

**SUBSTITUTE FOR  
HOUSE BILL NO. 5013**

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending the title and sections 2111, 3101, 3104, 3107, 3109a,  
3113, 3114, 3135, 3142, 3148, 3157, 3163, 3301, 3330, 4501, and  
4503 (MCL 500.2111, 500.3101, 500.3104, 500.3107, 500.3109a,  
500.3113, 500.3114, 500.3135, 500.3142, 500.3148, 500.3157,  
500.3163, 500.3301, 500.3330, 500.4501, and 500.4503), the title as  
amended by 2002 PA 304, section 2111 as amended by 2012 PA 441,  
sections 3101 and 3113 as amended by 2016 PA 346, section 3104 as  
amended by 2002 PA 662, section 3107 as amended by 2012 PA 542,  
section 3109a as amended by 2012 PA 454, section 3114 as amended by  
2016 PA 347, section 3135 as amended by 2012 PA 158, section 3163  
as amended by 2002 PA 697, section 3330 as amended by 2012 PA 204,  
and sections 4501 and 4503 as amended by 2012 PA 39, and by adding

sections 1245, 3107c, 3157a, 3157b, 3180, and 4505 and chapter 63.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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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 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

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

1 repeal acts and parts of acts; and to provide penalties for the  
2 violation of this act.

3           **SEC. 1245. (1) AN INSURANCE PRODUCER, INCLUDING, BUT NOT**  
4 **LIMITED TO, A PRODUCING AGENCY, OR AN EMPLOYEE OR AGENT OF AN**  
5 **INSURANCE PRODUCER IS NOT LIABLE FOR DAMAGES CAUSED BY THE CONDUCT**  
6 **OF THE PRODUCER, EMPLOYEE, OR AGENT RELATED TO OBTAINING OR**  
7 **PROVIDING INFORMATION, OR THE CHOICE OF PERSONAL PROTECTION**  
8 **INSURANCE BENEFITS BY AN INSURED, UNDER SECTION 3107C OR 3109A.**

9           **(2) THIS SECTION DOES NOT APPLY WITH RESPECT TO A POLICY**  
10 **ISSUED OR RENEWED AFTER 3 YEARS AFTER THE EFFECTIVE DATE OF THE**  
11 **AMENDATORY ACT THAT ADDED THIS SECTION.**

12           Sec. 2111. (1) Notwithstanding any provision of this act or  
13 this chapter to the contrary, classifications and territorial base  
14 rates used by an insurer in this state with respect to automobile  
15 insurance or home insurance ~~shall~~**MUST** conform to the applicable  
16 requirements of this section.

17           (2) Classifications established under this section for  
18 automobile insurance ~~shall~~**MUST** be based only on 1 or more of the  
19 following factors, which **THE INSURER** shall ~~be applied by an insurer~~  
20 **APPLY** on a uniform basis throughout this state:

21           (a) With respect to all automobile insurance coverages:

22           (i) Either the age of the driver; the length of driving  
23 experience; or the number of years licensed to operate a motor  
24 vehicle.

25           (ii) Driver primacy, based on the proportionate use of each  
26 vehicle insured under the policy by individual drivers insured or  
27 to be insured under the policy.

1 (iii) Average miles driven weekly, annually, or both.

2 (iv) Type of use, such as business, farm, or pleasure use.

3 (v) Vehicle characteristics, features, and options, such as  
4 engine displacement, ability of the vehicle and its equipment to  
5 protect passengers from injury, and other similar items, including  
6 vehicle make and model.

7 (vi) Daily or weekly commuting mileage.

8 (vii) Number of cars insured by the insurer or number of  
9 licensed operators in the household. However, **THE INSURER SHALL NOT**  
10 **USE THE** number of licensed operators ~~shall not be used as an~~  
11 indirect measure of marital status.

12 (viii) Amount of insurance.

13 (b) In addition to the factors prescribed in subdivision (a),  
14 with respect to personal protection insurance coverage:

15 (i) Earned income.

16 (ii) Number of dependents of income earners insured under the  
17 policy.

18 (iii) Coordination of benefits.

19 (iv) Use of a safety belt.

20 (c) In addition to the factors prescribed in subdivision (a),  
21 with respect to collision and comprehensive coverages:

22 (i) The anticipated cost of vehicle repairs or replacement,  
23 which may be measured by age, price, cost new, or value of the  
24 insured automobile, and other factors directly relating to that  
25 anticipated cost.

26 (ii) Vehicle make and model.

27 (iii) Vehicle design characteristics related to vehicle

1 damageability.

2 (iv) Vehicle characteristics relating to automobile theft  
3 prevention devices.

4 (d) With respect to all automobile insurance coverage other  
5 than comprehensive, successful completion by the individual driver  
6 or drivers insured under the policy of an accident prevention  
7 education course that meets the following criteria:

8 (i) The course ~~shall~~**MUST** include a minimum of 8 hours of  
9 classroom instruction.

10 (ii) The course ~~shall~~**MUST** include, but not be limited to, a  
11 review of all of the following:

12 (A) The effects of aging on driving behavior.

13 (B) The shapes, colors, and types of road signs.

14 (C) The effects of alcohol and medication on driving.

15 (D) The laws relating to the proper use of a motor vehicle.

16 (E) Accident prevention measures.

17 (F) The benefits of safety belts and child restraints.

18 (G) Major driving hazards.

19 (H) Interaction with other highway users, such as  
20 motorcyclists, bicyclists, and pedestrians.

21 (3) ~~Each~~**AN** insurer shall establish a secondary or merit  
22 rating plan for automobile insurance, other than comprehensive  
23 coverage. A secondary or merit rating plan required under this  
24 subsection ~~shall~~**MUST** provide for premium surcharges for any or all  
25 coverages for automobile insurance, other than comprehensive  
26 coverage, based ~~upon~~**ON** any or all of the following, when that  
27 information becomes available to the insurer:

1 (a) Substantially at-fault accidents.

2 (b) Convictions for, determinations of responsibility for  
3 civil infractions for, or findings of responsibility in probate  
4 court for civil infractions for violations under chapter VI of the  
5 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.  
6 However, an insured shall not be merit rated for a civil infraction  
7 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL  
8 257.601 to 257.750, for a period of time longer than that which the  
9 secretary of state's office carries points for that infraction on  
10 the insured's motor vehicle record.

11 (4) An insurer shall not establish or maintain rates or rating  
12 classifications for automobile insurance based on sex or marital  
13 status. **THIS SUBSECTION APPLIES REGARDLESS OF ANYTHING IN THIS**  
14 **CHAPTER TO THE CONTRARY, INCLUDING, BUT NOT LIMITED TO, ANYTHING IN**  
15 **SECTIONS 2109 TO 2110A OR SUBSECTION (9).**

16 (5) Notwithstanding other provisions of this chapter,  
17 automobile insurance risks may be grouped by territory.

18 (6) This section does not limit insurers or rating  
19 organizations from establishing and maintaining statistical  
20 reporting territories. This section does not prohibit an insurer  
21 from establishing or maintaining, for automobile insurance, a  
22 premium discount plan for senior citizens in this state who are 65  
23 years of age or older, if the plan is uniformly applied by the  
24 insurer throughout this state. If an insurer has not established  
25 and maintained a premium discount plan for senior citizens, the  
26 insurer shall offer reduced premium rates to senior citizens in  
27 this state who are 65 years of age or older and who drive less than

1 3,000 miles per year, regardless of statistical data.

2 (7) Classifications established under this section for home  
3 insurance other than inland marine insurance provided by policy  
4 floaters or endorsements ~~shall~~ **MUST** be based only on 1 or more of  
5 the following factors:

6 (a) Amount and types of coverage.

7 (b) Security and safety devices, including locks, smoke  
8 detectors, and similar, related devices.

9 (c) Repairable structural defects reasonably related to risk.

10 (d) Fire protection class.

11 (e) Construction of structure, based on structure size,  
12 building material components, and number of units.

13 (f) Loss experience of the insured, based on prior claims  
14 attributable to factors under the control of the insured that have  
15 been paid by an insurer. An insured's failure, after written notice  
16 from the insurer, to correct a physical condition that presents a  
17 risk of repeated loss ~~shall be considered~~ **IS** a factor under the  
18 control of the insured for purposes of this subdivision.

19 (g) Use of smoking materials within the structure.

20 (h) Distance of the structure from a fire hydrant.

21 (i) Availability of law enforcement or crime prevention  
22 services.

23 (8) Notwithstanding other provisions of this chapter, home  
24 insurance risks may be grouped by territory.

25 (9) An insurer may use factors in addition to those permitted  
26 by this section for insurance if the plan is consistent with the  
27 purposes of this act and reflects reasonably anticipated reductions



1 or increases in losses or expenses.

2           Sec. 3101. (1) The owner or registrant of a motor vehicle  
3 required to be registered in this state shall maintain security for  
4 payment of ~~benefits under~~ personal protection insurance **BENEFITS**  
5 **PAYABLE UNDER SECTION 3107 UP TO ANY LIMIT ON BENEFITS APPLICABLE**  
6 **UNDER SECTION 3109A AND SUBJECT TO ANY EXCLUSION OF A QUALIFIED**  
7 **PERSON UNDER SECTION 3107C**, property protection insurance, and  
8 residual liability insurance **COVERAGE REQUIRED UNDER SECTION 3009**.  
9 Security is only required to be in effect during the period the  
10 motor vehicle is driven or moved on a highway. Notwithstanding any  
11 other provision in this act, an insurer that has issued an  
12 automobile insurance policy on a motor vehicle that is not driven  
13 or moved on a highway may allow the insured owner or registrant of  
14 the motor vehicle to delete a portion of the coverages under the  
15 policy and maintain the comprehensive coverage portion of the  
16 policy in effect.

17           (2) As used in this chapter:

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

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

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

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

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

27           (iv) The vehicle is designed to be occupied by a driver and

1 powered either by passengers providing pedal power to the drive  
2 train of the vehicle or by a motor capable of propelling the  
3 vehicle in the absence of human power.

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

5 (vi) The vehicle is operated by the owner of the vehicle or an  
6 employee of the owner of the vehicle.

7 **(C) "EMERGENCY MEDICAL CONDITION" MEANS THAT TERM AS DEFINED**  
8 **IN SECTION 1395DD OF THE SOCIAL SECURITY ACT, 42 USC 1395DD, AS**  
9 **DETERMINED AND DOCUMENTED BY A QUALIFIED MEDICAL PROFESSIONAL.**

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

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

15 (F) "HOUSEHOLD" MEANS A HOUSE, AN APARTMENT, A MOBILE HOME, OR  
16 ANY OTHER STRUCTURE OR PART OF A STRUCTURE INTENDED FOR RESIDENTIAL  
17 OCCUPANCY AS SEPARATE LIVING QUARTERS.

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

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

27 (I) ~~(g)~~—"Motorcycle accident" means a loss that involves the

1 ownership, operation, maintenance, or use of a motorcycle as a  
2 motorcycle, but does not involve the ownership, operation,  
3 maintenance, or use of a motor vehicle as a motor vehicle.

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

8 (i) A motorcycle.

9 (ii) A moped.

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

14 (iv) An ORV.

15 (v) A golf cart.

16 (vi) A power-driven mobility device.

17 (vii) A commercial quadricycle.

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

23 **(L)** ~~(j)~~—"ORV" means a motor-driven recreation vehicle designed  
24 for off-road use and capable of cross-country travel without  
25 benefit of road or trail, on or immediately over land, snow, ice,  
26 marsh, swampland, or other natural terrain. ORV includes, but is  
27 not limited to, a multitrack or multiwheel drive vehicle, a

1 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an  
2 amphibious machine, a ground effect air cushion vehicle, an ATV as  
3 defined in section 81101 of the natural resources and environmental  
4 protection act, 1994 PA 451, MCL 324.81101, or other means of  
5 transportation deriving motive power from a source other than  
6 muscle or wind. ORV does not include a vehicle described in this  
7 subdivision that is registered for use on a public highway and has  
8 the security required under subsection (1) or section 3103 in  
9 effect.

10 **(M)** ~~(K)~~—"Owner" means any of the following:

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

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

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

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

1           (N) ~~(I)~~—"Power-driven mobility device" means a wheelchair or  
2 other mobility device powered by a battery, fuel, or other engine  
3 and designed to be used by an individual with a mobility disability  
4 for the purpose of locomotion.

5           (O) "QUALIFIED MEDICAL PROFESSIONAL" MEANS ANY OF THE  
6 FOLLOWING:

7           (i) A PHYSICIAN AS THAT TERM IS DEFINED IN SECTIONS 17001 AND  
8 17501 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.17001 AND  
9 333.17501.

10           (ii) A PHYSICIAN'S ASSISTANT LICENSED UNDER ARTICLE 15 OF THE  
11 PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16101 TO 333.18838, UNDER  
12 THAT HEALTH PROFESSION SUBFIELD OF THE PRACTICE OF MEDICINE OR THE  
13 PRACTICE OF OSTEOPATHIC MEDICINE AND SURGERY.

