

**SUBSTITUTE FOR
HOUSE BILL NO. 4612**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending the title and sections 102, 3101, 3104, 3107, 3107a,
3114, 3135, 3148, 3157, 3163, 3172, 3301, 3330, 4501, and 6107 (MCL
500.102, 500.3101, 500.3104, 500.3107, 500.3107a, 500.3114,
500.3135, 500.3148, 500.3157, 500.3163, 500.3172, 500.3301,
500.3330, 500.4501, and 500.6107), the title as amended by 2002 PA
304, section 102 as amended by 2000 PA 252, section 3101 as amended
by 2008 PA 241, section 3104 as amended by 2002 PA 662, section
3107 as amended by 2012 PA 542, section 3107a as amended by 1991 PA
191, section 3114 as amended by 2002 PA 38, section 3135 as amended
by 2012 PA 158, section 3163 as amended by 2002 PA 697, sections
3172 and 3330 as amended by 2012 PA 204, section 4501 as amended by
2012 PA 39, and section 6107 as added by 1992 PA 174, and by adding

sections 3104a, 3107c, and 3181 and chapter 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TITLE

An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and **OTHER CORPORATIONS TO PROVIDE BENEFITS UNDER THIS ACT AND** the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations; ~~and the state accident fund;~~ to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to

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

officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act.

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

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

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

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

Sec. 3101. (1) The owner or registrant of a motor vehicle required to be registered in this state shall maintain security for payment of benefits under personal protection insurance ~~—AS~~ **REQUIRED UNDER SECTION 3107**, property protection insurance, and residual liability insurance **AS REQUIRED UNDER SECTION 3009**. Security shall only be required to be in effect during the period the motor vehicle is driven or moved upon a highway.

Notwithstanding any other provision in this act, an insurer that has issued an automobile insurance policy on a motor vehicle that is not driven or moved upon a highway may allow the insured owner or registrant of the motor vehicle to delete a portion of the coverages under the policy and maintain the comprehensive coverage portion of the policy in effect.

(2) As used in this chapter:

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

(B) **"CONSUMER PRICE INDEX" MEANS THE PERCENTAGE OF CHANGE IN**

1 THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN THE UNITED
2 STATES CITY AVERAGE FOR ALL ITEMS, AS REPORTED BY THE UNITED STATES
3 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED
4 BY THE DIRECTOR.

5 (C) ~~(b)~~ "Highway" means that term as defined in section 20 of
6 the Michigan vehicle code, 1949 PA 300, MCL 257.20.

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

15 (E) ~~(d)~~ "Motorcycle accident" means a loss involving the
16 ownership, operation, maintenance, or use of a motorcycle as a
17 motorcycle, but not involving the ownership, operation,
18 maintenance, or use of a motor vehicle as a motor vehicle.

19 (F) ~~(e)~~ "Motor vehicle" means a vehicle, including a trailer,
20 operated or designed for operation upon a public highway by power
21 other than muscular power ~~which~~ **THAT** has more than 2 wheels. Motor
22 vehicle does not include a motorcycle or a moped, as defined in
23 section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b.
24 Motor vehicle does not include a farm tractor or other implement of
25 husbandry ~~which~~ **THAT** is not subject to the registration
26 requirements of the Michigan vehicle code pursuant to section 216
27 of the Michigan vehicle code, 1949 PA 300, MCL 257.216. Motor

1 vehicle does not include an ORV.

2 (G) ~~(F)~~—"Motor vehicle accident" means a loss involving the
3 ownership, operation, maintenance, or use of a motor vehicle as a
4 motor vehicle regardless of whether the accident also involves the
5 ownership, operation, maintenance, or use of a motorcycle as a
6 motorcycle.

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

21 (I) ~~(H)~~—"Owner" means any of the following:

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

25 (ii) A person who holds the legal title to a vehicle, other
26 than a person engaged in the business of leasing motor vehicles who
27 is the lessor of a motor vehicle pursuant to a lease providing for

1 the use of the motor vehicle by the lessee for a period that is
2 greater than 30 days.

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

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

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

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

25 Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**
26 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
27 ~~the catastrophic claims association, hereinafter referred to as the~~

~~association, is created.~~ Each insurer engaged in writing insurance coverages that provide the security required by section 3101(1) within this state, as a condition of its authority to transact insurance in this state, shall be a member of the association and ~~shall be~~ **IS** bound by the plan of operation of the association **UNTIL THE AFFAIRS OF THE ASSOCIATION ARE WOUND UP UNDER SUBSECTION (23)**.

Each insurer engaged in writing insurance coverages that provide the security required by section 3103(1) within this state, as a condition of its authority to transact insurance in this state, shall be considered a member of the association **UNTIL THE AFFAIRS OF THE ASSOCIATION ARE WOUND UP UNDER SUBSECTION (23)**, but only for purposes of premiums under subsection (7)(d). Except as expressly provided in this section, the association is not subject to any laws of this state with respect to insurers, but in all other respects the association is subject to the laws of this state to the extent that the association would be if it were an insurer organized and subsisting under chapter 50.

(2) ~~The~~ **FOR LOSS OCCURRENCES FOR WHICH THE ASSOCIATION HAS LIABILITY UNDER SUBSECTION (22), THE** association shall provide and each member shall accept indemnification for 100% of the amount of ultimate loss sustained under personal protection insurance coverages in excess of the following amounts in each loss occurrence:

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

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

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

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

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

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

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

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

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

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

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

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

26 (l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED
27 DURING THE PERIOD JULY 1, 2013 TO DECEMBER 31, 2013, \$530,000.00.

1 (3) An insurer may withdraw from the association only upon
2 ceasing to write insurance that provides the security required by
3 section 3101(1) in this state.

4 (4) An insurer whose membership in the association has been
5 terminated by withdrawal shall continue to be bound by the plan of
6 operation, and upon withdrawal, all unpaid premiums that have been
7 charged to the withdrawing member are payable as of the effective
8 date of the withdrawal.

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

15 (6) If a member has been merged or consolidated into another
16 insurer or another insurer has reinsured a member's entire business
17 that provides the security required by section 3101(1) in this
18 state, the member and successors in interest of the member remain
19 liable for the member's obligations.

20 (7) The association shall do all of the following on behalf of
21 the members of the association:

22 (a) Assume 100% of all liability as provided in subsection
23 (2).

24 (b) Establish procedures by which members shall promptly
25 report to the association each claim that, on the basis of the
26 injuries or damages sustained, may reasonably be anticipated to
27 involve the association if the member is ultimately held legally

1 liable for the injuries or damages. Solely for the purpose of
2 reporting claims, the member shall in all instances consider itself
3 legally liable for the injuries or damages. The member shall also
4 advise the association of subsequent developments likely to
5 materially affect the interest of the association in the claim.

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

11 (d) In a manner provided for in the plan of operation,
12 calculate and charge to members of the association a total premium
13 sufficient to cover the expected losses and expenses of the
14 association that the association will likely incur during the
15 period for which the premium is applicable. The premium shall
16 include an amount to cover incurred but not reported losses for the
17 period and may be adjusted, **SUBJECT TO SUBSECTION (24)**, for any
18 excess or deficient premiums from previous periods. Excesses or
19 deficiencies from previous periods may be fully adjusted in a
20 single period or may be adjusted over several periods in a manner
21 provided for in the plan of operation. Each member shall be charged
22 an amount equal to that member's total written car years of
23 insurance providing the security required by section 3101(1) or
24 3103(1), or both, written in this state during the period to which
25 the premium applies, multiplied by the average premium per car. The
26 average premium per car shall be the total premium calculated
27 divided by the total written car years of insurance providing the

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

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

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

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

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

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

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

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

1 member.

2 (H) PROVIDE SERVICES TO A CORPORATION FORMED UNDER SECTION
3 3104A AS REQUIRED BY LAW OR REQUESTED BY THE CORPORATION.

4 (8) In addition to other powers granted to it by this section,
5 the association may do all of the following:

6 (a) Sue and be sued in the name of the association. A judgment
7 against the association shall not create any direct liability
8 against the individual members of the association. The association
9 may provide for the indemnification of its members, members of the
10 board of directors of the association, and officers, 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, adopt reasonable rules
19 for the administration of the association, enforce those rules, and
20 delegate authority, as the board considers necessary to assure the
21 proper administration and operation of the association consistent
22 with the plan of operation.

23 (e) Contract for goods and services, including independent
24 claims management, actuarial, investment, and legal services, from
25 others within or without this state to assure the efficient
26 operation of the association.

27 (f) Hear and determine complaints of a company or other

1 interested party concerning the operation of the association.

2 (g) Perform other acts not specifically enumerated in this
3 section that are necessary or proper to accomplish the purposes of
4 the association and that are not inconsistent with this section or
5 the plan of operation.

6 (9) A board of directors is created ~~, hereinafter referred to~~
7 ~~as the board, which shall be responsible for the operation of~~ **AND**
8 **SHALL OPERATE** the association consistent with the plan of operation
9 and this section.

10 (10) The plan of operation shall provide for all of the
11 following:

12 (a) The establishment of necessary facilities.

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

14 (c) Procedures to be utilized in charging premiums, including
15 adjustments from excess or deficient premiums from prior periods.

16 (d) Procedures governing the actual payment of premiums to the
17 association.

18 (e) Reimbursement of each member of the board by the
19 association for actual and necessary expenses incurred on
20 association business.

