

Act No. 511
Public Acts of 2016
Approved by the Governor
January 5, 2017
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January 9, 2017
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**STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016**

Introduced by Senators Jones, Johnson, Knezek, Hertel and Ananich

ENROLLED SENATE BILL No. 697

AN ACT to amend 1956 PA 218, entitled "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 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 require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker's compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon 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," (MCL 500.100 to 500.8302) by adding section 3011.

The People of the State of Michigan enact:

Sec. 3011. (1) Notwithstanding any other provision of this act, an insurer of a building or other structure or of personal property located on real property shall not make any further payments to an insured on a claim of \$2,000.00 or more for loss or damage caused by a fire or explosion to the insured building, other structure, or personal property if the insurer receives written notice from the fire or law enforcement authority that the insured failed or refused to submit the report described in subsection (2) within 21 days after the insured received a written demand to provide the report from the fire or law enforcement authority. Payments to an insured that have been withheld under this section

may resume or commence if the insurer receives a copy of the requested report signed by the insured or receives notice that the requested signed report has been submitted to the fire or law enforcement authority.

(2) If an insured building or other structure suffers loss or damage caused by fire or explosion, the insured shall submit to the fire or law enforcement authority designated by the city, village, or township a report prescribed by the department in conjunction with the bureau of fire services created in section 1b of the fire prevention code, 1941 PA 207, MCL 29.1b, that requires information concerning the building or structure fire or explosion.

(3) This section applies only if the fire or law enforcement authority responsible for investigating the fire or explosion is located in a city, village, or township described in subsection (7) and if the city, village, or township, acting under a resolution by its governing body, notifies the director in writing of both of the following:

(a) That the city, village, or township has elected to receive the reports prepared under subsection (2).

(b) The name and address of the fire or law enforcement authority designated by the city, village, or township to receive reports prepared under subsection (2).

(4) The director shall prepare and distribute a list of all cities, villages, and townships that have elected to apply this section to all insurance companies transacting insurance that provides coverage for loss by fire to buildings or other structures in this state.

(5) A city, village, or township may be added to the list prepared under subsection (4) by submitting a written request containing the information required under subsection (3) to the director. If a written request is received, the director shall prepare and distribute an amended list indicating the addition. The addition is effective on the date specified by the director in the amended list. The director shall notify the city, village, township, and all insurers that issue policies in this state that provide coverage for loss by fire to buildings or other structures of the effective date of an addition, which must be not less than 30 days after receipt of the notice by the insurance company. This section does not apply to any loss that occurred before the effective date of the addition.

(6) A city, village, or township may request to be deleted from the list prepared under subsection (4) or may cease to apply this section for a period of not less than 6 months on not less than 30 days' written notice to the director. After receipt of a request to be deleted from the list, the director shall prepare and distribute an amendment to the list indicating the deletion. The deletion is effective on the date specified by the director in the amendment. The director shall notify the city, village, township, and all insurers that issue policies in this state that provide coverage for loss by fire to buildings or other structures of the effective date of a deletion, which must be effective not less than 30 days after receipt of the notice by the insurance company. A city, village, or township shall continue to apply this section to any loss that occurred before the effective date of the deletion, notwithstanding the deletion.

(7) A city, village, or township may elect to apply this section as provided in subsection (3) and as follows:

(a) If the city, village, or township is located in a county with a population of 425,000 or more.

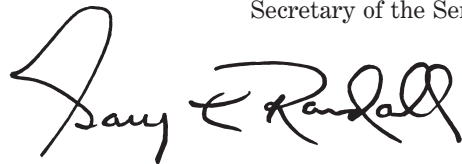
(b) If the city, village, or township is located in a county with a population of less than 425,000 and the city, village, or township has a population of 50,000 or more.

(8) An insurer or an agent or employee of an insurer is not liable for damages for withholding money in compliance with this section.

Enacting section 1. This amendatory act takes effect 90 days after the date it is enacted into law.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor