

SENATE BILL No. 156

February 16, 1989, Introduced by Senators CHERRY, DINGELL, DILLINGHAM and EHLERS and referred to the Committee on Commerce and Technology.

A bill to amend Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, by adding chapter 17.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding chapter 17 to read as
4 follows:

CHAPTER 17

ENVIRONMENT IMPAIRMENT INSURANCE FUND

7 SEC. 1700. THE LEGISLATURE FINDS THAT THE ENVIRONMENT OF
8 THIS STATE BEING AN ESSENTIAL PART OF THE GENERAL HEALTH, SAFETY,
9 AND WELFARE OF THE PEOPLE OF THIS STATE IS IN PERIL AS A RESULT

1 OF THE DIMINISHING AVAILABILITY OF ENVIRONMENTAL IMPAIRMENT
2 INSURANCE; THAT IT IS WITHIN THE PUBLIC POLICY OF THIS STATE TO
3 ENSURE THAT THE ENVIRONMENT BE PRESERVED; AND THAT PURSUANT TO
4 SECTION 52 OF ARTICLE IV OF THE STATE CONSTITUTION OF 1963, THE
5 LEGISLATURE IS REQUIRED TO PROVIDE FOR THE PROTECTION OF THE AIR,
6 WATER, AND OTHER NATURAL RESOURCES OF THE STATE FROM POLLUTION,
7 IMPAIRMENT, AND DESTRUCTION. THE FUND CREATED BY THIS CHAPTER
8 SHALL BE A TEMPORARY MEANS OF PROVIDING ENVIRONMENTAL IMPAIRMENT
9 INSURANCE COVERAGE TO ELIGIBLE BUSINESSES UNTIL THE INSURANCE
10 INDUSTRY CAN OFFER COVERAGE TO ALL ELIGIBLE BUSINESSES AT REASON-
11 ABLE RATES.

12 SEC. 1701. AS USED IN THIS CHAPTER:

13 (A) "ELIGIBLE BUSINESS" MEANS A CLASS OR MEMBER OF A CLASS
14 OF BUSINESSES AS DETERMINED BY THE COMMISSIONER PURSUANT TO THIS
15 CHAPTER ELIGIBLE FOR ENVIRONMENTAL IMPAIRMENT INSURANCE FROM THE
16 FUND.

17 (B) "ENVIRONMENTAL IMPAIRMENT INSURANCE" MEANS INSURANCE
18 AGAINST LOSS OR DAMAGE ON ACCOUNT OF THE BODILY INJURY OR DEATH
19 OF A PERSON OR DAMAGE TO PROPERTY CAUSED BY A POLLUTION INCIDENT
20 AND FOR WHICH THE INSURED IS LEGALLY OBLIGATED TO PAY.
21 ENVIRONMENTAL IMPAIRMENT INSURANCE MAY INCLUDE INSURANCE ON THE
22 PROPERTY OF THE INSURED AGAINST LOSS OR DAMAGE BY A POLLUTION
23 INCIDENT. AS USED IN THIS SECTION, "POLLUTION INCIDENT" MEANS
24 THE EMISSION, DISCHARGE, RELEASE, OR ESCAPE OF ANY SOLID, LIQUID,
25 GASEOUS, OR THERMAL CONTAMINANT, IRRITANT, OR POLLUTANT FROM AN
26 INSURED SITE INTO OR UPON THE LAND, ATMOSPHERE, OR WATER THAT
27 RESULTS IN ENVIRONMENTAL DAMAGE OR INJURY.

1 (C) "FUND" MEANS THE ENVIRONMENTAL IMPAIRMENT INSURANCE FUND
2 ESTABLISHED UNDER THIS CHAPTER.

3 (D) "SERVICING INSURER" MEANS AN AUTHORIZED INSURER DESIG-
4 NATED BY THE COMMISSIONER TO SERVICE POLICIES ISSUED THROUGH THE
5 FUND.

