

**SUBSTITUTE FOR
HOUSE BILL NO. 4612**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending the title and sections 102, 3101, 3104, 3107, 3107a,
3109, 3109a, 3113, 3114, 3115, 3135, 3148, 3157, 3163, 3172, 3301,
3310, 3330, 4501, and 6107 (MCL 500.102, 500.3101, 500.3104,
500.3107, 500.3107a, 500.3109, 500.3109a, 500.3113, 500.3114,
500.3115, 500.3135, 500.3148, 500.3157, 500.3163, 500.3172,
500.3301, 500.3310, 500.3330, 500.4501, and 500.6107), the title as
amended by 2002 PA 304, section 102 as amended by 2000 PA 252,
section 3101 as amended by 2008 PA 241, section 3104 as amended by
2002 PA 662, section 3107 as amended by 2012 PA 542, section 3107a
as amended by 1991 PA 191, sections 3109 and 3109a as amended by



2012 PA 454, section 3113 as amended by 1986 PA 93, section 3114 as amended by 2002 PA 38, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, sections 3172 and 3330 as amended by 2012 PA 204, section 3310 as amended by 2001 PA 228, section 4501 as amended by 2012 PA 39, and section 6107 as added by 1992 PA 174, and by adding sections 3107c and 3181 and chapters 21B, 32A, and 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to revise, consolidate, and classify the laws relating
 3 to the insurance and surety business; to regulate the incorporation
 4 or formation of domestic insurance and surety companies and
 5 associations and **OTHER CORPORATIONS TO PROVIDE BENEFITS UNDER THIS**
 6 **ACT AND** the admission of foreign and alien companies and
 7 associations; to provide their rights, powers, and immunities and
 8 to prescribe the conditions on which companies and associations
 9 organized, existing, or authorized under this act may exercise
 10 their powers; to provide the rights, powers, and immunities and to
 11 prescribe the conditions on which other persons, firms,
 12 corporations, associations, risk retention groups, and purchasing
 13 groups engaged in an insurance or surety business may exercise
 14 their powers; to provide for the imposition of a privilege fee on
 15 domestic insurance companies and associations; ~~and the state~~
 16 ~~accident fund;~~ to provide for the imposition of a tax on the
 17 business of foreign and alien companies and associations; to
 18 provide for the imposition of a tax on risk retention groups and
 19 purchasing groups; to provide for the imposition of a tax on the



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



1 provide for the regulation of multiple employer welfare
 2 arrangements; to create ~~an automobile theft prevention authority~~ **1**
 3 **OR MORE AUTHORITIES** to reduce **INSURANCE FRAUD AND** the number of
 4 automobile thefts in this state ~~;~~ **AND** to prescribe the powers and
 5 duties of the ~~automobile theft prevention authority;~~ **AUTHORITIES;**
 6 to provide ~~certain~~ **FOR THE** powers and duties ~~upon~~ **OF** certain
 7 officials, departments, and authorities of this state; to provide
 8 for an appropriation; to repeal acts and parts of acts; and to
 9 provide penalties for the violation of this act.

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

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

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

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

17 CHAPTER 21B

18 MANAGED CARE

19 SEC. 2171. **AS USED IN THIS CHAPTER, "MANAGED CARE OPTION"**
 20 **MEANS AN OPTIONAL COVERAGE SELECTED BY AN INSURED AT THE TIME A**
 21 **POLICY IS ISSUED THAT INCLUDES, BUT IS NOT LIMITED TO, THE**
 22 **MONITORING AND ADJUDICATION OF AN INJURED PERSON'S CARE, THE USE OF**
 23 **A PREFERRED PROVIDER PROGRAM OR OTHER NETWORK, OR ANOTHER SIMILAR**
 24 **OPTION.**

25 SEC. 2173. **THIS CHAPTER APPLIES TO ALL AUTOMOBILE INSURANCE**
 26 **WHETHER WRITTEN ON AN INDIVIDUAL, GROUP, FRANCHISE, BLANKET POLICY,**
 27 **OR SIMILAR BASIS.**



1 SEC. 2175. AN AUTOMOBILE INSURER MAY OFFER A MANAGED CARE
2 OPTION THAT PROVIDES FOR THE PAYMENT OF ALLOWABLE EXPENSES
3 CONSISTING OF ALL REASONABLE CHARGES INCURRED FOR REASONABLY
4 NECESSARY PRODUCTS, SERVICES, AND ACCOMMODATIONS FOR AN INJURED
5 PERSON'S CARE, RECOVERY, OR REHABILITATION. A MANAGED CARE OPTION
6 IS SUBJECT TO ALL OF THE FOLLOWING:

7 (A) THE OPTION MUST BE UNIFORMLY OFFERED IN ALL AREAS WHERE
8 THE MANAGED CARE OPTION IS AVAILABLE.

9 (B) THE OPTION MUST PROVIDE A DISCOUNT THAT REFLECTS
10 REASONABLY ANTICIPATED REDUCTIONS IN LOSSES OR EXPENSES.

11 (C) THE OPTION MUST NOT APPLY TO EMERGENCY CARE. EMERGENCY
12 CARE INCLUDES, BUT IS NOT LIMITED TO, ALL CARE NECESSARY TO THE
13 POINT WHERE NO MATERIAL DETERIORATION OF A CONDITION IS LIKELY,
14 WITHIN REASONABLE MEDICAL PROBABILITY, TO RESULT FROM OR OCCUR
15 DURING TRANSFER OF THE PATIENT.

16 SEC. 2176. AN AUTOMOBILE INSURER THAT OFFERS A MANAGED CARE
17 OPTION UNDER THIS CHAPTER SHALL ALSO OFFER PERSONAL PROTECTION
18 INSURANCE BENEFITS UNDER SECTION 3107(1) (A) OR (B) THAT ARE NOT
19 SUBJECT TO THE MANAGED CARE OPTION.

20 SEC. 2177. A MANAGED CARE OPTION APPLIES TO THE INSURED WHO
21 SELECTS THE MANAGED CARE OPTION AND ANY PERSON WHO RESIDES IN AN
22 AREA WHERE THE MANAGED CARE OPTION IS AVAILABLE AND WHO IS CLAIMING
23 PERSONAL PROTECTION INSURANCE BENEFITS UNDER THE POLICY WITH THE
24 MANAGED CARE OPTION.

25 SEC. 2181. A MANAGED CARE OPTION MAY PROVIDE FOR DEDUCTIBLES,
26 COPAYMENTS, OR BOTH DEDUCTIBLES AND COPAYMENTS.

27 SEC. 2183. A MANAGED CARE OPTION MUST PROVIDE FOR ALL OF THE



1 FOLLOWING:

2 (A) THAT PERSONAL PROTECTION INSURANCE BENEFITS ARE PRIMARY
3 AND WILL NOT BE COORDINATED WITH OTHER HEALTH AND ACCIDENT COVERAGE
4 AVAILABLE TO THE INDIVIDUAL CLAIMING PERSONAL PROTECTION INSURANCE
5 BENEFITS UNDER THE POLICY WITH THE MANAGED CARE OPTION.

6 (B) THAT PERSONAL PROTECTION INSURANCE BENEFITS MUST BE
7 EXHAUSTED BY THE INDIVIDUAL CLAIMING THOSE BENEFITS UNDER THE
8 POLICY WITH THE MANAGED CARE OPTION BEFORE THE INDIVIDUAL MAY SEEK
9 BENEFITS FROM ANOTHER HEALTH OR ACCIDENT COVERAGE PROVIDER.

10 (C) THAT DEDUCTIBLES, CO-PAYS, OR OTHER SIMILAR SANCTIONS WILL
11 NOT BE ASSESSED OR COLLECTED FROM OTHER HEALTH AND ACCIDENT
12 COVERAGE PROVIDERS FOR THE INDIVIDUAL CLAIMING PERSONAL PROTECTION
13 INSURANCE BENEFITS UNDER THE POLICY WITH THE MANAGED CARE OPTION.

14 SEC. 2185. AT THE TIME OF THE INITIAL SELECTION OF A MANAGED
15 CARE OPTION BY AN INSURED, AN AUTOMOBILE INSURER SHALL OBTAIN A
16 SIGNED ACKNOWLEDGMENT THAT THE INSURED RECEIVED A WRITTEN
17 DISCLOSURE STATEMENT APPROVED BY THE DIRECTOR OR A WRITTEN
18 DISCLOSURE STATEMENT THAT INCLUDES ALL OF THE FOLLOWING:

19 (A) A SUMMARY OF THE PROVISIONS OF THE MANAGED CARE OPTION.

20 (B) THE ESTIMATED RANGE OF THE PERCENTAGE OF THE DISCOUNT
21 PROVIDED BY THE MANAGED CARE OPTION.

22 (C) A GENERAL DESCRIPTION OF THE DIFFERENCES BETWEEN A MANAGED
23 CARE OPTION UNDER THIS CHAPTER AND PERSONAL PROTECTION INSURANCE
24 BENEFITS UNDER SECTION 3107(1) (A) OR (B) THAT ARE NOT SUBJECT TO
25 THE MANAGED CARE OPTION, INCLUDING ANY PROCEDURAL DIFFERENCES IN
26 SEEKING TREATMENT AND FILING A CLAIM.

27 (D) THE CONSEQUENCES FOR VIOLATING ANY PROVISIONS OF THE



1 MANAGED CARE OPTION, INCLUDING THE POSSIBILITY OF A CLAIM DENIAL,
 2 THE PAYMENT OF A DEDUCTIBLE AND THE AMOUNT OF THE DEDUCTIBLE, AND
 3 ANY ADDITIONAL OUT-OF-POCKET EXPENSES THAT MAY BE INCURRED.

4 (E) AN EXPLANATION OF WHETHER THE INSURER OFFERS AN OPT-OUT
 5 PROVISION THAT WOULD ENABLE THE INSURED TO CHANGE HIS OR HER POLICY
 6 FROM THE MANAGED CARE OPTION TO PERSONAL PROTECTION INSURANCE
 7 BENEFITS UNDER SECTION 3107(1) (A) OR (B) THAT ARE NOT SUBJECT TO
 8 THE MANAGED CARE OPTION AND ANY RESTRICTIONS PLACED ON THE INSURED
 9 IN REGARD TO OPTING OUT OF THE MANAGED CARE OPTION.

10 SEC. 2187. THE DISCLOSURE STATEMENT UNDER SECTION 2185 MUST
 11 INCLUDE A POSTAL MAILING ADDRESS AND EITHER A TOLL-FREE TELEPHONE
 12 NUMBER OR AN INTERNET WEBSITE ADDRESS THAT INSUREDS OR APPLICANTS
 13 FOR INSURANCE MAY WRITE, CALL, OR OTHERWISE ACCESS FOR INFORMATION
 14 ON THE MANAGED CARE OPTION.

15 Sec. 3101. (1) ~~The~~**SUBJECT TO CHAPTER 32A, THE** owner or
 16 registrant of a motor vehicle required to be registered in this
 17 state shall maintain security for payment of benefits under
 18 personal protection insurance ~~, AS REQUIRED UNDER SECTION 3107,~~
 19 property protection insurance, and residual liability insurance **AS**
 20 **REQUIRED UNDER SECTION 3009.** Security ~~shall only be required~~ **BY**
 21 **THIS SUBSECTION IS ONLY REQUIRED** to be in effect during the period
 22 the motor vehicle is driven or moved ~~upon~~**ON** a highway.
 23 Notwithstanding any other provision in this act, an insurer that
 24 has issued an automobile insurance policy on a motor vehicle that
 25 is not driven or moved ~~upon~~**ON** a highway may allow the insured
 26 owner or registrant of the motor vehicle to delete a portion of the
 27 coverages under the policy and maintain the comprehensive coverage



1 portion of the policy in effect.

2 (2) As used in this chapter:

3 (a) "Automobile insurance" means that term as defined in
4 section 2102.

5 (B) "CONSUMER PRICE INDEX" MEANS THE PERCENTAGE OF CHANGE IN
6 THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN THE UNITED
7 STATES CITY AVERAGE FOR ALL ITEMS, AS REPORTED BY THE UNITED STATES
8 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED
9 BY THE DIRECTOR.

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

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

21 (E) ~~(d)~~ "Motorcycle accident" means a loss involving the
22 ownership, operation, maintenance, or use of a motorcycle as a
23 motorcycle, but not involving the ownership, operation,
24 maintenance, or use of a motor vehicle as a motor vehicle.

25 (F) ~~(e)~~ "Motor vehicle" means a vehicle, including a trailer,
26 operated or designed for operation upon a public highway by power
27 other than muscular power ~~which~~ **THAT** has more than 2 wheels. Motor



vehicle does not include a motorcycle or a moped, as defined in section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b. Motor vehicle does not include a farm tractor or other implement of husbandry ~~which~~ **THAT** is not subject to the registration requirements of the Michigan vehicle code pursuant to section 216 of the Michigan vehicle code, 1949 PA 300, MCL 257.216. Motor vehicle does not include an ORV.

(G) ~~(f)~~ "Motor vehicle accident" means a loss involving the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle regardless of whether the accident also involves the ownership, operation, maintenance, or use of a motorcycle as a motorcycle.

(H) ~~(g)~~ "ORV" means a motor-driven recreation vehicle designed for off-road use and capable of cross-country travel without benefit of road or trail, on or immediately over land, snow, ice, marsh, swampland, or other natural terrain. ORV includes, but is not limited to, a multitrack or multiwheel drive vehicle, a motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious machine, a ground effect air cushion vehicle, an ATV as defined in section 81101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.81101, or other means of transportation deriving motive power from a source other than muscle or wind. ORV does not include a vehicle described in this subdivision that is registered for use upon a public highway and has the security ~~described in section 3101 or~~ **REQUIRED UNDER SUBSECTION (1), SECTION 3103, OR CHAPTER 32A** in effect.

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



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

4 (ii) A person who holds the legal title to a vehicle, other
5 than a person engaged in the business of leasing motor vehicles who
6 is the lessor of a motor vehicle pursuant to a lease providing for
7 the use of the motor vehicle by the lessee for a period that is
8 greater than 30 days.

9 (iii) A person who has the immediate right of possession of a
10 motor vehicle under an installment sale contract.

11 **(J)** ~~(i)~~ "Registrant" does not include a person engaged in the
12 business of leasing motor vehicles who is the lessor of a motor
13 vehicle pursuant to a lease providing for the use of the motor
14 vehicle by the lessee for a period that is greater than 30 days.

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

21 (4) Security required by subsection (1) may be provided by any
22 other method approved by the secretary of state as affording
23 security equivalent to that afforded by a policy of insurance, if
24 proof of the security is filed and continuously maintained with the
25 secretary of state throughout the period the motor vehicle is
26 driven or moved upon a highway. The person filing the security has
27 all the obligations and rights of an insurer under this chapter.



1 When the context permits, "insurer" as used in this chapter,
 2 includes any person filing the security as provided in this
 3 section. **THIS SUBSECTION DOES NOT APPLY TO A POLICY UNDER CHAPTER**
 4 **32A.**

5 Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**
 6 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
 7 ~~the catastrophic claims association, hereinafter referred to as the~~
 8 ~~association, is created. Each~~ **IF AN INCORPORATED ASSOCIATION IS**
 9 **ISSUED A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5), THE**
 10 **UNINCORPORATED ASSOCIATION SHALL BE KNOWN AS THE MICHIGAN LEGACY**
 11 **CLAIMS ASSOCIATION. UNTIL THE UNINCORPORATED ASSOCIATION IS**
 12 **DISSOLVED, AN** insurer engaged in writing insurance coverages that
 13 provide the security required by section 3101(1) ~~within~~ **IN** this
 14 state, as a condition of its authority to transact insurance in
 15 this state, shall be a member of ~~the association and shall be~~ **IS**
 16 bound by the plan of operation of the **UNINCORPORATED** association.
 17 ~~Each~~ **UNTIL THE UNINCORPORATED ASSOCIATION IS DISSOLVED, AN** insurer
 18 engaged in writing insurance coverages that provide the security
 19 required by section 3103(1) ~~within~~ **IN** this state, as a condition of
 20 its authority to transact insurance in this state, ~~shall be~~ **IS**
 21 considered a member of the **UNINCORPORATED** association, but only for
 22 purposes of **ACCEPTING INDEMNIFICATION UNDER SUBSECTION (8) AND THE**
 23 **CALCULATION AND CHARGING OF** premiums under subsection ~~(7)(d).~~ **(14).**
 24 Except as expressly provided in this section, ~~the~~ **AN UNINCORPORATED**
 25 **OR INCORPORATED** association is not **AN INSURER AN IS NOT** subject to
 26 any laws of this state with respect to insurers, but in all other
 27 respects the association is subject to the laws of this state to



1 the extent that the association would be if it were an insurer
2 organized and subsisting under chapter 50.

