

## THE INSURANCE CODE OF 1956 (EXCERPT)

### Act 218 of 1956

#### CHAPTER 33

#### AUTOMOBILE INSURANCE PLACEMENT FACILITY

##### **500.3301 Michigan automobile insurance placement facility; purpose; participation.**

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

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

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

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

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981.

**Popular name:** Act 218

**Popular name:** Essential Insurance

##### **500.3303 Definitions.**

Sec. 3303. As used in this chapter:

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

(i) Security required pursuant to section 3101.

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

(iii) Insurance coverage customarily known as comprehensive and collision.

(iv) Other insurance coverages for a private passenger nonfleet automobile as prescribed by rule promulgated by the commissioner.

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

(i) A person who is not required to maintain security pursuant to section 3101, unless the person intends to reside in this state for 30 days or more and makes a written statement of that intention on a form approved by the commissioner.

(ii) A person whose license to operate a vehicle is under suspension or revocation, unless the suspension was made pursuant to section 310, 310b, 310d, 315, 321a, 324, 328, 512, 515, 625, 625b, 625f, 748, 801c, or 907 of Act No. 300 of the Public Acts of 1949, as amended, being sections 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 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 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 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 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 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.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1971, Act 210, Imd. Eff. Dec. 29, 1971;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3310 Board of governors of facility; election and appointment of governors; representation of insurance agents and general public; terms; vacancies; adoption of plan of operation by facility committee; approval of plan; amendments and adherence to plan.**

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

(2) The facility committee shall adopt a plan of operation by majority vote of the committee and shall submit it to the commissioner for his or her approval. If the commissioner finds that the plan meets the requirements of this chapter, he or she shall approve it. If the commissioner finds that the plan fails to meet the requirements of this chapter, he or she shall state in what respects the plan is deficient and shall afford the facility committee 10 days within which to correct the deficiency. If the commissioner and the facility committee fail to agree that the provisions of the plan so submitted meet the requirements of this chapter, either party to the controversy may submit the issue to the circuit court for Ingham county for a determination. If the commissioner fails to render a written decision on the plan of operation within 30 days after receipt of the plan, the plan shall be considered approved.

(3) Amendments to the plan of operation shall be subject to majority approval by the board of governors and ratified by majority of the membership vote. The membership vote shall be determined as defined in section 3303(e)(iii). Amendments to the plan of operation shall be subject to the approval of the commissioner, as provided in subsection (2).

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

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981;—Am. 1984, Act 367, Imd. Eff. Dec. 27, 1984;—Am. 1986, Act 10, Imd. Eff. Feb. 28, 1986;—Am. 2001, Act 228, Eff. Mar. 1, 2002.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3315 Repealed. 1991, Act 191, Eff. Apr. 1, 1992.**

**Compiler's note:** The repealed section pertained to a program to reduce participation ratio, definition of urban area, and the effective repeal date.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3320 Private passenger nonfleet automobiles; duties of facility; insurance requirements.**

Sec. 3320. (1) The facility, with respect to private passenger nonfleet automobiles, shall provide for all of the following:

(a) The equitable distribution of applicants to designated participating members in accordance with the plan of operation.

(b) Issuance of policies of automobile insurance to qualified applicants as provided in the plan of operation.

(c) The appointment of a number of participating members appointed by the facility to act on behalf of the facility for the distribution of risks or for the servicing of insureds, as provided in the plan of operation and

consistent with this section. The facility shall do all of the following:

(i) Appoint those members having the 5 highest participation ratios, as defined in section 3303(e)(i), to act on behalf of the facility.

(ii) Appoint other members to act on behalf of the facility who volunteer to so act and who meet reasonable servicing standards established in the plan of operation, up to a maximum of 5 in addition to those appointed pursuant to subparagraph (i).

(iii) Appoint additional members to act on behalf of the facility as necessary to do all of the following:

(A) Assure convenient access to the facility for all citizens of this state.

(B) Assure a reasonable quality of service for persons insured through the facility.

(C) Assure a reasonable representation of the various insurance marketing systems.

