

**SUBSTITUTE FOR
SENATE BILL NO. 248**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending the title and sections 3101, 3104, 3107, 3107a, 3114,
3135, 3157, 3163, 3301, 3330, and 4501 (MCL 500.3101, 500.3104,
500.3107, 500.3107a, 500.3114, 500.3135, 500.3157, 500.3163,
500.3301, 500.3330, and 500.4501), the title as amended by 2002 PA
304, section 3101 as amended by 2014 PA 492, section 3104 as
amended by 2002 PA 662, section 3107 as amended by 2012 PA 542,
section 3107a as amended by 1991 PA 191, section 3114 as amended by
2002 PA 38, section 3135 as amended by 2012 PA 158, section 3163 as
amended by 2002 PA 697, section 3330 as amended by 2012 PA 204, and
section 4501 as amended by 2012 PA 39, and by adding sections 3107c
and 3178a and chapter 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 **AND OTHER CORPORATIONS** organized, existing, or authorized under
10 this act may exercise their powers; to provide the rights, powers,
11 and immunities and to prescribe the conditions on which other
12 persons, firms, corporations, associations, risk retention groups,
13 and purchasing groups engaged in an insurance or surety business
14 may exercise their powers; to provide for the imposition of a
15 privilege fee on domestic insurance companies and associations; ~~and~~
16 ~~the state accident fund;~~ to provide for the imposition of a tax on
17 the 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
20 business of surplus line agents; to provide for the imposition of
21 regulatory fees on certain insurers; to provide for assessment fees
22 on certain health maintenance organizations; to modify tort
23 liability arising out of certain accidents; to provide for limited
24 actions with respect to that modified tort liability and to
25 prescribe certain procedures for maintaining those actions; to
26 require security for losses arising out of certain accidents; to
27 provide for the continued availability and affordability of



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



1 violation of this act.

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

15 (2) As used in this chapter:

16 (a) "Automobile insurance" means that term as defined in
17 section 2102.

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

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

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

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

25 (iv) The vehicle is designed to be occupied by a driver and
26 powered either by passengers providing pedal power to the drive
27 train of the vehicle or by a motor capable of propelling the



1 vehicle in the absence of human power.

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

3 (vi) The vehicle is operated by the owner of the vehicle or an
4 employee of the owner of the vehicle.

5 (C) "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 (D) ~~(e)~~—"Golf cart" means a vehicle designed for
11 transportation while playing the game of golf.

12 (E) ~~(d)~~—"Highway" means highway or street as that term is
13 defined in section 20 of the Michigan vehicle code, 1949 PA 300,
14 MCL 257.20.

15 (F) ~~(e)~~—"Moped" means that term as defined in section 32b of
16 the Michigan vehicle code, 1949 PA 300, MCL 257.32b.

17 (G) ~~(f)~~—"Motorcycle" means a vehicle that has a saddle or seat
18 for the use of the rider, is designed to travel on not more than 3
19 wheels in contact with the ground, and is equipped with a motor
20 that exceeds 50 cubic centimeters piston displacement. For purposes
21 of this subdivision, the wheels on any attachment to the vehicle
22 are not considered as wheels in contact with the ground. Motorcycle
23 does not include a moped or an ORV.

24 (H) ~~(g)~~—"Motorcycle accident" means a loss that involves the
25 ownership, operation, maintenance, or use of a motorcycle as a
26 motorcycle, but does not involve the ownership, operation,
27 maintenance, or use of a motor vehicle as a motor vehicle.



1 **(I)** ~~(h)~~—"Motor vehicle" means a vehicle, including a trailer,
2 that is operated or designed for operation on a public highway by
3 power other than muscular power and has more than 2 wheels. Motor
4 vehicle does not include any of the following:

5 (i) A motorcycle.

6 (ii) A moped.

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

11 (iv) An ORV.

12 (v) A golf cart.

13 (vi) A power-driven mobility device.

14 (vii) A commercial quadricycle.

15 **(J)** ~~(i)~~—"Motor vehicle accident" means a loss that involves
16 the ownership, operation, maintenance, or use of a motor vehicle as
17 a motor vehicle regardless of whether the accident also involves
18 the ownership, operation, maintenance, or use of a motorcycle as a
19 motorcycle.

20 **(K)** ~~(j)~~—"ORV" means a motor-driven recreation vehicle designed
21 for off-road use and capable of cross-country travel without
22 benefit of road or trail, on or immediately over land, snow, ice,
23 marsh, swampland, or other natural terrain. ORV includes, but is
24 not limited to, a multitrack or multiwheel drive vehicle, a
25 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an
26 amphibious machine, a ground effect air cushion vehicle, an ATV as
27 defined in section 81101 of the natural resources and environmental



1 protection act, 1994 PA 451, MCL 324.81101, or other means of
 2 transportation deriving motive power from a source other than
 3 muscle or wind. ORV does not include a vehicle described in this
 4 subdivision that is registered for use ~~upon~~**ON** a public highway and
 5 has the security ~~described in section 3101~~**REQUIRED UNDER**
 6 **SUBSECTION (1)** or **SECTION** 3103 in effect.

7 (l) ~~(k)~~"Owner" means any of the following:

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

11 (ii) A person renting a motorcycle or having the use of a
 12 motorcycle under a lease for a period that is greater than 30 days,
 13 or otherwise for a period that is greater than 30 consecutive days.
 14 A person who borrows a motorcycle for a period that is less than 30
 15 consecutive days with the consent of the owner is not an owner
 16 under this subparagraph.

17 (iii) A person that holds the legal title to a motor vehicle
 18 or motorcycle, other than a person engaged in the business of
 19 leasing motor vehicles or motorcycles that is the lessor of a motor
 20 vehicle or motorcycle under a lease that provides for the use of
 21 the motor vehicle or motorcycle by the lessee for a period that is
 22 greater than 30 days.

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

25 (M) ~~(l)~~"Power-driven mobility device" means a wheelchair or
 26 other mobility device powered by a battery, fuel, or other engine
 27 and designed to be used by an individual with a mobility disability



1 for the purpose of locomotion.

2 (N) ~~(m)~~ "Registrant" does not include a person engaged in the
3 business of leasing motor vehicles or motorcycles that is the
4 lessor of a motor vehicle or motorcycle under a lease that provides
5 for the use of the motor vehicle or motorcycle by the lessee for a
6 period that is longer than 30 days.