3 (2) TWO OR MORE VOTING DIRECTORS OF THE BOARD OF THE
4 UNINCORPORATED ASSOCIATION MAY FORM AN INCORPORATED ASSOCIATION BY
5 SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE DEPARTMENT
6 ARTICLES OF INCORPORATION. IF THE UNINCORPORATED ASSOCIATION HAS
7 BEEN DISSOLVED, 2 OR MORE INDIVIDUALS MAY FORM AN INCORPORATED
8 ASSOCIATION BY SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE
9 DEPARTMENT ARTICLES OF INCORPORATION. ARTICLES OF INCORPORATION
10 FILED UNDER THIS SUBSECTION MUST INCLUDE ALL OF THE FOLLOWING:

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

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

14 (C) THE NAME BY WHICH THE INCORPORATED ASSOCIATION WILL BE
15 KNOWN, WHICH MUST INCLUDE THE WORDS "MICHIGAN", "CATASTROPHIC",
16 "CLAIMS", AND "ASSOCIATION", BUT MAY NOT INCLUDE THE WORDS
17 "LEGACY", "INSURANCE", "CASUALTY", "SURETY", "HEALTH AND ACCIDENT",
18 "MUTUAL", OR OTHER WORDS DESCRIPTIVE OF THE INSURANCE OR SURETY
19 BUSINESS.

20 (D) THE PURPOSES OF THE INCORPORATED ASSOCIATION, WHICH MUST
21 BE LIMITED TO PURPOSES AUTHORIZED FOR AN INCORPORATED ASSOCIATION
22 UNDER THIS SECTION.

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

26 (F) ANY OTHER TERMS AND CONDITIONS THAT ARE NOT INCONSISTENT
27 WITH THIS SECTION OR OTHER APPLICABLE LAW AND THAT THE



1 INCORPORATORS CONSIDER TO BE NECESSARY FOR THE CONDUCT OF THE
2 AFFAIRS OF THE INCORPORATED ASSOCIATION.

3 (3) AT LEAST 1 OF THE INCORPORATORS OF AN INCORPORATED
4 ASSOCIATION SHALL SIGN THE ARTICLES OF INCORPORATION BEFORE A
5 NOTARY PUBLIC APPOINTED UNDER THE MICHIGAN NOTARY PUBLIC ACT, 2003
6 PA 238, MCL 55.261 TO 55.315. THE ARTICLES MUST BE FILED IN THE
7 FORM PRESCRIBED BY THE DIRECTOR OF THE DEPARTMENT. IF AT THE TIME
8 OF SUBMISSION NO OTHER INCORPORATED ASSOCIATION IS ACTIVE, THE
9 DIRECTOR OF THE DEPARTMENT MAY APPROVE AND CERTIFY THE ARTICLES OF
10 INCORPORATION AS AUTHORIZED UNDER APPLICABLE LAW. THE DIRECTOR OF
11 THE DEPARTMENT SHALL NOT CERTIFY ARTICLES OF INCORPORATION FOR MORE
12 THAN 1 INCORPORATED ASSOCIATION TO BE ACTIVE AND OPERATE IN THIS
13 STATE AT THE SAME TIME. IF THE DIRECTOR OF THE DEPARTMENT APPROVES
14 THE ARTICLES OF INCORPORATION, THE DIRECTOR OF THE DEPARTMENT SHALL
15 CERTIFY THE ARTICLES AND TRANSMIT 2 CERTIFIED COPIES OF THE
16 ARTICLES TO THE INCORPORATORS. THE INCORPORATORS SHALL FILE 1
17 CERTIFIED COPY WITH THE BUREAU OF COMMERCIAL SERVICES OF THE
18 DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS AND RETAIN 1
19 CERTIFIED COPY WITH THE RECORDS OF THE INCORPORATED ASSOCIATION.
20 THE DIRECTOR OF THE DEPARTMENT SHALL RETAIN A CERTIFIED COPY OF THE
21 ARTICLES OF INCORPORATION WITH THE RECORDS OF THE DEPARTMENT. THE
22 BOARD OF AN INCORPORATED ASSOCIATION, WITH THE APPROVAL OF THE
23 DIRECTOR OF THE DEPARTMENT AND IN THE MANNER PROVIDED IN THE
24 ARTICLES OF INCORPORATION, MAY DO BOTH OF THE FOLLOWING:

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

27 (B) INTEGRATE INTO A SINGLE INSTRUMENT AS RESTATED ARTICLES OF



1 INCORPORATION THE PROVISIONS OF THE INCORPORATED ASSOCIATION'S
2 ARTICLES OF INCORPORATION THEN IN EFFECT, INCLUDING PRIOR
3 AMENDMENTS.

4 (4) BEFORE AN INCORPORATED ASSOCIATION CONDUCTS CLAIMS
5 ACTIVITIES AUTHORIZED UNDER THIS SECTION AND WITHIN 90 DAYS AFTER
6 THE DIRECTOR OF THE DEPARTMENT CERTIFIES THE ARTICLES OF
7 INCORPORATION OF THE INCORPORATED ASSOCIATION UNDER SUBSECTION (3) ,
8 THE INCORPORATED ASSOCIATION SHALL FILE WITH THE DIRECTOR OF THE
9 DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR OF THE
10 DEPARTMENT AN APPLICATION FOR A CERTIFICATE OF AUTHORITY DETAILING
11 ALL OF THE FOLLOWING:

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

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

15 (C) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR OF THE
16 DEPARTMENT.

17 (5) AFTER REVIEWING AN APPLICATION FOR A CERTIFICATE OF
18 AUTHORITY FILED BY AN INCORPORATED ASSOCIATION UNDER SUBSECTION
19 (4) , IF THE DIRECTOR OF THE DEPARTMENT IS SATISFIED THAT THE
20 INCORPORATED ASSOCIATION CAN COMPLY WITH THIS SECTION AND OTHER
21 APPLICABLE LAW, THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE TO THE
22 INCORPORATED ASSOCIATION A CERTIFICATE OF AUTHORITY TO COMMENCE
23 CLAIMS ACTIVITIES AUTHORIZED UNDER THIS SECTION. WHEN ISSUING A
24 CERTIFICATE OF AUTHORITY TO AN INCORPORATED ASSOCIATION, THE
25 DIRECTOR OF THE DEPARTMENT SHALL ESTABLISH THE INITIAL CATASTROPHIC
26 CLAIMS ASSESSMENT TO BE ASSESSED AS PROVIDED IN SUBSECTION (31) .

27 (6) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN



1 INCORPORATED ASSOCIATION IS SUBJECT TO THE NONPROFIT CORPORATION
2 ACT, 1982 PA 162, MCL 450.2101 TO 450.3192. AN INCORPORATED
3 ASSOCIATION IS A CHARITABLE AND BENEVOLENT INSTITUTION FOR THE
4 PUBLIC BENEFIT AND THE INCORPORATED ASSOCIATION'S MONEY AND
5 PROPERTY ARE EXEMPT FROM TAXATION BY THIS STATE OR ANY POLITICAL
6 SUBDIVISION OF THIS STATE. AN INCORPORATED ASSOCIATION MAY NOT BE
7 INCORPORATED IN THIS STATE EXCEPT UNDER THIS SECTION.

8 (7) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN
9 INCORPORATED ASSOCIATION IS NOT SUBJECT TO THE LAWS OF THIS STATE
10 APPLICABLE TO INSURERS AND IS NOT REQUIRED TO PARTICIPATE IN A POOL
11 OR FUND IN WHICH AN INSURER IS REQUIRED TO PARTICIPATE. AN
12 INCORPORATED ASSOCIATION IS SUBJECT TO SUPERVISION BY THE DIRECTOR
13 OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. A DISSOLUTION OR
14 LIQUIDATION OF AN INCORPORATED ASSOCIATION MUST BE CONDUCTED UNDER
15 THE SUPERVISION OF THE DIRECTOR OF THE DEPARTMENT, WHO HAS THE SAME
16 POWER RELATING TO THE DISSOLUTION OR LIQUIDATION AS IS GRANTED TO
17 THE DIRECTOR OF THE DEPARTMENT UNDER THIS ACT FOR DISSOLUTION OR
18 LIQUIDATION OF OTHER TYPES OF ENTITIES.

19 (8) ~~(2)~~—The **UNINCORPORATED** association shall provide and each
20 member shall accept indemnification for 100% of the amount of
21 ultimate loss sustained under personal protection insurance
22 coverages in excess of the following amounts in each loss
23 occurrence:

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

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



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

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

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

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

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

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

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

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

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

19 ~~Beginning July 1, 2013, this \$500,000.00 amount shall be increased~~
20 ~~biennially on July 1 of each odd-numbered year, for policies issued~~
21 ~~or renewed before July 1 of the following odd-numbered year, by the~~
22 ~~lesser of 6% or the consumer price index, and rounded to the~~
23 ~~nearest \$5,000.00. This biennial adjustment shall be calculated by~~
24 ~~the association by January 1 of the year of its July 1 effective~~
25 ~~date.~~

26 **(l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**
27 **DURING THE PERIOD JULY 1, 2013 TO THE FIRST JUNE 30 AFTER THE**



1 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER
 2 SUBSECTION (5), \$500,000.00. THE UNINCORPORATED ASSOCIATION IS NOT
 3 LIABLE OR RESPONSIBLE FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR
 4 VEHICLE ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST
 5 JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE
 6 OF AUTHORITY UNDER SUBSECTION (5).

7 (9) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE
 8 ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30
 9 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
 10 AUTHORITY UNDER SUBSECTION (5), THE RESPONSIBLE INSURER SHALL
 11 RETAIN 100% OF THE AMOUNT OF ULTIMATE LOSS SUSTAINED UNDER PERSONAL
 12 PROTECTION INSURANCE COVERAGES UP TO \$500,000.00. THE INCORPORATED
 13 ASSOCIATION IS RESPONSIBLE FOR 100% OF ALL LIABILITY FOR ULTIMATE
 14 LOSS SUSTAINED WITHIN THE SCOPE OF PERSONAL PROTECTION INSURANCE
 15 COVERAGES AND CLAIMS EXPENSES IN EXCESS OF \$500,000.00.

16 (10) ~~(3)~~ An insurer may withdraw from the **UNINCORPORATED**
 17 association only ~~upon~~ **ON** ceasing to write insurance that provides
 18 the security required by section 3101(1) in this state.

19 (11) ~~(4)~~ An insurer whose membership in the **UNINCORPORATED**
 20 association has been terminated by withdrawal ~~shall continue~~
 21 **CONTINUES** to be bound by the plan of operation ~~and, upon~~ **ON**
 22 withdrawal, all unpaid premiums that have been charged to the
 23 withdrawing member are payable ~~as of~~ **ON** the effective date of the
 24 withdrawal.

25 (12) ~~(5)~~ An unsatisfied net liability to the **UNINCORPORATED**
 26 association of an insolvent member shall be assumed by and
 27 apportioned among the remaining members of the **UNINCORPORATED**



1 association as provided in the plan of operation. The
 2 **UNINCORPORATED** association has all rights allowed by law on behalf
 3 of the remaining members against the estate or funds of the
 4 insolvent member for ~~sums~~**MONEY** due **TO** the **UNINCORPORATED**
 5 association.

6 (13) ~~(6)~~—If a member **OF THE UNINCORPORATED ASSOCIATION** has
 7 been merged or consolidated into another insurer or another insurer
 8 has reinsured a member's entire business that provides the security
 9 required by section 3101(1) in this state, the member and
 10 successors in interest of the member remain liable for the member's
 11 obligations **TO THE UNINCORPORATED ASSOCIATION**.

12 (14) ~~(7)~~—The **UNINCORPORATED** association shall do all of the
 13 following on behalf of the members of the **UNINCORPORATED**
 14 association:

15 (a) Assume 100% of all liability as provided in subsection
 16 ~~(2)~~**(8) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE**
 17 **ACCIDENT FOR A POLICY ISSUED OR RENEWED BEFORE THE FIRST JULY 1**
 18 **AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF**
 19 **AUTHORITY UNDER SUBSECTION (5) .**

20 (b) Establish procedures by which members shall promptly
 21 report to the **UNINCORPORATED** association each claim that, on the
 22 basis of the injuries or damages sustained, may reasonably be
 23 anticipated to involve the **UNINCORPORATED** association if the member
 24 is ultimately held legally liable for the injuries or damages.
 25 Solely for the purpose of reporting claims, the member shall in all
 26 instances consider itself legally liable for the injuries or
 27 damages. The member shall also advise the **UNINCORPORATED**



1 association of subsequent developments likely to materially affect
2 the interest of the **UNINCORPORATED** association in the claim.

3 (c) Maintain relevant loss and expense data relative to all
4 liabilities of the **UNINCORPORATED** association and require each
5 member to furnish statistics, in connection with liabilities of the
6 **UNINCORPORATED** association, at the times and in the form and detail
7 as may be required by the plan of operation.

8 (d) In a manner provided for in the plan of operation,
9 calculate and charge to members ~~of the association~~ a total premium
10 sufficient to cover the expected losses and expenses of the
11 **UNINCORPORATED** association that the **UNINCORPORATED** association will
12 likely incur during the period for which the premium is applicable.
13 The premium ~~shall~~ **MUST** include an amount to cover incurred but not
14 reported losses for the period and may be adjusted for any excess
15 or deficient premiums from previous periods. **A PREMIUM MAY NOT BE**
16 **CHARGED UNDER THIS SECTION FOR POLICIES ISSUED OR RENEWED AFTER THE**
17 **FIRST JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A**
18 **CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5).** Excesses or
19 deficiencies from previous periods may be fully adjusted in a
20 single period or may be adjusted over several periods in a manner
21 provided for in the plan of operation. Each member shall be charged
22 an amount equal to that member's total written car years of
23 insurance providing the security required by section 3101(1) or
24 3103(1), or both, written in this state during the period to which
25 the premium applies, multiplied by the average premium per car. The
26 average premium per car ~~shall be~~ **IS** the total premium calculated
27 divided by the total written car years of insurance providing the



1 security required by section 3101(1) or 3103(1) written in this
 2 state of all members during the period to which the premium
 3 applies. A member shall be charged a premium for a historic vehicle
 4 that is insured with the member of 20% of the premium charged for a
 5 car insured with the member. As used in this subdivision:

6 (i) "Car" includes a motorcycle but does not include a historic
 7 vehicle.

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

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

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

16 (ii) Require payment of the premiums to be made periodically to
 17 cover the actual cash obligations of the **UNINCORPORATED**
 18 association.

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

21 (g) Establish procedures for reviewing claims procedures and
 22 practices of members. ~~of the association.~~ If the claims procedures
 23 or practices of a member are considered inadequate to properly
 24 service the liabilities of the **UNINCORPORATED** association, the
 25 **UNINCORPORATED** association may undertake or may contract with
 26 another person, including another member, to adjust or assist in
 27 the adjustment of claims for the member on claims that create a



1 potential liability to the **UNINCORPORATED** association and may
2 charge the cost of the adjustment to the member.

3 (15) AN INCORPORATED ASSOCIATION SHALL DO ALL OF THE
4 FOLLOWING:

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

6 (B) ESTABLISH PROCEDURES FOR THE OWNER OR REGISTRANT OF A
7 MOTOR VEHICLE THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION
8 3101(1) , AN AGENT OF THE OWNER OR REGISTRANT, A CLAIMANT, OR AN
9 INSURER, TO REPORT TO THE INCORPORATED ASSOCIATION EACH CLAIM UNDER
10 THE SECURITY THAT ON THE BASIS OF THE INJURIES OR DAMAGES SUSTAINED
11 REASONABLY MAY BE ANTICIPATED TO INVOLVE THE INCORPORATED
12 ASSOCIATION.

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

17 (D) BEFORE THE SECOND JULY 1 AFTER THE DIRECTOR OF THE
18 DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5)
19 AND BEFORE JULY 1 OF EACH FOLLOWING YEAR, DETERMINE THE ANNUAL PER-
20 MOTOR-VEHICLE ASSESSMENT TO BE IMPOSED UNDER SUBSECTION (31) . THE
21 TOTAL OF ALL ASSESSMENTS IMPOSED UNDER SUBSECTION (31) MUST BE
22 SUFFICIENT TO COVER THE EXPECTED LOSSES AND EXPENSES THAT THE
23 INCORPORATED ASSOCIATION LIKELY WILL INCUR IN THE PERIOD FOR WHICH
24 THE ASSESSMENTS ARE APPLICABLE, INCLUDING, BUT NOT LIMITED TO, ANY
25 ASSESSMENT IMPOSED ON THE INCORPORATED ASSOCIATION UNDER SUBSECTION
26 (32) . THE INCORPORATED ASSOCIATION SHALL CALCULATE THE ASSESSMENT
27 UNDER THIS SUBDIVISION BY DIVIDING THE TOTAL EXPECTED LOSSES AND



1 EXPENSES OF THE INCORPORATED ASSOCIATION FOR THE PERIOD BY THE
 2 TOTAL WRITTEN CAR YEARS OF INSURANCE PROVIDING THE SECURITY
 3 REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE DURING THE
 4 PREVIOUS PERIOD. TOTAL EXPECTED LOSSES AND EXPENSES MUST INCLUDE AN
 5 AMOUNT TO COVER INCURRED BUT NOT REPORTED LOSSES FOR THE PERIOD.
 6 THE ASSESSMENT CALCULATED UNDER THIS SUBDIVISION MAY BE ADJUSTED
 7 FOR ANY EXCESS OR DEFICIENT AMOUNTS FROM PREVIOUS PERIODS. EXCESSES
 8 OR DEFICIENCIES FROM A PREVIOUS PERIOD MAY BE FULLY ADJUSTED IN A
 9 SINGLE PERIOD OR MAY BE ADJUSTED OVER SEVERAL PERIODS AS PROVIDED
 10 IN THE PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION. THE
 11 INCORPORATED ASSOCIATION SHALL DETERMINE A SEPARATE ASSESSMENT
 12 AMOUNT TO BE CHARGED TO AN OWNER OR REGISTRANT OF AN INSURED
 13 HISTORIC VEHICLE EQUAL TO 20% OF THE ASSESSMENT CHARGED FOR A MOTOR
 14 VEHICLE OTHER THAN A HISTORIC VEHICLE. AS USED IN THIS SUBDIVISION:

15 (i) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A HISTORIC
 16 VEHICLE.