6 SEC. 1702. (1) AN ENVIRONMENTAL IMPAIRMENT INSURANCE FUND
7 IS CREATED TO PROVIDE ENVIRONMENTAL IMPAIRMENT INSURANCE TO ELI-
8 GIBLE BUSINESSES. THE STATE, THE COMMISSIONER, AND THE DEPART-
9 MENT OF TREASURY SHALL NOT BE LIABLE OR RESPONSIBLE FOR THE PAY-
10 MENT OF CLAIMS MADE AGAINST THE FUND. THE FUND SHALL BE
11 SELF-SUPPORTING AND THE PREMIUMS CHARGED AND ASSESSMENTS LEVIED
12 SHALL BE SUBJECT TO READJUSTMENT AS PROVIDED IN THIS CHAPTER.
13 THE FUND SHALL BE SUBJECT TO ALL OF THE REQUIREMENTS OF THIS
14 CHAPTER, INCLUDING THE REGULATION AND SUPERVISION OF THE COMMIS-
15 SIONER AUTHORIZED OR REQUIRED BY THIS CHAPTER, BUT SHALL NOT BE
16 SUBJECT TO THE OTHER CHAPTERS OF THIS ACT. THE FUND SHALL BE
17 SUBJECT TO ALL OTHER LAWS OF THIS STATE ONLY TO THE EXTENT THAT
18 IT WOULD BE SUBJECT TO THOSE LAWS IF IT WERE AN INSURER ORGANIZED
19 AND OPERATING UNDER CHAPTER 50, AND ONLY TO THE EXTENT THAT THOSE
20 OTHER LAWS ARE CONSISTENT WITH THIS CHAPTER. THE FUND MAY RETAIN
21 AND EMPLOY LEGAL COUNSEL IN ITS DISCRETION TO REPRESENT THE FUND
22 IN ANY AND ALL RESPECTS.

23 (2) PURSUANT TO THIS CHAPTER AND THE PLAN OF OPERATION, THE
24 FUND MAY:

25 (A) ISSUE OR REINSURE POLICIES OF INSURANCE PURSUANT TO THE
26 REQUIREMENTS OF THIS ACT AND CONTRACT FOR PROPORTIONAL,
27 CATASTROPHE, OR EXCESS LOSS REINSURANCE.

1 (B) RECEIVE AND DISTRIBUTE ALL SUMS REQUIRED BY THE
2 OPERATION OF THE FUND.

3 (C) SUE AND BE SUED, CONTRACT WITH SERVICING INSURERS AND
4 OTHER ENTITIES, AND PROVIDE FOR THE INDEMNIFICATION OF MEMBERS OF
5 ITS BOARD OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER PERSONS
6 ACTING ON BEHALF OF THE FUND TO THE EXTENT PROVIDED BY LAW.

7 (D) PROVIDE IN THE PLAN OF OPERATION A REASONABLE MEANS FOR
8 ENSURING THAT ALL ELIGIBLE BUSINESSES CAN READILY OBTAIN ENVIRON-
9 MENTAL IMPAIRMENT INSURANCE.

10 (E) COLLECT AND REPORT TO APPROPRIATE STATE AGENCIES INFOR-
11 MATION CONCERNING CLAIMS PAYMENTS, SETTLEMENTS, AND ACTIONS COM-
12 MENCED AGAINST ITS INSUREDS AS SHALL BE REQUIRED BY LAW.

13 (F) DO OTHER THINGS AS NECESSARY OR APPROPRIATE FOR THE PER-
14 FORMANCE OF ITS FUNCTIONS.

