOT LAPSE TO THE GENERAL FUND.

1 (5) THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES IS THE
2 ADMINISTRATOR OF THE FUND FOR AUDITING PURPOSES.

3 (6) THE BUREAU SHALL EXPEND MONEY FROM THE FUND, ON
4 APPROPRIATION, ONLY FOR 1 OR MORE OF THE FOLLOWING PURPOSES:

5 (A) THE PAYMENT OF CLAIMS UNDER SECTION 3104A(1) (A) .

6 (B) OPERATION OF THE BUREAU.

7 (7) AS USED IN THIS SECTION:

8 (A) "BUREAU" MEANS THE CATASTROPHIC CLAIMS BUREAU ORGANIZED
9 UNDER SECTION 3104A.

10 (B) "FUND" MEANS THE MICHIGAN ACCIDENT LIABILITY SAFETY NET
11 FUND CREATED UNDER SUBSECTION (1) .

12 SEC. 3104C. (1) ALL OF THE FOLLOWING APPLY TO ALLOWABLE
13 EXPENSES PAYABLE BY THE CATASTROPHIC CLAIMS BUREAU UNDER SECTION
14 3104A FOR ATTENDANT CARE PROVIDED IN THE HOME BY A FAMILY OR
15 HOUSEHOLD MEMBER:

16 (A) FOR THE FIRST 56 HOURS OF ATTENDANT CARE PROVIDED IN A
17 WEEK, PAYMENT IS LIMITED TO A REASONABLE AND CUSTOMARY AMOUNT.

18 (B) FOR ATTENDANT CARE IN EXCESS OF 56 HOURS PROVIDED IN A
19 WEEK, PAYMENT IS LIMITED TO \$15.00 PER HOUR. BEGINNING 3 YEARS
20 AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
21 SECTION AND EVERY 3 YEARS AFTER THAT DATE, THE DIRECTOR SHALL
22 ADJUST THIS AMOUNT TO REFLECT THE AGGREGATE PERCENTAGE CHANGE IN
23 THE UNITED STATES CONSUMER PRICE INDEX, ROUNDED TO THE NEAREST 10
24 CENTS. AS USED IN THIS SUBDIVISION, "CONSUMER PRICE INDEX" MEANS
25 THE PERCENTAGE OF CHANGE IN THE CONSUMER PRICE INDEX FOR ALL URBAN
26 CONSUMERS IN THE UNITED STATES CITY AVERAGE FOR ALL ITEMS, AS
27 REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR

1 STATISTICS, AND AS CERTIFIED BY THE DIRECTOR.

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

9 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), FOR
10 ALLOWABLE EXPENSES UNDER SECTION 3107(1) (A) FOR ATTENDANT CARE
11 PROVIDED IN THE HOME, WHETHER BY A FAMILY OR HOUSEHOLD MEMBER OR BY
12 SOMEONE OTHER THAN A FAMILY OR HOUSEHOLD MEMBER, PAYMENT IS LIMITED
13 TO A TOTAL OF 24 HOURS PER DAY FOR SERVICES PERFORMED BY 1 OR MORE
14 INDIVIDUALS.

15 (3) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, THE
16 BUREAU MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE
17 EXPENSE AT ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.

18 Sec. 3131. (1) Residual liability insurance ~~shall~~**MUST** cover
19 bodily injury and property damage ~~which~~**THAT** occurs ~~within~~**IN** the
20 United States, its territories and possessions, or in Canada. This
21 insurance ~~shall~~**MUST** afford coverage equivalent to that required as
22 evidence of automobile liability insurance under the financial
23 responsibility laws of the place in which the injury or damage
24 occurs. In this state, this insurance ~~shall~~**MUST** afford coverage
25 for automobile liability retained by section 3135.

26 (2) This section ~~shall~~**DOES** not require coverage in this state
27 other than that required by section 3009(1). This section ~~shall~~

1 ~~apply~~ **APPLIES** to all insurance contracts in force as of October 1,
 2 1973, or entered into after ~~that date.~~ **OCTOBER 1, 1973 AND BEFORE**
 3 **JULY 1, 2020.**

4 Sec. 3135. (1) A person **WHOSE TORT LIABILITY IS ABOLISHED**
 5 **UNDER SUBSECTION (3)** remains subject to tort liability for
 6 noneconomic loss caused by his or her ownership, maintenance, or
 7 use of a motor vehicle only if the injured person has suffered
 8 death, serious impairment of body function, or permanent serious
 9 disfigurement.