21 (f) The investment policy of the association.

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

24 (11) Each board shall include members that would contribute a
25 total of not less than 40% of the total premium calculated pursuant
26 to subsection (7)(d). Each director ~~shall be~~ **IS** entitled to 1 vote.
27 The initial term of office of a director ~~shall be~~ **IS** 2 years.

1 (12) As part of the plan of operation, the board shall adopt
2 rules providing for the composition and term of successor boards to
3 the initial board, consistent with the membership composition
4 requirements in subsections (11) and (13). Terms of the directors
5 shall be staggered so that the terms of all the directors do not
6 expire at the same time and so that a director does not serve a
7 term of more than 4 years.

8 (13) The board shall consist of 5 directors, and the
9 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall be an ex officio
10 member of the board without vote.

11 (14) Each director shall be appointed by the ~~commissioner~~
12 **DIRECTOR OF THE DEPARTMENT** and shall serve until that member's
13 successor is selected and qualified. The chairperson of the board
14 shall be elected by the board. A vacancy on the board shall be
15 filled by the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** consistent
16 with the plan of operation.

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

23 (16) An annual report of the operations of the association in
24 a form and detail as ~~may be determined~~ by the board shall be
25 furnished to each member.

26 ~~—— (17) Not more than 60 days after the initial organizational~~
27 ~~meeting of the board, the board shall submit to the commissioner~~

1 ~~for approval a proposed plan of operation consistent with the~~
2 ~~objectives and provisions of this section, which shall provide for~~
3 ~~the economical, fair, and nondiscriminatory administration of the~~
4 ~~association and for the prompt and efficient provision of~~
5 ~~indemnity. If a plan is not submitted within this 60 day period,~~
6 ~~then the commissioner, after consultation with the board, shall~~
7 ~~formulate and place into effect a plan consistent with this~~
8 ~~section.~~

9 ~~—— (18) The plan of operation, unless approved sooner in writing,~~
10 ~~shall be considered to meet the requirements of this section if it~~
11 ~~is not disapproved by written order of the commissioner within 30~~
12 ~~days after the date of its submission. Before disapproval of all or~~
13 ~~any part of the proposed plan of operation, the commissioner shall~~
14 ~~notify the board in what respect the plan of operation fails to~~
15 ~~meet the requirements and objectives of this section. If the board~~
16 ~~fails to submit a revised plan of operation that meets the~~
17 ~~requirements and objectives of this section within the 30 day~~
18 ~~period, the commissioner shall enter an order accordingly and shall~~
19 ~~immediately formulate and place into effect a plan consistent with~~
20 ~~the requirements and objectives of this section.~~

21 (17) ~~(19) The proposed plan of operation or ANY~~ amendments to
22 the plan of operation **OF THE ASSOCIATION** are subject to majority
23 approval by the board, ~~ratified~~ **RATIFICATION** by a majority of the
24 membership having a vote, with voting rights being apportioned
25 according to the premiums charged in subsection (7) (d), and ~~are~~
26 ~~subject to approval by the commissioner.~~ **DIRECTOR OF THE DEPARTMENT.**

27 (18) ~~(20) Upon approval by the commissioner and ratification~~

1 ~~by the members of the plan submitted, or upon the promulgation of a~~
 2 ~~plan by the commissioner, each~~ **AN** insurer authorized to write
 3 insurance providing the security required by section 3101(1) in
 4 this state, as provided in this section, is bound by and shall
 5 formally subscribe to and participate in the plan ~~approved~~ **OF**
 6 **OPERATION** as a condition of maintaining its authority to transact
 7 insurance in this state.

8 (19) ~~(21)~~ The association is subject to all the reporting,
 9 loss reserve, and investment requirements of the ~~commissioner~~
 10 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member~~ **ARE**
 11 **THE MEMBERS** of the association.

12 (20) ~~(22)~~ Premiums charged members by the association shall be
 13 recognized in the rate-making procedures for insurance rates in the
 14 same manner that expenses and premium taxes are recognized.

15 (21) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
 16 authorized representative of the ~~commissioner~~ **DIRECTOR** may visit
 17 the association at any time and examine any and all **OF** the
 18 association's affairs.

19 (22) ~~(24)~~ The association does not have liability for losses
 20 occurring before July 1, 1978 **OR FOR LOSSES UNDER MOTOR VEHICLE**
 21 **ACCIDENT POLICIES ISSUED OR RENEWED AFTER DECEMBER 31, 2013.**

22 (23) **THE ASSOCIATION SHALL CONTINUE IN EXISTENCE UNTIL ALL**
 23 **LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH IT HAS LIABILITY**
 24 **UNDER SUBSECTION (22) ARE PAID. ON PAYMENT OF THE FINAL LIABILITY,**
 25 **THE ASSOCIATION SHALL NOTIFY THE DIRECTOR OF THE DEPARTMENT AND**
 26 **SHALL WIND UP THE AFFAIRS OF THE ASSOCIATION AND TRANSMIT ANY**
 27 **REMAINING MONEY HELD BY THE ASSOCIATION TO A CORPORATION FORMED**

1 UNDER SECTION 3104A.

2 (24) WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY
3 ACT THAT ADDED THIS SUBSECTION, THE ASSOCIATION SHALL ADJUST THE
4 PREMIUM CHARGE TO MEMBERS UNDER SUBSECTION (7) (D) BY AN AMOUNT
5 SUFFICIENT TO REFLECT CHANGES MADE TO THIS ACT BY THE AMENDATORY
6 ACT THAT ADDED THIS SUBSECTION.

7 (25) As used in this section:

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

15 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
16 CREATED IN SUBSECTION (1).

17 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION
18 CREATED IN SUBSECTION (9).

19 (C) ~~(b)~~ "Motor vehicle accident policy" means a policy
20 providing the coverages required under section 3101(1).

21 (D) ~~(e)~~ "Ultimate loss" means the actual loss amounts that a
22 member is obligated to pay and that are paid or payable by the
23 member, and do not include claim expenses. An ultimate loss is
24 incurred by the association on the date that the loss occurs.

25 SEC. 3104A. (1) WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THE
26 AMENDATORY ACT THAT ADDED THIS SECTION, 2 OR MORE VOTING MEMBERS OF
27 THE ASSOCIATION MAY INCORPORATE A CATASTROPHIC CLAIMS CORPORATION

1 UNDER THIS SECTION. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A
2 CORPORATION IS SUBJECT TO THE NONPROFIT CORPORATION ACT, 1982 PA
3 162, MCL 450.2101 TO 450.3192. A CORPORATION IS A CHARITABLE AND
4 BENEVOLENT INSTITUTION FOR THE PUBLIC BENEFIT, AND THE
5 CORPORATION'S MONEY AND PROPERTY ARE EXEMPT FROM TAXATION BY THIS
6 STATE OR ANY POLITICAL SUBDIVISION OF THIS STATE.

7 (2) A CORPORATION IS SUBJECT TO SUPERVISION BY THE DIRECTOR AS
8 PROVIDED IN THIS SECTION. EXCEPT AS OTHERWISE PROVIDED IN THIS
9 SECTION, A CORPORATION IS NOT SUBJECT TO THE LAWS OF THIS STATE
10 APPLICABLE TO INSURERS AND IS NOT REQUIRED TO PARTICIPATE IN A POOL
11 OR FUND THAT AN INSURER IS REQUIRED TO PARTICIPATE IN. A
12 CORPORATION IS SUBJECT TO ALL OF THE SAME REPORTING, LOSS RESERVE,
13 AND INVESTMENT REQUIREMENTS AS AN INSURER AUTHORIZED TO TRANSACT
14 BUSINESS IN THIS STATE THAT AFFORDS INSURANCE FOR THE PAYMENT OF
15 BENEFITS DESCRIBED IN SECTION 3101(1).

16 (3) TO INCORPORATE A CORPORATION, 2 OR MORE VOTING MEMBERS OF
17 THE ASSOCIATION SHALL SUBSCRIBE TO AND FILE WITH THE DIRECTOR
18 ARTICLES OF INCORPORATION. THE ARTICLES OF INCORPORATION SHALL
19 INCLUDE ALL OF THE FOLLOWING:

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

21 (B) THE LOCATION OF THE PRINCIPAL OFFICE OF THE CORPORATION
22 FOR THE TRANSACTION OF BUSINESS IN THIS STATE.

23 (C) THE NAME BY WHICH THE CORPORATION SHALL BE KNOWN, WHICH
24 SHALL INCLUDE THE WORDS CATASTROPHIC, CLAIMS, AND CORPORATION, BUT
25 SHALL NOT INCLUDE THE WORDS ASSOCIATION, INSURANCE, CASUALTY,
26 SURETY, HEALTH AND ACCIDENT, MUTUAL, OR OTHER WORDS DESCRIPTIVE OF
27 THE INSURANCE OR SURETY BUSINESS. THE CORPORATION ALSO SHALL NOT

1 ASSUME ANY NAME LIKELY TO MISLEAD THE PUBLIC OR ANY NAME ALREADY IN
2 USE BY ANOTHER CORPORATION AUTHORIZED TO CONDUCT BUSINESS IN THIS
3 STATE.

4 (D) THE PURPOSES OF THE CORPORATION, WHICH SHALL BE LIMITED TO
5 PURPOSES AUTHORIZED UNDER THIS SECTION.