15 SEC. 1703. (1) A BOARD OF DIRECTORS SHALL MANAGE THE
16 AFFAIRS OF THE FUND PURSUANT TO THIS CHAPTER. THE BOARD SHALL
17 CONSIST OF THE COMMISSIONER AND THE STATE TREASURER OR THEIR DES-
18 IGNATED REPRESENTATIVE, A REPRESENTATIVE OF AN INSURANCE COMPANY
19 WRITING ENVIRONMENTAL IMPAIRMENT LIABILITY INSURANCE IN THIS
20 STATE, A REPRESENTATIVE FOR EACH CLASS OF ELIGIBLE BUSINESS
21 INSURED BY THE FUND, AND A MEMBER SELECTED FROM THE PUBLIC. A
22 SEPARATE BOARD CONSTITUTED AS SET FORTH IN THIS SECTION SHALL BE
23 ESTABLISHED FOR EACH CLASS OF ELIGIBLE BUSINESS INSURED BY THE
24 FUND TO MANAGE THE AFFAIRS OF THE FUND WHICH INVOLVE THAT CLASS
25 OF ELIGIBLE BUSINESS.

26 (2) MEMBERS OF THE BOARD SHALL BE APPOINTED BY THE GOVERNOR
27 WITH THE ADVICE AND CONSENT OF THE SENATE FOR A TERM OF 2 YEARS.

1 A MEMBER OF THE BOARD SHALL SERVE WITHOUT COMPENSATION BUT SHALL
2 BE ENTITLED TO HIS OR HER REASONABLE EXPENSES.

3 (3) THE GOVERNOR SHALL APPOINT 1 MEMBER OF THE BOARD TO
4 SERVE AS CHAIRPERSON. THE TERM OF THE CHAIRPERSON SHALL BE FOR 2
5 YEARS.

6 (4) THE BOARD SHALL APPOINT OR REMOVE A MANAGER OF THE FUND
7 AND FIX HIS OR HER COMPENSATION, AS PROVIDED BY THE BOARD.

8 (5) THE MANAGER SHALL HIRE SUCH ADDITIONAL PERSONNEL AS ARE
9 APPROVED BY THE BOARD, AS PROVIDED BY LAW.

10 SEC. 1704. (1) THE COMMISSIONER MAY CLASSIFY BUSINESSES IN
11 GROUPS IN ACCORDANCE WITH THE NATURE OF THE BUSINESS IN WHICH
12 THEY ARE ENGAGED AND THE PROBABLE RISK OF ENVIRONMENTAL IMPAIR-
13 MENT UNDER EXISTING CONDITIONS. THE COMMISSIONER SHALL DETERMINE
14 THE AMOUNT OF THE PREMIUMS OR ASSESSMENTS WHICH BUSINESSES SHALL
15 PAY THE FUND, MAY PRESCRIBE WHEN AND IN WHAT MANNER THE PREMIUMS
16 AND ASSESSMENTS SHALL BE PAID, AND MAY CHANGE THE AMOUNT THEREOF
17 IN RESPECT TO ANY OR ALL OF SUCH BUSINESSES AS CIRCUMSTANCES MAY
18 REQUIRE, BUT ALL SUCH PREMIUMS OR ASSESSMENTS SHALL BE LEVIED ON
19 A BASIS THAT SHALL BE FAIR, EQUITABLE, AND JUST AMONG THOSE
20 BUSINESSES.

21 (2) THE COMMISSIONER MAY DETERMINE THAT ASSESSMENTS SHALL BE
22 LEVIED ON MEMBERS OF A PARTICULAR CLASS OF ELIGIBLE BUSINESSES IN
23 ORDER TO OFFSET AN EXISTING DEFICIT OR A PROJECTED DEFICIT
24 ATTRIBUTABLE TO THAT CLASS OF ELIGIBLE BUSINESSES IF EITHER OF
25 THE FOLLOWING CONDITIONS EXIST:

26 (A) THE FUND HAS REPORTED TO THE COMMISSIONER A DEFICIT
27 ATTRIBUTABLE TO A PARTICULAR CLASS OF ELIGIBLE BUSINESSES, AND A

1 SUBSEQUENT AUDIT OF THE FUND'S FINANCIAL STATEMENT, CONDUCTED BY
2 A QUALIFIED DESIGNEE OF THE COMMISSIONER, CERTIFIES TO THE
3 COMMISSIONER'S SATISFACTION THAT A DEFICIT EXISTS.