10 (2) For a cause of action for damages ~~pursuant to~~ **AS TO WHICH**
 11 **TORT LIABILITY REMAINS UNDER** subsection (1) filed on or after July
 12 26, 1996, all of the following apply:

13 (a) The issues of whether the injured person has suffered
 14 serious impairment of body function or permanent serious
 15 disfigurement are questions of law for the court if the court finds
 16 either of the following:

17 (i) There is no factual dispute concerning the nature and
 18 extent of the person's injuries.

19 (ii) There is a factual dispute concerning the nature and
 20 extent of the person's injuries, but the dispute is not material to
 21 the determination whether the person has suffered a serious
 22 impairment of body function or permanent serious disfigurement.
 23 However, for a closed-head injury, a question of fact for the jury
 24 is created if a licensed allopathic or osteopathic physician who
 25 regularly diagnoses or treats closed-head injuries testifies under
 26 oath that there may be a serious neurological injury.

27 (b) Damages ~~shall~~ **MUST** be assessed on the basis of comparative

1 fault, except that damages ~~shall~~**MUST** not be assessed in favor of a
2 party who is more than 50% at fault.

3 (c) Damages ~~shall~~**MUST** not be assessed in favor of a party who
4 was operating his or her own vehicle at the time the injury
5 occurred and did not have in effect for that motor vehicle the
6 security required by section 3101 at the time the injury occurred.

7 (3) Notwithstanding any other provision of law, tort liability
8 arising from the ownership, maintenance, or use within this state
9 of a motor vehicle with respect to which the security required by
10 section 3101 was in effect is abolished. ~~except as to:~~**THIS**

11 **SUBSECTION DOES NOT APPLY TO:**

12 (a) Intentionally caused harm to persons or property. Even
13 though a person knows that harm to persons or property is
14 substantially certain to be caused by his or her act or omission,
15 the person does not cause or suffer that harm intentionally if he
16 or she acts or refrains from acting for the purpose of averting
17 injury to any person, including himself or herself, or for the
18 purpose of averting damage to tangible property.

19 (b) Damages for noneconomic loss as provided and limited in
20 subsections (1) and (2).

21 (c) Damages for allowable expenses, work loss, and survivor's
22 loss as defined in sections 3107 to 3110 in excess of the daily,
23 monthly, and 3-year limitations contained in those sections. The
24 party liable for damages is entitled to an exemption reducing his
25 or her liability by the amount of taxes that would have been
26 payable on account of income the injured person would have received
27 if he or she had not been injured.

1 (d) Damages for economic loss by a nonresident in excess of
2 the personal protection insurance benefits provided under section
3 3163(4). Damages under this subdivision are not recoverable to the
4 extent that benefits covering the same loss are available from
5 other sources, regardless of the nature or number of benefit
6 sources available and regardless of the nature or form of the
7 benefits.

8 (e) Damages up to \$1,000.00 to a motor vehicle, to the extent
9 that the damages are not covered by insurance. An action for
10 damages under this subdivision ~~shall~~**MUST** be conducted as provided
11 in subsection (4).

12 (4) All of the following apply to an action for damages under
13 subsection (3)(e):

14 (a) Damages ~~shall~~**MUST** be assessed on the basis of comparative
15 fault, except that damages ~~shall~~**MUST** not be assessed in favor of a
16 party who is more than 50% at fault.

17 (b) Liability is not a component of residual liability, as
18 prescribed in section 3131, for which maintenance of security is
19 required by this act.

20 (c) The action ~~shall~~**MUST** be commenced, whenever legally
21 possible, in the small claims division of the district court or the
22 municipal court. If the defendant or plaintiff removes the action
23 to a higher court and does not prevail, the judge may assess costs.

24 (d) A decision of the court is not res judicata in any
25 proceeding to determine any other liability arising from the same
26 circumstances that gave rise to the action.

27 (e) Damages ~~shall~~**MUST** not be assessed if the damaged motor

1 vehicle was being operated at the time of the damage without the
2 security required by section 3101.

3 (5) As used in this section, "serious impairment of body
4 function" means an objectively manifested impairment of an
5 important body function that affects the person's general ability
6 to lead his or her normal life.

7 Sec. 3163. (1) ~~An~~ **BEFORE JULY 1, 2020, AN** insurer authorized
8 to transact automobile liability insurance and personal and
9 property protection insurance in this state shall file and maintain
10 a written certification that any accidental bodily injury or
11 property damage occurring in this state arising from the ownership,
12 operation, maintenance, or use of a motor vehicle as a motor
13 vehicle by an out-of-state resident who is insured under its
14 automobile liability insurance policies, is subject to the personal
15 and property protection insurance system under this ~~act~~ **CHAPTER**.