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

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

22 (16) ~~(8)~~ In addition to other powers ~~granted to it by~~ UNDER
 23 this section, the UNINCORPORATED ASSOCIATION OR AN INCORPORATED
 24 association may do all of the following:

25 (a) Sue and be sued in the name of the association. A judgment
 26 against the UNINCORPORATED association ~~shall~~ DOES not create any
 27 direct liability against the individual members of the



1 **UNINCORPORATED** association. The **UNINCORPORATED** association may
 2 provide for the indemnification of its members, **AND THE**
 3 **UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION MAY**
 4 **PROVIDE FOR THE INDEMNIFICATION OF THE** members of ~~the ITS~~ board of
 5 directors, ~~of the association, and officers,~~ **AND** employees, and
 6 other persons lawfully acting on behalf of the association.

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

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

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

19 (e) Contract for goods and services **WITH OTHER PERSONS**
 20 **RELATING TO ALL OR A PORTION OF THE GOODS AND SERVICES NECESSARY**
 21 **FOR THE MANAGEMENT AND OPERATION OF THE ASSOCIATION,** including, **BUT**
 22 **NOT LIMITED TO,** independent claims management, actuarial,
 23 investment, and legal services. ~~, from others within or without~~
 24 ~~this state to assure the efficient operation of the association.~~ **ALL**
 25 **OF THE FOLLOWING APPLY TO A CONTRACT FOR GOODS OR SERVICES BETWEEN**
 26 **THE UNINCORPORATED ASSOCIATION AND AN INCORPORATED ASSOCIATION:**

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



1 (ii) THE CHARGES OR FEES FOR SERVICES PERFORMED MUST BE
2 REASONABLE.

3 (iii) THE EXPENSES INCURRED AND PAYMENT RECEIVED MUST BE
4 ALLOCATED IN CONFORMITY WITH CUSTOMARY ACCOUNTING PRACTICES
5 CONSISTENTLY APPLIED.

6 (iv) THE BOOKS, ACCOUNTS, AND RECORDS OF EACH ASSOCIATION MUST
7 BE MAINTAINED TO CLEARLY AND ACCURATELY DISCLOSE THE PRECISE NATURE
8 AND DETAILS OF THE TRANSACTIONS, INCLUDING ACCOUNTING INFORMATION
9 AS NECESSARY TO SUPPORT THE REASONABLENESS OF THE CHARGES OR FEES.

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

12 (G) BORROW MONEY TO ACCOMPLISH THE PURPOSES OF THE ASSOCIATION
13 OR IMPLEMENT THIS SECTION AT RATES OF INTEREST DETERMINED BY THE
14 ASSOCIATION, AND ISSUE NOTES, BONDS, CERTIFICATES, OTHER EVIDENCES
15 OF INDEBTEDNESS, OR PLEDGES. INTEREST AND EARNINGS ON NOTES, BONDS,
16 CERTIFICATES, OR OTHER OBLIGATIONS OF THE ASSOCIATION ARE EXEMPT
17 FROM ANY TAXES IMPOSED BY THIS STATE OR A POLITICAL SUBDIVISION OF
18 THIS STATE. AN ASSOCIATION SHALL NOT BORROW MONEY FROM ANOTHER
19 ASSOCIATION.

20 (H) TAKE ACTION NECESSARY TO FACILITATE AND MAINTAIN THE TAX-
21 EXEMPT STATUS OF THE ASSOCIATION AND ITS INCOME AND OPERATION, AND
22 TO FACILITATE THE TAX-EXEMPT STATUS OF ANY BONDS OR OTHER
23 INDEBTEDNESS ISSUED BY OR ON BEHALF OF THE ASSOCIATION.

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

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

26 (K) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER
27 PERSON.



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

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

(18) ~~(10)~~ **THE BOARD OF THE UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION SHALL OPERATE THE ASSOCIATION ACCORDING TO THE PLAN OF OPERATION OF THE ASSOCIATION AND THIS SECTION.** The plan of operation **OF AN ASSOCIATION** shall provide for all of the following:

(a) The establishment of necessary facilities.

(b) The management and operation of the association.

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

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



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

(f) The investment policy of the association.

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

(19) ~~(11) Each THE board shall OF THE UNINCORPORATED~~
ASSOCIATION MUST include **INDIVIDUALS FROM** members **OF THE**
UNINCORPORATED ASSOCIATION that ~~would contribute a total of not~~
 less than 40% of the total premium calculated ~~pursuant to~~ **UNDER**
 subsection ~~(7)(d).~~ **(14)**. Each director ~~shall be~~ **OF THE**
UNINCORPORATED ASSOCIATION IS entitled to 1 vote. The initial term
 of office of a director ~~shall be~~ **OF THE UNINCORPORATED ASSOCIATION**
IS 2 years.

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

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



1 (22) ~~(14) Each director shall be appointed by the commissioner~~
 2 ~~and~~ **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS OF**
 3 **THE UNINCORPORATED ASSOCIATION. A DIRECTOR OF THE UNINCORPORATED**
 4 **ASSOCIATION** shall serve until that ~~member's~~ **DIRECTOR'S** successor is
 5 selected and qualified. The **DIRECTORS OF THE UNINCORPORATED**
 6 **ASSOCIATION SHALL ELECT FROM THE DIRECTORS A** chairperson of the
 7 board. ~~shall be elected by the board. A~~ **THE DIRECTOR OF THE**
 8 **DEPARTMENT SHALL FILL A** vacancy on the board ~~shall be filled by the~~
 9 ~~commissioner~~ **OF THE UNINCORPORATED ASSOCIATION** consistent with the
 10 plan of operation.

11 (23) ~~(15) After the board is appointed, the~~ **THE** board **OF THE**
 12 **UNINCORPORATED ASSOCIATION** shall meet as often as the chairperson,
 13 the ~~commissioner,~~ **DIRECTOR OF THE DEPARTMENT,** or the plan of
 14 operation ~~shall require,~~ **OF THE UNINCORPORATED ASSOCIATION**
 15 **REQUIRES,** or at the request of any 3 ~~members~~ **DIRECTORS** of the
 16 board. **UNINCORPORATED ASSOCIATION.** The chairperson ~~shall retain the~~
 17 ~~right to~~ **MAY** vote on all issues. Four ~~members of the board~~
 18 **DIRECTORS OF THE UNINCORPORATED ASSOCIATION** constitute a quorum.

19 (24) **THE BOARD OF DIRECTORS OF AN INCORPORATED ASSOCIATION**
 20 **SHALL OPERATE THE INCORPORATED ASSOCIATION IN ACCORDANCE WITH THE**
 21 **PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION AND THIS SECTION.**
 22 **ALL OF THE FOLLOWING APPLY TO THE FORMATION AND OPERATION OF THE**
 23 **BOARD OF AN INCORPORATED ASSOCIATION:**

24 (A) **THE BOARD MUST CONSIST OF 7 DIRECTORS APPOINTED BY THE**
 25 **GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. THE GOVERNOR**
 26 **SHALL APPOINT THE INITIAL DIRECTORS WITHIN 45 DAYS AFTER THE**
 27 **INCORPORATED ASSOCIATION IS INCORPORATED. AN EMPLOYEE OR OFFICER OF**



1 AN INSURER IS NOT ELIGIBLE TO SERVE AS A DIRECTOR. THE GOVERNOR
2 SHALL APPOINT DIRECTORS AS FOLLOWS:

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

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

8 (iii) ONE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS LICENSED
9 UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
10 333.16101 TO 333.18838.

11 (iv) THREE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS WHO ARE
12 INSURED UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER
13 SECTION 3101(1) . OF THESE 3 INDIVIDUALS:

14 (A) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SENATE
15 MAJORITY LEADER.

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

18 (B) OF THE DIRECTORS INITIALLY APPOINTED, 2 SHALL BE APPOINTED
19 FOR A TERM OF 4 YEARS, 2 SHALL BE APPOINTED FOR A TERM OF 3 YEARS,
20 2 SHALL BE APPOINTED FOR A TERM OF 2 YEARS, AND 1 SHALL BE
21 APPOINTED FOR A TERM OF 1 YEAR. AFTER THE INITIAL APPOINTMENTS, A
22 DIRECTOR SHALL BE APPOINTED FOR A TERM OF 4 YEARS. IF THERE IS A
23 VACANCY ON THE BOARD, THE GOVERNOR SHALL FILL THE VACANCY IN THE
24 SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE BALANCE OF THE
25 UNEXPIRED TERM. WITHIN 60 DAYS AFTER THE INITIAL DIRECTORS ARE
26 APPOINTED, THE DIRECTOR OF THE DEPARTMENT SHALL CALL THE FIRST
27 MEETING OF THE BOARD. AT THE FIRST MEETING, THE BOARD SHALL ELECT A



1 CHAIRPERSON FROM THE DIRECTORS OF THE INCORPORATED ASSOCIATION.
2 FOUR DIRECTORS OF THE INCORPORATED ASSOCIATION CONSTITUTE A QUORUM
3 FOR THE TRANSACTION OF BUSINESS AT A MEETING. AN AFFIRMATIVE VOTE
4 OF 4 DIRECTORS OF THE INCORPORATED ASSOCIATION IS NECESSARY FOR
5 OFFICIAL ACTION OF THE BOARD.

6 (C) THE BOARD SHALL CONDUCT ITS BUSINESS AT A MEETING THAT IS
7 HELD IN THIS STATE, IS OPEN TO THE PUBLIC, AND IS HELD IN A PLACE
8 THAT IS AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY
9 ESTABLISH REASONABLE RULES AND REGULATIONS TO MINIMIZE DISRUPTION
10 OF A MEETING. AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A
11 MEETING, THE BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT
12 ITS PRINCIPAL OFFICE AND ON AN INTERNET WEBSITE ACCESSIBLE BY THE
13 PUBLIC. THE BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF THE MEETING
14 THE ADDRESS WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE
15 PUBLIC. THE BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE
16 FOLLOWING PURPOSES:

17 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
18 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
19 INCORPORATED ASSOCIATION.

20 (ii) TO CONSULT WITH ITS ATTORNEY.

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

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

26 (E) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE
27 MINUTES SHALL BE OPEN TO PUBLIC INSPECTION, AND THE BOARD SHALL



1 MAKE THE MINUTES AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC
2 NOTICE OF ITS MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES
3 AVAILABLE TO THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR
4 PRINTING AND COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING
5 IN THE MINUTES:

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

7 (ii) DIRECTORS WHO ARE PRESENT AND ABSENT.

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

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

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

12 (25) ~~(16)~~ An annual report of the operations of the
13 UNINCORPORATED association in a form and detail as ~~may be~~
14 determined by the board OF THE UNINCORPORATED ASSOCIATION shall be
15 furnished to each member OF THE UNINCORPORATED ASSOCIATION.

16 (26) AN INCORPORATED ASSOCIATION SHALL HAVE ITS FINANCES
17 AUDITED ANNUALLY BY AN INDEPENDENT PUBLIC ACCOUNTANT. THE
18 INCORPORATED ASSOCIATION SHALL MAKE THE AUDIT AVAILABLE TO THE
19 PUBLIC AND POST THE AUDIT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE
20 MAINTAINED BY THE INCORPORATED ASSOCIATION. AN INCORPORATED
21 ASSOCIATION SHALL MAKE AN ANNUAL REPORT OF THE OPERATIONS OF THE
22 INCORPORATED ASSOCIATION AVAILABLE TO THE PUBLIC AND POST THE
23 REPORT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE MAINTAINED BY THE
24 INCORPORATED ASSOCIATION. BY JUNE 30 OF EACH YEAR AFTER THE YEAR IN
25 WHICH THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
26 AUTHORITY UNDER SUBSECTION (5) TO THE INCORPORATED ASSOCIATION, THE
27 INCORPORATED ASSOCIATION SHALL PREPARE A STATEMENT OF THE FINANCES



1 OF THE INCORPORATED ASSOCIATION FOR THE PRECEDING CALENDAR YEAR TO
2 ACCOMPANY THE ANNUAL REPORT. THE FINANCIAL STATEMENT SHALL CONTAIN
3 ALL OF THE FOLLOWING:

4 (A) THE NUMBER OF CLAIMS OPENED AND CLOSED IN THE YEAR, THE
5 AMOUNT EXPENDED ON THE CLAIMS, AND THE ANTICIPATED FUTURE COSTS OF
6 THE CLAIMS, WITH THE ASSUMPTIONS, METHODOLOGY, AND DATA USED TO
7 MAKE THE FUTURE PROJECTIONS.

8 (B) THE TOTAL NUMBER OF OPEN CLAIMS AND THEIR ANTICIPATED
9 FUTURE COSTS, THE ASSUMPTIONS, METHODOLOGY, AND DATA USED TO MAKE
10 THE FUTURE PROJECTIONS, A CATEGORICAL SUMMARY OF CLAIMS PAID, BOTH
11 OPEN AND CLOSED, AND THE EXPECTED FUTURE COSTS OF CLAIMS GROUPED BY
12 NUMERIC RANGE.

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

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

17 (E) THE AVERAGE LENGTH OF A CLAIM.

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

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

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

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



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

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

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

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

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

~~(28) (18) The~~ **A** plan of operation ~~, unless approved sooner in~~



1 ~~writing, shall be~~ **OF AN ASSOCIATION OR AN AMENDMENT TO A PLAN OF**
 2 **OPERATION OF AN ASSOCIATION THAT HAS BEEN SUBMITTED TO THE DIRECTOR**
 3 **OF THE DEPARTMENT FOR APPROVAL IS** considered to meet the
 4 requirements of this section if it is not **APPROVED OR** disapproved
 5 by written order of the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT**
 6 within 30 days after the date of its submission. Before disapproval
 7 of all or any part of the proposed plan of operation, the
 8 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall notify the ~~board~~
 9 **ASSOCIATION** in what respect the plan of operation fails to meet the
 10 requirements and objectives of this section. If the ~~board~~
 11 **ASSOCIATION** fails to submit a revised plan of operation that meets
 12 the requirements and objectives of this section within the 30-day
 13 period, the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall enter an
 14 order accordingly and shall immediately formulate and place into
 15 effect a plan **OF OPERATION FOR THE ASSOCIATION** consistent with the
 16 requirements and objectives of this section.

17 (29) ~~(19) The~~ **FOR THE UNINCORPORATED ASSOCIATION, A** proposed
 18 plan of operation or amendments to the plan of operation **OF THE**
 19 **ASSOCIATION** are subject to majority approval by the board **OF THE**
 20 **UNINCORPORATED ASSOCIATION**, ratified by a majority of the
 21 ~~membership having~~ **MEMBERS OF THE UNINCORPORATED ASSOCIATION THAT**
 22 **HAVE** a vote, with voting rights being apportioned according to the
 23 premiums charged in subsection ~~(7)(d)~~ **(14) (D)**, and are subject to
 24 approval by the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT AS PROVIDED**
 25 **IN THIS SECTION. FOR AN INCORPORATED ASSOCIATION, A PROPOSED PLAN**
 26 **OF OPERATION OR AMENDMENTS TO THE PLAN OF OPERATION OF THE**
 27 **ASSOCIATION ARE SUBJECT TO APPROVAL BY THE BOARD OF THE**



1 INCORPORATED ASSOCIATION AND ARE SUBJECT TO APPROVAL BY THE
 2 DIRECTOR OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. THIS STATE
 3 IS NOT LIABLE FOR AN OBLIGATION OF AN ASSOCIATION, AND ANY DEBT OF
 4 AN ASSOCIATION IS NOT A DEBT OF THIS STATE. THE CREDIT OF THIS
 5 STATE MAY NOT BE LOANED TO AN ASSOCIATION.

6 (30) ~~(20) Upon~~ FOR THE UNINCORPORATED ASSOCIATION, ON approval
 7 by the ~~commissioner~~ DIRECTOR OF THE DEPARTMENT and ratification by
 8 the members OF THE UNINCORPORATED ASSOCIATION of the plan OF
 9 OPERATION submitted, or ~~upon~~ ON the promulgation of a plan by the
 10 ~~commissioner~~, DIRECTOR OF THE DEPARTMENT, each insurer authorized
 11 to write insurance providing the security required by section
 12 3101(1) in this state, as provided in this section, is bound by and
 13 shall formally subscribe to and participate in the plan approved as
 14 a condition of maintaining its authority to transact insurance in
 15 this state.