14           (iii) A DENTIST AS THAT TERM IS DEFINED IN SECTION 16601 OF  
15 THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16601.

16           (iv) AN ADVANCED PRACTICE REGISTERED NURSE AS THAT TERM IS  
17 DEFINED IN SECTION 17201 OF THE PUBLIC HEALTH CODE, 1978 PA 368,  
18 MCL 333.17201.

19           (P) ~~(M)~~—"Registrant" does not include a person engaged in the  
20 business of leasing motor vehicles or motorcycles that is the  
21 lessor of a motor vehicle or motorcycle under a lease that provides  
22 for the use of the motor vehicle or motorcycle by the lessee for a  
23 period that is longer than 30 days.

24           (Q) "RELATED EMERGENCY CARE" MEANS A REASONABLY NECESSARY IN-  
25 PATIENT TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION RELATED TO,  
26 IMMEDIATELY FOLLOWING, AND NECESSITATED BY AN EMERGENCY MEDICAL  
27 CONDITION AS DETERMINED AND DOCUMENTED BY A QUALIFIED MEDICAL

1 PROFESSIONAL.

2 (R) "RELATED PERSON" MEANS THE SPOUSE, A CHILD, OR A RELATIVE  
3 WHO IS RELATED TO THE PERSON WITHIN THE SEVENTH DEGREE OF  
4 CONSANGUINITY, AS COMPUTED BY THE CIVIL LAW METHOD.

5 (S) "ULTIMATE LOSS" MEANS THE ACTUAL LOSS AMOUNTS PAID OR  
6 PAYABLE BY A MEMBER OF THE ASSOCIATION CREATED UNDER SECTION 3104.  
7 ULTIMATE LOSS DOES NOT INCLUDE CLAIM EXPENSES.

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

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

23 (5) An insurer that issues a policy that provides the security  
24 required under subsection (1) may exclude coverage under the policy  
25 as provided in section 3017.

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

1 ~~the catastrophic claims association, hereinafter referred to as the~~  
 2 ~~association, is created.~~ Each insurer engaged in writing insurance  
 3 coverages that provide the security required by section 3101(1)  
 4 ~~within~~**IN** this state, as a condition of its authority to transact  
 5 insurance in this state, shall be a member of the association and  
 6 ~~shall be~~**IS** bound by the plan of operation of the association. ~~Each~~  
 7 **AN** insurer engaged in writing insurance coverages that provide the  
 8 security required by section 3103(1) ~~within~~**IN** this state, as a  
 9 condition of its authority to transact insurance in this state,  
 10 ~~shall be~~**IS** considered **TO BE** a member of the association, but only  
 11 for purposes of premiums under subsection (7)(d). Except as  
 12 expressly provided in this section, the association is not subject  
 13 to any laws of this state with respect to insurers, but in all  
 14 other respects the association is subject to the laws of this state  
 15 to the extent that the association would be if it were an insurer  
 16 organized and subsisting under chapter 50.

17 (2) ~~The~~**FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**  
 18 **BEFORE JULY 1, 2018 AND FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED**  
 19 **OR RENEWED AFTER JUNE 30, 2018 FOR WHICH THE COVERAGE LEVEL UNDER**  
 20 **SECTION 3109A(2)(C) APPLIES, THE** association shall provide and each  
 21 member shall accept indemnification for 100% of the amount of  
 22 ultimate loss sustained under personal protection insurance  
 23 coverages in excess of the following amounts in each loss  
 24 occurrence:

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

27 (b) For a motor vehicle accident policy issued or renewed

1 during the period July 1, 2002 to June 30, 2003, \$300,000.00.

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

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

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

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

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

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

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

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

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

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

22 **(M) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**  
23 **DURING THE PERIOD JULY 1, 2015 TO JUNE 30, 2017, \$545,000.00.**

24 **(N) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**  
25 **DURING THE PERIOD JULY 1, 2017 TO JUNE 30, 2019, \$555,000.00.**

26 Beginning July 1, ~~2013, 2019~~, this ~~\$500,000.00~~ **\$555,000.00** amount  
27 ~~shall~~ **MUST** be increased biennially on July 1 of each odd-numbered



1 year, for policies issued or renewed before July 1 of the following  
2 odd-numbered year, by the lesser of 6% or the consumer price index,  
3 and rounded to the nearest \$5,000.00. ~~This~~ **THE ASSOCIATION SHALL**  
4 **CALCULATE THE** biennial adjustment ~~shall be calculated by the~~  
5 ~~association~~ by January 1 of the year of its July 1 effective date.

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

9 (4) An insurer whose membership in the association has been  
10 terminated by withdrawal ~~shall continue~~ **CONTINUES** to be bound by  
11 the plan of operation, and ~~upon~~ **ON** withdrawal, all unpaid premiums  
12 that have been charged to the withdrawing member are payable as of  
13 the effective date of the withdrawal.

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

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

25 (7) The association shall do all of the following on behalf of  
26 the members of the association:

27 (a) Assume 100% of all liability as provided in subsection

1 (2).

2 (b) Establish procedures by which members ~~shall~~**MUST** promptly  
3 report to the association each claim that, on the basis of the  
4 injuries or damages sustained, may reasonably be anticipated to  
5 involve the association if the member is ultimately held legally  
6 liable for the injuries or damages. Solely for the purpose of  
7 reporting claims, the member shall in all instances consider itself  
8 legally liable for the injuries or damages. The member shall also  
9 advise the association of subsequent developments likely to  
10 materially affect the interest of the association in the claim.

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

16 (d) In a manner provided for in the plan of operation,  
17 calculate and charge to members of the association a total premium  
18 sufficient to cover the expected losses and expenses of the  
19 association that the association will likely incur during the  
20 period for which the premium is applicable. The **TOTAL** premium ~~shall~~  
21 **MUST** include an amount to cover incurred but not reported losses  
22 for the period and ~~may~~**MUST** be adjusted for any excess or deficient  
23 premiums from previous periods. Excesses or deficiencies from  
24 previous periods ~~may~~**MUST EITHER** be fully adjusted in a single  
25 period or ~~may be~~ adjusted over several periods in a manner provided  
26 for in the plan of operation. Each member ~~shall~~**MUST** be charged an  
27 amount equal to that member's total written car years of insurance

1 providing the security required by section 3101(1) or 3103(1), or  
 2 both, written in this state during the period to which the premium  
 3 applies, **WITH THE TOTAL WRITTEN CAR YEARS OF INSURANCE** multiplied  
 4 by the **APPLICABLE** average premium per car. The average premium per  
 5 car ~~shall be~~ **IS** the total premium, ~~calculated~~ **AS ADJUSTED FOR ANY**  
 6 **EXCESSES OR DEFICIENCIES**, divided by the total written car years of  
 7 insurance providing the security required by section 3101(1) or  
 8 3103(1), **OR BOTH**, written in this state of all members during the  
 9 period to which the premium applies, **EXCLUDING CARS INSURED UNDER A**  
 10 **POLICY WITH A COVERAGE LIMIT UNDER SECTION 3109A(2) (A) OR (B)**  
 11 **EXCEPT FOR ANY PORTION OF TOTAL PREMIUM THAT IS AN ADJUSTMENT FOR A**  
 12 **DEFICIENCY IN A PREVIOUS PERIOD. A MEMBER MAY NOT BE CHARGED A**  
 13 **PREMIUM FOR A CAR INSURED UNDER A POLICY WITH A COVERAGE LIMIT**  
 14 **UNDER SECTION 3109A(2) (A) OR (B) OTHER THAN FOR THE PORTION OF THE**  
 15 **TOTAL PREMIUM ATTRIBUTABLE TO AN ADJUSTMENT FOR A DEFICIENCY IN A**  
 16 **PREVIOUS PERIOD. A member shall** **MUST** be charged a premium for a  
 17 historic vehicle that is insured with the member of 20% of the  
 18 premium charged for a car insured with the member. ~~As used in this~~  
 19 ~~subdivision:~~

20 ~~—— (i) "Car" includes a motorcycle but does not include a~~  
 21 ~~historic vehicle.~~

22 ~~—— (ii) "Historic vehicle" means a vehicle that is a registered~~  
 23 ~~historic vehicle under section 803a or 803p of the Michigan vehicle~~  
 24 ~~code, 1949 PA 300, MCL 257.803a and 257.803p.~~ **NOT LESS THAN 60 DAYS**  
 25 **BEFORE A CHANGE IN THE TOTAL PREMIUM IS EFFECTIVE, THE ASSOCIATION**  
 26 **SHALL PROVIDE THE DIRECTOR OF THE DEPARTMENT WITH A WRITTEN REPORT**  
 27 **ON THE NEW PREMIUM AMOUNT, THE CHANGE IN THE PREMIUM AMOUNT FROM**

1 THE PREVIOUS PERIOD, AND AN EXPLANATION DETAILING THE REASONS FOR  
2 THE CHANGE, INCLUDING A JUSTIFICATION OF ANY ADJUSTMENT FOR ANY  
3 EXCESSES OR DEFICIENCIES FROM PREVIOUS PERIODS.

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

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

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

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

13 (g) Establish procedures for reviewing claims procedures and  
14 practices of members of the association. If the claims procedures  
15 or practices of a member are considered inadequate to properly  
16 service the liabilities of the association, the association may  
17 undertake or may contract with another person, including another  
18 member, to adjust or assist in the adjustment of claims for the  
19 member on claims that create a potential liability to the  
20 association and may charge the cost of the adjustment to the  
21 member.

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

24 (a) Sue and be sued in the name of the association. A judgment  
25 against the association ~~shall~~ **DOES** not create any direct liability  
26 against the individual members of the association. The association  
27 may provide for the indemnification of its members, members of the

1 board of directors of the association, and officers, employees, and  
2 other persons lawfully acting on behalf of the association.

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

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

9 (d) Pursuant to the plan of operation, adopt reasonable rules  
10 for the administration of the association, enforce those rules, and  
11 delegate authority, as the board considers necessary to assure the  
12 proper administration and operation of the association consistent  
13 with the plan of operation.

14 (e) Contract for goods and services, including independent  
15 claims management, actuarial, investment, and legal services, from  
16 others ~~within~~**IN** or ~~without~~**OUTSIDE OF** this state to assure the  
17 efficient operation of the association.

18 (f) Hear and determine complaints of a company or other  
19 interested party concerning the operation of the association.

20 (g) Perform other acts not specifically enumerated in this  
21 section that are necessary or proper to accomplish the purposes of  
22 the association and that are not inconsistent with this section or  
23 the plan of operation.

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

1 (10) The plan of operation shall ~~shall~~ **MUST** provide for all of the  
2 following:

3 (a) The establishment of necessary facilities.

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

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

7 **(D) PROCEDURES FOR A REBATE OF A SURPLUS TO MEMBERS OF THE**  
8 **ASSOCIATION, FOR DISTRIBUTION TO INSURED AS PROVIDED IN SUBSECTION**  
9 **(24), AS ORDERED BY THE DIRECTOR OF THE DEPARTMENT UNDER SUBSECTION**  
10 **(22), OR AS DIRECTED BY THE ASSOCIATION DURING ANY PERIOD IN WHICH**  
11 **THE ASSOCIATION CHARGES NO PREMIUM BECAUSE OF EXCESSES FROM**  
12 **PREVIOUS PERIODS, IF THE REBATE DIRECTED BY THE ASSOCIATION WILL**  
13 **NOT THREATEN THE ASSOCIATION'S ONGOING ABILITY TO PROVIDE AN**  
14 **EFFECTIVE REINSURANCE MECHANISM FOR PERSONAL PROTECTION INSURANCE**  
15 **BENEFITS BASED ON SOUND ACTUARIAL PRINCIPLES CONSISTENT WITH THE**  
16 **APPLICABLE STATEMENTS OF PRINCIPLES AND THE CODE OF PROFESSIONAL**  
17 **CONDUCT ADOPTED BY THE CASUALTY ACTUARIAL SOCIETY. THE PROCEDURES**  
18 **MUST PROVIDE FOR A DISTRIBUTION OF A REBATE ATTRIBUTABLE TO A**  
19 **HISTORIC VEHICLE EQUAL TO 20% OF THE REBATE FOR A CAR THAT IS NOT A**  
20 **HISTORIC VEHICLE. AS USED IN THIS SUBDIVISION, "SURPLUS" MEANS ANY**  
21 **EXCESSES FROM PREVIOUS PERIODS NOT REQUIRED TO COVER THE EXPECTED**  
22 **LOSSES, EXPENSES, OR OTHER LIABILITIES OF THE ASSOCIATION. SURPLUS**  
23 **DOES NOT INCLUDE EXCESSES FROM PREVIOUS PERIODS ADJUSTED OVER 5 OR**  
24 **MORE YEARS IN THE MANNER PROVIDED IN THE PLAN OF OPERATION UNDER**  
25 **SUBSECTION (7) (D) .**

26 **(E) ~~(d)~~** Procedures governing the actual payment of premiums to  
27 the association.