4 (B) THE ASSESSMENT IS NECESSARY TO EFFECT A TRANSFER OF THE
5 ASSETS AND OBLIGATIONS OF THE FUND PURSUANT TO SECTION 1706.

6 SEC. 1705. (1) AT ANY TIME AFTER AT LEAST 10 DAYS' NOTICE
7 IN A PAPER OF GENERAL CIRCULATION AND A PUBLIC HEARING, THE COM-
8 MISSIONER MAY DESIGNATE A SPECIFIC CLASS OF BUSINESSES AS ELIGI-
9 BLE BUSINESSES UPON FINDING THAT THE CLASS OF BUSINESSES CANNOT
10 READILY OBTAIN ENVIRONMENTAL IMPAIRMENT INSURANCE OR OBTAIN ENVI-
11 RONMENTAL IMPAIRMENT INSURANCE FOR A REASONABLE PREMIUM.

12 DESIGNATION OF A CLASS OF BUSINESSES AS ELIGIBLE BUSINESSES SHALL
13 ENTITLE A BUSINESS FUNCTIONING IN THAT CLASS TO OBTAIN ENVIRON-
14 MENTAL IMPAIRMENT INSURANCE FROM THE FUND IF THE BUSINESS IS
15 LEGALLY ENTITLED TO PROVIDE SERVICES IN THIS STATE, HAS A PRIMARY
16 PLACE OF BUSINESS IN THIS STATE, AND PAYS THE APPROPRIATE PREMIUM
17 CHARGED BY THE FUND FOR ENVIRONMENTAL IMPAIRMENT INSURANCE.

18 (2) UPON REQUEST OF THE BOARD OR ON THE COMMISSIONER'S OWN
19 MOTION, THE COMMISSIONER SHALL ORDER A PUBLIC HEARING, TO BE HELD
20 AFTER NOT LESS THAN 10 DAYS' NOTICE IN A PAPER OF GENERAL CIRCU-
21 LATION, TO DETERMINE WHETHER THE DESIGNATION OF ELIGIBLE BUSINESS
22 SHOULD BE REMOVED FROM A CLASS OF BUSINESSES PREVIOUSLY SO
23 DESIGNATED. IF, AFTER THE PUBLIC HEARING, THE COMMISSIONER FINDS
24 THAT A CLASS OF ELIGIBLE BUSINESSES MAY READILY OBTAIN ENVIRON-
25 MENTAL IMPAIRMENT INSURANCE FOR A REASONABLE PREMIUM FROM AN
26 AUTHORIZED INSURER, THE COMMISSIONER SHALL REMOVE THE DESIGNATION
27 OF ELIGIBLE BUSINESS FROM A CLASS OF BUSINESSES.

1 SEC. 1706. (1) ALL OR A PORTION OF THE ASSETS AND
2 OBLIGATIONS OF THE FUND MAY BE TRANSFERRED TO AN INSURER BY THE
3 BOARD SUBJECT TO THE APPROVAL OF THE COMMISSIONER. THE COMMIS-
4 SIONER SHALL NOT APPROVE THE TRANSFER UNLESS THE TRANSFER WOULD
5 BE CONSIDERED WITHIN THE PURPOSES OF THIS CHAPTER AND THE ASSETS
6 TO BE TRANSFERRED ARE REASONABLY RELATED TO THE OBLIGATIONS TO BE
7 ASSUMED.

8 (2) THE COMMISSIONER MAY ATTACH CONDITIONS TO A TRANSFER,
9 BINDING ON BOTH THE TRANSFEREE AND THE TRANSFEROR, WHICH ARE REA-
10 SONABLE AND NECESSARY, AND WHICH MAY INCLUDE CONDITIONS WHICH
11 WILL DO ALL OF THE FOLLOWING:

12 (A) ASSURE CONTINUED COVERAGE AT A REASONABLE PRICE FOR ELI-
13 GIBLE BUSINESSES.