6 (E) A STATEMENT THAT THE CORPORATION IS ORGANIZED AS A
7 NONPROFIT CORPORATION ON A NONSTOCK, DIRECTORSHIP BASIS UNDER THIS
8 ACT AND THE NONPROFIT CORPORATION ACT, 1982 PA 162, MCL 450.2101 TO
9 450.3912.

10 (F) ANY OTHER TERMS AND CONDITIONS NOT INCONSISTENT WITH THIS
11 SECTION OR OTHER APPLICABLE LAW THAT THE INCORPORATORS CONSIDER TO
12 BE NECESSARY FOR THE CONDUCT OF THE AFFAIRS OF THE CORPORATION.

13 (4) AT LEAST 1 OF THE INCORPORATORS OF A CORPORATION SHALL
14 SIGN THE ARTICLES OF INCORPORATION OF THE CORPORATION BEFORE A
15 NOTARY PUBLIC APPOINTED UNDER THE MICHIGAN NOTARY PUBLIC ACT, 2003
16 PA 238, MCL 55.261 TO 55.315. THE ARTICLES SHALL BE FILED IN THE
17 FORM PRESCRIBED BY THE DIRECTOR. IF AT THE TIME OF SUBMISSION NO
18 OTHER CATASTROPHIC CLAIMS CORPORATION IS ACTIVE, THE DIRECTOR MAY
19 APPROVE THE ARTICLES OF INCORPORATION AS AUTHORIZED UNDER
20 APPLICABLE LAW. THE DIRECTOR SHALL NOT CERTIFY ARTICLES OF
21 INCORPORATION FOR MORE THAN 1 CATASTROPHIC CLAIMS CORPORATION TO BE
22 ACTIVE AND OPERATE AT THE SAME TIME. THE DIRECTOR SHALL RETAIN A
23 CERTIFIED COPY OF THE ARTICLES WITH THE RECORDS OF THE DEPARTMENT.

24 (5) BEFORE A CORPORATION CONDUCTS ACTIVITIES AUTHORIZED UNDER
25 THIS SECTION AND BEFORE JANUARY 1, 2014, THE CORPORATION SHALL FILE
26 WITH THE DIRECTOR IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR
27 AN APPLICATION FOR A CERTIFICATE OF AUTHORITY DETAILING ALL OF THE

1 FOLLOWING:

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

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

5 (C) THE NAME AND PLACE OF RESIDENCE OF EACH MEMBER OF THE
6 BOARD OF DIRECTORS OF THE CORPORATION.

7 (D) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR.

8 (6) AFTER REVIEWING AN APPLICATION FOR A CERTIFICATE OF
9 AUTHORITY FILED BY A CORPORATION UNDER SUBSECTION (5), IF THE
10 DIRECTOR IS SATISFIED THAT THE CORPORATION CAN COMPLY WITH THE
11 PROVISIONS OF THIS SECTION AND OTHER APPLICABLE LAW, THE DIRECTOR
12 SHALL ISSUE TO THE CORPORATION A CERTIFICATE OF AUTHORITY TO
13 COMMENCE BUSINESS.

14 (7) THE DIRECTOR MAY EXAMINE THE AFFAIRS OF A CORPORATION. A
15 DISSOLUTION OR LIQUIDATION OF A CORPORATION SHALL BE CONDUCTED
16 UNDER THE SUPERVISION OF THE DIRECTOR.

17 (8) A CORPORATION SHALL PROVIDE THE DIRECTOR WITH ACCESS TO
18 ALL RECORDS OF THE CORPORATION THAT RELATE TO THE BUSINESS OF THE
19 CORPORATION. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,
20 EXPENSES INCURRED BY THE DIRECTOR FOR THE EXAMINATION OF A
21 CORPORATION SHALL BE PAID BY THE CORPORATION. A CORPORATION IS
22 SUBJECT TO FEES IMPOSED UNDER SECTION 224(4) TO (11) IN THE SAME
23 MANNER AS ANY OTHER TYPE OF ENTITY UNDER THIS ACT.

24 (9) BEFORE MARCH 1 OF EACH YEAR AFTER IT IS INCORPORATED, A
25 CORPORATION SHALL FILE WITH THE DIRECTOR, IN THE FORM AND MANNER
26 PRESCRIBED BY THE DIRECTOR, AN ANNUAL REPORT OF ITS ACTIVITIES,
27 FINANCES, AND CONDITION DURING THE PREVIOUS CALENDAR YEAR.

1 (10) A CORPORATION SHALL HAVE A BOARD OF DIRECTORS. THE BOARD
2 SHALL OPERATE THE CORPORATION IN ACCORDANCE WITH THE PLAN OF
3 OPERATION AND THIS SECTION. ALL OF THE FOLLOWING APPLY TO THE
4 FORMATION AND OPERATION OF THE BOARD:

5 (A) THE BOARD SHALL CONSIST OF 7 MEMBERS APPOINTED BY THE
6 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. THE GOVERNOR
7 SHALL APPOINT THE INITIAL MEMBERS WITHIN 60 DAYS AFTER THE
8 CORPORATION IS INCORPORATED.

9 (B) OF THE MEMBERS INITIALLY APPOINTED, 2 SHALL BE APPOINTED
10 FOR A TERM OF 4 YEARS, 2 SHALL BE APPOINTED FOR A TERM OF 3 YEARS,
11 2 SHALL BE APPOINTED FOR A TERM OF 2 YEARS, AND 1 SHALL BE
12 APPOINTED FOR A TERM OF 1 YEAR. AFTER THE INITIAL APPOINTMENTS, A
13 MEMBER SHALL BE APPOINTED FOR A TERM OF 4 YEARS. IF THERE IS A
14 VACANCY ON THE BOARD, THE VACANCY SHALL BE FILLED BY THE GOVERNOR
15 IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE BALANCE OF
16 THE UNEXPIRED TERM. WITHIN 60 DAYS AFTER THE INITIAL MEMBERS ARE
17 APPOINTED, THE DIRECTOR SHALL CALL THE FIRST MEETING OF THE BOARD.
18 AT THE FIRST MEETING, THE BOARD SHALL ELECT A CHAIRPERSON FROM
19 AMONG ITS MEMBERS. FOUR MEMBERS OF A BOARD CONSTITUTE A QUORUM FOR
20 THE TRANSACTION OF BUSINESS AT A MEETING OF THE BOARD. AN
21 AFFIRMATIVE VOTE OF 4 BOARD MEMBERS IS NECESSARY FOR OFFICIAL
22 ACTION OF THE BOARD.

23 (C) THE BUSINESS OF THE BOARD SHALL BE CONDUCTED AT A MEETING
24 OF THE BOARD THAT IS HELD IN THIS STATE, IS OPEN TO THE PUBLIC, AND
25 IS HELD IN A PLACE THAT IS AVAILABLE TO THE GENERAL PUBLIC.
26 HOWEVER, THE BOARD MAY ESTABLISH REASONABLE RULES AND REGULATIONS
27 TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD. AT LEAST 10 DAYS

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

7 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
8 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
9 CORPORATION.

10 (ii) TO CONSULT WITH ITS ATTORNEY.

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

13 (D) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE
14 CORPORATION'S OPERATIONS AND ACTIVITIES ON AN INTERNET WEBSITE
15 ACCESSIBLE BY THE PUBLIC.

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

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

24 (ii) BOARD MEMBERS WHO ARE PRESENT AND ABSENT.

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

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

27 (E) A MEMBER OF THE BOARD IS NOT LIABLE FOR ANY LAWFUL ACTION

1 TAKEN BY THE MEMBER IN THE PERFORMANCE OF DUTIES UNDER THIS
2 SECTION.

3 (11) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE
4 ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER DECEMBER 31, 2013, OR
5 AFTER THE DIRECTOR ISSUES THE CERTIFICATE OF AUTHORITY UNDER
6 SUBSECTION (6), WHICHEVER IS LATER, AN INJURED PERSON IS ENTITLED
7 TO PERSONAL PROTECTION INSURANCE BENEFITS OF UP TO THE LIMIT IN
8 SECTION 3107(1)(B) FOR MEDICALLY APPROPRIATE PRODUCTS, SERVICES,
9 AND ACCOMMODATIONS, INCLUDING ALL DEDUCTIBLES AND COPAYS AS
10 FOLLOWS:

11 (A) THE INSURER SHALL PROVIDE PERSONAL PROTECTION INSURANCE
12 BENEFITS UP TO \$530,000.00 FOR THE ACCIDENT REGARDLESS OF THE
13 NUMBER OF PERSONS INJURED. THE LIMIT UNDER THIS SUBDIVISION
14 INCLUDES ALL DEDUCTIBLES AND COPAYS. BY JANUARY 1, 2015 AND BY
15 JANUARY 1 OF EACH SECOND YEAR AFTER 2015, A CORPORATION SHALL
16 CALCULATE AN ADJUSTED LIMIT, INCREASING THE EXISTING LIMIT UNDER
17 THIS SUBDIVISION BY 6% OR THE CONSUMER PRICE INDEX FOR THE 24-MONTH
18 PERIOD THAT ENDS ON THE PRECEDING SEPTEMBER 30, WHICHEVER IS LESS,
19 AND ROUNDING THE RESULT TO THE NEAREST \$5,000.00. AN ADJUSTED LIMIT
20 APPLIES TO LOSS OCCURRENCES THAT OCCUR AFTER JULY 1, 2015 FOR THE
21 FIRST ADJUSTMENT OR AFTER JULY 1 OF EACH SECOND YEAR AFTER 2015 FOR
22 THE FOLLOWING ADJUSTMENTS.