16 (2) A nonadmitted insurer may voluntarily file the
17 certification described in subsection (1).

18 (3) Except as otherwise provided in subsection (4), if a
19 certification filed under subsection (1) or (2) applies to
20 accidental bodily injury or property damage, the insurer and its
21 insureds with respect to that injury or damage have the rights and
22 immunities under this act for personal and property protection
23 insureds, and claimants have the rights and benefits of personal
24 and property protection insurance claimants, including the right to
25 receive benefits from the electing insurer as if it were an insurer
26 of personal and property protection insurance applicable to the
27 accidental bodily injury or property damage.

1 (4) If an insurer of an out-of-state resident is required to
2 provide benefits under subsections (1) to (3) to that out-of-state
3 resident for accidental bodily injury for an accident in which the
4 out-of-state resident was not an occupant of a motor vehicle
5 registered in this state, the insurer is only liable for the amount
6 of ultimate loss sustained up to \$500,000.00. Benefits under this
7 subsection are not recoverable to the extent that benefits covering
8 the same loss are available from other sources, regardless of the
9 nature or number of benefit sources available and regardless of the
10 nature or form of the benefits.

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

25 ~~—(2)—~~The Michigan automobile insurance placement facility shall
26 adopt and maintain an assigned claims plan. A self-insurer or
27 insurer writing insurance as provided by this chapter in this

1 state, **THAT WAS WRITING INSURANCE PROVIDED BY THIS CHAPTER ON JUNE**
 2 **30, 2020, OR THAT WRITES AUTOMOBILE INSURANCE IN THIS STATE AFTER**
 3 **JUNE 30, 2020,** shall participate in the assigned claims plan. Costs
 4 incurred in the administration of the assigned claims plan ~~shall~~
 5 **MUST** be allocated fairly among insurers and self-insurers. ~~On~~
 6 ~~approval under subsection (3), the Michigan automobile insurance~~
 7 ~~placement facility shall implement the assigned claims plan.~~

8 (2) ~~(3) By August 1, 2012, the~~ **THE** Michigan automobile
 9 insurance placement facility board of governors shall adopt an
 10 assigned claims plan by majority vote and shall submit it to the
 11 ~~commissioner~~ **DIRECTOR** for his or her approval. The ~~commissioner~~
 12 **DIRECTOR** shall review the plan within 30 days and respond in
 13 writing as provided in this subsection. If the ~~commissioner~~
 14 **DIRECTOR** finds that the plan meets the requirements of this
 15 chapter, he or she shall approve it. If the ~~commissioner~~ **DIRECTOR**
 16 finds that the plan fails to meet the requirements of this chapter,
 17 he or she shall state in what respects the plan is deficient and
 18 shall afford the Michigan automobile insurance placement facility
 19 board of governors 10 days within which to correct the deficiency.
 20 If the ~~commissioner~~ **DIRECTOR** and the Michigan automobile insurance
 21 placement facility board of governors fail to agree that the plan
 22 submitted, with any corrections, meets the requirements of this
 23 chapter, either party to the controversy may submit the issue to
 24 the circuit court for Ingham ~~county~~ **COUNTY** for a determination. If
 25 the ~~commissioner~~ **DIRECTOR** fails to render a written decision on the
 26 assigned claims plan within 30 days after receipt of the plan, the
 27 plan ~~shall be~~ **IS** considered approved. The Michigan automobile

1 insurance placement facility shall forward a plan approved under
2 this subsection to the secretary of state. The plan takes effect on
3 approval by the ~~commissioner~~**DIRECTOR**.