1           **(F)** ~~(e)~~ Reimbursement of each member of the board by the  
 2 association for actual and necessary expenses incurred on  
 3 association business.

4           **(G)** ~~(f)~~ The investment policy of the association.

5           **(H)** ~~(g)~~ Any other matters required by or necessary to  
 6 effectively implement this section.

7           (11) ~~Each~~ **THE** board ~~shall~~ **MUST** include members that would  
 8 contribute a total of not less than 40% of the total premium  
 9 calculated ~~pursuant to~~ **UNDER** subsection (7) (d). ~~Each director shall~~  
 10 ~~be~~ **BOARD MEMBER IS** entitled to 1 vote. The initial term of office  
 11 of a ~~director shall be~~ **BOARD MEMBER IS** 2 years.

12           (12) As part of the plan of operation, the board shall adopt  
 13 rules providing for the composition ~~and term of successor boards to~~  
 14 the ~~initial~~ board **AND THE TERMS OF BOARD MEMBERS**, consistent with  
 15 the membership composition requirements in subsections (11) and  
 16 (13). Terms of the ~~directors shall~~ **BOARD MEMBERS MUST** be staggered  
 17 so that the terms of all the ~~directors~~ **BOARD MEMBERS** do not expire  
 18 at the same time and so that a ~~director~~ **BOARD MEMBER** does not serve  
 19 a term of more than 4 years.

20           (13) The board ~~shall~~ **MUST** consist of 5 ~~directors,~~ **BOARD**  
 21 **MEMBERS** and the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT, WHO** shall  
 22 ~~be~~ **SERVE AS** an ex officio member of the board without vote.

23           (14) ~~Each director~~ **THE DIRECTOR OF THE DEPARTMENT** shall ~~be~~  
 24 ~~appointed by the commissioner and~~ **APPOINT THE BOARD MEMBERS. A**  
 25 **BOARD MEMBER** shall serve until ~~that member's~~ **HIS OR HER** successor  
 26 is selected and qualified. The **BOARD SHALL ELECT THE** chairperson of  
 27 the board. ~~shall be elected by the board. A~~ **THE DIRECTOR OF THE**

1 **DEPARTMENT SHALL FILL ANY** vacancy on the board ~~shall be filled by~~  
2 ~~the commissioner consistent with~~ **AS PROVIDED IN** the plan of  
3 operation.

4 (15) ~~After the board is appointed, the~~ **THE** board shall meet as  
5 often as the chairperson, the ~~commissioner,~~ **DIRECTOR OF THE**  
6 **DEPARTMENT**, or the plan of operation ~~shall require,~~ **REQUIRES**, or at  
7 the request of any 3 ~~members of the board.~~ **BOARD MEMBERS**. The  
8 chairperson ~~shall retain the right to~~ **MAY** vote on all issues. Four  
9 ~~members of the board~~ **BOARD MEMBERS** constitute a quorum.

10 (16) ~~An~~ **THE BOARD SHALL FURNISH TO EACH MEMBER AN** annual  
11 report of the operations of the association in a form and detail as  
12 ~~may be determined by the board. shall be furnished to each member.~~

13 ~~—— (17) Not more than 60 days after the initial organizational~~  
14 ~~meeting of the board, the board shall submit to the commissioner~~  
15 ~~for approval a proposed plan of operation consistent with the~~  
16 ~~objectives and provisions of this section, which shall provide for~~  
17 ~~the economical, fair, and nondiscriminatory administration of the~~  
18 ~~association and for the prompt and efficient provision of~~  
19 ~~indemnity. If a plan is not submitted within this 60-day period,~~  
20 ~~then the commissioner, after consultation with the board, shall~~  
21 ~~formulate and place into effect a plan consistent with this~~  
22 ~~section.~~

23 ~~—— (18) The plan of operation, unless approved sooner in writing,~~  
24 ~~shall be considered to meet the requirements of this section if it~~  
25 ~~is not disapproved by written order of the commissioner within 30~~  
26 ~~days after the date of its submission. Before disapproval of all or~~  
27 ~~any part of the proposed plan of operation, the commissioner shall~~



1 ~~notify the board in what respect the plan of operation fails to~~  
 2 ~~meet the requirements and objectives of this section. If the board~~  
 3 ~~fails to submit a revised plan of operation that meets the~~  
 4 ~~requirements and objectives of this section within the 30-day~~  
 5 ~~period, the commissioner shall enter an order accordingly and shall~~  
 6 ~~immediately formulate and place into effect a plan consistent with~~  
 7 ~~the requirements and objectives of this section.~~

8       (17) ~~(19) The proposed plan of operation or ANY~~ amendments to  
 9 the plan of operation **OF THE ASSOCIATION, INCLUDING, BUT NOT**  
 10 **LIMITED TO, ANY CHANGE RELATING TO ADJUSTMENTS FOR EXCESSES OR**  
 11 **DEFICIENCIES UNDER SUBSECTION (7) (D) OR A PROCEDURE UNDER**  
 12 **SUBSECTION (10) (D),** are subject to majority approval by the board,  
 13 ~~ratified~~ **RATIFICATION** by a majority of the membership **OF THE**  
 14 **ASSOCIATION** having a vote, with voting rights being apportioned  
 15 according to the premiums charged in subsection (7) (d), and ~~are~~  
 16 ~~subject to approval by the commissioner.~~ **DIRECTOR OF THE DEPARTMENT.**

17       (18) ~~(20) Upon approval by the commissioner and ratification~~  
 18 ~~by the members of the plan submitted, or upon the promulgation of a~~  
 19 ~~plan by the commissioner, each AN~~ insurer authorized to write  
 20 insurance providing the security required by section 3101(1) in  
 21 this state, as provided in this section, is bound by and shall  
 22 formally subscribe to and participate in the plan ~~approved~~ **OF**  
 23 **OPERATION** as a condition of maintaining its authority to transact  
 24 insurance in this state.

25       (19) ~~(21) The association is subject to all the reporting,~~  
 26 ~~loss reserve, and investment requirements of the commissioner~~  
 27 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would~~ **IS** a member

1 of the association.

2           (20) ~~(22)~~ Premiums charged members by the association shall  
3 **MUST** be recognized in the rate-making procedures for insurance  
4 rates in the same manner that expenses and premium taxes are  
5 recognized. **IF A MEMBER OF THE ASSOCIATION PASSES ON ANY PORTION OF**  
6 **THE PREMIUM PAYABLE UNDER THIS SECTION TO AN INSURED, THE AMOUNT**  
7 **PASSED ON MUST EQUAL THE PORTION OF THE PREMIUM PAYABLE BY THE**  
8 **MEMBER UNDER THIS SECTION ATTRIBUTABLE TO THE CAR OR HISTORIC**  
9 **VEHICLE INSURED, INCLUDING ANY ADJUSTMENTS FOR EXCESSES OR**  
10 **DEFICIENCIES FROM A PREVIOUS PERIOD.**

11           (21) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an  
12 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**  
13 **DEPARTMENT** may visit the association at any time and examine any  
14 and all **OF** the association's affairs. **BEGINNING JULY 1, 2018, AND**  
15 **EVERY FIFTH YEAR AFTER 2018, THE DIRECTOR OF THE DEPARTMENT SHALL**  
16 **ENGAGE 1 OR MORE INDEPENDENT ACTUARIES TO EXAMINE THE AFFAIRS AND**  
17 **RECORDS OF THE ASSOCIATION RELATING TO PREMIUMS CHARGED TO MEMBERS**  
18 **OF THE ASSOCIATION UNDER SUBSECTION (7) (D), ADJUSTMENTS TO PREMIUMS**  
19 **FOR ANY EXCESSES OR DEFICIENCIES UNDER SUBSECTION (7) (D), AND ANY**  
20 **REBATES UNDER SUBSECTION (10) (D), DURING THE PREVIOUS 5 YEARS. THE**  
21 **ACTUARIAL EXAMINATION MUST BE CONDUCTED USING SOUND ACTUARIAL**  
22 **PRINCIPLES CONSISTENT WITH THE APPLICABLE STATEMENTS OF PRINCIPLES**  
23 **AND THE CODE OF PROFESSIONAL CONDUCT ADOPTED BY THE CASUALTY**  
24 **ACTUARIAL SOCIETY. BY DECEMBER 31, 2018 AND BY DECEMBER 31 OF EVERY**  
25 **FIFTH YEAR AFTER 2018, THE DIRECTOR OF THE DEPARTMENT SHALL REPORT**  
26 **TO THE GOVERNOR AND THE STANDING COMMITTEES OF THE SENATE AND HOUSE**  
27 **OF REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE ISSUES**

1 ON ALL OF THE FOLLOWING RELATING TO THE 5-YEAR PERIOD ENDING ON THE  
2 PREVIOUS JUNE 30:

3 (A) THE ASSOCIATION'S COMPLIANCE WITH THE REQUIREMENTS OF THIS  
4 SECTION AND ITS PLAN OF OPERATION RELATING TO THE ASSOCIATION'S  
5 CALCULATION OF PREMIUMS CHARGED UNDER SUBSECTION (7) (D), INCLUDING  
6 ANY ADJUSTMENTS FOR EXCESSES OR DEFICIENCIES FROM PREVIOUS PERIODS.

7 (B) THE EXPECTATIONS USED BY THE ASSOCIATION FOR MEDICAL COST  
8 INFLATION, ECONOMIC CONDITIONS, INVESTMENT RETURN, AND THE NUMBER  
9 OF CLAIMS PRESENTED TO THE ASSOCIATION.

10 (C) THE ASSOCIATION'S COMPLIANCE WITH SUBSECTION (10) (D).

11 (D) THE ASSOCIATION'S COMPLIANCE WITH SOUND ACTUARIAL  
12 PRINCIPLES CONSISTENT WITH THE APPLICABLE STATEMENTS OF PRINCIPLES  
13 AND THE CODE OF PROFESSIONAL CONDUCT ADOPTED BY THE CASUALTY  
14 ACTUARIAL SOCIETY IN DETERMINING PREMIUM CHARGES AND ANY  
15 ADJUSTMENTS FOR EXCESSES OR DEFICIENCIES FROM PRIOR PERIODS UNDER  
16 SUBSECTION (7) (D).

17 (E) THE EFFECT OF ANY REBATE UNDER SUBSECTION (10) (D) AND  
18 DISTRIBUTION UNDER SUBSECTION (24) ON THE ASSOCIATION'S ONGOING  
19 ABILITY TO PROVIDE AN EFFECTIVE REINSURANCE MECHANISM FOR PERSONAL  
20 PROTECTION INSURANCE BENEFITS BASED ON SOUND ACTUARIAL PRINCIPLES  
21 CONSISTENT WITH THE APPLICABLE STATEMENTS OF PRINCIPLES AND THE  
22 CODE OF PROFESSIONAL CONDUCT ADOPTED BY THE CASUALTY ACTUARIAL  
23 SOCIETY.

24 (22) IF THE ACTUARIAL EXAMINATION UNDER SUBSECTION (21) SHOWS  
25 THAT THE ASSETS OF THE ASSOCIATION EXCEED 120% OF ITS LIABILITIES,  
26 INCLUDING INCURRED BUT NOT REPORTED LIABILITIES, THE DIRECTOR OF  
27 THE DEPARTMENT SHALL ORDER THE ASSOCIATION TO REBATE AN AMOUNT

1 EQUAL TO THE DIFFERENCE BETWEEN THE TOTAL EXCESS AND 120% OF THE  
2 LIABILITIES OF THE ASSOCIATION, INCLUDING INCURRED BUT NOT REPORTED  
3 LIABILITIES, UNDER SUBSECTION (10) (D) AND ORDER THE MEMBERS OF THE  
4 ASSOCIATION TO DISTRIBUTE THE REBATES UNDER SUBSECTION (24) .

5 (23) WITHIN 30 DAYS AFTER RECEIVING AN ORDER FROM THE DIRECTOR  
6 OF THE DEPARTMENT UNDER SUBSECTION (22) , THE ASSOCIATION MAY  
7 REQUEST A HEARING TO REVIEW THE ORDER BY FILING A WRITTEN REQUEST  
8 WITH THE DIRECTOR OF THE DEPARTMENT. THE DEPARTMENT SHALL CONDUCT  
9 THE REVIEW AS A CONTESTED CASE UNDER THE ADMINISTRATIVE PROCEDURES  
10 ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328.