23 (B) A CORPORATION SHALL PROVIDE PERSONAL PROTECTION INSURANCE
24 BENEFITS IN EXCESS OF THE AMOUNT PAID BY THE INSURER UNDER
25 SUBDIVISION (A) UP TO THE PER-PERSON LIMIT IN SECTION 3107(1)(B).
26 THE LIMIT UNDER THIS SUBDIVISION INCLUDES ALL DEDUCTIBLES AND
27 COPAYS.

1 (12) A CORPORATION SHALL DO ALL OF THE FOLLOWING:

2 (A) ASSUME LIABILITY AS PROVIDED IN SUBSECTION (11).

3 (B) ESTABLISH PROCEDURES BY WHICH AN INSURER MAY REPORT TO THE
4 CORPORATION EACH CLAIM THAT ON THE BASIS OF THE INJURIES SUSTAINED
5 MAY BE REASONABLY ANTICIPATED TO EXCEED THE LIMIT IN SUBSECTION
6 (11) (A). AN INSURER SHALL REPORT EACH SUCH CLAIM TO THE CORPORATION
7 AND SHALL ALSO ADVISE THE CORPORATION OF SUBSEQUENT DEVELOPMENTS
8 THAT MAY REASONABLY BE EXPECTED TO AFFECT THE CORPORATION.

9 (C) MAINTAIN RELEVANT LOSS AND EXPENSE DATA RELATIVE TO ALL
10 LIABILITIES OF THE CORPORATION. AN INSURER SHALL FURNISH STATISTICS
11 REGARDING LOSSES AND EXPENSES AT THE TIMES AND IN THE FORM AND
12 DETAIL AS REQUIRED BY THE PLAN OF OPERATION FOR THE CORPORATION.

13 (D) BEFORE JANUARY 1, 2015 AND BEFORE JANUARY 1 OF EACH YEAR
14 AFTER 2015, DETERMINE THE ANNUAL PER-MOTOR-VEHICLE FEE TO BE
15 IMPOSED UNDER SUBSECTION (16). THE TOTAL FEES IMPOSED MUST BE
16 SUFFICIENT TO COVER THE EXPECTED LOSSES AND EXPENSES THAT THE
17 CORPORATION LIKELY WILL INCUR DURING THE PERIOD FOR WHICH THE FEES
18 ARE APPLICABLE. THE CORPORATION SHALL CALCULATE THE PER-MOTOR-
19 VEHICLE FEE UNDER THIS SUBDIVISION BY DIVIDING THE TOTAL EXPECTED
20 LOSSES AND EXPENSES OF THE CORPORATION FOR THE PERIOD BY THE TOTAL
21 WRITTEN CAR YEARS OF INSURANCE PROVIDING THE SECURITY REQUIRED BY
22 SECTION 3101(1) WRITTEN IN THIS STATE DURING THE PREVIOUS PERIOD.
23 TOTAL EXPECTED LOSSES AND EXPENSES SHALL INCLUDE AN AMOUNT TO COVER
24 INCURRED BUT NOT REPORTED LOSSES FOR THE PERIOD. THE FEE MAY BE
25 ADJUSTED FOR ANY EXCESS OR DEFICIENT AMOUNTS FROM PREVIOUS PERIODS.
26 EXCESSES OR DEFICIENCIES FROM A PREVIOUS PERIOD MAY BE FULLY
27 ADJUSTED IN A SINGLE PERIOD OR MAY BE ADJUSTED OVER SEVERAL PERIODS

1 AS PROVIDED IN THE PLAN OF OPERATION. THE CORPORATION SHALL
2 DETERMINE A SEPARATE FEE AMOUNT TO BE CHARGED TO AN OWNER OR
3 REGISTRANT OF AN INSURED HISTORICAL VEHICLE EQUAL TO 20% OF THE FEE
4 CHARGED FOR A MOTOR VEHICLE OTHER THAN AN HISTORIC VEHICLE. AS USED
5 IN THIS SUBDIVISION:

6 (i) "CAR" DOES NOT INCLUDE A HISTORIC VEHICLE.

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

10 (E) REQUIRE AND ACCEPT THE PAYMENT OF FEES.

11 (F) RECEIVE AND DISTRIBUTE ALL MONEY REQUIRED FOR THE
12 OPERATION OF THE CORPORATION.

13 (G) CONTRACT WITH AN INDEPENDENT AUDITOR FOR THE PREPARATION
14 OF AT LEAST 1 AUDIT OF THE FINANCIAL STATEMENTS OF THE CORPORATION
15 EACH YEAR AND MAKE THE AUDIT AVAILABLE TO THE PUBLIC.

16 (13) A CORPORATION ALSO MAY DO ALL OF THE FOLLOWING:

17 (A) CONTRACT FOR GOODS AND SERVICES WITH ANOTHER PERSON,
18 WHETHER PUBLIC OR PRIVATE, INCLUDING, BUT NOT LIMITED TO, THE
19 ASSOCIATION, RELATING TO ALL OR A PORTION OF SERVICES NECESSARY FOR
20 THE MANAGEMENT AND OPERATION OF THE CORPORATION AND IMPLEMENTATION
21 OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO, INDEPENDENT CLAIMS
22 MANAGEMENT, ACTUARIAL, INVESTMENT, AND LEGAL SERVICES.

23 (B) SUE AND BE SUED IN THE NAME OF THE CORPORATION.

24 (C) REINSURE ALL OR ANY PORTION OF ITS POTENTIAL LIABILITY
25 WITH REINSURERS LICENSED TO TRANSACT BUSINESS IN THIS STATE OR
26 APPROVED BY THE DIRECTOR.

27 (D) PROVIDE FOR APPROPRIATE HOUSING, EQUIPMENT, AND PERSONNEL

1 NECESSARY TO ASSURE THE EFFICIENT OPERATION OF THE CORPORATION.

2 (E) HEAR AND DETERMINE COMPLAINTS FROM INTERESTED PARTIES
3 CONCERNING THE OPERATION OF THE CORPORATION.

4 (F) BORROW MONEY NECESSARY TO EFFECT THE PURPOSES OF THE
5 CORPORATION AT RATES OF INTEREST DETERMINED BY THE CORPORATION, AND
6 ISSUE NOTES, BONDS, CERTIFICATES, OTHER EVIDENCES OF INDEBTEDNESS,
7 OR PLEDGES. INTEREST AND EARNINGS ON NOTES, BONDS, CERTIFICATES, OR
8 OTHER OBLIGATIONS OF A CORPORATION ARE EXEMPT FROM ANY TAXES
9 IMPOSED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

10 (G) TAKE ACTION NECESSARY TO FACILITATE AND MAINTAIN THE TAX-
11 EXEMPT STATUS OF THE CORPORATION AND ITS INCOME AND OPERATION, AND
12 TO FACILITATE THE TAX-EXEMPT STATUS OF ANY BONDS OR OTHER
13 INDEBTEDNESS ISSUED BY OR ON BEHALF OF THE CORPORATION.

14 (H) INVEST AND REINVEST MONEY OF THE CORPORATION.

15 (I) TAKE, HOLD, AND CONVEY INTERESTS IN PROPERTY.

16 (J) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER
17 PERSON.

18 (K) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
19 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
20 THE CORPORATION OR TO IMPLEMENT THIS SECTION AND THAT ARE NOT
21 INCONSISTENT WITH THIS SECTION.

22 (14) A BOARD SHALL OPERATE A CORPORATION ACCORDING TO THE PLAN
23 OF OPERATION AND THIS SECTION. THE PLAN OF OPERATION MUST PROVIDE
24 FOR ALL OF THE FOLLOWING:

25 (A) THE ESTABLISHMENT OF NECESSARY FACILITIES.

26 (B) THE MANAGEMENT AND OPERATION OF THE CORPORATION.

27 (C) PROCEDURES FOR CHARGING AND REFUNDING FEES, INCLUDING

1 ADJUSTMENTS FROM EXCESS OR DEFICIENT ASSESSMENTS FROM PRIOR
2 PERIODS.

3 (D) PROCEDURES GOVERNING THE PAYMENT OF FEES TO THE
4 CORPORATION.

5 (E) REIMBURSEMENT OF A MEMBER OF THE BOARD FOR ACTUAL AND
6 NECESSARY EXPENSES INCURRED ON CORPORATION BUSINESS.

7 (F) THE INVESTMENT POLICY OF THE CORPORATION.

8 (G) PROCEDURES GOVERNING THE USE OF MONEY TRANSMITTED FROM THE
9 ASSOCIATION UNDER SECTION 3104(23) TO OFFSET THE CORPORATION'S
10 LIABILITIES.

11 (H) ANY OTHER MATTERS NECESSARY TO IMPLEMENT THIS SECTION.

12 (15) TO ASSURE THE EFFICIENT OPERATION OF A CORPORATION, THE
13 CORPORATION MAY SEEK ASSISTANCE AND SUPPORT FROM APPROPRIATE STATE
14 DEPARTMENTS, AGENCIES, AND OFFICERS AS REQUIRED TO PERFORM THE
15 POWERS AND DUTIES OF THE CORPORATION. ON REQUEST OF THE
16 CORPORATION, A STATE DEPARTMENT, AGENCY, OR OFFICER SHALL PROVIDE
17 ASSISTANCE AND SUPPORT TO THE CORPORATION.