4 (3) ~~(4)~~ Amendments to the assigned claims plan approved under
5 subsection ~~(3)~~ shall **(2) MUST** be adopted by the board of governors
6 and approved by the ~~commissioner~~**DIRECTOR** as provided in subsection
7 ~~(3)~~. ~~Until the date established in the plan under subsection~~
8 ~~(5)(c), the board of governors shall give the secretary of state~~
9 ~~advance notice of any proposed amendments to the plan.~~**(2) .**

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

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

15 ~~—— (b) The date by which existing claims that have been assigned~~
16 ~~under the plan maintained by the secretary of state under~~
17 ~~subsection (1) will be transferred to the Michigan automobile~~
18 ~~insurance placement facility to be included in and administered~~
19 ~~under the adopted plan.~~

20 ~~—— (c) A date by which all functions of the assigned claims plan~~
21 ~~maintained by the secretary of state, with the exception of driver~~
22 ~~license and vehicle sanctions, will be transferred to the Michigan~~
23 ~~automobile insurance placement facility.~~

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

~~1 (c) Reimbursement of the secretary of state by the Michigan
2 automobile insurance placement facility for all of the following:~~

~~3 (i) Expenses of developing the plan under subsection (6).~~

~~4 (ii) Expenses of transferring operations from the assigned
5 claims facility to the Michigan automobile insurance placement
6 facility.~~

~~7 (iii) Expenses incurred by the secretary of state after the
8 transfer of operations from the assigned claims facility to the
9 Michigan automobile insurance placement facility for operations
10 performed by the secretary of state on behalf of the Michigan
11 automobile insurance placement facility.~~

~~12 (6) The secretary of state and the Michigan automobile
13 insurance placement facility shall cooperate and mutually develop
14 the aspects of the plan to be adopted under subsection (3) that are
15 required under subsection (5).~~

~~16 (7) The secretary of state shall provide the Michigan
17 automobile insurance placement facility with all information
18 necessary for the operation of the assigned claims fund.~~

~~19 (8) One year after the date established under subsection
20 (5)(c), the commissioner shall report in writing to the senate and
21 house of representatives standing committees on insurance issues on
22 the cost of the transfer of the assigned claims plan to the
23 Michigan automobile insurance placement facility and the
24 effectiveness of operations under the new plan.~~

~~25 (4) (9) As used in this section:~~

~~26 (a) "Michigan automobile insurance placement facility" means
27 the Michigan automobile insurance placement facility created under~~

1 chapter 33.

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

4 Sec. 3172. (1) A person entitled to claim because of
5 accidental bodily injury arising out of the ownership, operation,
6 maintenance, or use of a motor vehicle as a motor vehicle in this
7 state may obtain personal protection insurance benefits through the
8 assigned claims plan **UNDER 1 OR MORE OF THE FOLLOWING**

9 **CIRCUMSTANCES:**

10 (A) **FOR ACCIDENTAL BODILY INJURY THAT OCCURS BEFORE JULY 1,**
11 **2020,** if no personal protection insurance is applicable to the
12 injury.

13 (B) **FOR ACCIDENTAL BODILY INJURY THAT OCCURS BEFORE JULY 1,**
14 **2020, IF** no personal protection insurance applicable to the injury
15 can be identified.

16 (C) **FOR ACCIDENTAL BODILY INJURY REGARDLESS OF WHEN IT OCCURS,**
17 **IF** the personal protection insurance applicable to the injury
18 cannot be ascertained because of a dispute between 2 or more
19 automobile insurers concerning their obligation to provide coverage
20 or the equitable distribution of the loss. ~~or~~

21 (D) **FOR ACCIDENTAL BODILY INJURY REGARDLESS OF WHEN IT OCCURS,**
22 **IF** the only identifiable personal protection insurance applicable
23 to the injury is, because of financial inability of 1 or more
24 insurers to fulfill their obligations, inadequate to provide
25 benefits up to the maximum prescribed. ~~In that case,~~ **IF THIS**
26 **SUBDIVISION APPLIES,** unpaid benefits due or coming due may be
27 collected under the assigned claims plan and the insurer to which

1 the claim is assigned is entitled to reimbursement from the
2 defaulting insurers to the extent of their financial
3 responsibility.

4 (2) Except as otherwise provided in this subsection, personal
5 protection insurance benefits, including benefits arising from
6 accidents occurring before March 29, 1985, payable through the
7 assigned claims plan ~~shall~~**MUST** be reduced to the extent that
8 benefits covering the same loss are available from other sources,
9 regardless of the nature or number of benefit sources available and
10 regardless of the nature or form of the benefits, to a person
11 claiming personal protection insurance benefits through the
12 assigned claims plan. This subsection only applies if the personal
13 protection insurance benefits are payable through the assigned
14 claims plan because no personal protection insurance is applicable
15 to the injury, no personal protection insurance applicable to the
16 injury can be identified, or the only identifiable personal
17 protection insurance applicable to the injury is, because of
18 financial inability of 1 or more insurers to fulfill their
19 obligations, inadequate to provide benefits up to the maximum
20 prescribed. As used in this subsection, "sources" and "benefit
21 sources" do not include the program for medical assistance for the
22 medically indigent under the social welfare act, 1939 PA 280, MCL
23 400.1 to 400.119b, or insurance under the health insurance for the
24 aged act, ~~title~~**SUBCHAPTER** XVIII of the social security act, 42 USC
25 1395 to ~~1395kkk-1-1395lll~~**1395lll**.