16 (31) FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30
 17 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
 18 AUTHORITY UNDER SUBSECTION (5), AN ANNUAL CATASTROPHIC CLAIMS
 19 ASSESSMENT IS IMPOSED ON THE OWNER OR REGISTRANT OF A MOTOR VEHICLE
 20 THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION 3101(1). THE
 21 OWNER OR REGISTRANT, NOT THE INSURER, IS LIABLE FOR THE PAYMENT OF
 22 THE ASSESSMENT. THE ASSESSMENT IMPOSED UNDER THIS SUBSECTION IS A
 23 CHARGE IMPOSED BY AN INCORPORATED ASSOCIATION AND IS NOT PART OF AN
 24 INSURER'S PREMIUM. UNTIL THE SECOND JUNE 30 AFTER A CERTIFICATE OF
 25 AUTHORITY IS ISSUED UNDER SUBSECTION (5), THE ANNUAL AMOUNT OF THE
 26 CATASTROPHIC CLAIMS ASSESSMENT IS THE INITIAL ASSESSMENT SET BY THE
 27 DIRECTOR OF THE DEPARTMENT UNDER SUBSECTION (5). AFTER THE SECOND



1 JUNE 30 AFTER A CERTIFICATE OF AUTHORITY IS ISSUED UNDER SUBSECTION
2 (5), THE ANNUAL AMOUNT OF THE CATASTROPHIC CLAIMS ASSESSMENT SHALL
3 BE EQUAL TO THE PER-MOTOR-VEHICLE ASSESSMENT DETERMINED BY THE
4 INCORPORATED ASSOCIATION UNDER SUBSECTION (15) (D). THE OWNER OR
5 REGISTRANT SHALL PAY THE PER-MOTOR-VEHICLE ASSESSMENT FOR EACH
6 MOTOR VEHICLE AT THE TIME OF PAYMENT FOR A MOTOR VEHICLE POLICY
7 ISSUED BY AN INSURER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE
8 THAT AFFORDS INSURANCE FOR THE PAYMENT OF BENEFITS REQUIRED UNDER
9 SECTION 3101(1). THE INSURER SHALL COLLECT THE CATASTROPHIC CLAIMS
10 ASSESSMENT ON BEHALF OF THE INCORPORATED ASSOCIATION. THE INSURER
11 SHALL INCLUDE THE CATASTROPHIC CLAIMS ASSESSMENT AS A SEPARATE
12 IDENTIFIED CHARGE ON ITS POLICY INVOICE. THE INSURER SHALL COLLECT
13 THE ASSESSMENT WITH THE INSURER'S USUAL CYCLE FOR COLLECTION OF
14 INSURANCE PREMIUMS AND SHALL PROMPTLY TRANSMIT ALL ASSESSMENTS
15 COLLECTED TO THE INCORPORATED ASSOCIATION ON FORMS AND IN A MANNER
16 PRESCRIBED BY THE INCORPORATED ASSOCIATION AND SHALL HOLD
17 ASSESSMENTS COLLECTED IN TRUST FOR THE INCORPORATED ASSOCIATION
18 UNTIL REMITTED TO THE ASSOCIATION. AN INSURER SHALL TREAT THE
19 FAILURE TO PAY AN ASSESSMENT UNDER THIS SUBSECTION IN THE SAME
20 MANNER AS THE FAILURE TO PAY AN INSURANCE PREMIUM. AN INSURER THAT
21 RECEIVES FROM AN INCORPORATED ASSOCIATION A REFUND OF A PORTION OF
22 AN ASSESSMENT PAID BECAUSE OF THE CANCELLATION OF THE POLICY SHALL
23 REFUND THAT PORTION TO THE OWNER OR REGISTRANT.

24 (32) UNTIL DECEMBER 31, 2020, AN ANNUAL ASSESSMENT EQUAL TO
25 \$25.00 FOR EACH MOTOR VEHICLE SUBJECT TO A CATASTROPHIC CLAIMS
26 ASSESSMENT IMPOSED BY AN INCORPORATED ASSOCIATION IS LEVIED ON AND
27 SHALL BE COLLECTED FROM AN INCORPORATED ASSOCIATION WITH AN ACTIVE



CERTIFICATE OF AUTHORITY. THE ASSESSMENT LEVIED UNDER THIS SUBSECTION IS PAYABLE TO AND SHALL BE COLLECTED BY THE DEPARTMENT OF TREASURY IN THE SAME MANNER AS AN ASSESSMENT UNDER THE HEALTH INSURANCE CLAIMS ASSESSMENT ACT, 2011 PA 142, MCL 550.1731 TO 500.1741. MONEY RECEIVED AND COLLECTED BY THE DEPARTMENT OF TREASURY UNDER THIS SUBSECTION SHALL BE DEPOSITED IN THE HEALTH INSURANCE CLAIMS ASSESSMENT FUND CREATED IN SECTION 7 OF THE HEALTH INSURANCE CLAIMS ASSESSMENT ACT, 2011 PA 142, MCL 550.1737.

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

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

(35) ~~(23) The commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an authorized representative of the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** may visit ~~the~~ **AN** association at any time and examine any and all the association's affairs **AND RECORDS RELATING TO THE BUSINESS OF THE ASSOCIATION. AN ASSOCIATION SHALL PAY EXPENSES INCURRED BY THE DIRECTOR OF THE DEPARTMENT FOR THE EXAMINATION OF THE ASSOCIATION. AN ASSOCIATION IS SUBJECT TO FEES IMPOSED UNDER SECTION 224(4) TO (11) IN THE SAME MANNER AS ANY OTHER TYPE OF ENTITY UNDER THIS ACT.**

(36) ~~(24) The~~ **UNINCORPORATED** association ~~does not have~~ **liability** **IS NOT LIABLE** for losses occurring before July 1, 1978.



1 AN UNINCORPORATED ASSOCIATION IS NOT LIABLE FOR LOSSES OCCURRING
2 UNDER POLICIES ISSUED OR RENEWED AFTER THE FIRST JUNE 30 AFTER THE
3 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER
4 SUBSECTION (5) .

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

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

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

26 (38) THE UNINCORPORATED ASSOCIATION SHALL CONTINUE IN
27 EXISTENCE UNTIL ALL LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH



1 THE UNINCORPORATED ASSOCIATION HAS LIABILITY UNDER THIS SECTION ARE
2 PAID. ON PAYMENT OF THE UNINCORPORATED ASSOCIATION'S FINAL
3 LIABILITY UNDER THIS SECTION, THE UNINCORPORATED ASSOCIATION SHALL
4 NOTIFY THE DIRECTOR OF THE DEPARTMENT, WIND UP THE AFFAIRS OF THE
5 UNINCORPORATED ASSOCIATION, TRANSMIT ANY REMAINING MONEY OF THE
6 UNINCORPORATED ASSOCIATION TO AN INCORPORATED ASSOCIATION, AND
7 DISSOLVE THE UNINCORPORATED ASSOCIATION.

8 (39) THE LEGISLATURE FINDS THAT THERE IS A COMPELLING STATE
9 INTEREST IN PROTECTING PUBLIC HEALTH AND MAINTAINING A VIABLE,
10 ORDERLY, AND COST-EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE
11 INSURANCE IN THIS STATE, AND ALSO FINDS THAT AN ASSOCIATION CREATED
12 AND POWERS CONFERRED ON AN ASSOCIATION BY THIS SECTION CONSTITUTE A
13 NECESSARY PROGRAM AND SERVE A NECESSARY PUBLIC PURPOSE. THE
14 LEGISLATURE DETERMINES THAT IT IS ESSENTIAL FOR THE PUBLIC PURPOSES
15 OF THIS SECTION THAT REVENUES RECEIVED BY AN ASSOCIATION BE EXEMPT
16 FROM FEDERAL TAXATION, AND IT IS THE INTENT OF THE LEGISLATURE THAT
17 AN ASSOCIATION AND ACTIVITIES OF AN ASSOCIATION AUTHORIZED UNDER
18 THIS SECTION ARE FOR THE PURPOSE OF PROTECTING AND ADVANCING THE
19 PUBLIC INTEREST IN MAINTAINING A VIABLE, ORDERLY, AND COST-
20 EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE INSURANCE IN THIS
21 STATE AND PROTECTING PUBLIC HEALTH. IT IS THE INTENT OF THE
22 LEGISLATURE THAT AN ASSOCIATION IS AUTHORIZED UNDER THIS SECTION TO
23 BE ESTABLISHED AND OPERATE IN A MANNER ALLOWING AN ASSOCIATION TO
24 QUALIFY AS AN ENTITY RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS
25 AUTHORIZED TO ISSUE TAX-EXEMPT BONDS. THIS SECTION, BEING NECESSARY
26 FOR AND TO SECURE THE PUBLIC HEALTH, SAFETY, CONVENIENCE, AND
27 WELFARE OF THE CITIZENS OF THIS STATE, SHALL BE LIBERALLY CONSTRUED



1 TO EFFECT ITS PUBLIC PURPOSES.

2 (40) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS
3 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF COVERAGE UNDER THE
4 POLICY.

5 (41) ~~(25)~~ As used in this section:

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

13 (A) "ASSOCIATION" MEANS THE UNINCORPORATED ASSOCIATION CREATED
14 UNDER SUBSECTION (1) OR AN INCORPORATED ASSOCIATION FORMED UNDER
15 SUBSECTIONS (2) TO (7).

16 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE UNINCORPORATED
17 ASSOCIATION OR OF AN INCORPORATED ASSOCIATION.

18 (C) "INCORPORATED ASSOCIATION" MEANS AN INCORPORATED
19 ASSOCIATION FORMED AS A NONPROFIT ASSOCIATION UNDER SUBSECTIONS (2)
20 TO (7).

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

23 (E) ~~(c)~~ "Ultimate loss" means the actual loss amounts that a
24 ~~member~~ **AN INSURER** is obligated to pay and that are paid or payable
25 by the ~~member~~, **INSURER**, and ~~do~~ **DOES** not include claim expenses. An
26 ultimate loss is incurred by ~~the~~ **AN** association on the date that
27 the loss occurs.



(H) "UNINCORPORATED ASSOCIATION" MEANS THE UNINCORPORATED NONPROFIT ASSOCIATION CREATED UNDER SUBSECTION (1) AND INCLUDES THE UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE CATASTROPHIC CLAIMS ASSOCIATION AND THE UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE MICHIGAN LEGACY CLAIMS ASSOCIATION.

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

(a) ~~Allowable~~ **FOR LOSS OCCURRENCES UNDER MOTOR VEHICLE ACCIDENT POLICIES ISSUED OR RENEWED BEFORE JANUARY 1, 2015, SUBJECT, IF APPLICABLE, TO CHAPTER 21B, ALLOWABLE** expenses consisting of all reasonable charges incurred for reasonably necessary products, services, and accommodations for an injured person's care, recovery, or rehabilitation. ~~Allowable expenses within personal protection insurance coverage shall not include~~ **PAYMENT TO PROVIDERS FOR THOSE PRODUCTS, SERVICES, AND ACCOMMODATIONS ARE SUBJECT TO THE LIMITS IN SECTION 3107C AND THE LIMITS ON CHARGES IN SECTION 3157.**

(B) **FOR LOSS OCCURRENCES UNDER MOTOR VEHICLE ACCIDENT POLICIES ISSUED OR RENEWED AFTER DECEMBER 31, 2014, SUBJECT, IF APPLICABLE, TO CHAPTER 21B, PERSONAL PROTECTION BENEFITS ARE PAYABLE FOR ALLOWABLE EXPENSES CONSISTING OF ALL REASONABLE CHARGES INCURRED, UP TO \$10,000,000.00 PER INJURED PERSON, FOR REASONABLY NECESSARY PRODUCTS, SERVICES, AND ACCOMMODATIONS FOR THE INJURED PERSON'S CARE, RECOVERY, OR REHABILITATION.**

(C) **PERSONAL PROTECTION INSURANCE BENEFITS ARE NOT PAYABLE FOR**



1 either of the following:

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

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

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



1 **(E)** ~~(e)~~—Expenses not exceeding \$20.00 per day, reasonably
 2 incurred in obtaining ordinary and necessary services in lieu of
 3 those that, if he or she had not been injured, an injured person
 4 would have performed during the first 3 years after the date of the
 5 accident, not for income but for the benefit of himself or herself
 6 or of his or her dependent.

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

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

18 (b) An insurer shall not be required to provide coverage for
 19 the medical use of marihuana or for expenses related to the medical
 20 use of marihuana.

21 **(3) ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER**
 22 **SUBSECTION (1) (B) :**

23 **(A) COVERAGE LIMITS ARE PROVIDED ON A PER INDIVIDUAL PER LOSS**
 24 **OCCURRENCE BASIS.**

25 **(B) REGARDLESS OF THE NUMBER OF MOTOR VEHICLES INSURED OR**
 26 **INSURERS PROVIDING SECURITY IN ACCORDANCE WITH THIS CHAPTER OR ANY**
 27 **OTHER LAW PROVIDING FOR DIRECT BENEFITS WITHOUT REGARD TO FAULT FOR**



1 MOTOR OR ANY OTHER VEHICLE ACCIDENTS, A PERSON IS NOT ENTITLED TO
2 RECOVER DUPLICATE BENEFITS FOR THE SAME EXPENSES OR LOSSES
3 INCURRED.

4 (C) PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE TO A PERSON
5 INJURED IN A MOTOR VEHICLE ACCIDENT WHILE AN OPERATOR OR PASSENGER
6 OF A MOTORCYCLE ARE LIMITED TO \$250,000.00. PERSONAL PROTECTION
7 INSURANCE BENEFITS ARE NOT PAYABLE AS DESCRIBED IN THIS SUBDIVISION
8 TO THE EXTENT THAT BENEFITS COVERING THE SAME LOSS ARE AVAILABLE
9 FROM OTHER SOURCES, REGARDLESS OF THE NATURE AND NUMBER OF BENEFIT
10 SOURCES AVAILABLE AND REGARDLESS OF THE NATURE OR FORM OF THE
11 BENEFITS.

12 (D) PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE TO A
13 NONRESIDENT OF THIS STATE ARE LIMITED TO \$50,000.00 PER INDIVIDUAL
14 PER LOSS OCCURRENCE. PERSONAL PROTECTION INSURANCE BENEFITS ARE NOT
15 PAYABLE AS DESCRIBED IN THIS SUBDIVISION TO THE EXTENT THAT
16 BENEFITS COVERING THE SAME LOSS ARE AVAILABLE FROM OTHER SOURCES,
17 REGARDLESS OF THE NATURE AND NUMBER OF BENEFIT SOURCES AVAILABLE
18 AND REGARDLESS OF THE NATURE OR FORM OF THE BENEFITS.

19 (E) A CHARGE FOR A PRODUCT, SERVICE, OR ACCOMMODATION FOR AN
20 INJURED PERSON'S CARE, RECOVERY, OR REHABILITATION IS REASONABLE IF
21 THE CHARGE IS IN ACCORDANCE WITH SECTION 3157.

22 (F) REASONABLY NECESSARY PRODUCTS, SERVICES, AND
23 ACCOMMODATIONS RENDERED OR PRESCRIBED BY A HEALTH CARE FACILITY OR
24 AGENCY OR HEALTH CARE PROVIDER ARE THOSE THAT ARE REASONABLY
25 NECESSARY AND DO NOT INCLUDE PRODUCTS, SERVICES, AND ACCOMMODATIONS
26 THAT WOULD HAVE BEEN NEEDED OR USED BY THE INJURED PERSON OR A
27 MEMBER OF THE INJURED PERSON'S HOUSEHOLD REGARDLESS OF THE LOSS



1 OCCURRENCE. AN INSURER IS NOT REQUIRED TO PROVIDE COVERAGE FOR A
2 PRODUCT, SERVICE, OR ACCOMMODATION THAT IS NOT REASONABLY NECESSARY
3 FOR AN INJURED PERSON'S CARE, RECOVERY, OR REHABILITATION OR NOT
4 REASONABLY LIKELY TO RESULT IN MEANINGFUL AND MEASURABLE LASTING
5 IMPROVEMENT IN THE INJURED PERSON'S FUNCTIONAL STATUS.

6 (G) IF REIMBURSEMENT FOR A PRODUCT, SERVICE, OR ACCOMMODATION
7 RENDERED OR PRESCRIBED IS INITIALLY REJECTED IN WHOLE OR IN PART BY
8 AN INSURER AS NOT BEING REASONABLY NECESSARY, THE INSURER, AT THE
9 PROVIDER'S REQUEST, SHALL HAVE THE DECISION REEXAMINED BY A
10 PROVIDER WHO HAS THE SAME LICENSE, CERTIFICATION, OR REGISTRATION
11 AS THE PROVIDER WHO PROVIDED THE PRODUCT, SERVICE, OR ACCOMMODATION
12 OR WHO HAS A LICENSE, REGISTRATION, OR CERTIFICATION WITH A SCOPE
13 OF PRACTICE THAT INCLUDES THE SCOPE OF PRACTICE OF THE LICENSE,
14 REGISTRATION, OR CERTIFICATION OF THE PROVIDER WHO PROVIDED THE
15 PRODUCT, SERVICE, OR ACCOMMODATION BEING REEXAMINED. AN INSURER
16 SHALL DESIGNATE A PERSON WITH WHOM PROVIDERS CAN DISCUSS THE
17 INSURER'S DETERMINATIONS REGARDING WHAT IS REASONABLY NECESSARY.