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

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

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



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

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



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

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

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

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

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

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

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



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

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

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

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



1 ALL OF THE FOLLOWING:

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

18 **(M) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**
19 **DURING THE PERIOD JULY 1, 2015 TO THE FIRST JUNE 30 AFTER THE**
20 **DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER**
21 **SUBSECTION (5), \$545,000.00. THE UNINCORPORATED ASSOCIATION IS NOT**
22 **LIABLE OR RESPONSIBLE FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR**
23 **VEHICLE ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST**
24 **JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE**
25 **OF AUTHORITY UNDER SUBSECTION (5).**

26 **(9) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE**
27 **ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30**



1 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
 2 AUTHORITY UNDER SUBSECTION (5), THE RESPONSIBLE INSURER SHALL
 3 RETAIN 100% OF THE AMOUNT OF ULTIMATE LOSS SUSTAINED UNDER PERSONAL
 4 PROTECTION INSURANCE COVERAGES UP TO \$545,000.00, ADJUSTED AS
 5 PROVIDED IN THIS SUBSECTION. THE INCORPORATED ASSOCIATION IS
 6 RESPONSIBLE FOR 100% OF ALL LIABILITY FOR ULTIMATE LOSS SUSTAINED
 7 WITHIN THE SCOPE OF PERSONAL PROTECTION INSURANCE COVERAGES AND
 8 CLAIMS EXPENSES IN EXCESS OF \$545,000.00, ADJUSTED AS PROVIDED IN
 9 THIS SUBSECTION. BEGINNING THE FIRST JULY 1 AFTER THE DIRECTOR OF
 10 THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER SUBSECTION
 11 (5), THE \$545,000.00 AMOUNT, AND EACH SUBSEQUENT ADJUSTED AMOUNT,
 12 SHALL BE ADJUSTED BIENNIALLY ON JULY 1 OF THE SECOND YEAR AFTER THE
 13 PRIOR ADJUSTMENT, BY THE LESSER OF 6% OR THE CONSUMER PRICE INDEX
 14 FOR THE 24 MONTHS BEFORE THE JULY 1 EFFECTIVE DATE OF THE
 15 ADJUSTMENT, AND ROUNDED TO THE NEAREST \$5,000.00. FOR ALL
 16 ADJUSTMENTS AFTER THE FIRST ADJUSTMENT, AND TO THE EXTENT POSSIBLE
 17 FOR THE FIRST ADJUSTMENT, THE ASSOCIATION SHALL CALCULATE THIS
 18 BIENNIAL ADJUSTMENT BY JANUARY 1 OF THE YEAR OF ITS JULY 1
 19 EFFECTIVE DATE. AN ADJUSTED AMOUNT APPLIES TO MOTOR VEHICLE
 20 ACCIDENT POLICIES ISSUED OR RENEWED ON OR AFTER THE EFFECTIVE DATE
 21 OF THE ADJUSTMENT AND BEFORE JULY 1 OF THE SECOND FOLLOWING YEAR.

22 (10) ~~(3)~~—An insurer may withdraw from the UNINCORPORATED
 23 association only ~~upon~~ ~~ON~~ ceasing to write insurance that provides
 24 the security required by section 3101(1) in this state.

25 (11) ~~(4)~~—An insurer whose membership in the UNINCORPORATED
 26 association has been terminated by withdrawal ~~shall continue~~
 27 CONTINUES to be bound by the plan of operation ~~and, upon~~ ~~ON~~



1 withdrawal, all unpaid premiums that have been charged to the
 2 withdrawing member are payable ~~as of~~ **ON** the effective date of the
 3 withdrawal.

4 **(12)** ~~(5)~~—An unsatisfied net liability to the **UNINCORPORATED**
 5 association of an insolvent member shall be assumed by and
 6 apportioned among the remaining members of the **UNINCORPORATED**
 7 association as provided in the plan of operation. The
 8 **UNINCORPORATED** association has all rights allowed by law on behalf
 9 of the remaining members against the estate or funds of the
 10 insolvent member for ~~sums~~ **MONEY** due **TO** the **UNINCORPORATED**
 11 association.

12 **(13)** ~~(6)~~—If a member **OF THE UNINCORPORATED ASSOCIATION** has
 13 been merged or consolidated into another insurer or another insurer
 14 has reinsured a member's entire business that provides the security
 15 required by section 3101(1) in this state, the member and
 16 successors in interest of the member remain liable for the member's
 17 obligations **TO THE UNINCORPORATED ASSOCIATION.**

18 **(14)** ~~(7)~~—The **UNINCORPORATED** association shall do all of the
 19 following on behalf of the members of the **UNINCORPORATED**
 20 association:

21 (a) Assume 100% of all liability as provided in subsection
 22 ~~(2)~~ **(8) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE**
 23 **ACCIDENT FOR A POLICY ISSUED OR RENEWED BEFORE THE FIRST JULY 1**
 24 **AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF**
 25 **AUTHORITY UNDER SUBSECTION (5).**

26 (b) Establish procedures by which members shall promptly
 27 report to the **UNINCORPORATED** association each claim that, on the



1 basis of the injuries or damages sustained, may reasonably be
2 anticipated to involve the **UNINCORPORATED** association if the member
3 is ultimately held legally liable for the injuries or damages.
4 Solely for the purpose of reporting claims, the member shall in all
5 instances consider itself legally liable for the injuries or
6 damages. The member shall also advise the **UNINCORPORATED**
7 association of subsequent developments likely to materially affect
8 the interest of the **UNINCORPORATED** association in the claim.

9 (c) Maintain relevant loss and expense data relative to all
10 liabilities of the **UNINCORPORATED** association and require each
11 member to furnish statistics, in connection with liabilities of the
12 **UNINCORPORATED** association, at the times and in the form and detail
13 as may be required by the plan of operation.

14 (d) In a manner provided for in the plan of operation,
15 calculate and charge to members ~~of the association~~ a total premium
16 sufficient to cover the expected losses and expenses of the
17 **UNINCORPORATED** association that the **UNINCORPORATED** association will
18 likely incur during the period for which the premium is applicable.
19 The premium ~~shall~~ **MUST** include an amount to cover incurred but not
20 reported losses for the period and may be adjusted for any excess
21 or deficient premiums from previous periods. **A PREMIUM MAY NOT BE**
22 **CHARGED UNDER THIS SECTION FOR POLICIES ISSUED OR RENEWED AFTER THE**
23 **FIRST JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A**
24 **CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5)**. Excesses or
25 deficiencies from previous periods may be fully adjusted in a
26 single period or may be adjusted over several periods in a manner
27 provided for in the plan of operation. Each member shall be charged



1 an amount equal to that member's total written car years of
 2 insurance providing the security required by section 3101(1) or
 3 3103(1), or both, written in this state during the period to which
 4 the premium applies, multiplied by the average premium per car. The
 5 average premium per car ~~shall be~~ **IS** the total premium calculated
 6 divided by the total written car years of insurance providing the
 7 security required by section 3101(1) or 3103(1) written in this
 8 state of all members during the period to which the premium
 9 applies. A member shall be charged a premium for a historic vehicle
 10 that is insured with the member of 20% of the premium charged for a
 11 car insured with the member. As used in this subdivision:

12 (i) "Car" includes a motorcycle but does not include a
 13 historic vehicle.