11 (24) A MEMBER OF THE ASSOCIATION SHALL DISTRIBUTE ANY REBATE  
12 IT RECEIVES UNDER SUBSECTION (10) (D) TO THE PERSONS THAT IT INSURES  
13 UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER SECTION  
14 3101(1) OR 3103(1) , OR BOTH, AND THAT ARE SUBJECT TO A PREMIUM  
15 UNDER THIS SECTION ON A UNIFORM BASIS PER CAR AND HISTORIC VEHICLE  
16 IN A MANNER AND ON THE DATE OR DATES PROVIDED BY THE DIRECTOR OF  
17 THE DEPARTMENT IN ACCORDANCE WITH AN ORDER ISSUED BY THE DIRECTOR.  
18 A REBATE ATTRIBUTABLE TO A HISTORIC VEHICLE MUST BE EQUAL TO 20% OF  
19 THE REBATE FOR A CAR THAT IS NOT A HISTORIC VEHICLE.

20 (25) ~~(24)~~—The association does not have liability for losses  
21 occurring before July 1, 1978. AFTER JUNE 30, 2018, THE ASSOCIATION  
22 DOES NOT HAVE LIABILITY FOR AN ULTIMATE LOSS UNDER PERSONAL  
23 PROTECTION INSURANCE COVERAGE FOR A MOTOR VEHICLE ACCIDENT POLICY  
24 IF A COVERAGE LIMIT UNDER SECTION 3109A(2) (A) OR (B) IS EFFECTIVE  
25 FOR THE POLICY AT THE TIME OF THE ULTIMATE LOSS. AN ULTIMATE LOSS  
26 IS INCURRED BY THE ASSOCIATION ON THE DATE THAT THE ULTIMATE LOSS  
27 OCCURS.

1           (26) FOR PURPOSES OF THIS SECTION, THE DATE THAT A MOTOR  
2 VEHICLE ACCIDENT POLICY IS ISSUED OR RENEWED IS THE EFFECTIVE DATE  
3 OF PERSONAL PROTECTION INSURANCE COVERAGE UNDER THE POLICY.

4           (27) ~~(25)~~As used in this section:

5           (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION  
6 CREATED IN SUBSECTION (1).

7           (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION  
8 CREATED IN SUBSECTION (9).

9           (C) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A  
10 HISTORIC VEHICLE.

11           (D) ~~(a)~~"Consumer price index" means the percentage of change  
12 in the consumer price index for all urban consumers in the United  
13 States city average for all items for the 24 months ~~prior to~~**BEFORE**  
14 October 1 of the year ~~prior to~~**BEFORE** the July 1 effective date of  
15 the biennial adjustment under subsection ~~(2)(k)~~**(2)(N)** as reported  
16 by the United States ~~department of labor, bureau of labor~~  
17 ~~statistics,~~**DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS,** and as  
18 certified by the ~~commissioner.~~**DIRECTOR OF THE DEPARTMENT.**

19           (E) "HISTORIC VEHICLE" MEANS A VEHICLE THAT IS A REGISTERED  
20 HISTORIC VEHICLE UNDER SECTION 803A OR 803P OF THE MICHIGAN VEHICLE  
21 CODE, 1949 PA 300, MCL 257.803A AND 257.803P.

22           (F) ~~(b)~~"Motor vehicle accident policy" means a policy  
23 providing the coverages required under section 3101(1).

24 ~~——(c) "Ultimate loss" means the actual loss amounts that a~~  
25 ~~member is obligated to pay and that are paid or payable by the~~  
26 ~~member, and do not include claim expenses. An ultimate loss is~~  
27 ~~incurred by the association on the date that the loss occurs.~~

1           Sec. 3107. (1) Except as provided in ~~subsection (2)~~, **THIS**  
2 **SECTION AND SECTIONS 3107A TO 3107C**, personal protection insurance  
3 benefits are payable for the following:

4           (a) Allowable expenses consisting of all reasonable charges  
5 incurred, **UP TO ANY COVERAGE LIMIT APPLICABLE UNDER THIS SECTION OR**  
6 **SECTION 3109A**, for reasonably necessary products, services and  
7 accommodations for an injured person's care, recovery, or  
8 rehabilitation. Allowable expenses within personal protection  
9 insurance coverage ~~shall~~ **DO** not include ~~either~~ **ANY** of the  
10 following:

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

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

17           **(iii) A CHARGE THAT IS NOT RELATED TO OR NECESSITATED BY THE**  
18 **INJURY COVERED BY THE PERSONAL PROTECTION BENEFITS.**

19           (b) Work loss consisting of loss of income from work an  
20 injured person would have performed during the first 3 years after  
21 the date of the accident if he or she had not been injured. Work  
22 loss does not include any loss after the date on which the injured  
23 person dies. Because the benefits received from personal protection  
24 insurance for loss of income are not taxable income, the benefits  
25 payable for ~~such~~ loss of income ~~shall~~ **MUST** be reduced 15% unless  
26 the claimant presents to the insurer in support of his or her claim  
27 reasonable proof of a lower value of the income tax advantage in

1 his or her case, in which case the lower value ~~shall apply.~~ **MUST BE**  
2 **APPLIED.** For the period beginning October 1, 2012 through September  
3 30, 2013, the benefits payable for work loss sustained in a single  
4 30-day period and the income earned by an injured person for work  
5 during the same period together ~~shall~~ **MUST** not exceed \$5,189.00,  
6 which maximum ~~shall apply~~ **MUST BE APPLIED** pro rata to any lesser  
7 period of work loss. Beginning October 1, 2013, the maximum ~~shall~~  
8 **MUST** be adjusted annually to reflect changes in the cost of living  
9 under rules prescribed by the ~~commissioner~~ **DIRECTOR**, but any change  
10 in the maximum ~~shall apply~~ **APPLIES** only to benefits arising out of  
11 ~~accidents occurring subsequent to~~ **AN ACCIDENT THAT OCCURS AFTER** the  
12 date of change in the maximum.

13 (c) Expenses not exceeding \$20.00 per day, reasonably incurred  
14 in obtaining ordinary and necessary services in lieu of those that,  
15 if he or she had not been injured, an injured person would have  
16 performed during the first 3 years after the date of the accident,  
17 not for income but for the benefit of himself or herself or of his  
18 or her dependent.

19 (2) ~~Both~~ **ALL** of the following apply to personal protection  
20 insurance benefits payable under subsection (1):

21 (a) A person who is 60 years of age or older and in the event  
22 of an accidental bodily injury would not be eligible to receive  
23 work loss benefits under subsection (1)(b) may waive coverage for  
24 work loss benefits by signing a waiver on a form provided by the  
25 insurer. An insurer shall offer a reduced premium rate to a person  
26 who waives coverage under this subsection for work loss benefits.  
27 Waiver of coverage for work loss benefits applies only to work loss

1 benefits payable to the person or persons who have signed the  
2 waiver form.

3 (b) An insurer ~~shall~~**IS** not ~~be~~ required to provide coverage  
4 for the medical use of marihuana or for expenses related to the  
5 medical use of marihuana.

6 (C) AN INSURER IS NOT REQUIRED TO PROVIDE COVERAGE FOR MORE  
7 THAN A CUMULATIVE 56 HOURS PER INJURED PERSON PER WEEK OF ATTENDANT  
8 CARE IN THE HOME IF THE ATTENDANT CARE IS PROVIDED DIRECTLY, OR  
9 INDIRECTLY THROUGH ANOTHER PERSON, BY ANY OF THE FOLLOWING:

10 (i) A RELATED PERSON OF THE INJURED PERSON.

11 (ii) A PERSON DOMICILED IN THE HOUSEHOLD OF THE INJURED  
12 PERSON.

13 (iii) A PERSON WITH WHOM THE INJURED PERSON HAD A BUSINESS OR  
14 SOCIAL RELATIONSHIP BEFORE THE INJURY.

15 (D) AN INSURER IS NOT REQUIRED TO PROVIDE COVERAGE FOR GROUND  
16 TRANSPORTATION SERVICES OTHER THAN AMBULANCE SERVICES DESCRIBED IN  
17 SUBDIVISION (E) IN AN AMOUNT THAT EXCEEDS 300% OF THE OPTIONAL  
18 STANDARD MILEAGE RATE PROVIDED BY THE INTERNAL REVENUE SERVICE FOR  
19 USE IN CALCULATING THE DEDUCTIBLE COST OF OPERATING AN AUTOMOBILE  
20 FOR MEDICAL CARE DESCRIBED IN SECTION 213 OF THE INTERNAL REVENUE  
21 CODE OF 1986, 26 USC 213. EVERY SECOND YEAR AFTER DECEMBER 31,  
22 2020, THE DIRECTOR SHALL REVIEW ANY CHANGES TO THE OPTIONAL  
23 STANDARD MILEAGE RATE PROVIDED BY THE INTERNAL REVENUE SERVICE FOR  
24 USE IN CALCULATING THE DEDUCTIBLE COST OF OPERATING AN AUTOMOBILE  
25 FOR MEDICAL CARE DESCRIBED IN SECTION 213 OF THE INTERNAL REVENUE  
26 CODE, 26 USC 213. IF THE DIRECTOR DETERMINES THAT THE CHANGES TO  
27 THE OPTIMAL STANDARD MILEAGE RATE PROVIDED BY THE INTERNAL REVENUE



1 SERVICE ARE REASONABLE AND APPROPRIATE FOR PURPOSES OF ASSURING  
2 AFFORDABLE AUTOMOBILE INSURANCE IN THIS STATE, THE CHANGES APPLY  
3 FOR PURPOSES OF THIS SUBDIVISION AND THE DIRECTOR SHALL ISSUE AN  
4 ORDER TO THAT EFFECT.

5 (E) AN INSURER IS NOT REQUIRED TO PROVIDE COVERAGE FOR  
6 AMBULANCE SERVICES, INCLUDING, BUT NOT LIMITED TO, AIR AMBULANCE  
7 SERVICES, IN AN AMOUNT THAT EXCEEDS THE AMOUNT THAT WOULD BE  
8 ALLOWABLE FOR THE AMBULANCE SERVICES UNDER THE AMBULANCE FEE  
9 SCHEDULE APPLICABLE TO AMBULANCE SERVICES UNDER PART B OF THE  
10 FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER TITLE XVIII OF THE  
11 SOCIAL SECURITY ACT, 42 USC 1395 TO 1395///. HOWEVER, IF THE  
12 AMBULANCE SERVICES ARE FOR AN EMERGENCY MEDICAL CONDITION OR  
13 RELATED EMERGENCY CARE, THE LIMITATION UNDER THIS SUBDIVISION IS  
14 125% OF THE AMOUNT THAT WOULD BE ALLOWABLE UNDER THE AMBULANCE FEE  
15 SCHEDULE. EVERY SECOND YEAR AFTER DECEMBER 31, 2020, THE DIRECTOR  
16 SHALL REVIEW ANY CHANGES TO AMOUNTS PAYABLE UNDER THE AMBULANCE FEE  
17 SCHEDULE APPLICABLE TO AMBULANCE SERVICES UNDER PART B OF THE  
18 FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER SUBCHAPTER XVIII OF THE  
19 SOCIAL SECURITY ACT, 42 USC 1395 TO 1395///. IF THE DIRECTOR  
20 DETERMINES THAT THE CHANGES TO AMOUNTS PAYABLE UNDER THE AMBULANCE  
21 FEE SCHEDULE APPLICABLE TO AMBULANCE SERVICES UNDER PART B ARE  
22 REASONABLE AND APPROPRIATE FOR PURPOSES OF ASSURING AFFORDABLE  
23 AUTOMOBILE INSURANCE IN THIS STATE, THE CHANGES APPLY FOR PURPOSES  
24 OF THIS SUBDIVISION AND THE DIRECTOR SHALL ISSUE AN ORDER TO THAT  
25 EFFECT.

26 (F) A CLAIM FOR GROUND TRANSPORTATION SERVICES OR AMBULANCE  
27 SERVICES MUST IDENTIFY THE PROVIDER OF THE SERVICES, EACH LOCATION

1 AT WHICH THE INJURED PERSON WAS PICKED UP BY THE PROVIDER, EACH  
2 LOCATION AT WHICH THE INJURED PERSON WAS DROPPED OFF BY THE  
3 PROVIDER, THE MILEAGE BETWEEN EACH LOCATION, AND THE TOTAL MILEAGE  
4 FOR EACH DAY IN WHICH A CLAIM FOR TRANSPORTATION OR AMBULANCE  
5 SERVICES IS MADE.

6 (3) WITH RESPECT TO PERSONAL PROTECTION INSURANCE BENEFITS FOR  
7 ATTENDANT CARE IN THE HOME, GROUND TRANSPORTATION SERVICES  
8 DESCRIBED IN SUBSECTION (2) (D), AND AMBULANCE SERVICES DESCRIBED IN  
9 SUBSECTION (2) (E), AN INSURER IS ONLY REQUIRED TO PAY REASONABLE  
10 CHARGES INCURRED FOR REASONABLY NECESSARY PRODUCTS, SERVICES, AND  
11 ACCOMMODATIONS FOR AN INJURED PERSON'S CARE, RECOVERY, OR  
12 REHABILITATION RELATED TO AND NECESSITATED BY THE INJURY COVERED BY  
13 THE PERSONAL PROTECTION INSURANCE BENEFITS, UP TO ANY COVERAGE  
14 LIMIT APPLICABLE UNDER SUBSECTION (2) OR SECTION 3109A.