26 (3) If the obligation to provide personal protection insurance
27 benefits cannot be ascertained because of a dispute between 2 or

1 more automobile insurers concerning their obligation to provide
2 coverage or the equitable distribution of the loss, and if a method
3 of voluntary payment of benefits cannot be agreed upon among or
4 between the disputing insurers, all of the following apply:

5 (a) The insurers who are parties to the dispute shall, or the
6 claimant may, immediately notify the Michigan automobile insurance
7 placement facility of their inability to determine their statutory
8 obligations.

9 (b) The claim ~~shall~~**MUST** be assigned by the Michigan
10 automobile insurance placement facility to an insurer and the
11 insurer shall immediately provide personal protection insurance
12 benefits to the claimant or claimants entitled to benefits.

13 (c) An action ~~shall~~**MUST** be immediately commenced on behalf of
14 the Michigan automobile insurance placement facility by the insurer
15 to whom the claim is assigned in circuit court to declare the
16 rights and duties of any interested party.

17 (d) The insurer to whom the claim is assigned shall join as
18 parties defendant to the action commenced under subdivision (c)
19 each insurer disputing either the obligation to provide personal
20 protection insurance benefits or the equitable distribution of the
21 loss among the insurers.

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

25 (f) After hearing the action, the circuit court shall
26 determine the insurer or insurers, if any, obligated to provide the
27 applicable personal protection insurance benefits and the equitable

1 distribution, if any, among the insurers obligated, and shall order
2 reimbursement to the Michigan automobile insurance placement
3 facility from the insurer or insurers to the extent of the
4 responsibility as determined by the court. The reimbursement
5 ordered under this subdivision ~~shall~~**MUST** include all benefits and
6 costs paid or incurred by the Michigan automobile insurance
7 placement facility and all benefits and costs paid or incurred by
8 insurers determined not to be obligated to provide applicable
9 personal protection insurance benefits, including reasonable,
10 actually incurred attorney fees and interest at the rate prescribed
11 in section 3175 as of December 31 of the year preceding the
12 determination of the circuit court.

13 **(4) IF A PERSON SUSTAINS ACCIDENTAL BODILY INJURY AFTER JUNE**
14 **30, 2020 AND OBTAINS A CIVIL JUDGMENT FOR DAMAGES FOR THE BODILY**
15 **INJURY, AND IF AN ABSTRACT IS CERTIFIED BECAUSE THE JUDGMENT HAS**
16 **NOT BEEN SATISFIED AS PROVIDED IN SECTION 511 OF THE MICHIGAN**
17 **VEHICLE CODE, 1949 PA 300, MCL 257.511, THE PERSON IS ENTITLED TO**
18 **BENEFITS THROUGH THE ASSIGNED CLAIMS PLAN. THE PERSON MAY CLAIM**
19 **PERSONAL PROTECTION INSURANCE BENEFITS THAT WOULD HAVE BEEN PAYABLE**
20 **UNDER THIS CHAPTER FOR ACCIDENTAL BODILY INJURY BEFORE JULY 1,**
21 **2020.**

22 Sec. 3179. **(1) ~~This act~~ SUBJECT TO SUBSECTION (2), THIS**
23 **CHAPTER** applies to motor vehicle accidents occurring on or after
24 October 1, 1973.

25 **(2) UNLESS EXPRESSLY PROVIDED OTHERWISE IN THIS CHAPTER, THIS**
26 **CHAPTER DOES NOT APPLY TO A MOTOR VEHICLE ACCIDENT THAT OCCURS**
27 **AFTER JUNE 30, 2020.**

1 Sec. 3303. As used in this chapter:

2 (a) "Automobile insurance" means insurance for automobiles
3 which provides any of the following:

4 (i) Security required ~~pursuant to~~ **UNDER** section 3101.

5 (ii) Personal protection, property protection, and residual
6 liability insurance for amounts in excess of the amounts required
7 under chapter 31.

8 **(iii) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY**
9 **INSURANCE.**

10 (iv) ~~(iii)~~ Insurance coverage customarily known as
11 comprehensive and collision.