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

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

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

22 (ii) Require payment of the premiums to be made periodically
 23 to cover the actual cash obligations of the **UNINCORPORATED**
 24 association.

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

27 (g) Establish procedures for reviewing claims procedures and



1 practices of members. ~~of the association.~~ If the claims procedures
2 or practices of a member are considered inadequate to properly
3 service the liabilities of the **UNINCORPORATED** association, the
4 **UNINCORPORATED** association may undertake or may contract with
5 another person, including another member, to adjust or assist in
6 the adjustment of claims for the member on claims that create a
7 potential liability to the **UNINCORPORATED** association and may
8 charge the cost of the adjustment to the member.

9 (15) AN INCORPORATED ASSOCIATION SHALL DO ALL OF THE
10 FOLLOWING:

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

12 (B) ESTABLISH PROCEDURES FOR THE OWNER OR REGISTRANT OF A
13 MOTOR VEHICLE THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION
14 3101(1) , AN AGENT OF THE OWNER OR REGISTRANT, A CLAIMANT, OR AN
15 INSURER, TO REPORT TO THE INCORPORATED ASSOCIATION EACH CLAIM UNDER
16 THE SECURITY THAT ON THE BASIS OF THE INJURIES OR DAMAGES SUSTAINED
17 REASONABLY MAY BE ANTICIPATED TO INVOLVE THE INCORPORATED
18 ASSOCIATION.

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

23 (D) BEFORE THE SECOND JULY 1 AFTER THE DIRECTOR OF THE
24 DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5)
25 AND BEFORE JULY 1 OF EACH FOLLOWING YEAR, DETERMINE THE ANNUAL PER-
26 MOTOR-VEHICLE ASSESSMENT TO BE IMPOSED UNDER SUBSECTION (31) . THE
27 TOTAL OF ALL ASSESSMENTS IMPOSED UNDER SUBSECTION (31) MUST BE



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

20 (i) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A
 21 HISTORIC VEHICLE.

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

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

27 (16) ~~(8)~~—In addition to other powers ~~granted to it by~~ UNDER



1 this section, the **UNINCORPORATED ASSOCIATION OR AN INCORPORATED**
 2 association may do all of the following:

3 (a) Sue and be sued in the name of the association. A judgment
 4 against the **UNINCORPORATED** association ~~shall~~**DOES** not create any
 5 direct liability against the individual members of the
 6 **UNINCORPORATED** association. The **UNINCORPORATED** association may
 7 provide for the indemnification of its members, **AND THE**
 8 **UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION MAY**
 9 **PROVIDE FOR THE INDEMNIFICATION OF THE** members of ~~the~~**ITS** board of
 10 directors, ~~of the association, and~~ officers, **AND** employees, and
 11 other persons lawfully acting on behalf of the association.

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

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

18 (d) Pursuant to the plan of operation **OF THE ASSOCIATION**,
 19 adopt reasonable rules for the administration of the association,
 20 enforce those rules, and delegate authority, as the board **OF THE**
 21 **ASSOCIATION** considers necessary, to assure the proper
 22 administration and operation of the association consistent with the
 23 plan of operation.

24 (e) Contract for goods and services **WITH OTHER PERSONS**
 25 **RELATING TO ALL OR A PORTION OF THE GOODS AND SERVICES NECESSARY**
 26 **FOR THE MANAGEMENT AND OPERATION OF THE ASSOCIATION**, including, **BUT**
 27 **NOT LIMITED TO**, independent claims management, actuarial,



1 investment, and legal services. ~~7 from others within or without~~
 2 ~~this state to assure the efficient operation of the association.~~ **ALL**

3 **OF THE FOLLOWING APPLY TO A CONTRACT FOR GOODS OR SERVICES BETWEEN**
 4 **THE UNINCORPORATED ASSOCIATION AND AN INCORPORATED ASSOCIATION:**

5 (i) THE TERMS MUST BE FAIR AND REASONABLE.

6 (ii) THE CHARGES OR FEES FOR SERVICES PERFORMED MUST BE
 7 REASONABLE.

8 (iii) THE EXPENSES INCURRED AND PAYMENT RECEIVED MUST BE
 9 ALLOCATED IN CONFORMITY WITH CUSTOMARY ACCOUNTING PRACTICES
 10 CONSISTENTLY APPLIED.

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

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

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

25 (H) TAKE ACTION NECESSARY TO FACILITATE AND MAINTAIN THE TAX-
 26 EXEMPT STATUS OF THE ASSOCIATION AND ITS INCOME AND OPERATION, AND
 27 TO FACILITATE THE TAX-EXEMPT STATUS OF ANY BONDS OR OTHER



1 INDEBTEDNESS ISSUED BY OR ON BEHALF OF THE ASSOCIATION.

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

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

4 (K) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER
5 PERSON.

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

11 (17) ~~(9)~~ A board of directors **OF THE UNINCORPORATED**
12 **ASSOCIATION** is created, ~~hereinafter referred to as the board,~~ which
13 ~~shall~~ **TO** be responsible for the operation of the **UNINCORPORATED**
14 association consistent with the plan of operation **OF THE**
15 **UNINCORPORATED ASSOCIATION** and this section.

16 (18) ~~(10)~~ **THE BOARD OF THE UNINCORPORATED ASSOCIATION OR AN**
17 **INCORPORATED ASSOCIATION SHALL OPERATE THE ASSOCIATION ACCORDING TO**
18 **THE PLAN OF OPERATION OF THE ASSOCIATION AND THIS SECTION.** The plan
19 of operation **OF AN ASSOCIATION** shall provide for all of the
20 following:

21 (a) The establishment of necessary facilities.

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

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



1 **PRIOR PERIODS.**

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

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

9 (f) The investment policy of the association.

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

12 **(19)** ~~(11) Each~~**THE** board shall ~~OF THE~~ **UNINCORPORATED**
 13 **ASSOCIATION MUST** include **INDIVIDUALS FROM** members **OF THE**
 14 **UNINCORPORATED ASSOCIATION** that ~~would~~ contribute a total of not
 15 less than 40% of the total premium calculated ~~pursuant to~~**UNDER**
 16 subsection ~~(7)(d)~~**(14)**. Each director shall ~~be~~**OF THE**
 17 **UNINCORPORATED ASSOCIATION IS** entitled to 1 vote. The initial term
 18 of office of a director shall ~~be~~**OF THE UNINCORPORATED ASSOCIATION**
 19 **IS** 2 years.