14 (B) REQUIRE THE INSURER TO GUARANTEE, ASSUME, OR REINSURE OR
15 CAUSE TO BE GUARANTEED, ASSUMED, OR REINSURED ALL CONTRACTS AND
16 POLICIES OF THE FUND.

17 (C) ASSURE THE TERMINATION OF ALL OBLIGATIONS OF THE FUND.

18 (3) IF NECESSARY TO EFFECT THE TRANSFER, THE COMMISSIONER
19 MAY LEVY AN ASSESSMENT ON MEMBERS OF A CLASS OF ELIGIBLE BUSI-
20 NESSES PURSUANT TO SECTION 1704.

21 SEC. 1707. (1) THE BOARD SHALL FURNISH TO THE COMMISSIONER
22 A FULL AND CORRECT STATEMENT OF THE ADMINISTRATION OF THE FUND AS
23 PRESCRIBED BY THE COMMISSIONER, SEMIANNUALLY, SHOWING THE FINAN-
24 CIAL STATUS AND OUTSTANDING OBLIGATIONS OF THE FUND, CLAIMS CON-
25 TESTED, AND OTHER GENERAL STATISTICS AS MAY BE REQUIRED.

26 (2) AN ANNUAL MEETING OF THE BOARD SHALL BE HELD IN LANSING
27 EACH APRIL. THE ANNUAL MEETING SHALL BE OPEN TO ALL ELIGIBLE

1 BUSINESSES. NOTICE OF THE ANNUAL MEETING SHALL BE SENT BY MAIL
2 TO THE BOARD MEMBERS AT LEAST 10 DAYS BEFORE THE DATE OF THE
3 MEETING. NOTICE TO ALL ELIGIBLE BUSINESSES MAY BE BY ADVERTISE-
4 MENT IN 4 NEWSPAPERS OF GENERAL CIRCULATION.

5 SEC. 1708. (1) WITHIN THE TIME PROVIDED BY THIS SECTION,
6 THE BOARD SHALL SUBMIT TO THE COMMISSIONER FOR REVIEW AND
7 APPROVAL A PROPOSED PLAN OF OPERATION. THE PLAN SHALL INCLUDE
8 ALL OF THE FOLLOWING:

9 (A) A DEFINITION OF THE RESPONSIBILITIES OF SERVICING CARRI-
10 ERS AS PROVIDED UNDER THIS CHAPTER.

11 (B) A PROVISION THAT INSURANCE WILL BE PROVIDED TO ALL RISKS
12 DETERMINED TO BE ELIGIBLE BY THIS CHAPTER.

13 (C) A PROVISION FOR THE COLLECTION OF PREMIUMS BY THE SERV-
14 ICING INSURER AND THEIR TRANSMITTAL TO THE FUND.

15 (D) A DESCRIPTION OF THE COVERAGES AND THE LIMITS OF THE
16 COVERAGES TO BE AFFORDED THE VARIOUS CATEGORIES OF RISK AS PRO-
17 VIDED IN THIS CHAPTER.

18 (E) A PROVISION THAT A CLAIM ARISING OUT OF COVERAGE UNDER A
19 POLICY ISSUED PURSUANT TO THIS CHAPTER SHALL BE UNDER THE EXCLU-
20 SIVE CONTROL OF THE FUND OR ITS DESIGNATED REPRESENTATIVE AS TO
21 ANY SETTLEMENT, DEFENSE, OR APPEAL.

22 (F) A DESCRIPTION OF THE RATING AND CLASSIFICATION PLANS TO
23 BE APPLIED WITHIN THE VARIOUS BUSINESS CLASSES AS TO RISK. IN
24 THE PREPARATION OF RATING PLANS AND CLASSIFICATION PLANS, CONSID-
25 ERATION SHALL BE GIVEN TO DEDUCTIBLES, SURCHARGES, SEPARATE CLAS-
26 SIFICATIONS TO REFLECT INCOME, AND OTHER FEATURES NOT NECESSARILY
27 IN CURRENT USE.