18 (H) ALLOWABLE EXPENSES DO NOT INCLUDE EXPERIMENTAL TREATMENT
19 OR PARTICIPATION IN RESEARCH PROJECTS.

20 (I) EXPENSES FOR REASONABLY NECESSARY REHABILITATION SERVICES
21 THAT ARE REASONABLY LIKELY TO PRODUCE SIGNIFICANT REHABILITATION
22 SHALL BE REIMBURSED FOR A FIXED-DURATION PERIOD OF NOT MORE THAN 52
23 WEEKS. THE SERVICES MAY BE EXTENDED FOR 1 ADDITIONAL PERIOD OF NOT
24 MORE THAN 52 WEEKS IF THE SERVICES ARE REASONABLY LIKELY TO PRODUCE
25 SIGNIFICANT REHABILITATION. A 52- OR 104-WEEK PERIOD MAY BE
26 EXTENDED IF IT IS REASONABLY LIKELY THAT LONGER TREATMENT MAY
27 PRODUCE SIGNIFICANT MEASURABLE IMPROVEMENT.



1 (J) ALLOWABLE EXPENSES INCLUDE CHARGES FOR HOME MODIFICATION
2 ACCOMMODATIONS DIRECTLY NECESSITATED BY AND RELATED TO THE INJURED
3 PERSON'S INJURIES, IF THE ACCOMMODATIONS ARE FUNCTIONALLY NECESSARY
4 TO MEET THE INJURED PERSON'S TREATMENT, REHABILITATION,
5 MAINTENANCE, AND DAILY LIVING NEEDS.

6 (K) EXPENSES FOR A SPECIAL MOTOR VEHICLE OR MOTOR VEHICLE
7 MODIFICATIONS THAT ARE DIRECTLY NECESSITATED BY AND RELATED TO THE
8 INJURED PERSON'S INJURIES ARE NOT ALLOWABLE MORE FREQUENTLY THAN
9 ONCE EVERY 7 YEARS.

10 (L) A PRODUCT, SERVICE, OR ACCOMMODATION FOR AN INJURED
11 PERSON'S CARE, RECOVERY, OR REHABILITATION IS AN ALLOWABLE EXPENSE
12 IF IT IS PROVIDED FOR MEDICAL OR REHABILITATIVE REASONS RATHER THAN
13 PRIMARILY FOR THE CONVENIENCE OF THE INDIVIDUAL, THE INDIVIDUAL'S
14 CAREGIVER, OR THE HEALTH CARE PROVIDER.

15 (M) A PRODUCT, SERVICE, OR ACCOMMODATION FOR AN INJURED
16 PERSON'S CARE, RECOVERY, OR REHABILITATION IS AN ALLOWABLE EXPENSE
17 IF IT IS PROVIDED IN THE MOST APPROPRIATE LOCATION WHERE THE
18 SERVICE MAY, FOR PRACTICAL PURPOSES, BE SAFELY AND EFFECTIVELY
19 PROVIDED.

20 (4) AT LEAST ANNUALLY AFTER AN INSURER HAS MADE A PAYMENT TO
21 OR FOR AN INJURED INDIVIDUAL UNDER A CLAIM FOR PERSONAL PROTECTION
22 INSURANCE BENEFITS THAT HAS BEEN REPORTED TO AN INCORPORATED
23 ASSOCIATION UNDER SECTION 3104(15)(B), THE INSURER SHALL PROVIDE
24 THE INDIVIDUAL WITH A STATEMENT OF CUMULATIVE BENEFITS PAID AND THE
25 AMOUNT OF BENEFITS THAT REMAIN AVAILABLE FOR THE CLAIM.

26 Sec. 3107a. Subject to ~~the provisions of section 3107(1)(b)~~
27 3107(1)(D), work loss for an injured person who is temporarily



unemployed at the time of the accident or during the period of disability shall be based on earned income for the last month employed full time preceding the accident.

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

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

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

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

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

(A) PAYMENT IS LIMITED TO A TOTAL OF 24 HOURS PER DAY FOR



1 SERVICES PERFORMED BY 1 OR MORE INDIVIDUALS.

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

5 (C) PAYMENT IS SUBJECT TO SECTION 3157.

6 (3) EXCEPT AS PROVIDED IN SUBSECTION (4), PAYMENT FOR
7 ATTENDANT CARE PROVIDED BY A FAMILY OR HOUSEHOLD MEMBER AND SOMEONE
8 OTHER THAN A FAMILY OR HOUSEHOLD MEMBER IS CUMULATIVELY LIMITED TO
9 24 HOURS PER DAY.

10 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN
11 INSURER OR AN INCORPORATED ASSOCIATION FORMED UNDER SECTION 3104A
12 MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE AT
13 ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.

14 Sec. 3109. (1) Benefits provided or required to be provided
15 under the laws of any state or the federal government shall be
16 subtracted from the personal protection insurance benefits
17 otherwise payable for the injury under this chapter.

18 (2) An injured person is a natural person suffering accidental
19 bodily injury.

20 (3) An insurer providing personal protection insurance
21 benefits under this chapter may offer, at appropriately reduced
22 premium rates, a deductible of a specified dollar amount. This
23 deductible may be applicable to all or any specified types of
24 personal protection insurance benefits, but shall apply only to
25 benefits payable to the person named in the policy, his or her
26 spouse, and any relative of either domiciled in the same household.
27 THIS SUBSECTION DOES NOT APPLY TO A MANAGED CARE OPTION OFFERED



1 **UNDER CHAPTER 21B.**

2 Sec. 3109a. An insurer providing personal protection insurance
3 benefits under this chapter may offer, at appropriately reduced
4 premium rates, deductibles and exclusions reasonably related to
5 other health and accident ~~coverage on~~ **INSURANCE COVERING** the
6 insured. Any deductibles and exclusions offered under this section
7 are subject to prior approval by the ~~commissioner~~ **DIRECTOR** and
8 ~~shall~~ **MUST** apply only to benefits payable to the person named in
9 the policy, the spouse of the insured, and any relative of either
10 domiciled in the same household. **THIS SECTION DOES NOT APPLY TO A**
11 **MANAGED CARE OPTION OFFERED UNDER CHAPTER 21B.**

12 Sec. 3113. A person is not entitled to be paid personal
13 protection insurance benefits for accidental bodily injury if at
14 the time of the accident any of the following circumstances
15 existed:

16 (a) The person was using a motor vehicle or motorcycle ~~which~~
17 **THAT** he or she had taken unlawfully, unless the person reasonably
18 believed that he or she was entitled to take and use the vehicle.

19 (b) The person was the owner or registrant of a motor vehicle
20 or motorcycle involved in the accident with respect to which the
21 security required by section 3101 or 3103 was not in effect.

22 (c) The person was not a resident of this state, was an
23 occupant of a motor vehicle or motorcycle not registered in this
24 state, and was not insured by an insurer ~~which~~ **THAT** has filed a
25 certification in compliance with section 3163.

26 **(D) THE PERSON WAS THE OWNER OR REGISTRANT OF A MOTOR VEHICLE**
27 **INSURED UNDER A POLICY ISSUED UNDER CHAPTER 32A.**



1 Sec. 3114. (1) Except as provided in subsections (2), (3), ~~and~~
2 (5), **(7), AND (8)**, a personal protection insurance policy described
3 in section 3101(1) applies to accidental bodily injury to the
4 person named in the policy, the person's spouse, and a relative of
5 either domiciled in the same household, if the injury arises from a
6 motor vehicle accident. A personal injury insurance policy
7 described in section 3103(2) applies to accidental bodily injury to
8 the person named in the policy, the person's spouse, and a relative
9 of either domiciled in the same household, if the injury arises
10 from a motorcycle accident. When personal protection insurance
11 benefits **DESCRIBED IN SECTION 3107(1)**, or personal injury benefits
12 described in section 3103(2), are payable to or for the benefit of
13 an injured person under his or her own policy and would also be
14 payable under the policy of his or her spouse, relative, or
15 relative's spouse, the injured person's insurer shall pay all of
16 the benefits and is not entitled to recoupment from the other
17 insurer. **THE COVERAGE FOR ALLOWABLE EXPENSES FOR 2 OR MORE MOTOR**
18 **VEHICLES UNDER 1 POLICY OR FOR 2 OR MORE POLICIES SHALL NOT BE**
19 **ADDED TOGETHER, COMBINED, OR STACKED TO DETERMINE THE LIMIT OF**
20 **INSURANCE COVERAGE AVAILABLE FOR EACH INJURED PERSON COVERED UNDER**
21 **THE POLICY.**

22 (2) A person suffering accidental bodily injury while an
23 operator or a passenger of a motor vehicle operated in the business
24 of transporting passengers shall receive the personal protection
25 insurance benefits to which the person is entitled from the insurer
26 of the motor vehicle. This subsection does not apply to a passenger
27 in the following, unless that passenger is not entitled to personal



1 protection insurance benefits under any other policy:

2 (a) A school bus, as defined by the department of education,
3 providing transportation not prohibited by law.

4 (b) A bus operated by a common carrier of passengers certified
5 by the department of transportation.

6 (c) A bus operating under a government sponsored
7 transportation program.

8 (d) A bus operated by or providing service to a nonprofit
9 organization.

10 (e) A taxicab insured as prescribed in section 3101 or 3102.

11 (f) A bus operated by a canoe or other watercraft, bicycle, or
12 horse livery used only to transport passengers to or from a
13 destination point.

14 (3) An employee, his or her spouse, or a relative of either
15 domiciled in the same household ~~—~~who suffers accidental bodily
16 injury while an occupant of a motor vehicle owned or registered by
17 the employer ~~—~~shall receive personal protection insurance benefits
18 to which the employee is entitled from the insurer of the furnished
19 vehicle.

20 (4) Except as provided in subsections (1) to (3), **(7), AND**
21 **(8)**, a person suffering accidental bodily injury arising from a
22 motor vehicle accident while an occupant of a motor vehicle shall
23 claim personal protection insurance benefits from insurers in the
24 following order of priority:

25 (a) The insurer of the owner or registrant of the vehicle
26 occupied.

27 (b) The insurer of the operator of the vehicle occupied.



(5) ~~A~~ **EXCEPT AS PROVIDED IN SUBSECTIONS (7) AND (8),** A person suffering accidental bodily injury arising from a motor vehicle accident ~~which~~ **THAT** shows evidence of the involvement of a motor vehicle while an operator or passenger of a motorcycle shall claim personal protection insurance benefits from insurers in the following order of priority:

(a) The insurer of the owner or registrant of the motor vehicle involved in the accident.

(b) The insurer of the operator of the motor vehicle involved in the accident.

(c) The motor vehicle insurer of the operator of the motorcycle involved in the accident.

(d) The motor vehicle insurer of the owner or registrant of the motorcycle involved in the accident.

(6) If 2 or more insurers are in the same order of priority to provide personal protection insurance benefits, ~~under subsection (5),~~ an insurer paying benefits due is entitled to partial recoupment from the other insurers in the same order of priority, together with a reasonable amount of partial recoupment of the expense of processing the claim, in order to accomplish equitable distribution of the loss among all of the insurers.

(7) AN AUTOMOBILE INSURANCE POLICY ISSUED UNDER CHAPTER 32A APPLIES ONLY TO THE OWNER OR REGISTRANT OF THE MOTOR VEHICLE INSURED UNDER THE POLICY, NOT TO THE OWNER'S OR REGISTRANT'S SPOUSE OR A RELATIVE OF EITHER DOMICILED IN THE SAME HOUSEHOLD. AN OWNER OR REGISTRANT OF A MOTOR VEHICLE INSURED UNDER AN AUTOMOBILE INSURANCE POLICY ISSUED UNDER CHAPTER 32A IS NOT ENTITLED TO



BENEFITS DESCRIBED IN THIS SECTION UNDER AN AUTOMOBILE INSURANCE
POLICY ISSUED TO ANY OF THE FOLLOWING:

(A) THE OWNER'S OR REGISTRANT'S SPOUSE, RELATIVE, OR
RELATIVE'S SPOUSE.

(B) THE OWNER, REGISTRANT, OR OPERATOR OF ANOTHER VEHICLE
OCCUPIED BY THE OWNER OR REGISTRANT OF THE MOTOR VEHICLE INSURED
UNDER THE POLICY ISSUED UNDER CHAPTER 32A.

(8) OTHER THAN RESIDUAL LIABILITY BENEFITS DESCRIBED IN
SECTION 3009, AN INDIVIDUAL OTHER THAN THE OWNER OR REGISTRANT OF A
MOTOR VEHICLE INSURED UNDER AN AUTOMOBILE INSURANCE POLICY ISSUED
UNDER CHAPTER 32A IS NOT ENTITLED TO BENEFITS UNDER THE POLICY. THE
INDIVIDUAL, IF INJURED WHILE AN OCCUPANT OF THE MOTOR VEHICLE OR IN
A MOTOR VEHICLE ACCIDENT THAT SHOWS EVIDENCE OF THE INVOLVEMENT OF
THE MOTOR VEHICLE, IS ONLY ENTITLED TO PERSONAL PROTECTION BENEFITS
THAT ARE OTHERWISE AVAILABLE TO THE INDIVIDUAL UNDER THIS CHAPTER.

Sec. 3115. (1) Except as provided in ~~subsection (1) of section~~
~~3114-3114(1)~~, a person suffering accidental bodily injury while not
an occupant of a motor vehicle shall claim personal protection
insurance benefits from insurers in the following order of
priority:

(a) Insurers of owners or registrants of motor vehicles
involved in the accident.

(b) Insurers of operators of motor vehicles involved in the
accident.

(2) ~~When~~ **IF** 2 or more insurers are in the same order of
priority to provide personal protection insurance benefits, an
insurer paying benefits due is entitled to partial recoupment from



1 the other insurers in the same order of priority, ~~together with~~ **AND**
2 a reasonable amount of partial recoupment of the expense of
3 processing the claim, in order to accomplish equitable distribution
4 of the loss among ~~such~~ **THE** insurers.

5 (3) A limit upon the amount of personal protection insurance
6 benefits available because of accidental bodily injury to 1 person
7 arising from 1 motor vehicle accident shall be determined without
8 regard to the number of policies applicable to the accident.

9 **(4) THE LIMIT OF LIABILITY FOR 2 OR MORE MOTOR VEHICLES UNDER**
10 **1 POLICY OR FOR 2 OR MORE POLICIES SHALL NOT BE ADDED TOGETHER,**
11 **COMBINED, OR STACKED TO DETERMINE THE LIMIT OF INSURANCE COVERAGE**
12 **AVAILABLE FOR EACH INJURED PERSON COVERED UNDER THE POLICY.**

13 Sec. 3135. (1) A person remains subject to tort liability for
14 noneconomic loss caused by his or her ownership, maintenance, or
15 use of a motor vehicle only if the injured person has suffered
16 death, serious impairment of body function, or permanent serious
17 disfigurement.

18 (2) For a cause of action for damages pursuant to subsection
19 (1) filed on or after July 26, 1996, all of the following apply:

20 (a) The issues of whether the injured person has suffered
21 serious impairment of body function or permanent serious
22 disfigurement are questions of law for the court if the court finds
23 either of the following:

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

26 (ii) There is a factual dispute concerning the nature and
27 extent of the person's injuries, but the dispute is not material to



1 the determination whether the person has suffered a serious
2 impairment of body function or permanent serious disfigurement.
3 However, for a closed-head injury, a question of fact for the jury
4 is created if a licensed allopathic or osteopathic physician who
5 regularly diagnoses or treats closed-head injuries testifies under
6 oath that there may be a serious neurological injury.

7 (b) Damages shall be assessed on the basis of comparative
8 fault, except that damages shall not be assessed in favor of a
9 party who is more than 50% at fault.

10 (c) Damages shall not be assessed in favor of a party who was
11 operating his or her own vehicle at the time the injury occurred
12 and did not have in effect for that motor vehicle the security
13 required by section 3101 at the time the injury occurred.

14 **(D) IF THE INJURED PERSON WAS THE OWNER OR REGISTRANT OF A**
15 **MOTOR VEHICLE INSURED UNDER A POLICY ISSUED UNDER CHAPTER 32A, THE**
16 **INJURED PERSON IS LIMITED TO A RECOVERY OF \$20,000.00 IN THE**
17 **AGGREGATE FROM ALL PERSONS WHO ARE LIABLE UNDER SUBSECTION (1).**

18 (3) Notwithstanding any other provision of law, tort liability
19 arising from the ownership, maintenance, or use within this state
20 of a motor vehicle with respect to which the security required by
21 section 3101 was in effect is abolished except as to:

22 (a) Intentionally caused harm to persons or property. Even
23 though a person knows that harm to persons or property is
24 substantially certain to be caused by his or her act or omission,
25 the person does not cause or suffer that harm intentionally if he
26 or she acts or refrains from acting for the purpose of averting
27 injury to any person, including himself or herself, or for the



purpose of averting damage to tangible property.