15 (4) SUBSECTION (2) (C) DOES NOT PROHIBIT AN INSURER FROM PAYING  
16 PERSONAL PROTECTION INSURANCE BENEFITS FOR MORE THAN 56 HOURS PER  
17 WEEK OF ATTENDANT CARE PROVIDED IN THE HOME BY A PERSON DESCRIBED  
18 IN SUBSECTION (2) (C) (i) TO (iii).

19 SEC. 3107C. (1) FOR INSURANCE POLICIES ISSUED OR RENEWED AFTER  
20 JUNE 30, 2018, A QUALIFIED PERSON WHO IS AN INSURED PERSON UNDER  
21 THE POLICY IS NOT ENTITLED TO PERSONAL PROTECTION INSURANCE  
22 BENEFITS UNDER SECTION 3107(1) (A) UNLESS THE QUALIFIED PERSON  
23 AFFIRMATIVELY ELECTS TO PURCHASE PERSONAL PROTECTION INSURANCE  
24 BENEFITS COVERAGE UNDER THIS SECTION.

25 (2) FOR AUTOMOBILE INSURANCE POLICIES ISSUED OR RENEWED AFTER  
26 JUNE 30, 2018, EACH PERSON WHO IS 62 YEARS OF AGE OR OLDER SHALL  
27 COMPLETE A FORM, APPROVED BY THE DIRECTOR, TO CERTIFY WHETHER HE OR

1 SHE IS A QUALIFIED PERSON. THE FORM ALSO MUST DO ALL OF THE  
2 FOLLOWING:

3 (A) DISCLOSE IN A CONSPICUOUS MANNER THAT A QUALIFIED PERSON  
4 IS NOT OBLIGATED TO PURCHASE PERSONAL PROTECTION INSURANCE COVERAGE  
5 FOR THE QUALIFIED PERSON.

6 (B) STATE, IN A CONSPICUOUS MANNER, THE BENEFITS AND RISKS  
7 ASSOCIATED WITH EACH COVERAGE OPTION AVAILABLE TO A QUALIFIED  
8 PERSON UNDER THIS SECTION, INCLUDING THE OPTION TO NOT PURCHASE  
9 PERSONAL PROTECTION BENEFITS AND THE OPTIONS AVAILABLE UNDER  
10 SECTION 3109A(2).

11 (C) IF THE PERSON IS A QUALIFIED PERSON, PROVIDE A LINE FOR  
12 THE QUALIFIED PERSON TO SIGN, ACKNOWLEDGING THAT HE OR SHE HAS READ  
13 THE FORM AND UNDERSTANDS THE OPTIONS AVAILABLE TO HIM OR HER.

14 (D) PROVIDE THE QUALIFIED PERSON THE OPTION TO PURCHASE  
15 PERSONAL PROTECTION INSURANCE BENEFITS FOR THE QUALIFIED PERSON  
16 NOTWITHSTANDING HIS OR HER STATUS AS A QUALIFIED PERSON.

17 (3) A QUALIFIED PERSON WHO OPTS TO PURCHASE PERSONAL  
18 PROTECTION INSURANCE UNDER THIS SECTION SHALL SELECT A COVERAGE  
19 LEVEL UNDER SECTION 3109A(2). IF A QUALIFIED PERSON DOES NOT OPT TO  
20 PURCHASE PERSONAL PROTECTION INSURANCE BENEFITS FOR THE QUALIFIED  
21 PERSON, THE AUTOMOBILE INSURANCE POLICY MUST INCLUDE PERSONAL  
22 PROTECTION INSURANCE PAYABLE UNDER THE POLICY ONLY FOR OTHER  
23 PERSONS WHO HAVE A RIGHT TO CLAIM PERSONAL PROTECTION INSURANCE  
24 BENEFITS UNDER THE POLICY UP TO THE COVERAGE LIMITS UNDER SECTION  
25 3109A(2) (A) AND NOT FOR THE QUALIFIED PERSON.

26 (4) AN INSURER SHALL OFFER A REDUCED AUTOMOBILE INSURANCE  
27 PREMIUM RATE FOR ANY AUTOMOBILE INSURANCE POLICY THAT EXCLUDES

1 PERSONAL PROTECTION INSURANCE COVERAGE FOR A QUALIFIED PERSON UNDER  
2 THIS SECTION.

3 (5) IF AN INSURED IS 62 YEARS OF AGE OR OLDER AND DOES NOT  
4 PROVIDE AN INSURER WITH THE FORM REQUIRED BY THIS SECTION, THE  
5 INSURED SHALL PURCHASE AUTOMOBILE INSURANCE WITH PERSONAL  
6 PROTECTION INSURANCE COVERAGE AS OTHERWISE PROVIDED UNDER THIS  
7 CHAPTER.

8 (6) IF A QUALIFIED PERSON PROVIDES THE CERTIFICATION REQUIRED  
9 UNDER THIS SECTION TO AN INSURER AND DOES NOT OPT TO PURCHASE  
10 PERSONAL PROTECTION INSURANCE BENEFITS IN COMPLIANCE WITH THIS  
11 SECTION, THE INSURER IS DISCHARGED FROM ANY LIABILITY FOR PERSONAL  
12 PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER FOR THE QUALIFIED  
13 PERSON.

14 (7) AS USED IN THIS SECTION:

15 (A) "QUALIFIED HEALTH COVERAGE" MEANS HEALTH INSURANCE OR  
16 HEALTH BENEFITS THAT SATISFY BOTH OF THE FOLLOWING REQUIREMENTS:

17 (i) THE HEALTH INSURANCE OR HEALTH BENEFITS ARE PROVIDED UNDER  
18 A PRIVATE OR PUBLIC RETIREMENT PROGRAM FOR THE REMAINDER OF THE  
19 QUALIFIED PERSON'S LIFE.

20 (ii) COVERAGE IS INCLUDED FOR ACCIDENTAL BODILY INJURY ARISING  
21 OUT OF THE OWNERSHIP, OPERATION, MAINTENANCE, OR USE OF A MOTOR  
22 VEHICLE AS A MOTOR VEHICLE.

23 (B) "QUALIFIED PERSON" MEANS A PERSON WHO IS 62 YEARS OF AGE  
24 OR OLDER WHO HAS QUALIFIED HEALTH COVERAGE.

25 Sec. 3109a. (1) An insurer providing personal protection  
26 insurance benefits under this chapter may offer, at appropriately  
27 reduced premium rates, deductibles and exclusions reasonably

1 related to other health and accident coverage on the insured. Any  
2 deductibles and exclusions offered under this section are subject  
3 to prior approval by the ~~commissioner~~**DIRECTOR** and shall ~~shall~~**MUST** apply  
4 only to benefits payable to the **INSURED** person named in the policy,  
5 the spouse of the insured **PERSON**, and any relative of either  
6 domiciled in the same household.

7           **(2) FOR AN INSURANCE POLICY THAT PROVIDES PERSONAL PROTECTION**  
8 **INSURANCE BENEFITS AND IS ISSUED OR RENEWED AFTER JUNE 30, 2018,**  
9 **THE INSURED PERSON NAMED IN THE POLICY SHALL, ON A FORM APPROVED BY**  
10 **THE DIRECTOR, SELECT 1 OF THE FOLLOWING COVERAGE LEVELS FOR THE**  
11 **PERSONAL PROTECTION INSURANCE BENEFITS:**

12           **(A) A LIMIT OF \$250,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE,**  
13 **CONSISTING OF BOTH OF THE FOLLOWING:**

14           **(i) UP TO \$225,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE FOR**  
15 **AN EMERGENCY MEDICAL CONDITION AND RELATED EMERGENCY CARE ONLY.**

16           **(ii) UP TO \$25,000.00 PER INDIVIDUAL FOR ALL OTHER PERSONAL**  
17 **PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER.**

18           **(B) A LIMIT OF \$500,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE**  
19 **ON PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER.**

20           **(C) NO MAXIMUM LIMIT PER INDIVIDUAL PER LOSS OCCURRENCE ON**  
21 **PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER.**

22           **(3) ALL OF THE FOLLOWING APPLY TO SUBSECTION (2):**

23           **(A) IF AN INSURED PERSON NAMED IN THE POLICY DOES NOT SELECT 1**  
24 **OF THE COVERAGE LEVELS ON A FORM APPROVED BY THE DIRECTOR UNDER**  
25 **SUBSECTION (2), NO MAXIMUM LIMIT ON PERSONAL PROTECTION INSURANCE**  
26 **BENEFITS UNDER THIS CHAPTER APPLIES UNDER THE POLICY. HOWEVER, IF**  
27 **AN INSURED PERSON NAMED IN THE POLICY HAS PREVIOUSLY SELECTED AS**

1 PROVIDED IN THIS SUBDIVISION 1 OF THE COVERAGE LEVELS UNDER  
2 SUBSECTION (2) AND DOES NOT, BEFORE RENEWAL OF THE POLICY, SELECT A  
3 DIFFERENT COVERAGE LEVEL IN WRITING ON A FORM APPROVED BY THE  
4 DIRECTOR, THE COVERAGE LEVEL APPLICABLE BEFORE THE RENEWAL APPLIES  
5 UNDER THE POLICY.

6 (B) IF THE INSURED PERSON NAMED IN THE POLICY SELECTS A  
7 COVERAGE LIMIT UNDER SUBSECTION (2) (A) OR (B), THE COVERAGE LIMIT  
8 UNDER SUBSECTION (2) (A) OR (B) APPLIES TO PERSONAL PROTECTION  
9 INSURANCE BENEFITS PAYABLE UNDER THE POLICY TO THE INSURED PERSON,  
10 THE INSURED PERSON'S SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE  
11 SAME HOUSEHOLD, AND ANY OTHER PERSON WITH A RIGHT TO CLAIM PERSONAL  
12 PROTECTION INSURANCE BENEFITS UNDER THE POLICY.

13 (C) IF THE INSURED PERSON NAMED IN THE POLICY DOES NOT SELECT  
14 A COVERAGE LIMIT UNDER SUBSECTION (2) (A) OR (B) FOR A POLICY, NO  
15 MAXIMUM LIMIT APPLIES TO PERSONAL PROTECTION INSURANCE BENEFITS  
16 PAYABLE UNDER THE POLICY TO THE INSURED PERSON, THE INSURED  
17 PERSON'S SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE SAME  
18 HOUSEHOLD, OR ANY OTHER RESIDENT OF THIS STATE WITH A RIGHT TO  
19 CLAIM PERSONAL PROTECTION BENEFITS UNDER THE POLICY. THE COVERAGE  
20 LIMIT UNDER SECTION 3163(4) APPLIES TO A NONRESIDENT OF THIS STATE  
21 WITH A RIGHT TO CLAIM PERSONAL PROTECTION BENEFITS UNDER THE POLICY  
22 IF THE NONRESIDENT IS NOT THE INSURED NAMED IN THE POLICY, THE  
23 INSURED PERSON'S SPOUSE, OR A RELATIVE OF EITHER DOMICILED IN THE  
24 SAME HOUSEHOLD.

25 (D) IF THE COVERAGE LIMIT UNDER SUBSECTION (2) (A) OR (B) OR  
26 SECTION 3163(4) APPLIES TO A PERSON CLAIMING PERSONAL PROTECTION  
27 INSURANCE BENEFITS, THE COVERAGE LIMIT APPLIES ON A PER OCCURRENCE

1 PER LOSS BASIS NOTWITHSTANDING THE NUMBER OF POLICIES APPLICABLE TO  
2 THE OCCURRENCE OR THE LOSS.

3 (E) OTHER LIMITS ON PERSONAL PROTECTION INSURANCE BENEFITS  
4 PROVIDED IN THIS CHAPTER, INCLUDING, BUT NOT LIMITED TO, LIMITS  
5 UNDER SECTION 3163, CONTINUE TO APPLY TO PERSONAL PROTECTION  
6 INSURANCE BENEFITS COVERAGE NOTWITHSTANDING THE APPLICABILITY OF A  
7 COVERAGE LIMIT UNDER THIS SECTION.

8 (4) THE FORM REQUIRED UNDER SUBSECTION (2) MUST DO ALL OF THE  
9 FOLLOWING:

10 (A) STATE, IN A CONSPICUOUS MANNER, THE BENEFITS AND RISKS  
11 ASSOCIATED WITH EACH COVERAGE OPTION AVAILABLE UNDER SUBSECTION  
12 (2).

13 (B) PROVIDE A LINE FOR THE INSURED PERSON TO SIGN,  
14 ACKNOWLEDGING THAT HE OR SHE HAS READ THE FORM AND UNDERSTANDS THE  
15 OPTIONS AVAILABLE TO HIM OR HER.

16 (C) ALLOW THE INSURED PERSON TO MAKE THE SELECTION OF COVERAGE  
17 LEVEL UNDER SUBSECTION (2).