(D) Assure reasonable claims handling.

(E) Assure a reasonable range of choice of insurers for persons insured through the facility.

(d) Standards and monitoring procedures to assure that participating members acting on behalf of the facility do all of the following:

(i) Provide service to persons insured through the facility equivalent to the service provided to persons insured by the insurer voluntarily.

(ii) Handle claims in an efficient and reasonable manner.

(iii) Provide internal review procedures for persons insured through the facility identical to those established pursuant to chapter 21 for persons insured voluntarily.

(e) The establishment of procedures and guidelines for the issuance of binders by agents upon receipt of the application for coverage.

(f) Issuance of policies of automobile insurance to qualified applicants whose licenses to operate a vehicle have been suspended under section 310, 310d, 315, 321a, 324, 328, 512, 515, 625, 625b, 625f, 748, 801c, or 907 of the Michigan vehicle code, 1949 PA 300, MCL 257.310, 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, as provided in the plan of operation. These policies may be canceled after a period of not less than 30 days if the insured fails to produce proof that the suspended license has been reinstated.

(g) Administration of the assigned claims plan as required under chapter 31.

(2) Automobile insurance made available under this section shall be equivalent to the automobile insurance normally available in the voluntary competitive market in forms as approved by the commissioner with any changes, additions, and amendments adopted by the board of governors and approved by the commissioner.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1971, Act 210, Imd. Eff. Dec. 29, 1971;—Am. 1976, Act 303, Imd. Eff. Oct. 27, 1976;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981;—Am. 2012, Act 204, Imd. Eff. June 27, 2012.

**Compiler's note:** Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3321 Automobiles not included in MCL 500.3320; insurance required; equitable distribution of applicants to participating members.**

Sec. 3321. The facility shall provide, with respect to all automobiles not included in section 3320:

(a) Only the insurance required by law or required by the commissioner of insurance. The commissioner may only require insurance for which a rate has been filed by an insurance rating organization or insurer and which rate is in effect and which the commissioner finds, after a public hearing, to be reasonable, necessary, and in the public interest. The temporary provision of insurance may be required pending the public hearing if the commissioner determines it necessary to do so.

(b) The equitable distribution of applicants to participating members in accordance with the participation ratios defined in section 3303.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1977, Act 53, Imd. Eff. July 5, 1977.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3330 Board of governors; powers generally; establishment of automatic data processing system.**

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

(a) To sue and be sued in the name of the facility. A judgment against the facility shall not create any

liabilities in the individual participating members of the facility.

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

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

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

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

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

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

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

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

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 2012, Act 204, Imd. Eff. June 27, 2012.

**Compiler's note:** Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3340 Filing of classifications, rules, rates, and amendments thereto; approval; use of rates and rules; certain laws inapplicable; requirements for private passenger nonfleet automobile rates.**

Sec. 3340. (1) As agent for participating members, the facility shall file with the commissioner every manual of classification, every manual of rules and rates, every rating plan and every modification of a manual of classification, manual of rules and rates, or rating plan proposed for use for private passenger nonfleet automobile insurance placed through the facility. The facility may incorporate by reference in its filings other material on file with the commissioner. The classifications, rules and rates and any amendments thereof shall be subject to prior written approval by the commissioner. Except as provided in this chapter, rates filed by the facility for private passenger nonfleet automobile insurance shall be in accordance with chapter 21 and rates by the facility for all other automobile insurance shall be filed in accordance with chapter 24.

(2) Every participating member designated to act on behalf of the facility shall be authorized to use the rates and rules approved by the commissioner for use by the facility on business placed through the facility and shall not use other rates for automobile insurance placed through the facility.

(3) Laws relating to rating organizations or advisory organizations shall not apply to functions provided for under this section.

(4) Private passenger nonfleet automobile rates for the facility shall comply with the following requirements:

(a) The territories for the facility shall be defined as those of the principal rating organization for the voluntary market.