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

(c) Damages for allowable expenses, work loss, and survivor's loss ~~as defined in~~ **EXCESS OF THE PERSONAL PROTECTION INSURANCE BENEFITS PROVIDED UNDER** sections 3107 to 3110. ~~in excess of the daily, monthly, and 3-year limitations contained in those sections.~~

The party liable for damages is entitled to an exemption reducing his or her liability **FOR PAYMENT OF WORK LOSS AND SURVIVOR'S LOSS** by the amount of taxes that would have been payable on account of income the injured person would have received if he or she had not been injured. **THIS SUBDIVISION DOES NOT APPLY TO AN OWNER OR REGISTRANT OF A MOTOR VEHICLE INSURED UNDER A POLICY ISSUED UNDER CHAPTER 32A.**

(d) Damages for economic loss by a nonresident in excess of the personal protection insurance benefits provided under section **3107(3)(D) OR 3163(4), AS APPLICABLE.** Damages under this subdivision are not recoverable to the extent that benefits covering the same loss are available from other sources, regardless of the nature or number of benefit sources available and regardless of the nature or form of the benefits.

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

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



1 (a) Damages shall be assessed on the basis of comparative
2 fault, except that damages shall not be assessed in favor of a
3 party who is more than 50% at fault.

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

7 (c) The action shall be commenced, whenever legally possible,
8 in the small claims division of the district court or the municipal
9 court. If the defendant or plaintiff removes the action to a higher
10 court and does not prevail, the judge may assess costs.

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

14 (e) Damages shall not be assessed if the damaged motor vehicle
15 was being operated at the time of the damage without the security
16 required by section 3101.

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

21 Sec. 3148. (1) ~~An~~ **SUBJECT TO SUBSECTION (2), AN** attorney is
22 entitled to a reasonable fee for advising and representing a
23 claimant in an action for personal or property protection insurance
24 benefits ~~which~~ **THAT** are overdue. The attorney's fee shall be a
25 charge against the insurer in addition to the benefits recovered,
26 if the court finds that the insurer unreasonably refused to pay the
27 claim or unreasonably delayed in making proper payment. **EVIDENCE OF**



1 THE MANNER IN WHICH AN INSURER PROCESSED A CLAIM FOR BENEFITS IS
 2 NOT ADMISSIBLE AT THE TRIAL OF AN ACTION TO RECOVER BENEFITS UNDER
 3 THIS CHAPTER.

4 (2) FOR A DISPUTE OVER PAYMENT FOR ALLOWABLE EXPENSES UNDER
 5 SECTION 3107(1) (A) OR (B) FOR ATTENDANT CARE, ATTORNEY FEES MAY
 6 ONLY BE AWARDED UNDER SUBSECTION (1) FOR SERVICES RENDERED IN THE
 7 12-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE THE INSURER IS
 8 NOTIFIED OF THE DISPUTE.

9 (3) ~~(2) An~~ **A COURT MAY AWARD AN** insurer may be allowed by a
 10 court an award of a reasonable sum against a claimant as an
 11 attorney's fee for the insurer's attorney in defense ~~DEFENDING~~
 12 against a claim that was in some respect fraudulent or so excessive
 13 as to have no reasonable foundation. To the extent that personal or
 14 property protection insurance benefits are then due or thereafter
 15 come due to the claimant because of loss resulting from the injury
 16 on which the claim is based, ~~such a~~ **AN ATTORNEY** fee **AWARDED** may be
 17 ~~treated~~ **TAKEN** as an offset against ~~such~~ **THE** benefits. ~~it also,~~
 18 judgment **JUDGMENT** may **ALSO** be entered against the claimant for any
 19 amount of a **AN ATTORNEY** fee awarded against him and **THAT IS** not
 20 offset in this way **AGAINST BENEFITS** or otherwise paid.

21 Sec. 3157. (1) A physician, hospital, clinic, or other person
 22 or institution lawfully rendering treatment to an injured person
 23 for an accidental bodily injury covered by personal protection
 24 insurance, and a person or institution providing rehabilitative
 25 occupational training following the injury, may charge a reasonable
 26 amount for the products, services, and accommodations rendered. ~~The~~
 27 **SUBJECT TO SUBSECTION (2), THE** charge shall not exceed the amount



1 the person or institution customarily charges for like products,
2 services and accommodations in cases not involving insurance.

3 (2) IF AN INSURER PAYS A CHARGE FOR A PRODUCT, SERVICE, OR
4 ACCOMMODATION WITHIN 30 DAYS AFTER THE INSURER RECEIVES A BILLING
5 STATEMENT FOR THE CHARGE, THE PERSON OR INSTITUTION THAT PROVIDED
6 THE PRODUCT, SERVICE, OR ACCOMMODATION SHALL ACCEPT AS PAYMENT IN
7 FULL FOR THE PRODUCT, SERVICE, OR ACCOMMODATION THE LESSER OF THE
8 AMOUNT CHARGED OR 125% OF THE AMOUNT THAT WOULD BE PAID UNDER R
9 418.10101 TO R 418.101504 OF THE MICHIGAN ADMINISTRATIVE CODE OR
10 SCHEDULES OF MAXIMUM FEES FOR WORKER'S DISABILITY COMPENSATION
11 DEVELOPED UNDER THOSE RULES.

12 (3) WHETHER A CHARGE IS REASONABLE OR WHETHER A PRODUCT,
13 SERVICE, OR ACCOMMODATION IS REASONABLY NECESSARY IS A QUESTION OF
14 LAW TO BE DECIDED BY THE COURT.

15 (4) IF A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON LAWFULLY
16 RENDERING TREATMENT OR REHABILITATIVE OCCUPATIONAL TRAINING
17 PROVIDES HEALTH CARE OR A HEALTH SERVICE THAT IS NOT USUALLY
18 ASSOCIATED WITH, IS LONGER IN DURATION IN TIME THAN, IS MORE
19 FREQUENT THAN, OR EXTENDS OVER A GREATER NUMBER OF DAYS THAN THE
20 HEALTH CARE OR SERVICE USUALLY DOES WITH THE DIAGNOSIS OR CONDITION
21 FOR WHICH THE PATIENT IS BEING TREATED, THE INSURER MAY REQUIRE THE
22 PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON TO EXPLAIN IN WRITING
23 WHY THE UNUSUAL TREATMENT IS NECESSARY OR INDICATED.

24 (5) IF AN INSURER DETERMINES THAT A PHYSICIAN, HOSPITAL,
25 CLINIC, OR OTHER PERSON LAWFULLY RENDERING TREATMENT OR
26 REHABILITATIVE OCCUPATIONAL TRAINING HAS REQUIRED UNJUSTIFIED
27 TREATMENT, HOSPITALIZATION, OR VISITS, AN INSURER IS NOT REQUIRED



1 TO PAY THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON FOR THE
2 UNJUSTIFIED TREATMENT, HOSPITALIZATION, OR VISITS, AND THE
3 PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON IS LIABLE TO RETURN TO
4 THE INSURER THE FEES OR CHARGES ALREADY COLLECTED. THE DEPARTMENT
5 MAY REVIEW THE RECORDS AND MEDICAL BILLS OF A PHYSICIAN, HOSPITAL,
6 CLINIC, OR OTHER PERSON LAWFULLY RENDERING TREATMENT OR
7 REHABILITATIVE OCCUPATIONAL TRAINING THAT IS DETERMINED BY AN
8 INSURER TO BE REQUIRING UNJUSTIFIED TREATMENT, HOSPITALIZATION, OR
9 OFFICE VISITS.

10 (6) AN INSURER SHALL CONDUCT A UTILIZATION REVIEW FOR EACH
11 INDIVIDUAL ON WHOSE BEHALF THE INSURER PAYS BENEFITS UNDER THIS
12 SECTION. AN INSURER SHALL CONDUCT A UTILIZATION REVIEW ACCORDING TO
13 THE CRITERIA OR STANDARDS ESTABLISHED BY THE DEPARTMENT UNDER
14 SUBSECTION (9).

15 (7) BY ACCEPTING PAYMENT UNDER THIS CHAPTER, A PHYSICIAN,
16 HOSPITAL, CLINIC, OR OTHER PERSON LAWFULLY RENDERING TREATMENT OR
17 REHABILITATIVE OCCUPATIONAL TRAINING IS CONSIDERED TO HAVE
18 CONSENTED TO SUBMIT NECESSARY RECORDS AND OTHER INFORMATION
19 CONCERNING HEALTH CARE OR HEALTH SERVICES PROVIDED FOR UTILIZATION
20 REVIEW UNDER THIS SECTION. THE PHYSICIAN, HOSPITAL, CLINIC, OR
21 OTHER PERSON IS CONSIDERED TO HAVE AGREED TO COMPLY WITH ANY
22 DECISION OF THE DEPARTMENT UNDER SUBSECTION (8). A PHYSICIAN,
23 HOSPITAL, CLINIC, OR OTHER PERSON LAWFULLY RENDERING TREATMENT OR
24 REHABILITATIVE OCCUPATIONAL TRAINING THAT SUBMITS FALSE OR
25 MISLEADING RECORDS OR OTHER INFORMATION TO AN INSURER OR THE
26 DEPARTMENT IS GUILTY OF A MISDEMEANOR PUNISHABLE BY IMPRISONMENT
27 FOR NOT MORE THAN 1 YEAR OR A FINE OF NOT MORE THAN \$1,000.00, OR



1 BOTH.

2 (8) IF AN INSURER DETERMINES THAT A PHYSICIAN, HOSPITAL,
3 CLINIC, OR OTHER PERSON LAWFULLY RENDERING TREATMENT OR
4 REHABILITATIVE OCCUPATIONAL TRAINING IMPROPERLY OVERUTILIZED OR
5 OTHERWISE RENDERED OR ORDERED INAPPROPRIATE HEALTH CARE OR HEALTH
6 SERVICES, THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON MAY
7 APPEAL TO THE DEPARTMENT REGARDING THE DETERMINATION AS PROVIDED IN
8 THE RULES PROMULGATED UNDER SUBSECTION (9).

9 (9) THE DEPARTMENT SHALL PROMULGATE RULES PURSUANT TO THE
10 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
11 24.328, TO ESTABLISH CRITERIA OR STANDARDS FOR UTILIZATION REVIEWS
12 UNDER THIS SECTION. THE RULES MUST BE DESIGNED TO IDENTIFY THE
13 UTILIZATION OF HEALTH CARE AND HEALTH SERVICES THAT IS GREATER THAN
14 THE USUAL RANGE OF UTILIZATION FOR THE HEALTH CARE AND HEALTH
15 SERVICES BASED ON MEDICALLY ACCEPTED STANDARDS AND PROVIDE FOR
16 ACQUIRING NECESSARY RECORDS, MEDICAL BILLS, AND OTHER INFORMATION
17 CONCERNING THE HEALTH CARE OR HEALTH SERVICES.

18 (10) AS USED IN THIS SECTION, "UTILIZATION REVIEW" MEANS AN
19 INITIAL EVALUATION OF THE APPROPRIATENESS, IN TERMS OF BOTH LEVEL
20 AND QUALITY, OF HEALTH CARE AND HEALTH SERVICES PROVIDED AN INJURED
21 INDIVIDUAL, BASED ON MEDICALLY ACCEPTED STANDARDS.

22 Sec. 3163. (1) An insurer authorized to transact automobile
23 liability insurance and personal and property protection insurance
24 in this state shall file and maintain a written certification that
25 any accidental bodily injury or property damage occurring in this
26 state arising from the ownership, operation, maintenance, or use of
27 a motor vehicle as a motor vehicle by an out-of-state resident who



1 is insured under its automobile liability insurance policies, is
2 subject to the personal and property protection insurance system
3 under this act.

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

6 (3) Except as otherwise provided in subsection (4), if a
7 certification filed under subsection (1) or (2) applies to
8 accidental bodily injury or property damage, the insurer and its
9 insureds with respect to that injury or damage have the rights and
10 immunities under this act for personal and property protection
11 insureds, and claimants have the rights and benefits of personal
12 and property protection insurance claimants, including the right to
13 receive benefits from the electing insurer as if it were an insurer
14 of personal and property protection insurance applicable to the
15 accidental bodily injury or property damage.

16 (4) ~~IF~~ **FOR LOSS OCCURRENCES THAT OCCUR BEFORE THE EFFECTIVE**
17 **DATE OF SECTION 3107(3) (D) , IF** an insurer of an out-of-state
18 resident is required to provide benefits under subsections (1) to
19 (3) to that out-of-state resident for accidental bodily injury for
20 an accident in which the out-of-state resident was not an occupant
21 of a motor vehicle registered in this state, the insurer is only
22 liable for the amount of ultimate loss sustained up to \$500,000.00.
23 Benefits under this subsection are not recoverable to the extent
24 that benefits covering the same loss are available from other
25 sources, regardless of the nature or number of benefit sources
26 available and regardless of the nature or form of the benefits.

27 Sec. 3172. (1) A person entitled to claim because of



1 accidental bodily injury arising out of the ownership, operation,
 2 maintenance, or use of a motor vehicle as a motor vehicle in this
 3 state may obtain personal protection insurance benefits through the
 4 assigned claims plan ~~if~~ **IN ANY OF THE FOLLOWING SITUATIONS:**

5 **(A) IF** no personal protection insurance is applicable to the
 6 injury. ~~τ~~

7 **(B) IF** no personal protection insurance applicable to the
 8 injury can be identified. ~~τ~~

9 **(C) IF** the personal protection insurance applicable to the
 10 injury cannot be ascertained because of a dispute between 2 or more
 11 automobile insurers concerning their obligation to provide coverage
 12 or the equitable distribution of the loss. ~~τ or~~

13 **(D) IF** the only identifiable personal protection insurance
 14 applicable to the injury is, because of financial inability of 1 or
 15 more insurers to fulfill their obligations, inadequate to provide
 16 benefits up to the maximum prescribed. ~~In that case,~~

17 **(2) IN ANY OF THE SITUATIONS UNDER SUBSECTION (1),** unpaid
 18 benefits due or coming due may be collected under the assigned
 19 claims plan and the insurer to which the claim is assigned is
 20 entitled to reimbursement from the defaulting insurers to the
 21 extent of their financial responsibility.

22 **(3) ~~(2)~~** Except as otherwise provided in this subsection,
 23 personal protection insurance benefits, including benefits arising
 24 from accidents occurring before March 29, 1985, payable through the
 25 assigned claims plan shall be reduced to the extent that benefits
 26 covering the same loss are available from other sources, regardless
 27 of the nature or number of benefit sources available and regardless

1 of the nature or form of the benefits, to a person claiming
 2 personal protection insurance benefits through the assigned claims
 3 plan. This subsection only applies if the personal protection
 4 insurance benefits are payable through the assigned claims plan
 5 because no personal protection insurance is applicable to the
 6 injury, no personal protection insurance applicable to the injury
 7 can be identified, or the only identifiable personal protection
 8 insurance applicable to the injury is, because of financial
 9 inability of 1 or more insurers to fulfill their obligations,
 10 inadequate to provide benefits up to the maximum prescribed. As
 11 used in this subsection, "sources" and "benefit sources" do not
 12 include the program for medical assistance for the medically
 13 indigent under the social welfare act, 1939 PA 280, MCL 400.1 to
 14 400.119b, or insurance under the health insurance for the aged act,
 15 ~~title~~**SUBCHAPTER** XVIII of the social security act, 42 USC 1395 to
 16 1395kkk-1.

17 **(4)** ~~(3)~~—If the obligation to provide personal protection
 18 insurance benefits cannot be ascertained because of a dispute
 19 between 2 or more automobile insurers concerning their obligation
 20 to provide coverage or the equitable distribution of the loss, and
 21 if a method of voluntary payment of benefits cannot be agreed upon
 22 among or between the disputing insurers, all of the following
 23 apply:

24 (a) The insurers who are parties to the dispute shall, or the
 25 claimant may, immediately notify the Michigan automobile insurance
 26 placement facility of their inability to determine their statutory
 27 obligations.



1 (b) The claim shall be assigned by the Michigan automobile
2 insurance placement facility to an insurer and the insurer shall
3 immediately provide personal protection insurance benefits to the
4 claimant or claimants entitled to benefits.

5 (c) An action shall be immediately commenced on behalf of the
6 Michigan automobile insurance placement facility by the insurer to
7 whom the claim is assigned in circuit court to declare the rights
8 and duties of any interested party.

9 (d) The insurer to whom the claim is assigned shall join as
10 parties defendant to the action commenced under subdivision (c)
11 each insurer disputing either the obligation to provide personal
12 protection insurance benefits or the equitable distribution of the
13 loss among the insurers.

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

17 (f) After hearing the action, the circuit court shall
18 determine the insurer or insurers, if any, obligated to provide the
19 applicable personal protection insurance benefits and the equitable
20 distribution, if any, among the insurers obligated, and shall order
21 reimbursement to the Michigan automobile insurance placement
22 facility from the insurer or insurers to the extent of the
23 responsibility as determined by the court. ~~The reimbursement~~
24 ~~ordered under this subdivision shall include all benefits and costs~~
25 ~~paid or incurred by the Michigan automobile insurance placement~~
26 ~~facility and all benefits and costs paid or incurred by insurers~~
27 ~~determined not to be obligated to provide applicable personal~~



~~protection insurance benefits, including reasonable, actually incurred attorney fees and interest at the rate prescribed in section 3175 as of December 31 of the year preceding the determination of the circuit court.~~

(5) AN INJURED PERSON CLAIMING PERSONAL PROTECTION INSURANCE BENEFITS UNDER THE ASSIGNED CLAIMS PLAN IS LIMITED TO REASONABLE CHARGES INCURRED UP TO A MAXIMUM OF \$250,000.00 FOR REASONABLY NECESSARY PRODUCTS, SERVICES, AND ACCOMMODATIONS FOR HIS OR HER CARE, RECOVERY, OR REHABILITATION.