18 (16) AN ANNUAL CATASTROPHIC CLAIMS FEE IS IMPOSED ON THE OWNER
19 OR REGISTRANT OF EACH MOTOR VEHICLE THAT MAINTAINS THE SECURITY
20 REQUIRED UNDER SECTION 3101(1). THE OWNER OR REGISTRANT, NOT THE
21 INSURER, IS LIABLE FOR THE PAYMENT OF THE FEE. THE FEE IMPOSED BY
22 THIS SUBSECTION IS A CHARGE IMPOSED BY THE CORPORATION AND IS NOT
23 PART OF AN INSURER'S PREMIUM. UNTIL DECEMBER 31, 2014, THE ANNUAL
24 AMOUNT OF THE CATASTROPHIC CLAIMS FEE IS THE INITIAL FEE SET UNDER
25 SECTION 3181(1). AFTER DECEMBER 31, 2014, THE ANNUAL AMOUNT OF THE
26 CATASTROPHIC CLAIMS FEE IS THE PER-MOTOR-VEHICLE FEE DETERMINED BY
27 A CORPORATION UNDER SUBSECTION (12)(D) PLUS, SUBJECT TO SUBSECTION

(17), A CHARGE OF \$25.00. THE OWNER OR REGISTRANT SHALL PAY THE PER-MOTOR-VEHICLE FEE FOR EACH MOTOR VEHICLE AT THE TIME OF PAYMENT FOR A MOTOR VEHICLE POLICY ISSUED BY AN INSURER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE THAT AFFORDS INSURANCE FOR THE PAYMENT OF BENEFITS DESCRIBED IN SECTION 3101(1). THE INSURER SHALL COLLECT THE CATASTROPHIC CLAIMS FEE ON BEHALF OF THE CORPORATION. THE INSURER SHALL INCLUDE THE CATASTROPHIC CLAIMS FEE ON ITS POLICY INVOICE. THE INSURER SHALL COLLECT THE FEE WITH THE INSURER'S USUAL CYCLE FOR COLLECTION OF INSURANCE PREMIUMS AND SHALL PROMPTLY TRANSMIT ALL FEES COLLECTED TO THE CORPORATION ON FORMS AND IN A MANNER PRESCRIBED BY THE CORPORATION AND SHALL HOLD FEES COLLECTED IN TRUST FOR THE CORPORATION UNTIL REMITTED TO THE CORPORATION. AN INSURER SHALL TREAT THE FAILURE TO PAY A FEE IMPOSED UNDER THIS SUBSECTION IN THE SAME MANNER AS THE FAILURE TO PAY AN INSURANCE PREMIUM. AN INSURER THAT RECEIVES A REFUND OF A PORTION OF A FEE PAID FROM THE CORPORATION BECAUSE OF THE CANCELLATION OF A POLICY SHALL REFUND THE PORTION REFUNDED TO THE OWNER OR REGISTRANT.

(17) THE \$25.00 CHARGE UNDER SUBSECTION (16) SHALL NOT BE ADDED TO THE ANNUAL CATASTROPHIC CLAIMS FEE AFTER DECEMBER 31, 2019. THE CORPORATION SHALL PAY ALL OF THE \$25.00 CHARGES COLLECTED UNDER SUBSECTION (16) TO THE DEPARTMENT OF TREASURY. THE DEPARTMENT OF TREASURY SHALL EXPEND THE MONEY PAID UNDER THIS SUBSECTION TO FINANCE EXPENDITURES OF MEDICAID MANAGED CARE ORGANIZATIONS AS DEFINED IN SECTION 2 OF THE HEALTH INSURANCE CLAIMS ASSESSMENT ACT, 2011 PA 142, MCL 550.1732.

(18) A CORPORATION MAY PROPOSE AMENDMENTS TO ITS ARTICLES OF INCORPORATION, BYLAWS, OR THE PLAN OF OPERATION. THE CORPORATION

1 SHALL SUBMIT A PROPOSED AMENDMENT TO THE DIRECTOR FOR APPROVAL. AN
2 AMENDMENT IS NOT EFFECTIVE UNTIL IT HAS BEEN APPROVED BY THE
3 DIRECTOR.

4 (19) AT LEAST ANNUALLY AFTER THE CORPORATION HAS MADE ITS
5 FIRST PAYMENT OF PERSONAL PROTECTION INSURANCE BENEFITS TO OR FOR
6 AN INJURED INDIVIDUAL, THE CORPORATION SHALL PROVIDE THE INDIVIDUAL
7 WITH A NOTICE OF THE BENEFIT LIMIT AND A STATEMENT OF CUMULATIVE
8 BENEFITS PAID BY THE CORPORATION UNDER THE MAXIMUM FOR MEDICALLY
9 APPROPRIATE PRODUCTS, SERVICES, AND ACCOMMODATIONS.

10 (20) A PERSON SHALL NOT INCORPORATE A CATASTROPHIC CLAIMS
11 CORPORATION IN THIS STATE EXCEPT UNDER THIS SECTION. EXCEPT AS
12 PROVIDED IN THIS SECTION, A PERSON SHALL NOT INCORPORATE, FILE,
13 REGISTER, OR OTHERWISE FORM IN THIS STATE USING A NAME THAT IS THE
14 SAME AS OR DECEPTIVELY SIMILAR TO "MICHIGAN CATASTROPHIC CLAIMS
15 CORPORATION", "STATE CATASTROPHIC CLAIMS CORPORATION", OR
16 "CATASTROPHIC CLAIMS CORPORATION".

17 (21) A CORPORATION IS NOT LIABLE FOR LOSSES OCCURRING BEFORE
18 JANUARY 1, 2014.

19 (22) A PERSON, INCLUDING, BUT NOT LIMITED TO, AN AGENT OR
20 OFFICER OF A CORPORATION, WHO VIOLATES THIS SECTION OR WHO MAKES A
21 FALSE STATEMENT WITH RESPECT TO A REPORT OR STATEMENT REQUIRED BY
22 THIS SECTION IS GUILTY OF A MISDEMEANOR PUNISHABLE BY IMPRISONMENT
23 FOR NOT MORE THAN 90 DAYS OR A FINE OF NOT MORE THAN \$100.00, OR
24 BOTH.

25 (23) THE LEGISLATURE FINDS THAT THERE IS A COMPELLING STATE
26 INTEREST IN PROTECTING PUBLIC HEALTH AND MAINTAINING A VIABLE,
27 ORDERLY, AND COST-EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE

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

18 (24) AS USED IN THIS SECTION:

19 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
20 CREATED UNDER SECTION 3104.

21 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF A CORPORATION.

22 (C) "CORPORATION" MEANS CATASTROPHIC CLAIMS CORPORATION
23 CREATED UNDER THIS SECTION.

24 (D) "ULTIMATE LOSS" MEANS THE ACTUAL LOSS AMOUNTS THAT AN
25 INSURER OR THE CORPORATION IS OBLIGATED TO PAY AND THAT ARE PAID OR
26 PAYABLE BY THE INSURER OR THE CORPORATION. ULTIMATE LOSS DOES NOT
27 INCLUDE CLAIM EXPENSES.

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

(a) ~~Allowable~~ **FOR LOSS OCCURRENCES UNDER MOTOR VEHICLE
 ACCIDENT POLICIES ISSUED OR RENEWED BEFORE JANUARY 1, 2014,**
ALLOWABLE expenses consisting of all reasonable charges incurred
 for reasonably necessary products, services, and accommodations for
 an injured person's care, recovery, or rehabilitation. ~~Allowable
 expenses within personal protection insurance coverage shall not
 include~~ **PAYMENT TO PROVIDERS FOR THOSE PRODUCTS, SERVICES, AND
 ACCOMMODATIONS ARE SUBJECT TO THE LIMITS IN SECTION 3107C AND THE
 LIMITS ON CHARGES IN SECTION 3157.**

(B) **FOR LOSS OCCURRENCES UNDER MOTOR VEHICLE ACCIDENT POLICIES
 ISSUED OR RENEWED AFTER DECEMBER 31, 2013, PERSONAL PROTECTION
 BENEFITS ARE PAYABLE FOR ALLOWABLE EXPENSES CONSISTING OF ALL
 REASONABLE CHARGES INCURRED, UP TO \$1,000,000.00 PER INJURED
 PERSON, FOR MEDICALLY APPROPRIATE PRODUCTS, SERVICES, AND
 ACCOMMODATIONS FOR THE INJURED PERSON'S CARE, RECOVERY, OR
 REHABILITATION.**

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

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

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

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

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

27 (2) Both of the following apply to personal protection

1 insurance benefits payable under subsection (1):

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

11 (b) An insurer shall not be required to provide coverage for
12 the medical use of marihuana or for expenses related to the medical
13 use of marihuana.

14 (3) ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER
15 SUBSECTION (1) (B):

16 (A) COVERAGE LIMITS ARE PROVIDED ON A PER INDIVIDUAL PER LOSS
17 OCCURRENCE BASIS.