(b) The base rates for the facility shall be derived from the weighted average of the base rates currently charged in each facility territory by the 5 largest insurer groups, determined by voluntary net direct automobile insurance car years written in the state for the calendar year ending December 31 of the second prior year as reported to the statistical agent.

(c) The base rates as determined in subdivision (b) in each facility territory shall be modified as follows:

(i) One hundred percent of the weighted average in each territory in the highest rated territory or territories

in the state within a single political subdivision.

(ii) From 105% to 125% of the weighted average for all other facility territories, with the highest rated such territories receiving the lowest surcharge and increasing to the highest surcharge in the lowest rated facility territories in 5 percentage point increments. In no event, however, shall any such rate exceed the rate established in subdivision (i).

(d) The facility shall adjust its rates at least once each year or whenever changes in private competitive insurance market rate levels would produce a change in excess of 5% in the facility rate for any facility territory. However, changes shall not be made more often than quarterly.

(e) In the event that underwriting losses and administrative expenses resulting from the operation of the facility at rates established pursuant to this subsection would exceed an amount equal to 5% of the net direct private passenger nonfleet automobile premiums for this state, the levels specified in subdivision (c)(i) and (ii) shall be proportionately increased in an amount to produce underwriting losses and administrative expenses that do not exceed 5%.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 1986, Act 10, Imd. Eff. Feb. 28, 1986.

**Compiler's note:** Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

**Popular name:** Act 218

**Popular name:** Essential Insurance

### **500.3341 Coverage for certain convictions; premium surcharges.**

Sec. 3341. As part of its secondary or merit rating plan, the facility shall provide for premium surcharges for any or all coverages, other than comprehensive coverage, for convictions for 1 or more of the following, when that information becomes available to the facility:

(a) A violation of section 904 of the Michigan vehicle code, 1949 PA 300, MCL 257.904.

(b) A violation of section 904a of the Michigan vehicle code, 1949 PA 300, MCL 257.904a.

(c) A violation of section 91 of the Michigan penal code, 1931 PA 328, MCL 750.91, resulting from or in connection with the operation of a motor vehicle.

(d) A violation of section 316 of the Michigan penal code, 1931 PA 328, MCL 750.316, resulting from or in connection with the operation of a motor vehicle.

(e) A violation of section 317 of the Michigan penal code, 1931 PA 328, MCL 750.317, resulting from or in connection with the operation of a motor vehicle.

(f) A violation of section 321 of the Michigan penal code, 1931 PA 328, MCL 750.321, resulting from or in connection with the operation of a motor vehicle.

(g) A violation of section 324 of the Michigan penal code, 1931 PA 328, MCL 750.324, or section 601d of the Michigan vehicle code, 1949 PA 300, MCL 257.601d.

(h) A violation of section 382 of the Michigan penal code, 1931 PA 328, MCL 750.382, resulting from or in connection with the operation of a motor vehicle.

(i) A violation of section 413 of the Michigan penal code, 1931 PA 328, MCL 750.413.

(j) A violation of section 626c of the Michigan vehicle code, 1949 PA 300, MCL 257.626c.

(k) A violation substantially similar to any of the violations listed in subdivisions (a) through (j) under the laws of another state or a local unit of government of this state or another state.

**History:** Add. 2002, Act 251, Imd. Eff. May 1, 2002;—Am. 2002, Act 656, Imd. Eff. Dec. 23, 2002;—Am. 2008, Act 468, Eff. Oct. 31, 2010.

**Popular name:** Act 218

**Popular name:** Essential Insurance

### **500.3350 Additional duties of facility.**

Sec. 3350. The facility shall provide for all of the following:

(a) One or more optional deferred premium payment plans, which shall require an advance payment at least equal to 25% of the total premium or \$100.00, whichever is greater.

(b) That policies issued on facility placed business may be indorsed to exclude coverage for any named person who is operating a motor vehicle after his or her driver's license has been refused, revoked, or suspended by governmental authority other than pursuant to section 310, 310b, 310d, 315, 321a, 324, 328, 512, 515, 625, 625b, 625f, 748, 801c, or 907 of Act No. 300 of the Public Acts of 1949, as amended.