12 (v) ~~(iv)~~ Other insurance coverages for a private passenger
13 nonfleet automobile as prescribed by rule promulgated by the
14 ~~commissioner~~ **DIRECTOR**.

15 (b) "Qualified applicant", for automobile insurance, means a
16 person who is an owner or registrant of an automobile registered or
17 to be registered in this state or who holds a valid license to
18 operate a motor vehicle, but does not include any of the following:

19 (i) A person who is not required to maintain security ~~pursuant~~
20 ~~to~~ **UNDER** section 3101 **OR MAINTAIN INSURANCE DESCRIBED IN SECTION**
21 **3009**, unless the person intends to reside in this state for 30 days
22 or more and makes a written statement of that intention on a form
23 approved by the ~~commissioner~~ **DIRECTOR**.

24 (ii) A person whose license to operate a vehicle is under
25 suspension or revocation, unless the suspension was made ~~pursuant~~
26 ~~to~~ **UNDER** section 310, ~~310b~~, 310d, 315, 321a, 324, 328, 512, 515,
27 625, 625b, 625f, 748, 801c, or 907 of ~~Act No. 300 of the Public~~

~~Acts of 1949, as amended, being sections~~ **THE MICHIGAN VEHICLE CODE,**
1949 PA 300, MCL 257.310, 257.310b, 257.310d, 257.315, 257.321a,
 257.324, 257.328, 257.512, 257.515, 257.625, 257.625b, 257.625f,
 257.748, 257.801c, and 257.907. ~~of the Michigan Compiled Laws.~~

(iii) A person whose policy of automobile insurance has been cancelled because of nonpayment of premium or finance premium within the immediately preceding 2-year period, unless the applicant or insured pays in full a premium installment developed under section 3350(a) before issuance, continuation, or renewal of the policy.

(c) "Facility" means the automobile insurance placement facility created ~~pursuant to~~ **UNDER** this chapter.

(d) "Participating member" means an insurer who is required by this chapter to be a member of the facility and who in ~~any given~~ **A** calendar year has a participation ratio greater than zero in the facility for that year.

(e) "Participation ratio" means the ratio of the participating member's Michigan premiums or exposure units to the comparable statewide totals for all participating members, as follows:

(i) For private passenger nonfleet automobile insurance, for distribution of risk or distribution of loss, the ratio ~~shall~~ **MUST** be based on voluntary net direct automobile insurance car years written in this state for the calendar year ending December 31 of the second prior year as reported to the statistical agent of each participating member as private passenger nonfleet exposure.

(ii) For all other automobile insurance, including insurance for fleets, commercial vehicles, public vehicles, and garages, the

ratio for distribution of risks or distribution of loss ~~shall~~**MUST** be based on the total Michigan automobile insurance gross direct premiums written, including policy and membership fees, less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, reduced by the amount of premiums reported as private passenger nonfleet for the calendar year ending December 31 of the second prior year.

(iii) For expenses of operation of the facility and for voting rights, the ratio ~~shall~~**MUST** be based on the total Michigan automobile insurance gross direct premiums written, including policy and membership fees, less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded for the calendar year ending December 31 of the second prior year.

(f) "Private passenger nonfleet automobile" means a motorized vehicle designed for transporting passengers or goods, subject to specific contemporary definitions for insurance purposes as provided in the plan of operation.

Sec. 4501. As used in this chapter:

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

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

4 (c) "Insurance policy" or "policy" means an insurance policy,
5 benefit contract of a self-funded plan, health maintenance
6 organization contract, nonprofit dental care corporation
7 certificate, or health care corporation certificate.

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

13 (E) **"MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**
14 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**
15 **6302.**

16 (F) ~~(e)~~ "Organization" means an organization or internal
17 department of an insurer established to detect and prevent
18 insurance fraud.

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

23 (H) ~~(g)~~ "Practitioner" means a licensee of this state
24 authorized to practice medicine and surgery, psychology,
25 chiropractic, or law, any other licensee of ~~the~~ **THIS** state, or an
26 unlicensed health care provider whose services are compensated,
27 directly or indirectly, by insurance proceeds, or a licensee

1 similarly licensed in other states and nations, or the practitioner
2 of any nonmedical treatment rendered in accordance with a
3 recognized religious method of healing.