18 (5) AN INSURED PERSON WHO IS A QUALIFIED PERSON UNDER SECTION  
19 3107C SHALL COMPLETE A FORM AS REQUIRED UNDER SECTION 3107C AND NOT  
20 COMPLETE A FORM DESCRIBED IN SUBSECTION (4).

21 (6) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS  
22 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF BOTH THE PERSONAL  
23 PROTECTION INSURANCE COVERAGE UNDER THE POLICY AND THE COVERAGE  
24 LEVEL APPLICABLE UNDER THIS SECTION.

25 Sec. 3113. A person is not entitled to be paid personal  
26 protection insurance benefits for accidental bodily injury if at  
27 the time of the accident any of the following circumstances

1 existed:

2 (a) The person was willingly operating or willingly using a  
3 motor vehicle or motorcycle that was taken unlawfully, and the  
4 person knew or should have known that the motor vehicle or  
5 motorcycle was taken unlawfully.

6 (b) The person was the owner or registrant of a motor vehicle  
7 or motorcycle involved in the accident with respect to which the  
8 security required by section 3101 or 3103 was not in effect.

9 (c) The person was not a resident of this state, was an  
10 occupant of a motor vehicle or motorcycle not registered in this  
11 state, and the motor vehicle or motorcycle was not insured by an  
12 insurer that has filed a certification in compliance with section  
13 3163.

14 (d) The person was operating a motor vehicle or motorcycle as  
15 to which he or she was named as an excluded operator as allowed  
16 under section 3009(2).

17 (e) The person was the owner or operator of a motor vehicle  
18 for which coverage was excluded under a policy exclusion authorized  
19 under section 3017.

20 **(F) THE PERSON WAS A QUALIFIED PERSON WHO DID NOT PURCHASE**  
21 **PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION 3107C.**

22 Sec. 3114. (1) Except as provided in subsections (2), (3), and  
23 (5), a personal protection insurance policy described in section  
24 3101(1) applies to accidental bodily injury to the person named in  
25 the policy, the person's spouse, and a relative of either domiciled  
26 in the same household, if the injury arises from a motor vehicle  
27 accident. A personal injury insurance policy described in section



1 3103(2) applies to accidental bodily injury to the person named in  
2 the policy, the person's spouse, and a relative of either domiciled  
3 in the same household, if the injury arises from a motorcycle  
4 accident. If personal protection insurance benefits or personal  
5 injury benefits described in section 3103(2) are payable to or for  
6 the benefit of an injured person under his or her own policy and  
7 would also be payable under the policy of his or her spouse,  
8 relative, or relative's spouse, the injured person's insurer shall  
9 pay all of the benefits and is not entitled to recoupment from the  
10 other insurer. **EXCEPT AS PROVIDED IN SECTION 3107C, A COVERAGE  
11 LIMIT APPLICABLE TO A PERSONAL PROTECTION INSURANCE POLICY UNDER  
12 SECTION 3109A(2) APPLIES TO PERSONAL PROTECTION INSURANCE BENEFITS  
13 PAYABLE FOR ACCIDENTAL BODILY INJURY TO THE PERSON NAMED IN THE  
14 POLICY, THE PERSON'S SPOUSE, AND A RELATIVE OF EITHER DOMICILED IN  
15 THE SAME HOUSEHOLD, IF THE INJURY ARISES FROM A MOTOR VEHICLE  
16 ACCIDENT.**

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

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

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

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

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

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

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

9 (g) A transportation network company vehicle.

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

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

21 (a) The insurer of the owner or registrant of the vehicle  
22 occupied.

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

24 (5) A person suffering accidental bodily injury arising from a  
25 motor vehicle accident that shows evidence of the involvement of a  
26 motor vehicle while an operator or passenger of a motorcycle shall  
27 claim personal protection insurance benefits from insurers in the

1 following order of priority:

2 (a) The insurer of the owner or registrant of the motor  
3 vehicle involved in the accident, **SUBJECT TO THE APPLICABLE**  
4 **COVERAGE LEVEL FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER**  
5 **SECTION 3109A(2)** .

6 (b) The insurer of the operator of the motor vehicle involved  
7 in the accident, **SUBJECT TO THE APPLICABLE COVERAGE LEVEL FOR**  
8 **PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION 3109A(2)** .

9 (c) The motor vehicle insurer of the operator of the  
10 motorcycle involved in the accident.

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

13 (6) If 2 or more insurers are in the same order of priority to  
14 provide personal protection insurance benefits under subsection  
15 (5), an insurer paying benefits due is entitled to partial  
16 recoupment from the other insurers in the same order of priority,  
17 and a reasonable amount of partial recoupment of the expense of  
18 processing the claim, in order to accomplish equitable distribution  
19 of the loss among all of the insurers, **SUBJECT TO THE APPLICABLE**  
20 **COVERAGE LEVEL FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER**  
21 **SECTION 3109A(2)** .

22 (7) **NOTWITHSTANDING ANYTHING IN THIS CHAPTER TO THE CONTRARY,**  
23 **A COVERAGE LIMIT UNDER SECTION 3109A(2) OR SECTION 3163(4) APPLIES**  
24 **ON A PER OCCURRENCE PER LOSS BASIS NOTWITHSTANDING THE NUMBER OF**  
25 **POLICIES APPLICABLE TO THE OCCURRENCE OR THE LOSS.**

26 (8) ~~(7)~~—As used in this section:

27 (a) "Personal vehicle", "prearranged ride", and

1 "transportation network company digital network" mean those terms  
2 as defined in section 2 of the limousine, taxicab, and  
3 transportation network company act, **2016 PA 345, MCL 257.2102.**

4 (b) "Transportation network company vehicle" means a personal  
5 vehicle while the driver is logged on to the transportation network  
6 company digital network or while the driver is engaged in a  
7 prearranged ride.

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

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

15 (a) The issues of whether the injured person has suffered  
16 serious impairment of body function or permanent serious  
17 disfigurement are questions of law for the court if the court finds  
18 either of the following:

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

21 (ii) There is a factual dispute concerning the nature and  
22 extent of the person's injuries, but the dispute is not material to  
23 the determination whether the person has suffered a serious  
24 impairment of body function or permanent serious disfigurement.  
25 However, for a closed-head injury, a question of fact for the jury  
26 is created if a licensed allopathic or osteopathic physician who  
27 regularly diagnoses or treats closed-head injuries testifies under

1 oath that there may be a serious neurological injury.

2 (b) Damages ~~shall~~**MUST** be assessed on the basis of comparative  
3 fault, except that damages ~~shall~~**MUST** not be assessed in favor of a  
4 party who is more than 50% at fault.

5 (c) Damages ~~shall~~**MUST** not be assessed in favor of a party who  
6 was operating his or her own vehicle at the time the injury  
7 occurred and did not have in effect for that motor vehicle the  
8 security required by section 3101 at the time the injury occurred.

9 **(D) THE ISSUE OF WHETHER AN IMPAIRMENT IS AN IMPAIRMENT OF AN**  
10 **IMPORTANT BODY FUNCTION IS AN INHERENTLY SUBJECTIVE INQUIRY THAT**  
11 **MUST BE DECIDED ON A CASE-BY-CASE BASIS.**

12 **(E) THE ISSUE OF WHETHER AN IMPAIRMENT AFFECTS AN INJURED**  
13 **PERSON'S GENERAL ABILITY TO LEAD HIS OR HER NORMAL LIFE IS A**  
14 **SUBJECTIVE, PERSON- AND FACT-SPECIFIC INQUIRY THAT MUST BE DECIDED**  
15 **ON A CASE-BY-CASE BASIS AND REQUIRES A COMPARISON OF THE INJURED**  
16 **PERSON'S LIFE BEFORE AND AFTER THE INJURED PERSON'S INJURY.**

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

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

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

3 (c) Damages for ~~allowable expenses,~~ work loss ~~,~~ and survivor's  
4 loss ~~as defined in~~ **UNDER** sections 3107 to 3110 in excess of the  
5 daily, monthly, and 3-year limitations contained in those sections.  
6 The party liable for damages is entitled to an exemption reducing  
7 his or her liability by the amount of taxes that would have been  
8 payable on account of income the injured person would have received  
9 if he or she had not been injured.

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

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

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

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

26 (b) Liability is not a component of residual liability, as  
27 prescribed in section 3131, for which maintenance of security is

1 required by this act.

2 (c) The action ~~shall~~**MUST** be commenced, whenever legally  
3 possible, in the small claims division of the district court or the  
4 municipal court. If the defendant or plaintiff removes the action  
5 to a higher court and does not prevail, the judge may assess costs.

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

9 (e) Damages ~~shall~~**MUST** not be assessed if the damaged motor  
10 vehicle was being operated at the time of the damage without the  
11 security required by section 3101.

12 (5) As used in this section, "serious impairment of body  
13 function" means an **IMPAIRMENT THAT SATISFIES ALL OF THE FOLLOWING**  
14 **REQUIREMENTS:**

15 (A) **IT IS** objectively manifested, **MEANING IT IS OBSERVABLE OR**  
16 **PERCEIVABLE FROM ACTUAL SYMPTOMS OR CONDITIONS BY SOMEONE OTHER**  
17 **THAN THE INJURED PERSON.**

18 (B) **IT IS AN** impairment of an important body function, ~~that~~  
19 **WHICH IS A BODY FUNCTION OF GREAT VALUE, SIGNIFICANCE, OR**  
20 **CONSEQUENCE TO THE INJURED PERSON.**

21 (C) **IT** affects the **INJURED** person's general ability to lead  
22 his or her normal life, **MEANING IT INFLUENCES THE INJURED PERSON'S**  
23 **POWER, SKILL, OR CAPACITY TO LIVE OR PASS LIFE IN HIS OR HER NORMAL**  
24 **MANNER OF LIVING.**

25 Sec. 3142. (1) ~~Personal~~**SUBJECT TO SUBSECTION 3157, PERSONAL**  
26 protection insurance benefits are payable as loss accrues.

27 (2) Personal protection insurance benefits are overdue if not

1 paid within 30 days after an insurer receives reasonable proof of  
2 the fact and of the amount of loss sustained **AND ANY APPLICABLE**  
3 **REQUIREMENT UNDER SECTION 3157 IS SATISFIED.** If **ANY APPLICABLE**  
4 **REQUIREMENT UNDER SECTION 3157 IS SATISFIED BUT** reasonable proof is  
5 not supplied as to the entire claim, the amount supported by  
6 reasonable proof is overdue if not paid within 30 days after the  
7 proof is received by the insurer. Any part of the remainder of the  
8 claim that is later supported by reasonable proof is overdue if not  
9 paid within 30 days after the proof is received by the insurer. For  
10 the purpose of calculating the extent to which benefits are  
11 overdue, payment ~~shall~~**MUST** be treated as made on the date a draft  
12 or other valid instrument was placed in the United States mail in a  
13 properly addressed, postpaid envelope, or, if not so posted, on the  
14 date of delivery.

15 (3) An overdue payment bears simple interest at the rate of  
16 12% per annum.

17 **(4) A PAYMENT IS NOT OVERDUE IF THE INSURER HAS REASONABLE**  
18 **PROOF THAT THE INSURER IS NOT RESPONSIBLE FOR THE PAYMENT.**

19 Sec. 3148. (1) ~~An~~**SUBJECT TO SUBSECTIONS (5) AND (6), AN**  
20 attorney ~~is entitled to~~**MAY BE AWARDED** a reasonable fee for  
21 advising and representing a claimant in an action for personal or  
22 property protection insurance benefits ~~which~~**THAT** are overdue. The  
23 attorney's fee ~~shall be~~**IS** a charge against the insurer in addition  
24 to the benefits recovered, if the court finds that the insurer  
25 unreasonably refused to pay the claim or unreasonably delayed in  
26 making proper payment. **AN ATTORNEY ADVISING OR REPRESENTING AN**  
27 **INJURED PERSON CONCERNING A CLAIM FOR PAYMENT OF PERSONAL**



1 PROTECTION INSURANCE BENEFITS FROM AN INSURER SHALL NOT CLAIM,  
 2 FILE, OR SERVE A LIEN FOR PAYMENT OF A FEE OR FEES UNTIL ALL OF THE  
 3 FOLLOWING APPLY:

4 (A) A PAYMENT FOR THE CLAIM IS AUTHORIZED UNDER THIS CHAPTER.

5 (B) A PAYMENT FOR THE CLAIM IS OVERDUE UNDER THIS CHAPTER.

6 (C) THE ATTORNEY NOTIFIES THE RESIDENT AGENT OF THE INSURER IN  
 7 WRITING THAT THE PAYMENT FOR THE CLAIM IS OVERDUE UNDER THIS  
 8 CHAPTER.

9 (D) WITHIN 30 DAYS AFTER THE INSURER RECEIVES THE NOTICE UNDER  
 10 SUBDIVISION (C), THE INSURER DOES NOT EITHER PROVIDE REASONABLE  
 11 PROOF THAT THE INSURER IS NOT RESPONSIBLE FOR THE PAYMENT OR TAKE  
 12 REMEDIAL ACTION.