(c) For publicizing and developing public understanding of the facility.

(d) For the rendering of an annual financial statement to all participating members and the commissioner.

(e) For the reinsurance of facility placed risks including, if desired, a pool for reinsuring automobile insurance coverages with limits in excess of those required by statute, or such other underwriting



arrangements as may be necessary to enable participating members to offer said limits of liability insurance.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981;—Am. 1982, Act 502, Eff. Mar. 30, 1983.

**Popular name:** Act 218

**Popular name:** Essential Insurance

**500.3355 Agent; duties; disqualification by facility; notice; request for hearing; ruling by board of governors; appeal; prohibited conduct by disqualified agent; standards and procedures.**

Sec. 3355. (1) Every agent who is authorized to solicit, negotiate, or effect automobile insurance on behalf of any participating member shall:

(a) Offer to place automobile insurance through the facility for any qualified applicant requesting the agent to do so.

(b) If the qualified applicant accepts the offer in subdivision (a), forward the application and any deposit premium required in accordance with the plan of operation, rules, and procedures of the facility.

(c) Be entitled to receive, and any participating member be entitled to pay, a commission for placing insurance through the facility at the uniform rates of commission as provided in the plan of operation.

(2) The facility may disqualify an agent from placing automobile insurance through the facility if the agent persistently violates the facility's rules contained in the facility's plan of operation. The facility shall notify the agent of his or her disqualification in the manner prescribed in the plan of operation. If an agent is disqualified under this section, the facility shall notify the commissioner of the disqualification.

(3) An agent may submit a written request for a hearing before the facility's board of governors or its designee not later than 10 business days after the notice of disqualification is issued. If a written request for a hearing is received, the agent's disqualification shall be suspended pending a ruling by the board of governors. The board of governors or its designee shall hold a hearing not later than 10 business days after receipt of the written request for a hearing. The board of governors or its designee shall issue a ruling not later than 5 business days after the hearing and shall notify the commissioner of the ruling. A ruling of disqualification by the board of governors or its designee shall take effect 5 calendar days after the date of the ruling.

(4) A ruling of disqualification by the facility's board of governors or its designee may be appealed to the commissioner by filing a written notice of appeal with the facility and the commissioner within 30 calendar days after the date of the ruling. A disqualification ruling shall remain effective during the appeal process to the commissioner. Upon receipt of an appeal, the commissioner or his or her designee shall provide a hearing under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and shall approve, disapprove, or direct the board of governors or its designee to reconsider its ruling.

(5) On and after the effective date of a disqualification, the disqualified agent shall not do any of the following during the period of disqualification:

(a) Solicit, negotiate, or effect automobile insurance on behalf of any participating member through the facility.

(b) Submit new applications to the facility.

(c) Service any existing facility policies except as permitted by the facility's user manual under procedures for disqualified agents.

(d) Be entitled to compensation for either new business applications or renewals.

(e) Obtain any binders or other supplies from the facility. Existing binders or other supplies shall be surrendered to the facility upon request.

(6) A disqualification under this section does not affect the disqualified agent's authority to place automobile insurance through an authorized insurer in the voluntary market.

(7) The facility shall amend its plan of operation to establish standards and procedures for disqualifying an agent from placing automobile insurance through the facility. These standards and procedures shall contain at least all of the following:

(a) The actions or inactions that may lead to an agent's disqualification.

(b) Standards and procedures under which an agent may petition the facility for removal of the disqualification.

(c) That written notification must be sent to an agent that has been disqualified that includes at least all of the following:

(i) The reasons for the disqualification.

(ii) The procedure to be followed to appeal the disqualification to the board of governors or its designee.

(iii) The conditions and procedures under which the agent can petition the facility for the removal of the

disqualification.

(d) A procedure under which the disqualified agent may appeal the disqualification to the facility's board of governors, or its designee, that protects the interests of both the agent and the facility. This procedure shall include the opportunity for the agent, upon request and payment of a reasonable copying charge, to receive any information pertinent to the disqualification.