1 (G) A PROVISION FOR THE ESTABLISHMENT AND MAINTENANCE OF A
2 STABILIZATION RESERVE POOL, SUBJECT TO THE APPROVAL OF THE COM-
3 MISSIONER, IN SUCH AMOUNT AS IS NECESSARY AND REASONABLE TO PRO-
4 VIDE A CONTINGENCY RESERVE FOR UNDERWRITING OPERATIONS OF THE
5 FUND. THE STABILIZATION RESERVE POOL SHALL BE CONSTRUED AS A
6 SUBSTITUTE FOR THE SURPLUS REQUIRED TO BE MAINTAINED BY OTHER
7 INSURERS. TO ESTABLISH A STABILIZATION RESERVE POOL, THE FUND
8 SHALL LEVY UPON EACH INDIVIDUAL ELIGIBLE BUSINESS INSURED BY THE
9 FUND, AT EACH PREMIUM PAYMENT DATE, AN AMOUNT REASONABLY CALCU-
10 LATED TO ESTABLISH AND MAINTAIN A STABILIZATION RESERVE POOL.

11 (H) A DESCRIPTION OF THE ACCOUNTING PROCEDURES, REPORTS, AND
12 STATISTICAL REQUIREMENTS INVOLVED IN OPERATING THE FUND.

13 (I) A DESCRIPTION OF THE ACTIVITIES TO BE ENGAGED IN BY THE
14 FUND INCLUDING THOSE RELATING TO COST CONTAINMENT,
15 SELF-SUFFICIENCY, MARKET REVIEWS, HEARING PROCEDURES, LOSS PRE-
16 VENTION, AND FAIR AND EFFICIENT ADMINISTRATION.

17 (J) A DESCRIPTION OF THE TYPES OF SECURITIES IN WHICH THE
18 FUND MAY INVEST.

19 (K) A DESCRIPTION OF THE PROCEDURES TO BE FOLLOWED FOR HON-
20 ORING OBLIGATIONS OF THE FUND IF THE ISSUANCE OR RENEWAL OF POLI-
21 CIES FOR AN ELIGIBLE BUSINESS CLASS IS TERMINATED PURSUANT TO
22 SECTIONS 1705 OR 1717.

23 (2) THE PROPOSED PLAN SHALL BE REVIEWED BY THE COMMISSIONER
24 AND APPROVED BY HIM OR HER IF HE OR SHE FINDS THAT THE PLAN FUL-
25 FILLS THE PURPOSES OF THIS CHAPTER. IN HIS OR HER REVIEW OF THE
26 PROPOSED PLAN, THE COMMISSIONER MAY, AT HIS OR HER DISCRETION,