18 (B) REGARDLESS OF THE NUMBER OF MOTOR VEHICLES INSURED OR
19 INSURERS PROVIDING SECURITY IN ACCORDANCE WITH THIS CHAPTER OR ANY
20 OTHER LAW PROVIDING FOR DIRECT BENEFITS WITHOUT REGARD TO FAULT FOR
21 MOTOR OR ANY OTHER VEHICLE ACCIDENTS, A PERSON IS NOT ENTITLED TO
22 RECOVER DUPLICATE BENEFITS FOR THE SAME EXPENSES OR LOSSES
23 INCURRED.

24 (C) PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE TO A PERSON
25 INJURED IN A MOTOR VEHICLE ACCIDENT WHILE AN OPERATOR OR PASSENGER
26 OF A MOTORCYCLE ARE LIMITED TO \$250,000.00. PERSONAL PROTECTION
27 INSURANCE BENEFITS ARE NOT PAYABLE AS DESCRIBED IN THIS SUBDIVISION

1 TO THE EXTENT THAT BENEFITS COVERING THE SAME LOSS ARE AVAILABLE
2 FROM OTHER SOURCES, REGARDLESS OF THE NATURE AND NUMBER OF BENEFIT
3 SOURCES AVAILABLE AND REGARDLESS OF THE NATURE OR FORM OF THE
4 BENEFITS.

5 (D) PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE TO A
6 NONRESIDENT OF THIS STATE ARE LIMITED TO \$50,000.00 PER INDIVIDUAL
7 PER LOSS OCCURRENCE. PERSONAL PROTECTION INSURANCE BENEFITS ARE NOT
8 PAYABLE AS DESCRIBED IN THIS SUBDIVISION TO THE EXTENT THAT
9 BENEFITS COVERING THE SAME LOSS ARE AVAILABLE FROM OTHER SOURCES,
10 REGARDLESS OF THE NATURE AND NUMBER OF BENEFIT SOURCES AVAILABLE
11 AND REGARDLESS OF THE NATURE OR FORM OF THE BENEFITS.

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

15 (F) MEDICALLY APPROPRIATE PRODUCTS, SERVICES, AND
16 ACCOMMODATIONS RENDERED OR PRESCRIBED BY A HEALTH CARE FACILITY OR
17 AGENCY OR HEALTH CARE PROVIDER ARE THOSE THAT ARE MEDICALLY
18 NECESSARY AND DO NOT INCLUDE PRODUCTS, SERVICES, AND ACCOMMODATIONS
19 THAT WOULD HAVE BEEN NEEDED OR USED BY THE INJURED PERSON OR A
20 MEMBER OF THE INJURED PERSON'S HOUSEHOLD REGARDLESS OF THE LOSS
21 OCCURRENCE. AN INSURER SHALL NOT BE REQUIRED TO PROVIDE COVERAGE
22 FOR A PRODUCT, SERVICE, OR ACCOMMODATION THAT IS NOT MEDICALLY
23 APPROPRIATE AND MEDICALLY NECESSARY FOR AN INJURED PERSON'S CARE,
24 RECOVERY, OR REHABILITATION OR NOT REASONABLY LIKELY TO RESULT IN
25 MEANINGFUL AND MEASURABLE LASTING IMPROVEMENT IN THE INJURED
26 PERSON'S FUNCTIONAL STATUS.

27 (G) IF REIMBURSEMENT FOR A PRODUCT, SERVICE, OR ACCOMMODATION

1 RENDERED OR PRESCRIBED IS INITIALLY REJECTED IN WHOLE OR IN PART BY
2 AN INSURER AS NOT BEING MEDICALLY APPROPRIATE, THE INSURER, AT THE
3 PROVIDER'S REQUEST, SHALL HAVE THE DECISION REEXAMINED BY A
4 PROVIDER WHO HAS THE SAME LICENSE, CERTIFICATION, OR REGISTRATION
5 AS THE PROVIDER WHO PROVIDED THE PRODUCT, SERVICE, OR ACCOMMODATION
6 OR WHO HAS A LICENSE, REGISTRATION, OR CERTIFICATION WITH A SCOPE
7 OF PRACTICE THAT INCLUDES THE SCOPE OF PRACTICE OF THE LICENSE,
8 REGISTRATION, OR CERTIFICATION OF THE PROVIDER WHO PROVIDED THE
9 PRODUCT, SERVICE, OR ACCOMMODATION BEING REEXAMINED. AN INSURER
10 SHALL DESIGNATE A PERSON WITH WHOM PROVIDERS CAN DISCUSS THE
11 INSURER'S DETERMINATIONS REGARDING WHAT IS MEDICALLY APPROPRIATE
12 AND MEDICALLY NECESSARY.

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

15 (I) EXPENSES FOR MEDICALLY APPROPRIATE REHABILITATION SERVICES
16 THAT ARE REASONABLY LIKELY TO PRODUCE SIGNIFICANT REHABILITATION
17 SHALL BE REIMBURSED FOR A FIXED-DURATION PERIOD OF NOT MORE THAN 52
18 WEEKS. THE SERVICES MAY BE EXTENDED FOR 1 ADDITIONAL PERIOD OF NOT
19 MORE THAN 52 WEEKS IF THE SERVICES ARE REASONABLY LIKELY TO PRODUCE
20 SIGNIFICANT REHABILITATION. A 52- OR 104-WEEK PERIOD MAY BE
21 EXTENDED IF IT IS REASONABLY LIKELY THAT LONGER TREATMENT MAY
22 PRODUCE SIGNIFICANT MEASURABLE IMPROVEMENT.

23 (J) ALLOWABLE EXPENSES INCLUDE CHARGES FOR HOME MODIFICATION
24 ACCOMMODATIONS DIRECTLY NECESSITATED BY AND RELATED TO THE INJURED
25 PERSON'S INJURIES, IF THE ACCOMMODATIONS ARE FUNCTIONALLY NECESSARY
26 TO MEET THE INJURED PERSON'S TREATMENT, REHABILITATION,
27 MAINTENANCE, AND DAILY LIVING NEEDS.

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

5 (I) A PRODUCT, SERVICE, OR ACCOMMODATION FOR AN INJURED
6 PERSON'S CARE, RECOVERY, OR REHABILITATION IS AN ALLOWABLE EXPENSE
7 IF IT IS PROVIDED FOR MEDICAL OR REHABILITATIVE REASONS RATHER THAN
8 PRIMARILY FOR THE CONVENIENCE OF THE INDIVIDUAL, THE INDIVIDUAL'S
9 CAREGIVER, OR THE HEALTH CARE PROVIDER.

10 (M) A PRODUCT, SERVICE, OR ACCOMMODATION FOR AN INJURED
11 PERSON'S CARE, RECOVERY, OR REHABILITATION IS AN ALLOWABLE EXPENSE
12 IF IT IS PROVIDED IN THE MOST APPROPRIATE LOCATION WHERE THE
13 SERVICE MAY, FOR PRACTICAL PURPOSES, BE SAFELY AND EFFECTIVELY
14 PROVIDED.

15 (4) AT LEAST ANNUALLY AFTER AN INSURER HAS MADE A PAYMENT TO
16 OR FOR AN INJURED INDIVIDUAL UNDER A CLAIM FOR PERSONAL PROTECTION
17 INSURANCE BENEFITS THAT HAS BEEN REPORTED TO A CORPORATION UNDER
18 SECTION 3104A(12)(B), THE INSURER SHALL PROVIDE THE INDIVIDUAL WITH
19 A STATEMENT OF CUMULATIVE BENEFITS PAID AND THE AMOUNT OF BENEFITS
20 THAT REMAIN AVAILABLE FOR THE CLAIM.

21 Sec. 3107a. Subject to the ~~provisions of section 3107(1)(b)~~
22 3107(1)(D), work loss for an injured person who is temporarily
23 unemployed at the time of the accident or during the period of
24 disability shall be based on earned income for the last month
25 employed full time preceding the accident.

26 SEC. 3107C. (1) EXCEPT AS PROVIDED IN SUBSECTIONS (3) AND (4),
27 ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION

1 3107(1) (A) AND (B) FOR ATTENDANT CARE PROVIDED IN THE HOME BY A
2 FAMILY OR HOUSEHOLD MEMBER:

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

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

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

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

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

24 (B) PAYMENT FOR THE FIRST 30 DAYS OF ATTENDANT CARE IS NOT
25 SUBJECT TO A COPAY. AFTER 30 DAYS, PAYMENT IS SUBJECT TO A COPAY OF
26 20% UP TO A MAXIMUM OF \$200.00 PER MONTH.

27 (C) PAYMENT IS SUBJECT TO SECTION 3157.

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

5 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN
6 INSURER OR A CORPORATION FORMED UNDER SECTION 3104A MAY CONTRACT TO
7 PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE AT ANY RATE AND FOR
8 ANY NUMBER OF HOURS PER WEEK.

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

EACH INJURED PERSON COVERED UNDER THE POLICY.

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

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

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

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

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

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

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

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

(4) Except as provided in subsections (1) to (3), a person

1 suffering accidental bodily injury arising from a motor vehicle
2 accident while an occupant of a motor vehicle shall claim personal
3 protection insurance benefits from insurers in the following order
4 of priority:

5 (a) The insurer of the owner or registrant of the vehicle
6 occupied.