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

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

20 Sec. 6107. (1) Before April 1 of each year, ~~each~~**AN** insurer
21 engaged in writing insurance coverages that provide the security
22 required by section 3101(1) **OR AUTOMOBILE INSURANCE POLICIES** in
23 this state, as a condition of its authority to transact insurance
24 in this state, shall pay to the authority an assessment equal to
25 \$1.00 multiplied by the insurer's total written car years of
26 insurance ~~providing~~**THAT PROVIDE** the security required by section
27 3101(1) **OR UNDER AUTOMOBILE INSURANCE POLICIES** written in this

1 state during the preceding year.

2 (2) The authority shall segregate and deposit money received
3 under subsection (1), and all other money received by the
4 authority, in a fund to be known as the automobile theft prevention
5 fund. The authority shall administer the automobile theft
6 prevention fund.

7 (3) The authority shall expend money in the automobile theft
8 prevention fund in the following order of priority:

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

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

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

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

18 (iii) Providing financial support to local prosecutors for
19 programs designed to reduce the incidence of economic automobile
20 theft.

21 (iv) Providing financial support to judicial agencies for
22 programs designed to reduce the incidence of economic automobile
23 theft.

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

27 (vi) Conducting educational programs designed to inform

1 automobile owners of methods of preventing automobile theft and to
2 provide equipment, for experimental purposes, to enable automobile
3 owners to prevent automobile theft.

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

8 (5) Money in the automobile theft prevention fund is not state
9 money.

10 (6) As used in this section, "written car year" means the
11 portion of a year during which a vehicle is insured as determined
12 by the catastrophic claims association and used to calculate
13 premium charges under section 3104.

14 CHAPTER 63

15 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

16 SEC. 6301. AS USED IN THIS CHAPTER:

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

19 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
20 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
21 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE
22 INSURANCE.

23 (C) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND
24 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE
25 SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE
26 SECOND PREVIOUS CALENDAR YEAR AS REPORTED TO THE STATISTICAL AGENT
27 OF EACH INSURER.

1 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD
2 AUTHORITY IS CREATED WITHIN THE DEPARTMENT OF THE ATTORNEY GENERAL.
3 THE DEPARTMENT OF THE ATTORNEY GENERAL SHALL PROVIDE STAFF FOR THE
4 AUTHORITY.

5 (2) WITH THE DISCRETION TO APPROVE OR DISAPPROVE PROGRAMS TO
6 BE SUPPORTED, THE AUTHORITY SHALL DO BOTH OF THE FOLLOWING:

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

10 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL
11 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
12 AUTOMOBILE INSURANCE FRAUD.

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

17 SEC. 6305. THE AUTHORITY HAS THE POWERS NECESSARY TO CARRY OUT
18 ITS DUTIES UNDER THIS ACT, INCLUDING, BUT NOT LIMITED TO, THE POWER
19 TO DO THE FOLLOWING:

20 (A) SUE AND BE SUED.

21 (B) SOLICIT AND ACCEPT GIFTS, GRANTS, LOANS, AND OTHER AID
22 FROM ANY PERSON, THE FEDERAL GOVERNMENT, THIS STATE, A LOCAL UNIT
23 OF GOVERNMENT, OR AN AGENCY OF THE FEDERAL GOVERNMENT, THIS STATE,
24 OR A LOCAL UNIT OF GOVERNMENT.

25 (C) MAKE GRANTS AND INVESTMENTS.

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

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

4 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS
5 NECESSARY.

6 (G) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
7 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
8 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
9 THE PLAN OF OPERATION.

10 SEC. 6307. AN INSURER OR SELF-INSURER ENGAGED IN WRITING
11 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION
12 3101(1) IN THIS STATE MAY PAY TO THE AUTHORITY, MONEY TO BE USED BY
13 THE AUTHORITY TO CARRY OUT ITS DUTIES UNDER THIS CHAPTER.

14 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE
15 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO
16 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE
17 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED
18 BY THE AUTHORITY. DATA REQUIRED TO BE REPORTED UNDER THIS SECTION
19 INCLUDES, AT A MINIMUM, ALL OF THE FOLLOWING INFORMATION:

20 (A) THE NUMBER OF DENIED CLAIMS AND THE AMOUNT OF EACH CLAIM
21 DENIED.

22 (B) THE TIME BETWEEN SUBMISSION OF CLAIMS AND THE RECEIPT OF
23 BENEFITS.

24 (C) THE DIFFERENCE BETWEEN APPLICABLE RATES AS RECOMMENDED BY
25 AN INDEPENDENT THIRD-PARTY ORGANIZATION, AS DESCRIBED IN SECTION
26 623B OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.623B, AND
27 THE BENEFITS PROVIDED.