13 (2) IF AN ATTORNEY CLAIMS, FILES, SERVES, OR ENFORCES A LIEN  
 14 IN A MANNER PROHIBITED BY SUBSECTION (1), AN INSURER OR OTHER  
 15 PERSON AGGRIEVED BY THE LIEN IS ENTITLED TO COURT COSTS AND  
 16 REASONABLE ATTORNEY FEES RELATED TO OPPOSITION OF THE IMPOSITION OF  
 17 THE LIEN.

18 (3) ~~(2) An~~ A COURT MAY AWARD AN insurer may be allowed by a  
 19 court an award of a reasonable sum AMOUNT against a claimant as an  
 20 attorney's ATTORNEY fee for the insurer's attorney in defense  
 21 DEFENDING against a ANY OF THE FOLLOWING:

22 (A) A claim that was in some respect fraudulent or so  
 23 excessive as to have no reasonable foundation.

24 (B) A CLAIM FOR BENEFITS FOR A TREATMENT, PRODUCT, SERVICE,  
 25 REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION THAT WAS NOT  
 26 MEDICALLY NECESSARY OR THAT WAS FOR AN EXCESSIVE AMOUNT.

27 (C) A CLAIM FOR WHICH THE CLIENT WAS SOLICITED BY THE ATTORNEY

1 IN VIOLATION OF THE LAW OF THIS STATE OR THE MICHIGAN RULES OF  
2 PROFESSIONAL CONDUCT.

3 (4) To the extent that personal or property protection  
4 insurance benefits are then due or thereafter come due to the  
5 claimant because of loss resulting from the injury on which the  
6 claim is based, ~~such a~~ **AN ATTORNEY** fee **AWARDED IN FAVOR OF THE**  
7 **INSURER** may be ~~treated~~ **TAKEN** as an offset against ~~such~~ **THE**  
8 benefits. ~~;~~ ~~also,~~ ~~judgment~~ **JUDGMENT** may **ALSO** be entered against the  
9 claimant for any amount of a ~~a~~ **AN ATTORNEY** fee awarded ~~against him~~  
10 ~~and~~ **THAT IS** not offset ~~in this way~~ **AGAINST BENEFITS** or otherwise  
11 paid.

12 (5) **FOR A DISPUTE OVER PAYMENT FOR ALLOWABLE EXPENSES UNDER**  
13 **SECTION 3107(1) (A) FOR ATTENDANT CARE OR NURSING SERVICES, ATTORNEY**  
14 **FEES MAY BE AWARDED IN RELATION TO EXPENSES RECOVERED FOR THE 12**  
15 **MONTHS PRECEDING THE DATE THE INSURER IS NOTIFIED OF THE DISPUTE.**  
16 **ATTORNEY FEES MUST NOT BE AWARDED IN RELATION TO EXPENSES PAID**  
17 **AFTER THE DATE THE INSURER IS NOTIFIED OF THE DISPUTE, INCLUDING**  
18 **ANY FUTURE PAYMENTS ORDERED AFTER THE JUDGMENT IS ENTERED.**

19 (6) **A COURT SHALL NOT AWARD A FEE TO AN ATTORNEY FOR ADVISING**  
20 **OR REPRESENTING A CLAIMANT IN AN ACTION FOR PERSONAL OR PROPERTY**  
21 **PROTECTION INSURANCE BENEFITS FOR A TREATMENT, PRODUCT, SERVICE,**  
22 **REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION PROVIDED TO**  
23 **THE CLAIMANT IF THE ATTORNEY OR A RELATED PERSON OF THE ATTORNEY**  
24 **HAS, OR HAD AT THE TIME THE TREATMENT, PRODUCT, SERVICE,**  
25 **REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION WAS**  
26 **PROVIDED, A DIRECT OR INDIRECT FINANCIAL INTEREST IN THE PERSON**  
27 **THAT PROVIDED THE TREATMENT, PRODUCT, SERVICE, REHABILITATIVE**

1 OCCUPATIONAL TRAINING, OR ACCOMMODATION. FOR PURPOSES OF THIS  
2 SUBSECTION, A DIRECT OR INDIRECT FINANCIAL INTEREST EXISTS IF THE  
3 PERSON THAT PROVIDED THE TREATMENT, PRODUCT, SERVICE,  
4 REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION MAKES A  
5 DIRECT OR INDIRECT PAYMENT OR GRANTS A FINANCIAL INCENTIVE TO THE  
6 ATTORNEY OR A RELATED PERSON OF THE ATTORNEY RELATING TO THE  
7 TREATMENT, PRODUCT, SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING,  
8 OR ACCOMMODATION WITHIN 24 MONTHS BEFORE OR AFTER THE TREATMENT,  
9 PRODUCT, SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING, OR  
10 ACCOMMODATION IS PROVIDED.

11 Sec. 3157. (1) ~~A~~SUBJECT TO SUBSECTIONS (2) TO (8), A  
12 physician, hospital, clinic, or other person or institution  
13 lawfully rendering treatment, **PRODUCTS, SERVICES, OR ACCOMMODATIONS**  
14 to an injured person for an accidental bodily injury covered by  
15 personal protection insurance, and a person or institution  
16 providing rehabilitative occupational training **TO THE INJURED**  
17 **PERSON** following the injury, may charge a reasonable amount for the  
18 **TREATMENT, TRAINING,** products, services, and accommodations  
19 rendered. The charge ~~shall~~**MUST** not exceed the amount the person or  
20 institution customarily charges for like **TREATMENT, TRAINING,**  
21 products, services, and accommodations in cases ~~not involving~~**THAT**  
22 **DO NOT INVOLVE PERSONAL PROTECTION** insurance. **A PHYSICIAN,**  
23 **HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION THAT RECEIVED**  
24 **PAYMENT OR REIMBURSEMENT OF THE AMOUNT AUTHORIZED UNDER THIS**  
25 **CHAPTER FOR A TREATMENT, TRAINING, PRODUCT, SERVICE, OR**  
26 **ACCOMMODATION OF AN INJURED PERSON FOR AN ACCIDENTAL BODILY INJURY**  
27 **COVERED BY PERSONAL PROTECTION INSURANCE SHALL NOT CHARGE OR BILL**

1 THE INJURED PERSON ANY REMAINING BALANCE OR OTHER ADDITIONAL AMOUNT  
2 FOR THE TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION.

3 (2) A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR  
4 INSTITUTION THAT RENDERS A TREATMENT, TRAINING, PRODUCT, SERVICE,  
5 OR ACCOMMODATION TO AN INJURED PERSON FOR AN ACCIDENTAL BODILY  
6 INJURY THAT IS AN EMERGENCY MEDICAL CONDITION OR RENDERING RELATED  
7 EMERGENCY CARE IS NOT ELIGIBLE FOR PAYMENT OR REIMBURSEMENT UNDER  
8 THIS CHAPTER OF MORE THAN 125% OF THE AMOUNT PAYABLE FOR THE  
9 TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION UNDER PART  
10 A, B, OR D OF THE FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER  
11 SUBCHAPTER XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO  
12 1395///. EXCEPT AS PROVIDED IN SUBSECTION (3), IN ALL OTHER  
13 CIRCUMSTANCES A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR  
14 INSTITUTION RENDERING A TREATMENT, PRODUCT, SERVICE, OR  
15 ACCOMMODATION TO AN INJURED PERSON FOR ACCIDENTAL BODILY INJURY  
16 COVERED BY PERSONAL PROTECTION INSURANCE, AND A PERSON OR  
17 INSTITUTION PROVIDING REHABILITATIVE OCCUPATIONAL TRAINING TO THE  
18 INJURED PERSON FOLLOWING THE INJURY, IS NOT ELIGIBLE FOR PAYMENT OR  
19 REIMBURSEMENT UNDER THIS CHAPTER FOR MORE THAN THE AMOUNT PAYABLE  
20 FOR THE TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION  
21 UNDER PART A, B, OR D OF THE FEDERAL MEDICARE PROGRAM ESTABLISHED  
22 UNDER SUBCHAPTER XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO  
23 1395///. EVERY YEAR AFTER DECEMBER 31, 2020, THE DIRECTOR SHALL  
24 REVIEW ANY CHANGES TO AMOUNTS PAYABLE UNDER PART A, B, OR D OF THE  
25 FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER SUBCHAPTER XVIII OF THE  
26 SOCIAL SECURITY ACT, 42 USC 1395 TO 1395///. IF THE DIRECTOR  
27 DETERMINES THAT THE CHANGES ARE REASONABLE AND APPROPRIATE FOR

1 PURPOSES OF ASSURING AFFORDABLE AUTOMOBILE INSURANCE IN THIS STATE,  
2 THE CHANGES APPLY FOR PURPOSES OF THIS SUBSECTION AND THE DIRECTOR  
3 SHALL ISSUE AN ORDER TO THAT EFFECT.

4 (3) IF PART A, B, OR D OF THE FEDERAL MEDICARE PROGRAM  
5 ESTABLISHED UNDER SUBCHAPTER XVIII OF THE SOCIAL SECURITY ACT, 42  
6 USC 1395 TO 1395///, DOES NOT PROVIDE AN AMOUNT PAYABLE FOR  
7 TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION RENDERED TO  
8 AN INJURED PERSON FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL  
9 PROTECTION INSURANCE OR REHABILITATIVE OCCUPATIONAL TRAINING TO THE  
10 INJURED PERSON FOLLOWING THE INJURY, THE PHYSICIAN, HOSPITAL,  
11 CLINIC, OR OTHER PERSON OR INSTITUTION THAT RENDERS THE TREATMENT,  
12 PRODUCT, SERVICE, OR ACCOMMODATION IS NOT ELIGIBLE FOR PAYMENT OR  
13 REIMBURSEMENT UNDER THIS CHAPTER OF MORE THAN THE AVERAGE AMOUNT  
14 ACCEPTED BY THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR  
15 INSTITUTION AS PAYMENT OR REIMBURSEMENT IN FULL FOR THE TREATMENT,  
16 TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION DURING THE PRECEDING  
17 CALENDAR YEAR IN CASES THAT DO NOT INVOLVE PERSONAL PROTECTION  
18 INSURANCE.

19 (4) BY RENDERING ANY TREATMENT, PRODUCTS, SERVICES, OR  
20 ACCOMMODATIONS TO 1 OR MORE INJURED PERSONS FOR AN ACCIDENTAL  
21 BODILY INJURY COVERED BY PERSONAL PROTECTION INSURANCE BENEFITS  
22 COVERAGE UNDER THIS CHAPTER AFTER THE EFFECTIVE DATE OF THE  
23 AMENDATORY ACT THAT ADDED THIS SUBSECTION, A PHYSICIAN, HOSPITAL,  
24 CLINIC, OR OTHER PERSON OR INSTITUTION IS CONSIDERED TO HAVE AGREED  
25 TO TIMELY SUBMIT TO AN INSURER, THE ASSOCIATION CREATED UNDER  
26 SECTION 3104, OR THE DEPARTMENT ALL INFORMATION RELATING TO A  
27 TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION PROVIDED TO AN

1 INJURED PERSON FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL  
2 PROTECTION INSURANCE AND RELATING TO AN AVERAGE AMOUNT ACCEPTED FOR  
3 THE TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION UNDER  
4 SUBSECTION (3), INCLUDING, BUT NOT LIMITED TO, ALL OF THE  
5 FOLLOWING:

6 (A) DIAGNOSES.

7 (B) SCANS AND X-RAYS.

8 (C) NOTES OF PHYSICIANS, NURSES, AND OTHER PROVIDERS.

9 (D) PROGRESS, PSYCHIATRIC, OR OTHER NOTES.

10 (E) PATIENT HISTORY AND PHYSICAL REPORTS.

11 (F) REPORTS AND RECORDS RELATING TO CONSULTATIONS, AUTOPSIES,  
12 OPERATIONS, LABORATORY WORK, SURGERIES, RECOVERY ROOM ACTIVITIES,  
13 AND ELECTROENCEPHALOGRAMS.

14 (G) INCIDENT, TRIAGE, AND PHARMACY REPORTS AND RECORDS.

15 (H) DOCUMENTATION RELATING TO THERAPY, INCLUDING, BUT NOT  
16 LIMITED TO, INTRAVENOUS THERAPY, OCCUPATIONAL OR PHYSICAL THERAPY,  
17 RESPIRATORY THERAPY, AND SPEECH THERAPY.

18 (I) DOCUMENTS RELATING TO BILLING AND FORMS AND DOCUMENTS  
19 RELATING TO THE COMPUTATION OF CHARGES AND BILLING, INCLUDING, BUT  
20 NOT LIMITED TO, FORM CMS-1450, FORM CMS-1500, AND FORM UB-04.