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

8 (5) A person suffering accidental bodily injury arising from a
9 motor vehicle accident which shows evidence of the involvement of a
10 motor vehicle while an operator or passenger of a motorcycle shall
11 claim personal protection insurance benefits from insurers in the
12 following order of priority:

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

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

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

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

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

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

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

8 (a) The issues of whether the injured person has suffered
9 serious impairment of body function or permanent serious
10 disfigurement are questions of law for the court if the court finds
11 either of the following:

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

14 (ii) There is a factual dispute concerning the nature and
15 extent of the person's injuries, but the dispute is not material to
16 the determination whether the person has suffered a serious
17 impairment of body function or permanent serious disfigurement.
18 However, for a closed-head injury, a question of fact for the jury
19 is created if a licensed allopathic or osteopathic physician who
20 regularly diagnoses or treats closed-head injuries testifies under
21 oath that there may be a serious neurological injury.

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

25 (c) Damages shall not be assessed in favor of a party who was
26 operating his or her own vehicle at the time the injury occurred
27 and did not have in effect for that motor vehicle the security

1 required by section 3101 at the time the injury occurred.

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

6 (a) Intentionally caused harm to persons or property. Even
7 though a person knows that harm to persons or property is
8 substantially certain to be caused by his or her act or omission,
9 the person does not cause or suffer that harm intentionally if he
10 or she acts or refrains from acting for the purpose of averting
11 injury to any person, including himself or herself, or for the
12 purpose of averting damage to tangible property.

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

15 (c) Damages for allowable expenses, work loss, and survivor's
16 loss ~~as defined in~~ **EXCESS OF THE PERSONAL PROTECTION INSURANCE**
17 **BENEFITS PROVIDED UNDER** sections 3107 to 3110. ~~in excess of the~~
18 ~~daily, monthly, and 3-year limitations contained in those sections.~~
19 The party liable for damages is entitled to an exemption reducing
20 his or her liability **FOR PAYMENT OF WORK LOSS AND SURVIVOR'S LOSS**
21 by the amount of taxes that would have been payable on account of
22 income the injured person would have received if he or she had not
23 been injured.

24 (d) Damages for economic loss by a nonresident in excess of
25 the personal protection insurance benefits provided under section
26 3163(4) **OR 3107(3) (D), AS APPLICABLE.** Damages under this
27 subdivision are not recoverable to the extent that benefits

1 covering the same loss are available from other sources, regardless
2 of the nature or number of benefit sources available and regardless
3 of the nature or form of the benefits.

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

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

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

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

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

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

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

26 (5) As used in this section, "serious impairment of body
27 function" means an objectively manifested impairment of an

1 important body function that affects the person's general ability
2 to lead his or her normal life.

3 Sec. 3148. (1) ~~An~~**SUBJECT TO SUBSECTION (2), AN** attorney is
4 entitled to a reasonable fee for advising and representing a
5 claimant in an action for personal or property protection insurance
6 benefits ~~which~~**THAT** are overdue. The attorney's fee shall be a
7 charge against the insurer in addition to the benefits recovered,
8 if the court finds that the insurer unreasonably refused to pay the
9 claim or unreasonably delayed in making proper payment. **EVIDENCE OF**
10 **THE MANNER IN WHICH AN INSURER PROCESSED A CLAIM FOR BENEFITS IS**
11 **NOT ADMISSIBLE AT THE TRIAL OF AN ACTION TO RECOVER BENEFITS UNDER**
12 **THIS CHAPTER.**

13 (2) **FOR A DISPUTE OVER PAYMENT FOR ALLOWABLE EXPENSES UNDER**
14 **SECTION 3107(1) (A) OR (B) FOR ATTENDANT CARE, ATTORNEY FEES MAY**
15 **ONLY BE AWARDED UNDER SUBSECTION (1) FOR SERVICES RENDERED IN THE**
16 **12-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE THE INSURER IS**
17 **NOTIFIED OF THE DISPUTE.**

18 (3) ~~(2) An~~**A COURT MAY AWARD AN** insurer ~~may be allowed by a~~
19 ~~court an award of a~~ reasonable sum against a claimant as an
20 attorney's fee for the insurer's attorney in ~~defense~~**DEFENDING**
21 against a claim that was in some respect fraudulent or so excessive
22 as to have no reasonable foundation. To the extent that personal or
23 property protection insurance benefits are then due or thereafter
24 come due to the claimant because of loss resulting from the injury
25 on which the claim is based, ~~such a~~**AN ATTORNEY** fee **AWARDED** may be
26 ~~treated~~**TAKEN** as an offset against ~~such~~**THE** benefits. ~~also,~~
27 ~~judgment~~**JUDGMENT** may **ALSO** be entered against the claimant for any

1 amount of a ~~AN ATTORNEY~~ fee awarded against him and ~~THAT IS~~ not
2 offset ~~in this way~~ **AGAINST BENEFITS** or otherwise paid.

3 Sec. 3157. (1) A physician, hospital, clinic, or other person
4 or institution lawfully rendering treatment to an injured person
5 for an accidental bodily injury covered by personal protection
6 insurance, and a person or institution providing rehabilitative
7 occupational training following the injury, may charge a reasonable
8 amount for the products, services, and accommodations rendered. The
9 charge shall not exceed the amount the person or institution
10 customarily ~~charges~~ **RECEIVES** for like products, services, and
11 accommodations in cases ~~not involving~~ **THAT DO NOT INVOLVE PERSONAL**
12 **PROTECTION** insurance, **THE PROGRAM FOR MEDICAL ASSISTANCE FOR THE**
13 **MEDICALLY INDIGENT UNDER THE SOCIAL WELFARE ACT, 1939 PA 280, MCL**
14 **400.1 TO 400.119B, OR THE FEDERAL MEDICARE PROGRAM ESTABLISHED**
15 **UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO**
16 **1395KKK-1.**

17 (2) ANY INFORMATION NEEDED BY AN INSURER OR A CORPORATION
18 FORMED UNDER SECTION 3104A TO DETERMINE THE APPROPRIATE
19 REIMBURSEMENT UNDER THIS SECTION SHALL BE PROVIDED BY THE PERSON
20 PROVIDING THE TREATMENT OR REHABILITATIVE OR OCCUPATIONAL TRAINING.

21 (3) IF AN INSURER OR A CORPORATION FORMED UNDER SECTION 3104A
22 NEEDS INFORMATION TO DETERMINE THE APPROPRIATE REIMBURSEMENT UNDER
23 THIS SECTION AND THE INFORMATION IS UNAVAILABLE OR NOT PROVIDED OR
24 THE INFORMATION PROVIDED IS NOT SUFFICIENT TO DETERMINE THE
25 APPROPRIATE REIMBURSEMENT, THE INSURER OR CORPORATION SHALL PAY THE
26 AMOUNT THAT WOULD BE PAID UNDER R 418.10101 TO R 418.101503 OF THE
27 MICHIGAN ADMINISTRATIVE CODE OR SCHEDULES OF MAXIMUM FEES FOR

1 WORKER'S DISABILITY COMPENSATION DEVELOPED UNDER THOSE RULES.

2 (4) WHETHER A CHARGE IS REASONABLE OR WHETHER A PRODUCT,
3 SERVICE, OR ACCOMMODATION IS MEDICALLY APPROPRIATE AND MEDICALLY
4 NECESSARY IS A QUESTION OF LAW TO BE DECIDED BY THE COURT.

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

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

16 (3) Except as otherwise provided in subsection (4), if a
17 certification filed under subsection (1) or (2) applies to
18 accidental bodily injury or property damage, the insurer and its
19 insureds with respect to that injury or damage have the rights and
20 immunities under this act for personal and property protection
21 insureds, and claimants have the rights and benefits of personal
22 and property protection insurance claimants, including the right to
23 receive benefits from the electing insurer as if it were an insurer
24 of personal and property protection insurance applicable to the
25 accidental bodily injury or property damage.

26 (4) ~~IF~~ FOR LOSS OCCURRENCES THAT OCCUR BEFORE THE EFFECTIVE
27 DATE OF SECTION 3107(3)(D), IF an insurer of an out-of-state

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

10 Sec. 3172. (1) A person entitled to claim because of
 11 accidental bodily injury arising out of the ownership, operation,
 12 maintenance, or use of a motor vehicle as a motor vehicle in this
 13 state may obtain personal protection insurance benefits through the
 14 assigned claims plan ~~if~~ **IN ANY OF THE FOLLOWING SITUATIONS:**

15 (A) **IF** no personal protection insurance is applicable to the
 16 injury. ~~or~~

17 (B) **IF** no personal protection insurance applicable to the
 18 injury can be identified. ~~or~~

19 (C) **IF** the personal protection insurance applicable to the
 20 injury cannot be ascertained because of a dispute between 2 or more
 21 automobile insurers concerning their obligation to provide coverage
 22 or the equitable distribution of the loss. ~~or~~

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

27 (2) **IN ANY OF THE SITUATIONS UNDER SUBSECTION (1),** unpaid

1 benefits due or coming due may be collected under the assigned
2 claims plan and the insurer to which the claim is assigned is
3 entitled to reimbursement from the defaulting insurers to the
4 extent of their financial responsibility.