20 **(20)** ~~(12)~~As part of the plan of operation **OF THE**
 21 **UNINCORPORATED ASSOCIATION,** the board **OF THE UNINCORPORATED**
 22 **ASSOCIATION** shall adopt rules providing for the composition and
 23 term of successor boards to the initial board, consistent with the
 24 membership composition requirements in subsections ~~(11)~~**(19)** and
 25 ~~(13)~~**(21)**. Terms of the directors shall ~~shall~~**MUST** be staggered so that
 26 the terms of all the directors do not expire at the same time and
 27 so that a director ~~does not serve~~**IS NOT APPOINTED FOR** a term of



1 more than 4 years.

2 (21) ~~(13)~~ The board ~~shall~~ **OF THE UNINCORPORATED ASSOCIATION**
3 **MUST** consist of 5 directors ~~,~~ and the ~~commissioner shall be~~
4 **DIRECTOR OF THE DEPARTMENT, WHO IS** an ex officio member of the
5 board without vote.

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

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

24 (24) **THE BOARD OF DIRECTORS OF AN INCORPORATED ASSOCIATION**
25 **SHALL OPERATE THE INCORPORATED ASSOCIATION IN ACCORDANCE WITH THE**
26 **PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION AND THIS SECTION.**
27 **ALL OF THE FOLLOWING APPLY TO THE FORMATION AND OPERATION OF THE**



1 BOARD OF AN INCORPORATED ASSOCIATION:

2 (A) THE BOARD MUST CONSIST OF 7 DIRECTORS APPOINTED BY THE
3 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. THE GOVERNOR
4 SHALL APPOINT THE INITIAL DIRECTORS WITHIN 45 DAYS AFTER THE
5 INCORPORATED ASSOCIATION IS INCORPORATED. AN EMPLOYEE OR OFFICER OF
6 AN INSURER IS NOT ELIGIBLE TO SERVE AS A DIRECTOR. THE GOVERNOR
7 SHALL APPOINT DIRECTORS AS FOLLOWS:

8 (i) ONE OF THE DIRECTORS MUST REPRESENT HEALTH FACILITIES OR
9 AGENCIES, AS THAT TERM IS DEFINED IN SECTION 20106 OF THE PUBLIC
10 HEALTH CODE, 1978 PA 368, MCL 333.20106.

11 (ii) ONE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS LICENSED
12 UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
13 333.16101 TO 333.18838.

14 (iii) FIVE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS WHO ARE
15 INSURED UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER
16 SECTION 3101(1). OF THESE 5 INDIVIDUALS:

17 (A) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SENATE
18 MAJORITY LEADER.

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

21 (B) OF THE DIRECTORS INITIALLY APPOINTED, 2 SHALL BE APPOINTED
22 FOR A TERM OF 4 YEARS, 2 SHALL BE APPOINTED FOR A TERM OF 3 YEARS,
23 2 SHALL BE APPOINTED FOR A TERM OF 2 YEARS, AND 1 SHALL BE
24 APPOINTED FOR A TERM OF 1 YEAR. AFTER THE INITIAL APPOINTMENTS, A
25 DIRECTOR SHALL BE APPOINTED FOR A TERM OF 4 YEARS. IF THERE IS A
26 VACANCY ON THE BOARD, THE GOVERNOR SHALL FILL THE VACANCY IN THE
27 SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE BALANCE OF THE



1 UNEXPIRED TERM. WITHIN 60 DAYS AFTER THE INITIAL DIRECTORS ARE
2 APPOINTED, THE DIRECTOR OF THE DEPARTMENT SHALL CALL THE FIRST
3 MEETING OF THE BOARD. AT THE FIRST MEETING, THE BOARD SHALL ELECT A
4 CHAIRPERSON FROM THE DIRECTORS OF THE INCORPORATED ASSOCIATION.
5 FOUR DIRECTORS OF THE INCORPORATED ASSOCIATION CONSTITUTE A QUORUM
6 FOR THE TRANSACTION OF BUSINESS AT A MEETING. AN AFFIRMATIVE VOTE
7 OF 4 DIRECTORS OF THE INCORPORATED ASSOCIATION IS NECESSARY FOR
8 OFFICIAL ACTION OF THE BOARD.

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

20 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
21 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
22 INCORPORATED ASSOCIATION.

23 (ii) TO CONSULT WITH ITS ATTORNEY.

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

26 (D) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE
27 INCORPORATED ASSOCIATION'S OPERATIONS AND ACTIVITIES ON AN INTERNET



1 WEBSITE ACCESSIBLE BY THE PUBLIC.

2 (E) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE
3 MINUTES SHALL BE OPEN TO PUBLIC INSPECTION, AND THE BOARD SHALL
4 MAKE THE MINUTES AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC
5 NOTICE OF ITS MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES
6 AVAILABLE TO THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR
7 PRINTING AND COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING
8 IN THE MINUTES:

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

10 (ii) DIRECTORS WHO ARE PRESENT AND ABSENT.

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

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

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

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

19 (26) AN INCORPORATED ASSOCIATION SHALL HAVE ITS FINANCES
20 AUDITED ANNUALLY BY AN INDEPENDENT PUBLIC ACCOUNTANT. THE
21 INCORPORATED ASSOCIATION SHALL MAKE THE AUDIT AVAILABLE TO THE
22 PUBLIC AND POST THE AUDIT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE
23 MAINTAINED BY THE INCORPORATED ASSOCIATION. AN INCORPORATED
24 ASSOCIATION SHALL MAKE AN ANNUAL REPORT OF THE OPERATIONS OF THE
25 INCORPORATED ASSOCIATION AVAILABLE TO THE PUBLIC AND POST THE
26 REPORT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE MAINTAINED BY THE
27 INCORPORATED ASSOCIATION. BY JUNE 30 OF EACH YEAR AFTER THE YEAR IN



1 WHICH THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
2 AUTHORITY UNDER SUBSECTION (5) TO THE INCORPORATED ASSOCIATION, THE
3 INCORPORATED ASSOCIATION SHALL PREPARE A STATEMENT OF THE FINANCES
4 OF THE INCORPORATED ASSOCIATION FOR THE PRECEDING CALENDAR YEAR TO
5 ACCOMPANY THE ANNUAL REPORT. THE FINANCIAL STATEMENT MUST CONTAIN
6 ALL OF THE FOLLOWING:

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

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

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

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

20 (E) THE AVERAGE LENGTH OF A CLAIM.

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

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

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



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

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

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

11 (l) MEASURES TAKEN BY THE INCORPORATED ASSOCIATION, IF ANY, TO
 12 CONTAIN COSTS.