1 CONSULT WITH THE BOARD OF DIRECTORS, OTHER MEMBERS OF THE FUND,
2 OR ANY OTHER INDIVIDUAL OR ORGANIZATION.

3 (3) IF THE COMMISSIONER APPROVES THE PROPOSED PLAN, HE OR
4 SHE SHALL CERTIFY THAT APPROVAL TO THE BOARD AND THE PLAN SHALL
5 TAKE EFFECT 10 DAYS AFTER THE CERTIFICATION. IF THE COMMISSIONER
6 DISAPPROVES ALL OR ANY PART OF THE PROPOSED PLAN OF OPERATION, HE
7 OR SHE SHALL RETURN THE PROPOSED PLAN TO THE BOARD WITH A STATE-
8 MENT, IN WRITING, OF THE REASONS FOR HIS OR HER DISAPPROVAL AND
9 ANY RECOMMENDATIONS HE OR SHE MAY WISH TO MAKE. THE BOARD MAY
10 ACCEPT THE COMMISSIONER'S RECOMMENDATIONS AND SUBMIT THE AMENDED
11 PLAN TO THE COMMISSIONER OR SUBMIT A NEW PLAN WITHIN 30 DAYS
12 AFTER THE RETURN OF THE DISAPPROVED PLAN TO THE BOARD. WITHIN 10
13 DAYS AFTER RECEIPT OF THE SECOND PLAN THE COMMISSIONER SHALL
14 ENTER AN ORDER CERTIFYING OR REJECTING THE PLAN. IF THE COMMIS-
15 SIONER REJECTS THE SECOND PLAN, HE OR SHE SHALL PROCEED PURSUANT
16 TO SUBSECTION (4). THE BOARD MAY APPEAL THE ORDER REJECTING THE
17 PLAN PURSUANT TO THIS CHAPTER.

18 (4) IF THE BOARD DOES NOT SUBMIT A PROPOSED PLAN OF OPERA-
19 TION WITHIN 45 DAYS AFTER THE EFFECTIVE DATE OF THIS CHAPTER, THE
20 COMMISSIONER SHALL ESTABLISH A PLAN OF OPERATION AND CERTIFY IT
21 TO THE BOARD. A PLAN ESTABLISHED BY THE COMMISSIONER SHALL TAKE
22 EFFECT 10 DAYS AFTER CERTIFICATION TO THE BOARD.

23 (5) THE BOARD MAY, ON ITS OWN INITIATIVE, AMEND THE PLAN OF
24 OPERATION AT ANY TIME, SUBJECT TO THE APPROVAL OF THE
25 COMMISSIONER.

26 (6) THE COMMISSIONER MAY REVIEW THE PLAN OF OPERATION
27 WHENEVER HE OR SHE CONSIDERS IT EXPEDIENT, AND SHALL REVIEW THE

1 PLAN AT LEAST ONCE A YEAR, AND MAY AMEND THE PLAN AS PROVIDED IN
2 SUBSECTION (3).

3 (7) AN AMENDMENT TO THE PLAN SHALL TAKE EFFECT NOT LESS THAN
4 10 DAYS AFTER ADOPTION.

5 (8) THE COMMISSIONER SHALL SUBMIT TO THE LEGISLATURE SEMIAN-
6 NUALLY A REPORT ON THE STATUS OF THE FUND AND A COMPREHENSIVE
7 SUMMARY OF THE INFORMATION PROVIDED FOR IN SECTION 1707.

8 SEC. 1709. ALL RATES AND POLICY FORMS OF THE FUND SHALL BE
9 SUBJECT TO THE PRIOR APPROVAL OF THE COMMISSIONER.

10 SEC. 1710. (1) FOR THE PRIVILEGE OF DOING BUSINESS IN THIS
11 STATE, AN INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN THIS
12 STATE THAT WRITES ENVIRONMENTAL IMPAIRMENT INSURANCE ANYWHERE IN
13 THE UNITED STATES MAY BE REQUIRED, BY THE COMMISSIONER, TO BE A
14 SERVICING INSURER TO THE FUND.

15 (2) SERVICES PROVIDED TO THE FUND BY A SERVICING INSURER
16 SHALL BE REASONABLY COMPENSATED. THE COMMISSIONER MAY OBTAIN AND
17 REPORT TO THE FUND ALL DATA CONCERNING A SERVICING INSURER WHICH
18 SHALL BE NECESSARY TO DETERMINE IF A SERVICING INSURER'S CHARGES
19 FOR SERVICES PROVIDED TO THE FUND ARE REASONABLE.

20 (3) SERVICING MAY INCLUDE BUT NOT BE LIMITED TO COLLECTION
21 OF PREMIUMS, ISSUANCE OF POLICIES, LOSS PREVENTION, AND ADJUST-
22 MENT OR DEFENSE OF CLAIMS.