5 (3) ~~(2)~~—Except as otherwise provided in this subsection,
6 personal protection insurance benefits, including benefits arising
7 from accidents occurring before March 29, 1985, payable through the
8 assigned claims plan shall be reduced to the extent that benefits
9 covering the same loss are available from other sources, regardless
10 of the nature or number of benefit sources available and regardless
11 of the nature or form of the benefits, to a person claiming
12 personal protection insurance benefits through the assigned claims
13 plan. This subsection only applies if the personal protection
14 insurance benefits are payable through the assigned claims plan
15 because no personal protection insurance is applicable to the
16 injury, no personal protection insurance applicable to the injury
17 can be identified, or the only identifiable personal protection
18 insurance applicable to the injury is, because of financial
19 inability of 1 or more insurers to fulfill their obligations,
20 inadequate to provide benefits up to the maximum prescribed. As
21 used in this subsection, "sources" and "benefit sources" do not
22 include the program for medical assistance for the medically
23 indigent under the social welfare act, 1939 PA 280, MCL 400.1 to
24 400.119b, or insurance under the health insurance for the aged act,
25 title XVIII of the social security act, 42 USC 1395 to 1395kkk-1.

26 (4) ~~(3)~~—If the obligation to provide personal protection
27 insurance benefits cannot be ascertained because of a dispute

1 between 2 or more automobile insurers concerning their obligation
2 to provide coverage or the equitable distribution of the loss, and
3 if a method of voluntary payment of benefits cannot be agreed upon
4 among or between the disputing insurers, all of the following
5 apply:

6 (a) The insurers who are parties to the dispute shall, or the
7 claimant may, immediately notify the Michigan automobile insurance
8 placement facility of their inability to determine their statutory
9 obligations.

10 (b) The claim shall be assigned by the Michigan automobile
11 insurance placement facility to an insurer and the insurer shall
12 immediately provide personal protection insurance benefits to the
13 claimant or claimants entitled to benefits.

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

18 (d) The insurer to whom the claim is assigned shall join as
19 parties defendant to the action commenced under subdivision (c)
20 each insurer disputing either the obligation to provide personal
21 protection insurance benefits or the equitable distribution of the
22 loss among the insurers.

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

26 (f) After hearing the action, the circuit court shall
27 determine the insurer or insurers, if any, obligated to provide the

1 applicable personal protection insurance benefits and the equitable
2 distribution, if any, among the insurers obligated, and shall order
3 reimbursement to the Michigan automobile insurance placement
4 facility from the insurer or insurers to the extent of the
5 responsibility as determined by the court. ~~The reimbursement~~
6 ~~ordered under this subdivision shall include all benefits and costs~~
7 ~~paid or incurred by the Michigan automobile insurance placement~~
8 ~~facility and all benefits and costs paid or incurred by insurers~~
9 ~~determined not to be obligated to provide applicable personal~~
10 ~~protection insurance benefits, including reasonable, actually~~
11 ~~incurred attorney fees and interest at the rate prescribed in~~
12 ~~section 3175 as of December 31 of the year preceding the~~
13 ~~determination of the circuit court.~~

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

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

1 DETERMINATION.

2 SEC. 3181. (1) WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THE
3 AMENDATORY ACT THAT ADDED THIS SECTION, THE DIRECTOR SHALL SET AN
4 INITIAL ANNUAL CATASTROPHIC CLAIMS FEE TO BE IMPOSED UNDER SECTION
5 3104A(16) FOR INSURANCE POLICIES THAT PROVIDE THE COVERAGE REQUIRED
6 BY SECTION 3101(1) ISSUED AFTER DECEMBER 31, 2013 AND BEFORE
7 JANUARY 1, 2015.

8 (2) BY DECEMBER 31, 2013, ANY INSURER ENGAGED IN WRITING
9 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION
10 3101(1) SHALL FILE RATES FOR POLICIES ISSUED OR RENEWED AFTER
11 DECEMBER 31, 2013 THAT RESULT IN A PER-VEHICLE REDUCTION IN THE
12 ANNUAL PREMIUM TO REFLECT THE SAVINGS EXPECTED AS A RESULT OF THE
13 CHANGES MADE TO THIS ACT BY THE AMENDATORY ACT THAT ADDED THIS
14 SECTION. THE REDUCTION UNDER THIS SUBSECTION SHALL BE FROM RATES IN
15 EFFECT FOR THE INSURER ON THE DATE THAT THE AMENDATORY ACT THAT
16 ADDED THIS SECTION IS ENACTED INTO LAW AND SHALL NOT BE LESS THAN
17 THE SUM OF THE INITIAL ANNUAL CATASTROPHIC CLAIMS FEE IMPOSED UNDER
18 SECTION 3104A(16) PLUS \$125.00.

19 (3) AN INSURER DESCRIBED IN SUBSECTION (2) SHALL NOT INCREASE
20 THE RATES FOR COVERAGES PROVIDING PERSONAL PROTECTION INSURANCE
21 BENEFITS BEFORE JANUARY 1, 2015.

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

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

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

3 (C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE
4 FRAUD AUTHORITY AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.

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

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

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

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

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

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

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

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

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

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

13 **(I) UNTIL DECEMBER 31, 2018, TO ANNUALLY ASSESS PARTICIPATING**
14 **MEMBERS AND SELF-INSURERS AN AGGREGATE AMOUNT NOT TO EXCEED**
15 **\$21,000,000.00 TO COVER ANTICIPATED COSTS OF OPERATION AND**
16 **ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY**
17 **AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.**

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

27 **(3) BEFORE JANUARY 2, 2014, THE BOARD OF GOVERNORS SHALL AMEND**

1 THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY
 2 TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE ADMINISTRATIVE DUTIES
 3 AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

4 Sec. 4501. As used in this chapter:

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

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

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

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

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

27 (F) ~~(e)~~—"Organization" means an organization or internal

1 department of an insurer established to detect and prevent
2 insurance fraud.

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

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

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

25 (J) ~~(i)~~—"Statement" includes, but is not limited to, any
26 notice statement, proof of loss, bill of lading, receipt for
27 payment, invoice, account, estimate of property damages, bill for

1 services, claim form, diagnosis, prescription, hospital or doctor
 2 record, X-rays, test result, or other evidence of loss, injury, or
 3 expense.

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

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

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

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

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

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

26 (ii) Provide financial support to state or local law
 27 enforcement agencies for programs designed to reduce the incidence

1 of ~~economic~~-automobile theft.

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

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

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

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

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

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

25 CHAPTER 63

26 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

27 SEC. 6301. AS USED IN THIS CHAPTER:

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

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

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

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

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

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

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

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

26 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW
27 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE

1 OF AUTOMOBILE INSURANCE FRAUD.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER
23 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS OR UNTIL HIS OR HER
24 SUCCESSOR IS ELECTED, DESIGNATED, OR APPOINTED, WHICHEVER OCCURS
25 LATER. OF THE MEMBERS FIRST ELECTED OR APPOINTED UNDER THIS
26 SECTION, 2 MEMBERS REPRESENTING INSURERS AND 1 MEMBER REPRESENTING
27 LAW ENFORCEMENT AGENCIES SHALL SERVE FOR A TERM OF 2 YEARS, 3

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

6 (11) THE BOARD IS DISSOLVED ON JANUARY 1, 2019.

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

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

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

23 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE
24 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS
25 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH
26 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.
27 AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE

1 BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT THE BOARD'S
2 PRINCIPAL OFFICE AND ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE
3 BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS
4 WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE
5 BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE FOLLOWING
6 PURPOSES:

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

10 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

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

27 (C) BOARD DECISIONS MADE DURING ANY PORTION OF THE MEETING

1 THAT WAS OPEN TO THE PUBLIC.

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

3 SEC. 6304. (1) BEFORE JANUARY 1, 2019, THE AUTHORITY SHALL
4 TRANSFER ALL ASSETS OF THE AUTHORITY TO THE DEPARTMENT OF STATE
5 POLICE FOR THE BENEFIT OF THE AUTOMOBILE THEFT PREVENTION
6 AUTHORITY.

7 (2) ON JANUARY 1, 2019, THE AUTHORITY IS DISSOLVED.

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

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

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

16 (C) MAKE GRANTS AND INVESTMENTS.

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

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

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

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

27 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS

1 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
2 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
3 THE PLAN OF OPERATION.

4 SEC. 6307. (1) SECTION 6107(1) DOES NOT APPLY FROM JANUARY 1,
5 2014 TO DECEMBER 31, 2018.

6 (2) BEFORE APRIL 1 OF EACH YEAR FROM 2014 TO 2018, AN INSURER
7 OR SELF-INSURER ENGAGED IN WRITING INSURANCE COVERAGES THAT PROVIDE
8 THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS STATE, AS A
9 CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN THIS STATE,
10 SHALL PAY TO THE FACILITY, FOR DEPOSIT INTO THE ACCOUNT OF THE
11 AUTHORITY, AN ASSESSMENT DETERMINED BY THE FACILITY AS PROVIDED IN
12 THE PLAN OF OPERATION. THE ASSESSMENT SHALL BE BASED ON THE RATIO
13 OF THE CAR YEARS WRITTEN BY THE INSURER OR SELF-INSURER TO THE
14 TOTAL CAR YEARS WRITTEN IN THIS STATE BY ALL INSURERS AND SELF-
15 INSURERS.

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

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

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

1 BY THE BOARD.

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

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

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

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

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

10 Enacting section 1. The title and sections 3301, 3330, 4501,
11 and 6107 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,
12 500.3330, 500.4501, and 500.6107, as amended by this amendatory
13 act, and sections 6301, 6302, 6303, 6304, 6305, 6307, 6308, and
14 6310 of the insurance code of 1956, 1956 PA 218, as added by this
15 amendatory act, take effect January 1, 2014.