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

15 (27) ~~(17) Not more than 60 days after the initial~~
 16 ~~organizational meeting of the board, the board shall submit to the~~
 17 ~~commissioner for approval a proposed~~ **AN ASSOCIATION SHALL OPERATE**
 18 **UNDER A** plan of operation **OF THE ASSOCIATION THAT IS APPROVED BY**
 19 **THE DIRECTOR OF THE DEPARTMENT, THAT IS** consistent with the
 20 objectives and provisions of this section, ~~which shall provide~~ **AND**
 21 **THAT PROVIDES** for the economical, fair, and nondiscriminatory
 22 administration of the association and, **FOR THE UNINCORPORATED**
 23 **ASSOCIATION,** for the prompt and efficient provision of indemnity -
 24 ~~If a plan is not submitted within this 60-day period, then the~~
 25 ~~commissioner,~~ **TO MEMBERS OF THE UNINCORPORATED ASSOCIATION. IF AN**
 26 **ASSOCIATION DOES NOT HAVE AN APPROVED PLAN OF OPERATION, THE**
 27 **DIRECTOR OF THE DEPARTMENT,** after consultation with the board **OF**



1 **THE ASSOCIATION**, shall formulate and place into effect a plan
2 consistent with this section.

3 **(28)** ~~(18) The A~~ plan of operation ~~, unless approved sooner in~~
4 ~~writing, shall be~~ **OF AN ASSOCIATION OR AN AMENDMENT TO A PLAN OF**
5 **OPERATION OF AN ASSOCIATION THAT HAS BEEN SUBMITTED TO THE DIRECTOR**
6 **OF THE DEPARTMENT FOR APPROVAL IS** considered to meet the
7 requirements of this section if it is not **APPROVED OR** disapproved
8 by written order of the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT**
9 within 30 days after the date of its submission. Before disapproval
10 of all or any part of the proposed plan of operation, the
11 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall notify the ~~board~~
12 **ASSOCIATION** in what respect the plan of operation fails to meet the
13 requirements and objectives of this section. If the ~~board~~
14 **ASSOCIATION** fails to submit a revised plan of operation that meets
15 the requirements and objectives of this section within the 30-day
16 period, the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall enter an
17 order accordingly and shall immediately formulate and place into
18 effect a plan **OF OPERATION FOR THE ASSOCIATION** consistent with the
19 requirements and objectives of this section.

20 **(29)** ~~(19) The~~ **FOR THE UNINCORPORATED ASSOCIATION, A** proposed
21 plan of operation or amendments to the plan of operation **OF THE**
22 **UNINCORPORATED ASSOCIATION** are subject to majority approval by the
23 board, ~~ratified~~ **RATIFICATION OF THE UNINCORPORATED ASSOCIATION** by a
24 majority of the ~~membership having~~ **MEMBERS OF THE UNINCORPORATED**
25 **ASSOCIATION THAT HAVE** a vote, with voting rights being apportioned
26 according to the premiums charged in subsection ~~(7)(d)~~ **(14) (D)**, and
27 ~~are subject to approval by the commissioner.~~ **DIRECTOR OF THE**



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

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

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



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

27 (32) ~~(21) The~~ AN association is subject to all the reporting,



1 loss reserve, and investment requirements of the ~~commissioner~~
 2 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member of~~
 3 ~~the association.~~ **IS AN INSURER.**

4 (33) ~~(22)~~ Premiums charged members by the **UNINCORPORATED**
 5 association shall be recognized in the rate-making procedures for
 6 insurance rates in the same manner that expenses and premium taxes
 7 are recognized.

8 (34) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
 9 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**
 10 **DEPARTMENT** may visit ~~the~~ **AN** association at any time and examine any
 11 and all **OF** the association's affairs **AND RECORDS RELATING TO THE**
 12 **BUSINESS OF THE ASSOCIATION. AN ASSOCIATION SHALL PAY EXPENSES**
 13 **INCURRED BY THE DIRECTOR OF THE DEPARTMENT FOR THE EXAMINATION OF**
 14 **THE ASSOCIATION. AN ASSOCIATION IS SUBJECT TO FEES IMPOSED UNDER**
 15 **SECTION 224(4) TO (11) IN THE SAME MANNER AS ANY OTHER TYPE OF**
 16 **ENTITY UNDER THIS ACT.**

17 (35) ~~(24)~~ The **UNINCORPORATED** association ~~does not have~~
 18 ~~liability~~ **IS NOT LIABLE** for losses occurring before July 1, 1978.
 19 **THE UNINCORPORATED ASSOCIATION IS NOT LIABLE FOR LOSSES OCCURRING**
 20 **UNDER POLICIES ISSUED OR RENEWED AFTER THE FIRST JUNE 30 AFTER THE**
 21 **DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER**
 22 **SUBSECTION (5).**

23 (36) **AN INCORPORATED ASSOCIATION SHALL COMPLY WITH THE FREEDOM**
 24 **OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246, AS IF THE**
 25 **INCORPORATED ASSOCIATION WERE A PUBLIC BODY. A RECORD OR PORTION OF**
 26 **A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED, PREPARED,**
 27 **USED, OR RETAINED BY THE INCORPORATED ASSOCIATION IN CONNECTION**



1 WITH THE INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO
2 FINANCIAL OR PROPRIETARY INFORMATION AND IS CONSIDERED BY THE
3 PERSON OR INSURER PROVIDING THE INCORPORATED ASSOCIATION WITH THE
4 RECORD, MATERIAL, DATA, OR INFORMATION AS CONFIDENTIAL AND
5 ACKNOWLEDGED BY THE INCORPORATED ASSOCIATION AS CONFIDENTIAL IS NOT
6 SUBJECT TO DISCLOSURE BY THE INCORPORATED ASSOCIATION. AS USED IN
7 THIS SUBSECTION:

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

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

17 (37) THE UNINCORPORATED ASSOCIATION SHALL CONTINUE IN
18 EXISTENCE UNTIL ALL LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH
19 THE UNINCORPORATED ASSOCIATION HAS LIABILITY UNDER THIS SECTION ARE
20 PAID. ON PAYMENT OF THE UNINCORPORATED ASSOCIATION'S FINAL
21 LIABILITY UNDER THIS SECTION, THE UNINCORPORATED ASSOCIATION SHALL
22 NOTIFY THE DIRECTOR OF THE DEPARTMENT, WIND UP THE AFFAIRS OF THE
23 UNINCORPORATED ASSOCIATION, TRANSMIT ANY REMAINING MONEY OF THE
24 UNINCORPORATED ASSOCIATION TO AN INCORPORATED ASSOCIATION, AND
25 DISSOLVE THE UNINCORPORATED ASSOCIATION.

26 (38) THE LEGISLATURE FINDS THAT THERE IS A COMPELLING STATE
27 INTEREST IN PROTECTING PUBLIC HEALTH AND MAINTAINING A VIABLE,



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

20 (39) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS
21 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF COVERAGE UNDER THE
22 POLICY.