(e) A notice to the disqualified agent after the board of governors' or designee's ruling as to how the agent may appeal that ruling to the commissioner or his or her designee if the agent disagrees with the ruling.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981;—Am. 2001, Act 140, Imd. Eff. Oct. 26, 2001.

**Compiler's note:** Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3360 Participating member and agent; relationship.**

Sec. 3360. A participating member may not include the premiums and losses incurred from risks insured through the facility in determining the loss ratio of any of its agents, or otherwise use the experience from such risks as cause for altering the relationship between the participating member and its agent.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3365 Eligibility for automobile insurance; requesting assignment, rejecting assignment, or requesting reassignment; notice of statutory eligibility standards.**

Sec. 3365. (1) Any qualified applicant shall be eligible for automobile insurance as provided by this chapter through the facility.

(2) Any qualified applicant shall have the right to request assignment, reject assignment, or request reassignment to any designated participating member in accordance with procedures established by the board of governors. The procedures may limit the assignments to conform to the contractual arrangement of the recipient of assignments or servicing carrier with the facility. The opportunity to request assignment and reject assignment shall be provided on the application. The opportunity to request reassignment shall be stated on the policy at the time of issuance and shall be offered in writing to the insured at the time of renewal.

(3) At least once each year, each designated participating member shall notify all persons insured through the member on behalf of the facility, in a form approved by the commissioner, of the statutory eligibility standards for obtaining automobile insurance from insurers in the voluntary market.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3370 Assistance in applying to facility for placement.**

Sec. 3370. If the commissioner finds, after a hearing, held pursuant to Act No. 306 of the Public Acts of 1969, as amended, or if the board of governors, upon its own motion, finds that a large number of persons are failing to gain the benefits of the facility, the facility shall provide service to assist the public in making application to the facility for placement.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3380 Hearing and ruling by board of governors; grounds; applicability of right to hearing; filing request for hearing; hearing to be prompt and fair; appeal; order.**

Sec. 3380. (1) Any participating member, applicant, or person insured under a policy placed through the facility may request a formal hearing and ruling by the board of governors of the facility on any of the following:

(a) An alleged violation of the plan of operation.

(b) Any alleged improper act or ruling of the facility directly affecting an assessment, premium, or coverage furnished.

(c) A participating member's application to be a recipient of distributed assignments or to service risks.

(2) A right to a hearing under subsection (1) shall not apply to any claim arising out of insurance provided by any designated participating member. A request for hearing must be filed within 30 days after the date of the alleged act or decision.

(3) The plan of operation shall provide for prompt and fair hearings.

(4) Any formal ruling by the board of governors may be appealed to the commissioner by filing notice of appeal with the facility and commissioner within 30 days after issuance of the ruling.

(5) The commissioner shall issue an order approving the action or decision, disapproving the action or decision, or directing the board of governors to reconsider the ruling.

**History:** Add. 1969, Act 346, Eff. Apr. 1, 1970;—Am. 1979, Act 145, Eff. Jan. 1, 1981.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3385 Recoupment of assessments; surcharge; rate including factor for recoupment.**

Sec. 3385. Any assessments paid by participating members pursuant to section 3330(1)(c) may be recouped through a surcharge in the insurers rates for automobile insurance policies issued by the member, including policies issued on behalf of the facility. A rate shall not be considered excessive because the rate includes a factor for recoupment pursuant to this section.

**History:** Add. 1979, Act 145, Eff. Jan. 1, 1981.

**Popular name:** Act 218

**Popular name:** Essential Insurance

#### **500.3390 Determinations made by commissioner.**

Sec. 3390. Determinations made by the commissioner pursuant to this chapter shall be made independent of the credits provided to insurers pursuant to the former single business tax act, 1975 PA 228, or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601.

**History:** Add. 1987, Act 261, Imd. Eff. Dec. 28, 1987;—Am. 2007, Act 187, Imd. Eff. Dec. 21, 2007.

**Popular name:** Act 218

**Popular name:** Essential Insurance