(6) ANY REIMBURSEMENT ORDERED UNDER THIS SECTION AND ANY RECOVERY OBTAINED IN CIRCUMSTANCES WHERE PERSONAL PROTECTION INSURANCE BENEFITS HAVE BEEN OR MAY BE PAID THROUGH THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY SHALL INCLUDE ALL BENEFITS AND COSTS PAID OR INCURRED BY INSURERS DETERMINED NOT TO BE OBLIGATED TO PROVIDE THE APPLICABLE PERSONAL PROTECTION INSURANCE BENEFITS, INCLUDING ACTUALLY INCURRED REASONABLE ATTORNEY FEES AND INTEREST AT THE RATE PRESCRIBED IN SECTION 3175 AS OF DECEMBER 31 OF THE YEAR PRECEDING THE REIMBURSEMENT ORDER OR RECOVERY DETERMINATION.

SEC. 3181. (1) SUBJECT TO SECTION 2403, BY DECEMBER 31, 2014, ANY INSURER ENGAGED IN WRITING INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION 3101(1) SHALL FILE RATES FOR AUTOMOBILE INSURANCE POLICIES ISSUED OR RENEWED AFTER DECEMBER 31, 2014 THAT RESULT IN A PER-POLICY REDUCTION IN THE ANNUAL PREMIUM, WHICH FOR PURPOSES OF THIS SUBSECTION AND SUBSECTION (2) INCLUDES THE CATASTROPHIC CLAIMS ASSESSMENT IMPOSED UNDER SECTION 3104(31), TO REFLECT THE SAVINGS EXPECTED AS A RESULT OF THE CHANGES MADE TO



1 THIS ACT BY THE AMENDATORY ACT THAT ADDED THIS SECTION. THE
 2 REDUCTION UNDER THIS SUBSECTION SHALL BE FROM RATES, INCLUDING THE
 3 RECOGNITION IN THE RATES AS REQUIRED UNDER SECTION 3104(34) OF
 4 PREMIUM CHARGES UNDER SECTION 3104(14) (D), IN EFFECT FOR THE
 5 INSURER ON THE DATE THAT THE AMENDATORY ACT THAT ADDED THIS SECTION
 6 IS ENACTED INTO LAW AND SHALL NOT BE LESS THAN 10%.

7 (2) AN INSURER THAT IS SUBJECT TO SUBSECTION (1) SHALL NOT
 8 INCREASE AN INSURED'S PREMIUM FROM THE LEVEL ESTABLISHED UNDER
 9 SUBSECTION (1) BEFORE JANUARY 1, 2017. THIS SUBSECTION DOES NOT
 10 APPLY TO AN INCREASE IN A PREMIUM BECAUSE OF A CHANGE IN A RISK
 11 CLASSIFICATION THAT RESULTS FROM ACTIONS OF THE INSURED.

12 (3) AN INSURER SHALL INCLUDE BOTH OF THE FOLLOWING IN A BILL
 13 OR OTHER NOTICE OF PAYMENT DUE FOR A PREMIUM THAT IS REDUCED UNDER
 14 SUBSECTION (1) OR THAT REMAINS REDUCED UNDER SUBSECTION (2):

15 (A) A SEPARATE AND DISTINCT LINE THAT SHOWS THE DOLLAR AMOUNT
 16 BY WHICH THE PREMIUM IS REDUCED.

17 (B) THE FOLLOWING STATEMENT FOLLOWING THAT LINE: "THIS PREMIUM
 18 REDUCTION IS PROVIDED BY THE MICHIGAN LEGISLATURE UNDER PUBLIC ACT
 19 _____ OF 20__.", INCLUDING THE YEAR AND PUBLIC ACT NUMBER OF THE
 20 AMENDATORY ACT THAT ADDED THIS SECTION.

21 CHAPTER 32A

22 LOW-COST AUTOMOBILE INSURANCE PILOT PROGRAM

23 SEC. 3275. AS USED IN THIS CHAPTER:

24 (A) "AUTOMOBILE INSURANCE" MEANS THAT TERM AS DEFINED IN
 25 SECTION 2102.

26 (B) "FACILITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE
 27 PLACEMENT FACILITY CREATED UNDER CHAPTER 33.



1 (C) "FEDERAL POVERTY GUIDELINES" MEANS THE POVERTY GUIDELINES
2 PUBLISHED ANNUALLY IN THE FEDERAL REGISTER BY THE UNITED STATES
3 DEPARTMENT OF HEALTH AND HUMAN SERVICES UNDER ITS AUTHORITY TO
4 REVISE THE POVERTY LINE UNDER 42 USC 9902.

5 (D) "INSURANCE AGENCY" MEANS AN AGENCY AS THAT TERM IS DEFINED
6 IN SECTION 1243.

7 (E) "INSURANCE PRODUCER" MEANS THAT TERM AS DEFINED IN SECTION
8 1201.

9 (F) "LCAP APPLICANT" MEANS AN INDIVIDUAL WHO MEETS ALL OF THE
10 QUALIFICATIONS OF SECTION 3277.

11 (G) "LOW-COST AUTOMOBILE INSURANCE POLICY" MEANS AN AUTOMOBILE
12 INSURANCE POLICY THAT SATISFIES THE REQUIREMENTS OF SECTION 3278.

13 SEC. 3276. AN OWNER OR REGISTRANT OF A MOTOR VEHICLE REQUIRED
14 TO BE REGISTERED IN THIS STATE WHO IS AN LCAP APPLICANT MAY COMPLY
15 WITH SECTION 3101 BY MAINTAINING A LOW-COST AUTOMOBILE INSURANCE
16 POLICY.

17 SEC. 3277. (1) TO QUALIFY FOR A LOW-COST AUTOMOBILE INSURANCE
18 POLICY, AN INDIVIDUAL MUST MEET ALL OF THE FOLLOWING
19 QUALIFICATIONS:

20 (A) RESIDE IN A HOUSEHOLD WITH A GROSS ANNUAL HOUSEHOLD INCOME
21 THAT IS EQUAL TO 133% OF THE FEDERAL POVERTY GUIDELINES OR LESS.

22 (B) HAVE BEEN CONTINUOUSLY LICENSED TO DRIVE AN AUTOMOBILE FOR
23 A PERIOD OF 3 YEARS.

24 (C) NOT HAVE HAD IN THE PRECEDING 3 YEARS MORE THAN 1 OF
25 EITHER, BUT NOT BOTH, OF THE FOLLOWING:

26 (i) A PROPERTY-DAMAGE-ONLY ACCIDENT IN WHICH HE OR SHE WAS
27 SUBSTANTIALLY AT FAULT.



1 (ii) AN INSURANCE ELIGIBILITY POINT FOR A MOVING VIOLATION, AS
2 DESCRIBED IN SECTION 2103.

3 (D) NOT HAVE HAD IN THE PRECEDING 3 YEARS A SUBSTANTIALLY AT-
4 FAULT ACCIDENT INVOLVING BODILY INJURY OR DEATH.

5 (E) NOT HAVE HAD A CONVICTION FOR 1 OR MORE OF THE FOLLOWING:

6 (i) A VIOLATION OF SECTION 625 OF THE MICHIGAN VEHICLE CODE,
7 1949 PA 300, MCL 257.625.

8 (ii) A VIOLATION DESCRIBED IN SECTION 601B OF THE MICHIGAN
9 VEHICLE CODE, 1949 PA 300, MCL 257.601B.

10 (iii) A FELONY OR MISDEMEANOR CONVICTION RELATING TO THE
11 OPERATION OF A MOTOR VEHICLE.

12 (2) AN INSURED UNDER A LOW-COST AUTOMOBILE INSURANCE POLICY
13 SHALL NOT PURCHASE OR MAINTAIN ANY AUTOMOBILE PERSONAL PROTECTION
14 INSURANCE COVERAGE OTHER THAN UNDER A LOW-COST AUTOMOBILE INSURANCE
15 POLICY FOR ANY ADDITIONAL VEHICLES IN THE INSURED'S HOUSEHOLD.

16 SEC. 3278. (1) AN INSURER THAT ISSUES A LOW-COST AUTOMOBILE
17 INSURANCE POLICY SHALL PROVIDE ALL OF THE FOLLOWING COVERAGE UNDER
18 THE POLICY:

19 (A) SECURITY AGAINST LOSS RESULTING FROM LIABILITY IMPOSED BY
20 LAW FOR PROPERTY DAMAGE, BODILY INJURY, OR DEATH SUFFERED BY A
21 PERSON ARISING OUT OF THE OWNERSHIP, MAINTENANCE, OR USE OF THE
22 MOTOR VEHICLE THAT MEETS THE REQUIREMENTS OF SECTION 3009.

23 (B) SECURITY FOR THE PAYMENT OF FIRST-PARTY MEDICAL BENEFITS,
24 PAYABLE IF THE OWNER OR REGISTRANT OF THE AUTOMOBILE IS INVOLVED IN
25 A MOTOR VEHICLE ACCIDENT, AS THAT TERM IS DEFINED IN SECTION 3101.
26 ALL OF THE FOLLOWING APPLY TO BENEFITS UNDER THIS SUBDIVISION:

27 (i) THE BENEFITS ARE PAYABLE ONLY FOR MEDICAL EXPENSES INCURRED



1 BECAUSE OF INJURY TO THE OWNER OR REGISTRANT.

2 (ii) THE BENEFITS ARE PAYABLE ONLY IF THERE IS NO OTHER HEALTH
3 AND ACCIDENT COVERAGE AVAILABLE TO THE OWNER OR REGISTRANT FOR THE
4 MEDICAL EXPENSES INCURRED.

5 (iii) THE LIMIT FOR BENEFITS IS \$50,000.00.

6 (iv) THE BENEFITS ARE PAYABLE ONLY FOR MEDICALLY APPROPRIATE
7 TREATMENT BY INDIVIDUALS LICENSED OR AUTHORIZED TO RENDER THE
8 TREATMENT UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368,
9 MCL 333.16101 TO 333.18838.

10 (2) AN INSURER ISSUING A LOW-COST AUTOMOBILE INSURANCE POLICY
11 SHALL NOT PROVIDE COVERAGE IN THE POLICY FOR THE PAYMENT OF
12 BENEFITS DESCRIBED IN CHAPTER 31 UNLESS THE BENEFITS ARE REQUIRED
13 UNDER THIS SECTION.

14 SEC. 3280. (1) THE FACILITY SHALL PROVIDE FOR ALL OF THE
15 FOLLOWING:

16 (A) THE EQUITABLE DISTRIBUTION OF LCAP APPLICANTS TO
17 DESIGNATED PARTICIPATING MEMBERS IN ACCORDANCE WITH THE PLAN OF
18 OPERATION AS AMENDED UNDER SECTION 3310(3).

19 (B) THE ISSUANCE OF LOW-COST AUTOMOBILE INSURANCE POLICIES TO
20 LCAP APPLICANTS AS PROVIDED IN THE AMENDED PLAN OF OPERATION.

21 (C) THE APPOINTMENT OF A NUMBER OF PARTICIPATING MEMBERS TO
22 ACT ON BEHALF OF THE FACILITY FOR THE DISTRIBUTION OF RISKS OR FOR
23 THE SERVICING OF INDIVIDUALS INSURED UNDER LOW-COST AUTOMOBILE
24 POLICIES, AS PROVIDED IN THE AMENDED PLAN OF OPERATION AND
25 CONSISTENT WITH THIS SECTION. THE FACILITY SHALL DO ALL OF THE
26 FOLLOWING:

27 (i) APPOINT THOSE MEMBERS HAVING THE 5 HIGHEST PARTICIPATION



1 RATIOS, AS DEFINED IN SECTION 3303 (E) (i), TO ACT ON BEHALF OF THE
2 FACILITY.

3 (ii) APPOINT UP TO 5 ADDITIONAL MEMBERS TO ACT ON BEHALF OF THE
4 FACILITY FROM AMONG OTHER MEMBERS WHO VOLUNTEER TO SO ACT AND WHO
5 MEET REASONABLE SERVICING STANDARDS ESTABLISHED IN THE AMENDED PLAN
6 OF OPERATION.

7 (iii) APPOINT ADDITIONAL MEMBERS TO ACT ON BEHALF OF THE
8 FACILITY AS NECESSARY TO DO ALL OF THE FOLLOWING:

9 (A) ASSURE CONVENIENT ACCESS TO THE LOW-COST AUTOMOBILE
10 INSURANCE POLICIES FOR ALL LCAP APPLICANTS IN THIS STATE.

11 (B) ASSURE A REASONABLE QUALITY OF SERVICE FOR INDIVIDUALS
12 INSURED UNDER LOW-COST AUTOMOBILE INSURANCE POLICIES.

13 (C) ASSURE A REASONABLE REPRESENTATION OF THE VARIOUS
14 INSURANCE MARKETING SYSTEMS.

15 (D) ASSURE REASONABLE CLAIMS HANDLING.

16 (E) ASSURE A REASONABLE RANGE OF CHOICE OF INSURERS FOR
17 INDIVIDUALS INSURED UNDER LOW-COST AUTOMOBILE INSURANCE POLICIES.

18 (D) STANDARDS AND MONITORING PROCEDURES TO ASSURE THAT
19 PARTICIPATING MEMBERS ACTING ON BEHALF OF THE FACILITY WITH RESPECT
20 TO LOW-COST AUTOMOBILE INSURANCE POLICIES DO ALL OF THE FOLLOWING:

21 (i) PROVIDE SERVICE TO INDIVIDUALS INSURED THAT IS EQUIVALENT
22 TO THE SERVICE PROVIDED TO PERSONS INSURED BY THE INSURER
23 VOLUNTARILY.

24 (ii) HANDLE CLAIMS IN AN EFFICIENT AND REASONABLE MANNER.

25 (iii) PROVIDE INTERNAL REVIEW PROCEDURES FOR INDIVIDUALS INSURED
26 IDENTICAL TO THOSE ESTABLISHED UNDER CHAPTER 21 FOR PERSONS INSURED
27 VOLUNTARILY.



1 (E) THE ESTABLISHMENT OF PROCEDURES AND GUIDELINES FOR THE
2 ISSUANCE OF BINDERS BY INSURANCE PRODUCERS ON RECEIPT OF THE
3 APPLICATION FOR COVERAGE.

4 (2) SECTIONS 3330, 3340(1) TO (3), 3355, 3360, AND 3380 APPLY
5 TO THE OFFERING OF LOW-COST AUTOMOBILE INSURANCE POLICIES THROUGH
6 THE FACILITY.

7 (3) A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL BE ISSUED FOR
8 AN INITIAL TERM OF 6 MONTHS, RENEWABLE FOR SUBSEQUENT 6-MONTH
9 TERMS.

10 SEC. 3281. THE OTHER CHAPTERS OF THIS ACT APPLY TO THIS
11 CHAPTER UNLESS THE APPLICATION OF A PROVISION IN ANOTHER CHAPTER
12 WOULD BE INCONSISTENT WITH THIS CHAPTER, IN WHICH CASE THAT
13 PROVISION DOES NOT APPLY TO THIS CHAPTER.

14 SEC. 3282. (1) AN INSURANCE PRODUCER THAT OFFERS AUTOMOBILE
15 INSURANCE UNDER CHAPTER 33 SHALL OFFER LOW-COST AUTOMOBILE
16 INSURANCE POLICIES TO LCAP APPLICANTS.

17 (2) AN INSURANCE PRODUCER THAT OFFERS A LOW-COST AUTOMOBILE
18 INSURANCE POLICY SHALL PROVIDE TO AN LCAP APPLICANT WHO APPLIED FOR
19 A LOW-COST AUTOMOBILE INSURANCE POLICY A NOTICE RELATING TO
20 COVERAGE UNDER THE POLICY. THE INSURANCE PRODUCER SHALL PROVIDE THE
21 NOTICE IN A SEPARATE DOCUMENT AT THE TIME OF APPLICATION AND
22 INCLUDE THE FOLLOWING STATEMENT IN 14-POINT BOLDFACED TYPE OR FONT:

23 WARNING

24 INSURANCE COVERAGE UNDER THE POLICY YOU ARE BUYING PROVIDES
25 ONLY LIMITED MEDICAL COVERAGE UP TO A MAXIMUM OF \$50,000.00. THE
26 MEDICAL INSURANCE COVERS ONLY YOU AS THE OWNER OF THE VEHICLE.