23 (40) THIS ACT DOES NOT PREVENT AN UNINCORPORATED ASSOCIATION
24 FROM REIMBURSING A MEMBER THAT HAS CONTRACTED WITH A PERSON TO
25 PERFORM SERVICES ON BEHALF OF THE MEMBER FOR THE PROVISION OF
26 PRODUCTS, SERVICES, OR OTHER ACCOMMODATIONS AND THE PAYMENT OF
27 EXPENSES, WHICH MAY BE PAID PROSPECTIVELY AND IN ADVANCE BY THE



1 MEMBER. NOTWITHSTANDING ANY AGREEMENT THE MEMBER ENTERS INTO, THE
 2 LIABILITY FOR PAYMENTS UNDER A CONTRACT DESCRIBED IN THIS
 3 SUBSECTION REMAINS WITH THE MEMBER IF THE CONTRACTOR DOES NOT
 4 PERFORM THE TERMS OF THE CONTRACT.

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.



1 (F) "UNINCORPORATED ASSOCIATION" MEANS THE UNINCORPORATED
 2 NONPROFIT ASSOCIATION CREATED UNDER SUBSECTION (1) AND INCLUDES THE
 3 UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE
 4 CATASTROPHIC CLAIMS ASSOCIATION AND THE UNINCORPORATED NONPROFIT
 5 ASSOCIATION WHEN IT IS KNOWN AS THE MICHIGAN LEGACY CLAIMS
 6 ASSOCIATION.

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

10 (a) Allowable expenses consisting of all reasonable charges
 11 incurred for reasonably necessary products, services, and
 12 accommodations for an injured person's care, recovery, or
 13 rehabilitation. ~~Allowable expenses within personal protection~~
 14 ~~insurance coverage shall not include~~ **PAYMENT TO PROVIDERS FOR THOSE**
 15 **PRODUCTS, SERVICES, AND ACCOMMODATIONS ARE SUBJECT TO THE LIMITS IN**
 16 **SECTION 3107C.**

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

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

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

25 **(C)** ~~(b)~~ Work loss consisting of loss of income from work an
 26 injured person would have performed during the first 3 years after
 27 the date of the accident if he or she had not been injured. Work



1 loss does not include any loss after the date on which the injured
 2 person dies. Because the benefits received from personal protection
 3 insurance for loss of income are not taxable income, the benefits
 4 payable for such loss of income shall be reduced 15% unless the
 5 claimant presents to the insurer **OR AN INCORPORATED ASSOCIATION**
 6 **FORMED UNDER SECTION 3104** in support of his or her claim reasonable
 7 proof of a lower value of the income tax advantage in his or her
 8 case, in which case the lower value shall apply. For the period
 9 beginning October 1, 2012 through September 30, 2013, the benefits
 10 payable for work loss sustained in a single 30-day period and the
 11 income earned by an injured person for work during the same period
 12 together shall not exceed \$5,189.00, which maximum shall apply pro
 13 rata to any lesser period of work loss. Beginning October 1, 2013,
 14 the maximum shall be adjusted annually to reflect changes in the
 15 cost of living under rules prescribed by the ~~commissioner~~**DIRECTOR**
 16 but any change in the maximum shall apply only to benefits arising
 17 out of accidents occurring subsequent to the date of change in the
 18 maximum.

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

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

27 (a) A person who is 60 years of age or older and in the event



1 of an accidental bodily injury would not be eligible to receive
 2 work loss benefits under subsection ~~(1) (b)~~ **(1) (C)** may waive
 3 coverage for work loss benefits by signing a waiver on a form
 4 provided by the insurer. An insurer shall offer a reduced premium
 5 rate to a person who waives coverage under this subsection for work
 6 loss benefits. Waiver of coverage for work loss benefits applies
 7 only to work loss benefits payable to the person or persons who
 8 have signed the waiver form.

9 (b) An insurer ~~shall~~ **OR AN INCORPORATED ASSOCIATION FORMED**
 10 **UNDER SECTION 3104 IS** not ~~be~~ required to provide coverage for the
 11 medical use of marihuana or for expenses related to the medical use
 12 of marihuana.

13 Sec. 3107a. Subject to ~~the provisions of section 3107(1) (b)~~,
 14 **3107(1) (C)**, work loss for an injured person who is temporarily
 15 unemployed at the time of the accident or during the period of
 16 disability shall be based on earned income for the last month
 17 employed full time preceding the accident.

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

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



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

8 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (3) AND (4),
9 BOTH OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION
10 3107(1) (A) FOR ATTENDANT CARE PROVIDED IN THE HOME BY SOMEONE OTHER
11 THAN A FAMILY OR HOUSEHOLD MEMBER:

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

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

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

21 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN
22 INSURER OR AN INCORPORATED ASSOCIATION INCORPORATED UNDER SECTION
23 3104 MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE
24 AT ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.

25 Sec. 3114. (1) Except as provided in subsections (2), (3), and
26 (5), a personal protection insurance policy described in section
27 3101(1) applies to accidental bodily injury to the person named in



1 the policy, the person's spouse, and a relative of either domiciled
2 in the same household, if the injury arises from a motor vehicle
3 accident. A personal injury insurance policy described in section
4 3103(2) applies to accidental bodily injury to the person named in
5 the policy, the person's spouse, and a relative of either domiciled
6 in the same household, if the injury arises from a motorcycle
7 accident. When personal protection insurance benefits or personal
8 injury benefits described in section 3103(2) are payable to or for
9 the benefit of an injured person under his or her own policy and
10 would also be payable under the policy of his or her spouse,
11 relative, or relative's spouse, the injured person's insurer shall
12 pay all of the benefits and is not entitled to recoupment from the
13 other insurer.

14 (2) A person suffering accidental bodily injury while an
15 operator or a passenger of a motor vehicle operated in the business
16 of transporting passengers shall receive the personal protection
17 insurance benefits to which the person is entitled from the insurer
18 of the motor vehicle. This subsection does not apply to a passenger
19 in the following, unless that passenger is not entitled to personal
20 protection insurance benefits under any other policy:

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

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

25 (c) A bus operating under a government sponsored
26 transportation program.

27 (d) A bus operated by or providing service to a nonprofit



1 organization.

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

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

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

12 (4) Except as provided in subsections (1) to (3), a person
13 suffering accidental bodily injury arising from a motor vehicle
14 accident while an occupant of a motor vehicle shall claim personal
15 protection insurance benefits from insurers in the following order
16 of priority:

17 (a) The insurer of the owner or registrant of the vehicle
18 occupied.

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

20 (5) A person suffering accidental bodily injury arising from a
21 motor vehicle accident ~~which~~**THAT** shows evidence of the involvement
22 of a motor vehicle while an operator or passenger of a motorcycle
23 shall claim personal protection insurance benefits from insurers in
24 the following order of priority:

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

27 (b) The insurer of the operator of the motor vehicle involved



1 in the accident.

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

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

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

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

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

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

27 (c) Damages for allowable expenses, work loss, and survivor's



1 loss as defined in sections 3107 to 3110 in excess of the daily,
2 monthly, and 3-year limitations contained in those sections. The
3 party liable for damages is entitled to an exemption reducing his
4 or her liability by the amount of taxes that would have been
5 payable on account of income the injured person would have received
6 if he or she had not been injured.