1 (D) PREMIUM RATING ERRORS.

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

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

10 SEC. 6309. A CLAIMANT FOR BENEFITS TO BE PAID FROM THE
11 CATASTROPHIC CLAIMS ASSOCIATION CREATED UNDER SECTION 3104 OR THE
12 CATASTROPHIC CLAIMS BUREAU CREATED UNDER SECTION 3104A, AS A
13 CONDITION OF RECEIVING THE BENEFITS, SHALL REPORT CLAIMANT DATA AS
14 REQUIRED BY THE AUTHORITY, INCLUDING, BUT NOT LIMITED TO, THE
15 CLAIMANT'S HEALTH STATUS BEFORE THE ACCIDENT AND HEALTH STATUS
16 AFTER THE ACCIDENT.

17 SEC. 6310. (1) THE AUTHORITY MAY IMPOSE A CIVIL FINE ON AN
18 INDIVIDUAL WHO ENGAGES IN FRAUD IN CONNECTION WITH THE RECEIPT OF
19 BENEFITS UNDER AN AUTOMOBILE INSURANCE POLICY. A FINE UNDER THIS
20 SUBSECTION MUST BE PROPORTIONAL TO THE BENEFITS RECEIVED.

21 (2) THE AUTHORITY MAY IMPOSE A CIVIL FINE ON AN INSURER THAT
22 ENGAGES IN FRAUD IN CONNECTION WITH A CLAIM FOR BENEFITS UNDER AN
23 AUTOMOBILE INSURANCE POLICY. A FINE UNDER THIS SUBSECTION MUST BE
24 PROPORTIONAL TO THE BENEFITS CLAIMED BUT NOT PAID.

25 (3) A FINE IMPOSED UNDER THIS SECTION MAY BE ENFORCED IN A
26 CIVIL ACTION BROUGHT BY THE ATTORNEY GENERAL. FINES IMPOSED UNDER
27 THIS SECTION MUST BE DEPOSITED IN THE MICHIGAN ACCIDENT LIABILITY

1 SAFETY NET FUND CREATED UNDER SECTION 3104B.

2 SEC. 6311. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE
3 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE
4 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND
5 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE
6 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE
7 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S
8 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD AND COST SAVINGS THAT
9 HAVE RESULTED FROM THOSE EFFORTS.

10 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED UNDER
11 SUBSECTION (1) MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD OCCURRING
12 IN THIS STATE FOR THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD
13 ON RATES CHARGED FOR AUTOMOBILE INSURANCE, SUMMARIZE PREVENTION
14 PROGRAMS, AND OUTLINE ALLOCATIONS MADE BY THE AUTHORITY. INSURERS
15 AND THE DIRECTOR SHALL COOPERATE IN DEVELOPING THE REPORT AS
16 REQUESTED BY THE AUTHORITY AND SHALL MAKE AVAILABLE TO THE
17 AUTHORITY RECORDS AND STATISTICS CONCERNING AUTOMOBILE INSURANCE
18 FRAUD, INCLUDING THE NUMBER OF INSTANCES OF SUSPECTED AND CONFIRMED
19 INSURANCE FRAUD, NUMBER OF PROSECUTIONS AND CONVICTIONS INVOLVING
20 AUTOMOBILE INSURANCE FRAUD, AND AUTOMOBILE INSURANCE FRAUD
21 RECIDIVISM. THE AUTHORITY SHALL EVALUATE THE IMPACT AUTOMOBILE
22 INSURANCE FRAUD HAS ON THE CITIZENS OF THIS STATE AND THE COSTS
23 INCURRED BY THE CITIZENS THROUGH INSURANCE, POLICE ENFORCEMENT,
24 PROSECUTION, AND INCARCERATION BECAUSE OF AUTOMOBILE INSURANCE
25 FRAUD. THE AUTHORITY SHALL SUBMIT THE REPORT TO THE LEGISLATURE
26 REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF REPRESENTATIVES
27 STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER INSURANCE ISSUES

1 **AND THE DIRECTOR.**

2 Enacting section 1. This amendatory act does not take effect
3 unless all of the following bills of the 99th Legislature are
4 enacted into law:

5 (a) Senate Bill No. 1217

6

7 (b) Senate Bill No. 1212

8

9 (c) Senate Bill No. 1213

10

11 (d) Senate Bill No. 1214

12

13 (e) Senate Bill No. 1215

14

15 (f) Senate Bill No. 1216

16