27 THIS INSURANCE DOES NOT PROVIDE BENEFITS THAT ARE PROVIDED



1 UNDER A POLICY OF NO-FAULT INSURANCE IN THIS STATE, INCLUDING, BUT
2 NOT LIMITED TO, ANY OF THE FOLLOWING:

3 WAGE-LOSS BENEFITS.

4 SURVIVOR'S BENEFITS.

5 FUNERAL EXPENSES.

6 REPLACEMENT SERVICES.

7 PERSONAL PROTECTION BENEFITS FOR PASSENGERS IN THE VEHICLE,
8 PEDESTRIANS, OR ANY OTHER INDIVIDUAL.

9 (3) IN APPLYING FOR A LOW-COST AUTOMOBILE INSURANCE POLICY, AN
10 LCAP APPLICANT SHALL CERTIFY, TO THE BEST OF THE APPLICANT'S
11 KNOWLEDGE AND BELIEF, WHETHER REPRESENTATIONS MADE IN THE
12 APPLICATION AND IN DOCUMENTS SUBMITTED TO DEMONSTRATE ELIGIBILITY
13 FOR THE LOW-COST AUTOMOBILE INSURANCE POLICY ARE TRUE AND CORRECT
14 AND WHETHER THEY CONTAIN ANY MATERIAL MISREPRESENTATIONS OR
15 OMISSIONS OF FACT.

16 (4) A CERTIFICATION OF THE APPLICANT UNDER SUBSECTION (3) THAT
17 THE REPRESENTATIONS IN THE APPLICATION ARE TRUE AND CORRECT IS
18 PROOF THAT THE APPLICANT MEETS THE QUALIFICATIONS.

19 (5) AN INSURANCE PRODUCER OR AGENCY OR AN AUTHORIZED
20 REPRESENTATIVE OR EMPLOYEE OF AN INSURANCE PRODUCER OR AGENCY
21 INVOLVED IN THE SALE OF AUTOMOBILE INSURANCE UNDER THIS CHAPTER IS
22 NOT LIABLE TO ANY PERSON FOR DAMAGES ARISING FROM THE REDUCTION OR
23 INADEQUACY OF AUTOMOBILE INSURANCE BENEFITS AND DOES NOT HAVE ANY
24 OTHER LIABILITY FOR DAMAGES CAUSED BY, ARISING OUT OF, OR RELATED
25 TO ANY ACTUAL OR ALLEGED ACT, ERROR, OR OMISSION CONCERNING THE
26 CHOICE OF AUTOMOBILE INSURANCE BENEFITS UNDER THIS CHAPTER.

27 SEC. 3283. AN INSURER MAY OFFER AN INSURED UNDER A LOW-COST



1 AUTOMOBILE INSURANCE POLICY A PREMIUM INSTALLMENT OPTION UNDER
2 WHICH THE INSURED MAY PAY A SPECIFIED PORTION OR PORTIONS OF THE
3 PREMIUM FOR THE LOW-COST AUTOMOBILE INSURANCE POLICY ON A PERIODIC
4 BASIS. A PREMIUM FOR A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL
5 NOT BE FINANCED IN ANY OTHER MANNER.

6 SEC. 3284. (1) AN INSURER THAT ISSUES A LOW-COST AUTOMOBILE
7 INSURANCE POLICY UNDER THE PILOT PROGRAM MAY OFFER THE INSURED ANY
8 OTHER ADDITIONAL TYPE OF AUTOMOBILE INSURANCE COVERAGE SUCH AS
9 UNINSURED MOTORISTS COVERAGE OR COLLISION COVERAGE THAT IS NOT
10 AVAILABLE UNDER THE LOW-COST AUTOMOBILE INSURANCE POLICY.

11 (2) AN INSURER SHALL NOT CONDITION THE SALE OF A LOW-COST
12 AUTOMOBILE INSURANCE POLICY ON THE PURCHASE OF ANY OTHER PRODUCT OR
13 SERVICE.

14 SEC. 3285. (1) A PERSON WHO LAWFULLY RENDERS TREATMENT TO AN
15 INJURED INDIVIDUAL FOR AN ACCIDENTAL BODILY INJURY COVERED BY A
16 LOW-COST AUTOMOBILE INSURANCE POLICY MAY CHARGE A REASONABLE AMOUNT
17 FOR THE PRODUCTS, SERVICES, AND ACCOMMODATIONS RENDERED. THE CHARGE
18 SHALL NOT EXCEED THE AMOUNT THE PERSON CUSTOMARILY RECEIVES FOR
19 LIKE PRODUCTS, SERVICES, AND ACCOMMODATIONS IN CASES THAT DO NOT
20 INVOLVE AUTOMOBILE INSURANCE, THE PROGRAM FOR MEDICAL ASSISTANCE
21 FOR THE MEDICALLY INDIGENT UNDER THE SOCIAL WELFARE ACT, 1939 PA
22 280, MCL 400.1 TO 400.119B, OR THE FEDERAL MEDICARE PROGRAM
23 ESTABLISHED UNDER SUBCHAPTER XVIII OF THE SOCIAL SECURITY ACT, 42
24 USC 1395 TO 1395KKK-1.

25 (2) ANY INFORMATION NEEDED BY AN INSURER TO DETERMINE THE
26 APPROPRIATE REIMBURSEMENT UNDER THIS SECTION SHALL BE PROVIDED BY
27 THE PERSON PROVIDING THE TREATMENT OR REHABILITATIVE OR



1 OCCUPATIONAL TRAINING.

2 (3) IF AN INSURER NEEDS INFORMATION TO DETERMINE THE
3 APPROPRIATE REIMBURSEMENT UNDER THIS SECTION AND THE INFORMATION IS
4 UNAVAILABLE OR NOT PROVIDED OR THE INFORMATION PROVIDED IS NOT
5 SUFFICIENT TO DETERMINE THE APPROPRIATE REIMBURSEMENT, THE INSURER
6 SHALL PAY THE AMOUNT THAT WOULD BE PAID UNDER R 418.10101 TO R
7 418.101504 OF THE MICHIGAN ADMINISTRATIVE CODE OR SCHEDULES OF
8 MAXIMUM FEES FOR WORKER'S DISABILITY COMPENSATION DEVELOPED UNDER
9 THOSE RULES.

10 (4) WHETHER A CHARGE IS REASONABLE OR WHETHER A PRODUCT,
11 SERVICE, OR ACCOMMODATION IS REASONABLY NECESSARY IS A QUESTION OF
12 LAW TO BE DECIDED BY THE COURT.

13 SEC. 3287. BY APRIL 1, 2016 AND BY APRIL 1 OF EACH SUBSEQUENT
14 YEAR, THE AUTOMOBILE INSURERS WHO ARE PARTICIPATING IN THE LOW-COST
15 AUTOMOBILE INSURANCE PROGRAM SHALL SUBMIT THE LOSS AND EXPENSE DATA
16 FROM LOW-COST AUTOMOBILE INSURANCE POLICIES AND A PROPOSED RATE FOR
17 THE LOW-COST AUTOMOBILE INSURANCE POLICY TO THE DIRECTOR.

18 SEC. 3288. BY AUGUST 1, 2017 AND BY AUGUST 1 OF EACH
19 SUBSEQUENT YEAR, THE DIRECTOR SHALL REPORT TO THE LEGISLATURE ON
20 SALES OF LOW-COST AUTOMOBILE INSURANCE POLICIES AND THE RESULTS OF
21 THOSE SALES.

22 SEC. 3289. THE DIRECTOR MAY ISSUE AN ORDER OR PROMULGATE RULES
23 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL
24 24.201 TO 24.328, TO IMPLEMENT THIS CHAPTER.

25 SEC. 3290. THIS CHAPTER DOES NOT APPLY AFTER JULY 31, 2020.

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



1 the purpose of doing all of the following:

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

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

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

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

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

22 (2) **AMENDMENTS TO THE PLAN OF OPERATION FOR THE FACILITY ARE**
23 **SUBJECT TO MAJORITY APPROVAL BY THE BOARD OF GOVERNORS AND**
24 **RATIFICATION BY A MAJORITY OF THE MEMBERSHIP. THE MEMBERSHIP VOTE**
25 **SHALL BE DETERMINED BY PARTICIPATION RATIO AS DEFINED IN SECTION**
26 **3303 (E) (iii) .** ~~The facility committee shall adopt a plan of operation~~
27 ~~by majority vote of the committee and~~ **APPROVED AND RATIFIED**



1 ~~AMENDMENTS~~ shall ~~submit it~~ **BE SUBMITTED** to the ~~commissioner~~
2 ~~DIRECTOR~~ for his or her approval. If the ~~commissioner~~ **DIRECTOR**
3 finds that the **AMENDMENTS TO THE** plan ~~meets~~ **MEET** the requirements
4 of this chapter **AND CHAPTER 32A, AS APPLICABLE**, he or she shall
5 approve ~~it~~. ~~THEM~~. If the ~~commissioner~~ **DIRECTOR** finds that the
6 **AMENDMENTS TO THE** plan ~~fails~~ **FAIL** to meet the requirements of this
7 chapter **OR CHAPTER 32A, AS APPLICABLE**, he or she shall state in
8 what respects the ~~plan is~~ **AMENDMENTS ARE** deficient and shall afford
9 the ~~facility committee~~ **BOARD OF GOVERNORS** 10 days within which to
10 correct the deficiency. If the ~~commissioner~~ **DIRECTOR** and the
11 ~~facility committee~~ **BOARD OF GOVERNORS** fail to agree that the
12 ~~provisions of~~ **CORRECTED AMENDMENTS TO** the plan so submitted meet
13 the requirements of this chapter **OR CHAPTER 32A, AS APPLICABLE**,
14 either party to the controversy may submit the issue to the circuit
15 court for Ingham county for a determination. If the ~~commissioner~~
16 **DIRECTOR** fails to render a written decision on the **AMENDMENTS TO**
17 **THE** plan of operation within 30 days after receipt of the ~~plan~~,
18 **AMENDMENTS**, the ~~plan~~ **AMENDMENTS** shall be considered approved.

19 ~~— (3) Amendments to the plan of operation shall be subject to~~
20 ~~majority approval by the board of governors and ratified by~~
21 ~~majority of the membership vote. The membership vote shall be~~
22 ~~determined as defined in section 3303(c) (iii). Amendments to the plan~~
23 ~~of operation shall be subject to the approval of the commissioner,~~
24 ~~as provided in subsection (2).~~

25 (3) **BY SEPTEMBER 1, 2015, THE BOARD OF GOVERNORS SHALL APPROVE**
26 **AMENDMENTS TO THE PLAN OF OPERATION TO ASSURE THAT LOW-COST**
27 **AUTOMOBILE INSURANCE POLICIES UNDER CHAPTER 32A ARE OFFERED TO**



1 RESIDENTS OF THIS STATE. THE AMENDMENTS SHALL BE SUBMITTED TO THE
2 MEMBERS FOR RATIFICATION AND TO THE DIRECTOR FOR APPROVAL, AS
3 REQUIRED BY SUBSECTION (2), SO THAT THE AMENDMENTS WILL BE IN PLACE
4 AND LOW-COST AUTOMOBILE INSURANCE POLICIES OFFERED IN THIS STATE BY
5 JANUARY 1, 2016.

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

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

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

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

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

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

24 (e) To provide for a limited number of participating members
25 to receive equitable distribution of applicants; or to provide for
26 a limited number of participating members to service applicants in
27 a plan of sharing of losses in accordance with section 3320(1)(c)



1 and the plan of operation.

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

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

11 (h) To assess self-insurers and insurers consistent with
12 chapter 31 and the assigned claims plan approved under section
13 3171.

14 **(I) UNTIL DECEMBER 31, 2019, TO ANNUALLY ASSESS PARTICIPATING**
15 **MEMBERS AND SELF-INSURERS AN AGGREGATE AMOUNT NOT TO EXCEED**
16 **\$21,000,000.00 TO COVER ANTICIPATED COSTS OF OPERATION AND**
17 **ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY**
18 **AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.**

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



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

5 Sec. 4501. As used in this chapter:

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

27 (ii) Provide financial support to state or local law



enforcement agencies for programs designed to reduce the incidence of ~~economic~~-automobile theft.

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

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

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

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

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

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

CHAPTER 63

MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

SEC. 6301. AS USED IN THIS CHAPTER:



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

3 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
4 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
5 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE
6 INSURANCE.

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

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

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

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

19 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE
20 AUTHORITY IS NOT STATE MONEY. THE AUTHORITY IS NOT A PUBLIC BODY
21 UNDER, AND A RECORD OF THE AUTHORITY IS NOT SUBJECT TO DISCLOSURE
22 UNDER, THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
23 15.246.

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

26 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW



1 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE
2 OF AUTOMOBILE INSURANCE FRAUD.

3 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL
4 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
5 AUTOMOBILE INSURANCE FRAUD.

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

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

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

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

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

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

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

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

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

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

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



1 STATE.

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

3 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE
4 ELECTED BY AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE FROM A
5 LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS OF THE
6 FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE MEMBERS, THE
7 BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT NOMINATIONS FROM
8 AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE.

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

14 (8) THE MEMBER OF THE BOARD REPRESENTING PROSECUTING ATTORNEYS
15 SHALL BE APPOINTED BY THE GOVERNOR. IN APPOINTING THE MEMBER, THE
16 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS
17 ASSOCIATION OF MICHIGAN.

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

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



1 LAW ENFORCEMENT AGENCIES SHALL SERVE FOR A TERM OF 2 YEARS, 3
2 MEMBERS REPRESENTING INSURERS, THE MEMBER REPRESENTING PROSECUTING
3 ATTORNEYS, AND THE MEMBER REPRESENTING THE GENERAL PUBLIC SHALL
4 SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS REPRESENTING INSURERS
5 AND 1 MEMBER REPRESENTING LAW ENFORCEMENT AGENCIES SHALL SERVE FOR
6 A TERM OF 4 YEARS.

7 (11) THE BOARD IS DISSOLVED ON JANUARY 1, 2020.

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

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

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

24 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE
25 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS
26 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH
27 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.



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

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

11 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

26 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD
27 MEMBERS WHO ARE ABSENT.



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

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

4 SEC. 6304. (1) BEFORE JANUARY 1, 2020, THE AUTHORITY SHALL
5 TRANSFER ALL ASSETS OF THE AUTHORITY TO THE DEPARTMENT OF STATE
6 POLICE FOR THE BENEFIT OF THE AUTOMOBILE THEFT PREVENTION
7 AUTHORITY.

8 (2) ON JANUARY 1, 2020, THE AUTHORITY IS DISSOLVED.

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

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

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

17 (C) MAKE GRANTS AND INVESTMENTS.

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

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

23 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS
24 NECESSARY.

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



1 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
2 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
3 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
4 THE PLAN OF OPERATION.

5 SEC. 6307. (1) SECTION 6107(1) DOES NOT APPLY FROM JANUARY 1,
6 2015 TO DECEMBER 31, 2019.

7 (2) BEFORE APRIL 1 OF EACH YEAR FROM 2015 TO 2019, AN INSURER
8 OR SELF-INSURER ENGAGED IN WRITING INSURANCE COVERAGES THAT PROVIDE
9 THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS STATE, AS A
10 CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN THIS STATE,
11 SHALL PAY TO THE FACILITY, FOR DEPOSIT INTO THE ACCOUNT OF THE
12 AUTHORITY, AN ASSESSMENT DETERMINED BY THE FACILITY AS PROVIDED IN
13 THE PLAN OF OPERATION. THE ASSESSMENT SHALL BE BASED ON THE RATIO
14 OF THE CAR YEARS WRITTEN BY THE INSURER OR SELF-INSURER TO THE
15 TOTAL CAR YEARS WRITTEN IN THIS STATE BY ALL INSURERS AND SELF-
16 INSURERS.

17 (3) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER
18 SUBSECTION (2), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY, FROM
19 OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE FACILITY SHALL ONLY
20 EXPEND THE MONEY RECEIVED UNDER SUBSECTION (2) AS DIRECTED BY THE
21 BOARD.

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

25 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE
26 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO
27 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE



1 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED
2 BY THE BOARD.

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

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

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

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



1 INSTANCES OF SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF
2 PROSECUTIONS AND CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD,
3 AND AUTOMOBILE INSURANCE FRAUD RECIDIVISM. THE AUTHORITY SHALL
4 EVALUATE THE IMPACT AUTOMOBILE INSURANCE FRAUD HAS ON THE CITIZENS
5 OF THIS STATE AND THE COSTS INCURRED BY THE CITIZENS THROUGH
6 INSURANCE, POLICE ENFORCEMENT, PROSECUTION, AND INCARCERATION
7 BECAUSE OF AUTOMOBILE INSURANCE FRAUD. THE REPORT TO THE
8 LEGISLATURE REQUIRED BY THIS SECTION SHALL BE SUBMITTED TO THE
9 SENATE AND HOUSE OF REPRESENTATIVES STANDING COMMITTEES WITH
10 PRIMARY JURISDICTION OVER INSURANCE ISSUES AND THE DIRECTOR.

11 Enacting section 1. The title and sections 3301, 3330, 4501,
12 and 6107 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,
13 500.3330, 500.4501, and 500.6107, as amended by this amendatory
14 act, and sections 6301, 6302, 6303, 6304, 6305, 6307, 6308, and
15 6310 of the insurance code of 1956, 1956 PA 218, as added by this
16 amendatory act, take effect January 1, 2015.