7 (d) Damages for economic loss by a nonresident in excess of
8 the personal protection insurance benefits provided under section
9 3163(4). Damages under this subdivision are not recoverable to the
10 extent that benefits covering the same loss are available from
11 other sources, regardless of the nature or number of benefit
12 sources available and regardless of the nature or form of the
13 benefits.

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

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

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

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

26 (c) The action shall be commenced, whenever legally possible,
27 in the small claims division of the district court or the municipal



1 court. If the defendant or plaintiff removes the action to a higher
2 court and does not prevail, the judge may assess costs.

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

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

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

13 Sec. 3157. **(1) A—SUBJECT TO SUBSECTION (2), A** physician,
14 hospital, clinic, or other person or institution lawfully rendering
15 treatment to an injured person for an accidental bodily injury
16 covered by personal protection insurance, and a person or
17 institution providing rehabilitative occupational training
18 following the injury, may charge a reasonable amount for the
19 products, services, and accommodations rendered. The charge shall
20 not exceed the amount the person or institution customarily charges
21 for like products, services, and accommodations in cases not
22 involving **PERSONAL PROTECTION** insurance.

23 **(2) A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR**
24 **INSTITUTION LAWFULLY RENDERING TREATMENT TO AN INJURED PERSON FOR**
25 **AN ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION**
26 **INSURANCE, OR A PERSON OR INSTITUTION PROVIDING REHABILITATIVE**
27 **OCCUPATIONAL TRAINING FOLLOWING THE INJURY, IS LIMITED TO, AND**



1 SHALL BE PAID BY THE AUTOMOBILE INSURER AT, AN AMOUNT THAT DOES NOT
2 EXCEED THE AMOUNT PAID FOR TREATMENT, SERVICE, ACCOMMODATION, AND
3 MEDICINE UNDER R 418.10101 TO R 418.101503 OF THE MICHIGAN
4 ADMINISTRATIVE CODE OR SCHEDULES OF MAXIMUM FEES FOR WORKER'S
5 COMPENSATION DEVELOPED PURSUANT TO THOSE RULES. THE DIRECTOR SHALL
6 EXAMINE CHANGES TO R 418.10101 TO R 418.101503 OF THE MICHIGAN
7 ADMINISTRATIVE CODE MADE AFTER THE EFFECTIVE DATE OF THE AMENDATORY
8 ACT THAT ADDED THIS SUBSECTION. IF THE DIRECTOR FINDS THAT THOSE
9 CHANGES ARE REASONABLE AND APPROPRIATE FOR PURPOSES OF AUTOMOBILE
10 INSURANCE, THOSE CHANGES APPLY TO THIS SECTION AND THE DIRECTOR
11 SHALL ISSUE AN ORDER TO THAT EFFECT.

12 Sec. 3163. (1) An insurer authorized to transact automobile
13 liability insurance and personal and property protection insurance
14 in this state shall file and maintain a written certification that
15 any accidental bodily injury or property damage occurring in this
16 state arising from the ownership, operation, maintenance, or use of
17 a motor vehicle as a motor vehicle by an out-of-state resident who
18 is insured under its automobile liability insurance policies, is
19 subject to the personal and property protection insurance system
20 under this act.

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

23 (3) Except as otherwise provided in subsection (4), if a
24 certification filed under subsection (1) or (2) applies to
25 accidental bodily injury or property damage, the insurer and its
26 insureds with respect to that injury or damage have the rights and
27 immunities under this act for personal and property protection



1 insureds, and claimants have the rights and benefits of personal
2 and property protection insurance claimants, including the right to
3 receive benefits from the electing insurer as if it were an insurer
4 of personal and property protection insurance applicable to the
5 accidental bodily injury or property damage.

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

16 **SEC. 3178A. (1) BEFORE JULY 1, 2017, THE DIRECTOR SHALL REPORT**
17 **TO THE STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF**
18 **REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE MATTERS ON**
19 **THE EFFECT OF THE CHANGES TO THIS CHAPTER MADE BY THE AMENDATORY**
20 **ACT THAT ADDED THIS SECTION. THE REPORT SHALL CONTAIN ANY**
21 **RECOMMENDATIONS OF THE DIRECTOR FOR CHANGES TO THIS CHAPTER.**

22 (2) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016, \$150,000.00
23 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT TO BE USED
24 BY THE DEPARTMENT TO IMPLEMENT THIS SECTION. FROM THE MONEY
25 APPROPRIATED, THE DEPARTMENT SHALL EMPLOY AN ADDITIONAL FULL-TIME
26 EQUIVALENT EMPLOYEE TO PERFORM FUNCTIONS RELATED TO PREPARING THE
27 REPORT REQUIRED UNDER SUBSECTION (1).



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

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

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

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

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

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

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

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

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

26 (d) To impose limitations on cancellation or nonrenewal by
27 participating members of facility-placed business, in addition to



1 the limitations imposed by chapters 21 and 32.

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

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

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

16 (h) To assess self-insurers and insurers consistent with
17 chapter 31 and the assigned claims plan approved under section
18 3171.

19 **(I) UNTIL DECEMBER 31, 2020, TO COLLECT FROM PARTICIPATING**
20 **MEMBERS AND SELF-INSURERS MONEY PAID AT THE DISCRETION OF THE**
21 **MEMBERS AND SELF-INSURERS TO COVER ANTICIPATED COSTS OF OPERATION**
22 **AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD**
23 **AUTHORITY.**

24 (2) The board of governors shall institute or cause to be
25 instituted by the facility or on its behalf an automatic data
26 processing system for recording and compiling data relative to
27 individuals insured through the facility. An automatic data



1 processing system established under this subsection shall, to the
 2 greatest extent possible, be made compatible with the automatic
 3 data processing system maintained by the secretary of state, to
 4 provide for the identification and review of individuals insured
 5 through the facility.

6 **(3) BEFORE MARCH 1, 2016, THE BOARD OF GOVERNORS SHALL AMEND**
 7 **THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY**
 8 **TO COLLECT MONEY AND CARRY OUT THE ADMINISTRATIVE DUTIES AND**
 9 **FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.**

10 Sec. 4501. As used in this chapter:

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

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

21 (c) "Insurance policy" or "policy" means an insurance policy,
 22 benefit contract of a self-funded plan, health maintenance
 23 organization contract, nonprofit dental care corporation
 24 certificate, or health care corporation certificate.

25 (d) "Insurer" means a property-casualty insurer, life insurer,
 26 third party administrator, self-funded plan, health insurer, health
 27 maintenance organization, nonprofit dental care corporation, health



1 care corporation, reinsurer, or any other entity regulated by the
2 insurance laws of this state and providing any form of insurance.

