



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 288 (Substitute S-3 as reported)
Sponsor: Senator Virgil Smith
Committee: Insurance

CONTENT

The bill would amend the Insurance Code to do the following:

- Allow an eligible city to contract with one or more insurers to provide qualifying no-fault policies to its residents.
- Specify that an individual insured under a qualifying no-fault policy, his or her spouse, and a relative of either living in the same household, would be limited to the rights under that policy.
- Allow a qualifying no-fault policy to limit benefits for critical care to \$250,000 for an individual named in the policy, his or her spouse, or a relative of either living in the same household, and to limit other personal protection benefits to \$25,000.
- Provide that, if a qualifying no-fault policy provided a cap of more than \$25,000 on personal protection benefits other than critical care, the benefits for critical care could be reduced accordingly, if the total benefits available were at least \$275,000.
- Allow an injured person to receive benefits under the assigned claims plan after benefits under a qualifying no-fault policy were exhausted, unless he or she was insured under that policy, the spouse of the insured person, or a relative of either living in the same household.
- Allow an insurer that provided a qualifying no-fault policy to create a limited provider network and require an injured individual to receive post-acute care through an in-network provider, as well as obtain preauthorization from the insurer.
- Permit the Department Director to initiate an administrative or civil action against a qualifying insurer that exhibited a pattern or practice of providing an inadequate network of providers.
- Prohibit an insurer from issuing a qualifying no-fault policy unless the individual insured signed a written waiver stating that he or she understood that the qualifying no-fault policy offered only limited benefits and not full, unlimited no-fault benefits.
- Prohibit the Catastrophic Claims Association from charging a member a premium for a car insured under a qualifying no-fault policy.

The bill would define "eligible city" as a city that either 1) has a population of at least 500,000 and a charter provision allowing it to provide insurance to its residents (i.e., Detroit), or 2) presents credible evidence to the Department of Insurance and Financial Services that at least 35% of the city's residents who regularly operate a motor vehicle do so without the personal protection insurance required by the Code.

MCL 500.3101 et al.

Legislative Analyst: Ryan M. Bergan

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-4-15

Fiscal Analyst: Glenn Steffens

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Bill Analysis @ www.senate.michigan.gov/sfa

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