23 (4) WITH THE APPROVAL OF THE COMMISSIONER, SERVICING MAY BE
24 PERFORMED BY EMPLOYEES OF THE FUND OR BY AN ORGANIZATION OTHER
25 THAN A SERVICING INSURER.

26 (5) A DISPUTE BETWEEN THE FUND AND THE SERVICING INSURER
27 SHALL BE RESOLVED BY THE COMMISSIONER.

1 (6) CONTRACTS BETWEEN THE FUND AND THE SERVICING INSURER
2 SHALL BE SUBJECT TO THE APPROVAL OF THE COMMISSIONER AND THE
3 BOARD.

4 SEC. 1713. (1) A SUFFICIENT AMOUNT OF CASH SHALL BE MAIN-
5 TAINED IN THE FUND TO PAY CURRENT LOSSES AND EXPENSES AND THE
6 BOARD OF THE FUND OR ITS DESIGNATED REPRESENTATIVE MAY INVEST THE
7 BALANCE IN SECURITIES SPECIFIED BY LAW FOR INVESTMENT BY CASUALTY
8 INSURANCE COMPANIES. SECURITIES SHALL BE PURCHASED AND MAY BE
9 SOLD AT A TIME AND IN ACCORDANCE WITH THOSE RULES AND CONDITIONS
10 AS PRESCRIBED BY THE BOARD OF THE FUND OR ITS DESIGNATED REPRE-
11 SENTATIVE, AND AS APPROVED BY THE COMMISSIONER.

12 (2) THE FUND IS DECLARED TO BE A CHARITABLE AND BENEVOLENT
13 INSTITUTION, AND ITS FUNDS AND PROPERTY SHALL BE EXEMPT FROM TAX-
14 ATION BY THE STATE OR A POLITICAL SUBDIVISION OF THE STATE.

15 (3) THE COMMISSIONER MAY VISIT THE FUND AT ANY TIME AND
16 EXAMINE ANY AND ALL OF ITS AFFAIRS.

17 SEC. 1715. THE COMMISSIONER MAY PROMULGATE RULES TO IMPLE-
18 MENT THIS CHAPTER PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT
19 OF 1969, ACT NO. 306 OF THE PUBLIC ACTS OF 1969, BEING SECTIONS
20 24.201 TO 24.328 OF THE MICHIGAN COMPILED LAWS. THE COMMISSIONER
21 MAY SUSPEND OR REVOKE, AFTER REASONABLE NOTICE AND HEARING, THE
22 CERTIFICATE OF AUTHORITY TO TRANSACT INSURANCE IN THIS STATE OF
23 AN INSURER WHICH FAILS TO COMPLY WITH A PROVISION OF THIS CHAPTER
24 OR A RULE PROMULGATED PURSUANT TO THIS CHAPTER.

25 SEC. 1716. (1) IF THE COMMISSIONER REMOVES THE DESIGNATION
26 OF ELIGIBLE BUSINESS FROM A CLASS OF BUSINESSES, THE FUND SHALL

1 CEASE ISSUANCE OF NEW OR RENEWAL POLICIES OF ENVIRONMENTAL
2 IMPAIRMENT INSURANCE AS TO THAT CLASS OF BUSINESSES.

3 (2) IF THE COMMISSIONER REMOVES THE DESIGNATION OF ELIGIBLE
4 BUSINESSES FROM A CLASS OF BUSINESSES, THAT CLASS SHALL REMAIN
5 SUBJECT TO ASSESSMENT UNTIL THE COMMISSIONER IS SATISFIED THAT
6 ALL CONTRACTUAL OBLIGATIONS INCURRED BY THE FUND UNDER INSURANCE
7 COVERAGE ISSUED TO MEMBERS OF THAT CLASS HAVE BEEN SATISFIED.

8 SEC. 1717. THIS FUND SHALL NOT ISSUE OR RENEW A POLICY OF
9 INSURANCE WHICH EXTENDS BEYOND JULY 1, 1994.