3 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**
4 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**
5 **6302.**

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

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

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

21 **(I)** ~~(h)~~—"Runner", "capper", or "steerer" means a person who
22 receives a pecuniary or other benefit from a practitioner, whether
23 directly or indirectly, for procuring or attempting to procure a
24 client, patient, or customer at the direction or request of, or in
25 cooperation with, a practitioner whose intent is to obtain benefits
26 under a contract of insurance or to assert a claim against an
27 insured or an insurer for providing services to the client,



1 patient, or customer. Runner, capper, or steerer does not include a
 2 practitioner who procures clients, patients, or customers through
 3 the use of public media.

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

10 CHAPTER 63

11 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

12 SEC. 6301. AS USED IN THIS CHAPTER:

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

15 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
 16 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
 17 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE
 18 INSURANCE.

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

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

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

27 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD



1 AUTHORITY IS CREATED WITHIN THE FACILITY. THE FACILITY SHALL
2 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE
3 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

4 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE
5 AUTHORITY IS NOT STATE MONEY. THE AUTHORITY IS NOT A PUBLIC BODY
6 UNDER, AND A RECORD OF THE AUTHORITY IS NOT SUBJECT TO DISCLOSURE
7 UNDER, THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
8 15.246.

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

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

14 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL
15 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
16 AUTOMOBILE INSURANCE FRAUD.

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

21 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE
22 VESTED IN AND SHALL BE EXERCISED BY A BOARD OF DIRECTORS. THE BOARD
23 OF DIRECTORS CONSISTS OF 15 MEMBERS AS FOLLOWS:

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

26 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH
27 350,000 OR MORE CAR YEARS.



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

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

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

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

7 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR
8 HER DESIGNEE.

9 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES
10 IN THIS STATE.

11 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS
12 STATE.

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

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

21 (7) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD
22 REPRESENTING LAW ENFORCEMENT AGENCIES OTHER THAN THE DEPARTMENT OF
23 STATE POLICE. IN APPOINTING THE MEMBERS, THE GOVERNOR SHALL SOLICIT
24 INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN THIS STATE.

25 (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD
26 REPRESENTING PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE
27 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS



1 ASSOCIATION OF MICHIGAN.

2 (9) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD
3 REPRESENTING THE GENERAL PUBLIC. THE GOVERNOR SHALL APPOINT AN
4 INDIVIDUAL WHO IS A RESIDENT OF THIS STATE AND IS NOT EMPLOYED BY
5 OR UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN
6 INSURER.

7 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER
8 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS OR UNTIL HIS OR HER
9 SUCCESSOR IS ELECTED, DESIGNATED, OR APPOINTED, WHICHEVER OCCURS
10 LATER. OF THE MEMBERS FIRST ELECTED OR APPOINTED UNDER THIS
11 SECTION, 2 MEMBERS REPRESENTING INSURERS AND 1 MEMBER REPRESENTING
12 LAW ENFORCEMENT AGENCIES SHALL SERVE FOR A TERM OF 2 YEARS, 3
13 MEMBERS REPRESENTING INSURERS, THE MEMBER REPRESENTING PROSECUTING
14 ATTORNEYS, AND THE MEMBER REPRESENTING THE GENERAL PUBLIC SHALL
15 SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS REPRESENTING INSURERS
16 AND 1 MEMBER REPRESENTING LAW ENFORCEMENT AGENCIES SHALL SERVE FOR
17 A TERM OF 4 YEARS.

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

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

22 (2) A MAJORITY OF THE MEMBERS OF THE BOARD CONSTITUTE A QUORUM
23 FOR THE TRANSACTION OF BUSINESS AT A MEETING OR THE EXERCISE OF A
24 POWER OR FUNCTION OF THE AUTHORITY, NOTWITHSTANDING THE EXISTENCE
25 OF 1 OR MORE VACANCIES. NOTWITHSTANDING ANY OTHER PROVISION OF LAW
26 TO THE CONTRARY, ACTION MAY BE TAKEN BY THE AUTHORITY AT A MEETING
27 ON A VOTE OF THE MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR



1 THROUGH THE USE OF AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY
2 THE BYLAWS OR PLAN OF OPERATION OF THE BOARD. THE AUTHORITY SHALL
3 MEET AT THE CALL OF THE CHAIR OR AS MAY BE PROVIDED IN THE BYLAWS
4 OF THE AUTHORITY. MEETINGS OF THE AUTHORITY MAY BE HELD ANYWHERE IN
5 THIS STATE.

6 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY
7 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN
8 ACCORDANCE WITH THE PLAN OF OPERATION.

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

20 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
21 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
22 AUTHORITY.

23 (B) TO CONSULT WITH ITS ATTORNEY.

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

26 (5) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE
27 AUTHORITY'S OPERATIONS AND ACTIVITIES, INCLUDING, BUT NOT LIMITED



1 TO, THE ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 6310, ON A
2 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

3 (6) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE
4 BOARD SHALL MAKE THE MINUTES OPEN TO PUBLIC INSPECTION AND
5 AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC NOTICE OF ITS
6 MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES AVAILABLE TO
7 THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR PRINTING AND
8 COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING IN THE
9 MINUTES:

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

11 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD
12 MEMBERS WHO ARE ABSENT.

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

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

16 SEC. 6304. ON JANUARY 1, 2021, THE AUTHORITY IS DISSOLVED.

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

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

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

25 (C) MAKE GRANTS AND INVESTMENTS.

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



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

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

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

9 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
10 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
11 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
12 THE PLAN OF OPERATION.

13 SEC. 6307. (1) AN INSURER OR SELF-INSURER ENGAGED IN WRITING
14 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION
15 3101(1) IN THIS STATE MAY PAY TO THE FACILITY, FOR DEPOSIT INTO THE
16 ACCOUNT OF THE AUTHORITY, MONEY TO BE USED BY THE AUTHORITY TO
17 CARRY OUT ITS DUTIES UNDER THIS CHAPTER.

18 (2) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER
19 SUBSECTION (1), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY FOR
20 THE PURPOSE, FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE
21 FACILITY SHALL ONLY EXPEND THE MONEY RECEIVED UNDER SUBSECTION (1)
22 AS DIRECTED BY THE BOARD.

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



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

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

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

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



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

9 Enacting section 1. Except as provided in enacting section 2,
10 this amendatory act takes effect 90 days after the date it is
11 enacted into law.

12 Enacting section 2. The title and sections 3301, 3330, and
13 4501 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,
14 500.3330, and 500.4501, as amended by this amendatory act, and
15 chapter 63 of the insurance code of 1956, 1956 PA 218, as added by
16 this amendatory act, take effect January 1, 2016.

17 Enacting section 3. This amendatory act does not take effect
18 unless Senate Bill No. 249 of the 98th Legislature is enacted into
19 law.