21 (J) A DETERMINATION OF AN EMERGENCY MEDICAL CONDITION OR  
22 RELATED EMERGENCY CARE.

23 (5) A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR  
24 INSTITUTION THAT RENDERS A TREATMENT, PRODUCT, SERVICE, OR  
25 ACCOMMODATION TO AN INJURED PERSON FOR ACCIDENTAL BODILY INJURY  
26 COVERED BY PERSONAL PROTECTION INSURANCE, AND A PERSON OR  
27 INSTITUTION THAT PROVIDES REHABILITATIVE OCCUPATIONAL TRAINING TO

1 THE INJURED PERSON FOLLOWING THE INJURY, IS NOT ELIGIBLE FOR  
2 PAYMENT OR REIMBURSEMENT UNDER THIS CHAPTER FOR ANY OF THE  
3 FOLLOWING:

4 (A) A REQUEST FOR PAYMENT FOR A TREATMENT, TRAINING, PRODUCT,  
5 SERVICE, OR ACCOMMODATION RENDERED IF THE REQUEST FOR PAYMENT IS  
6 BASED ON THE USE OF FALSE OR MISLEADING RECORDS OR INFORMATION.

7 (B) A TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION  
8 THAT IS NOT USUALLY ASSOCIATED WITH, IS MATERIALLY LONGER IN  
9 DURATION THAN, IS MATERIALLY MORE FREQUENT THAN, OR EXTENDS OVER A  
10 MATERIALLY GREATER NUMBER OF DAYS THAN THAT TREATMENT, TRAINING,  
11 PRODUCT, SERVICE, OR ACCOMMODATION USUALLY REQUIRED FOR A PATIENT  
12 WITH THE DIAGNOSIS OR CONDITION OF THE INJURED PERSON IF NO  
13 SPECIFIC WRITTEN JUSTIFICATION OF THE MEDICAL NECESSITY OF THAT  
14 TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION IS INCLUDED  
15 IN THE PATIENT RECORD FOR THE INJURED PERSON.

16 (C) A TREATMENT AS TO WHICH EVIDENCE PROVIDED TO THE  
17 PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION THAT  
18 RENDERS THE TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION TO AN  
19 INJURED PERSON FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL  
20 PROTECTION INSURANCE, OR TO THE PERSON OR INSTITUTION THAT PROVIDES  
21 REHABILITATIVE OCCUPATIONAL TRAINING TO THE INJURED PERSON,  
22 INDICATES THAT THE TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION  
23 WAS NOT MEDICALLY NECESSARY GIVEN THE PHYSICAL CAPABILITIES OF THE  
24 INJURED PERSON.

25 (6) IF A PERSON PAYS FOR OR REIMBURSES AN AMOUNT NOT  
26 AUTHORIZED UNDER SUBSECTION (5), THE PERSON MAY REQUEST A REFUND OF  
27 THE AMOUNT PAID. IF THE UNAUTHORIZED AMOUNT IS NOT REFUNDED WITHIN

1 30 DAYS, INTEREST ON THE AMOUNT REFUNDABLE MUST BE PAID TO THE  
2 PERSON AT THE RATE OF 1% OF THE AMOUNT OF THE REFUND OWED PER  
3 MONTH. IN A PROCEEDING TO RECOVER MONEY OWED UNDER THIS SUBSECTION,  
4 THE PERSON MAY RECOVER COURT COSTS AND ATTORNEY FEES INCURRED IN  
5 SEEKING PAYMENT OF THE MONEY OWED.

6 (7) IF AFTER A HEARING CONDUCTED UNDER RULES PROMULGATED UNDER  
7 THIS SUBSECTION THE DEPARTMENT DETERMINES THAT A PHYSICIAN,  
8 HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION THAT RENDERS A  
9 TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION TO AN INJURED PERSON  
10 FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION  
11 INSURANCE, OR A PERSON OR INSTITUTION THAT PROVIDES REHABILITATIVE  
12 OCCUPATIONAL TRAINING TO THE INJURED PERSON FOLLOWING THE INJURY,  
13 HAS ENGAGED IN A PATTERN OR PRACTICE OF CONDUCT IN VIOLATION OF  
14 THIS SECTION, THE DEPARTMENT MAY PROHIBIT THE PHYSICIAN, HOSPITAL,  
15 CLINIC, OR OTHER PERSON OR INSTITUTION FROM CHARGING AND RECEIVING  
16 A PAYMENT FOR ANY TREATMENT, TRAINING, PRODUCT, SERVICE, OR  
17 ACCOMMODATION UNDER THIS CHAPTER FOR A PERIOD OF TIME AND ALSO MAY  
18 ORDER A REFUND OF AMOUNTS RECEIVED IN VIOLATION OF THIS SECTION.  
19 THE DEPARTMENT SHALL PROMULGATE RULES TO IMPLEMENT THIS SECTION  
20 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL  
21 24.201 TO 24.328.

22 (8) THE LIMITATIONS IN THIS SECTION ONLY LIMIT THE AMOUNTS  
23 THAT A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION  
24 MAY BE PAID OR REIMBURSED FOR A TREATMENT, PRODUCT, SERVICE,  
25 ACCOMMODATION, OR REHABILITATIVE OR OCCUPATIONAL TRAINING. THE  
26 LIMITATIONS ARE NOT LIMITATIONS ON THE SCOPE OR DURATION OF CARE  
27 THAT AN INJURED PERSON MAY RECEIVE.



1           SEC. 3157A. (1) BY RENDERING ANY TREATMENT, PRODUCTS,  
2 SERVICES, OR ACCOMMODATIONS TO 1 OR MORE INJURED PERSONS FOR AN  
3 ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION INSURANCE  
4 UNDER THIS CHAPTER AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT  
5 THAT ADDED THIS SECTION, A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER  
6 PERSON IS CONSIDERED TO HAVE AGREED TO DO BOTH OF THE FOLLOWING:

7           (A) SUBMIT NECESSARY RECORDS AND OTHER INFORMATION CONCERNING  
8 TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS PROVIDED FOR  
9 UTILIZATION REVIEW UNDER THIS SECTION.

10          (B) COMPLY WITH ANY DECISION OF THE DEPARTMENT UNDER THIS  
11 SECTION.

12          (2) A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR  
13 INSTITUTION THAT KNOWINGLY SUBMITS FALSE OR MISLEADING RECORDS OR  
14 OTHER INFORMATION TO AN INSURER, THE ASSOCIATION CREATED UNDER  
15 SECTION 3104, OR THE DEPARTMENT UNDER THIS SECTION IS GUILTY OF A  
16 MISDEMEANOR PUNISHABLE BY IMPRISONMENT FOR NOT MORE THAN 1 YEAR OR  
17 A FINE OF NOT MORE THAN \$1,000.00, OR BOTH.

18          (3) THE DEPARTMENT SHALL PROMULGATE RULES UNDER THE  
19 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
20 24.328, TO DO BOTH OF THE FOLLOWING:

21          (A) ESTABLISH CRITERIA OR STANDARDS FOR UTILIZATION REVIEW  
22 THAT IDENTIFY UTILIZATION OF TREATMENT, PRODUCTS, SERVICES, OR  
23 ACCOMMODATIONS UNDER THIS CHAPTER ABOVE THE USUAL RANGE OF  
24 UTILIZATION FOR THE TREATMENT, PRODUCTS, SERVICES, OR  
25 ACCOMMODATIONS BASED ON MEDICALLY ACCEPTED STANDARDS.

26          (B) PROVIDE PROCEDURES RELATED TO UTILIZATION REVIEW,  
27 INCLUDING PROCEDURES FOR ALL OF THE FOLLOWING:

1           (i) ACQUIRING NECESSARY RECORDS, MEDICAL BILLS, AND OTHER  
2 INFORMATION CONCERNING THE TREATMENT, PRODUCTS, SERVICES, OR  
3 ACCOMMODATIONS PROVIDED.

4           (ii) ALLOWING AN INSURER TO REQUEST AN EXPLANATION FOR AND  
5 REQUIRING A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON TO EXPLAIN  
6 THE NECESSITY OR INDICATION FOR TREATMENT, PRODUCTS, SERVICES, OR  
7 ACCOMMODATIONS PROVIDED.

8           (iii) APPEALING DETERMINATIONS.

9           (4) IF A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON PROVIDES  
10 TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS UNDER THIS CHAPTER  
11 THAT ARE NOT USUALLY ASSOCIATED WITH, ARE LONGER IN DURATION THAN,  
12 ARE MORE FREQUENT THAN, OR EXTEND OVER A GREATER NUMBER OF DAYS  
13 THAN THE TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS USUALLY  
14 REQUIRE FOR THE DIAGNOSIS OR CONDITION FOR WHICH THE PATIENT IS  
15 BEING TREATED, THE INSURER OR THE ASSOCIATION CREATED UNDER SECTION  
16 3104 MAY REQUIRE THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON  
17 TO EXPLAIN THE NECESSITY OR INDICATION FOR THE TREATMENT, PRODUCTS,  
18 SERVICES, OR ACCOMMODATIONS IN WRITING UNDER THE PROCEDURES  
19 PROVIDED UNDER SUBSECTION (3).

20           (5) IF AN INSURER OR THE ASSOCIATION CREATED UNDER SECTION  
21 3104 DETERMINES THAT A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON  
22 IMPROPERLY OVERUTILIZED OR OTHERWISE RENDERED OR ORDERED  
23 INAPPROPRIATE TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS, OR  
24 THAT THE COST OF THE TREATMENT, PRODUCTS, SERVICES, OR  
25 ACCOMMODATIONS WAS INAPPROPRIATE UNDER THIS CHAPTER, THE PHYSICIAN,  
26 HOSPITAL, CLINIC, OR OTHER PERSON MAY APPEAL THE DETERMINATION TO  
27 THE DEPARTMENT UNDER THE PROCEDURES PROVIDED UNDER SUBSECTION (3).

1           (6) IF THE DEPARTMENT DETERMINES THAT AN INSURER COMPLIES WITH  
2 THE CRITERIA OR STANDARDS FOR UTILIZATION REVIEW ESTABLISHED UNDER  
3 SUBSECTION (3), THE DEPARTMENT SHALL CERTIFY THE INSURER.

4           (7) AS USED IN THIS SECTION, "UTILIZATION REVIEW" MEANS THE  
5 INITIAL EVALUATION BY AN INSURER OR THE ASSOCIATION CREATED UNDER  
6 SECTION 3104 OF THE APPROPRIATENESS IN TERMS OF BOTH THE LEVEL AND  
7 THE QUALITY OF TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS  
8 PROVIDED UNDER THIS CHAPTER BASED ON MEDICALLY ACCEPTED STANDARDS.

9           SEC. 3157B. ANY PROPRIETARY INFORMATION OR SENSITIVE  
10 PERSONALLY IDENTIFIABLE INFORMATION REGARDING A PATIENT THAT IS  
11 SUBMITTED TO THE DEPARTMENT UNDER SECTION 3157 OR 3157A IS EXEMPT  
12 FROM DISCLOSURE UNDER SECTION 13(E) OF THE FREEDOM OF INFORMATION  
13 ACT, 1976 PA 442, MCL 15.243, AND THE DEPARTMENT SHALL EXEMPT ANY  
14 SUCH INFORMATION FROM DISCLOSURE UNDER ANY OTHER APPLICABLE  
15 EXEMPTIONS UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT, 1976  
16 PA 442, MCL 15.243.

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

26           (2) ~~A nonadmitted~~ **AN insurer THAT IS NOT AUTHORIZED TO**  
27 **TRANSACT AUTOMOBILE INSURANCE IN THIS STATE** may voluntarily file

1 the certification described in subsection (1).

2 (3) Except as otherwise provided in subsection (4), if a  
3 certification filed under subsection (1) or (2) applies to  
4 accidental bodily injury or property damage, the insurer and its  
5 insureds with respect to that injury or damage have the rights and  
6 immunities under this act for personal and property protection  
7 insureds, and claimants have the rights and benefits of personal  
8 and property protection insurance claimants, including the right to  
9 receive benefits from the electing insurer as if it were an insurer  
10 of personal and property protection insurance applicable to the  
11 accidental bodily injury or property damage.

12 (4) If an insurer of an out-of-state resident is required to  
13 provide benefits under subsections (1) to (3) to ~~that~~ **AN** out-of-  
14 state resident for accidental bodily injury, ~~for an accident in~~  
15 ~~which the out-of-state resident was not an occupant of a motor~~  
16 ~~vehicle registered in this state,~~ the insurer is only liable for  
17 the amount of ultimate loss sustained up to \$500,000.00, **UNLESS THE**  
18 **COVERAGE LIMITS UNDER SECTION 3109A(2) (A) APPLY. IF THE COVERAGE**  
19 **LIMITS UNDER SECTION 3109A(2) (A) APPLY, THE INSURER IS ONLY LIABLE**  
20 **FOR THE AMOUNT OF ULTIMATE LOSS SUSTAINED UP TO THE COVERAGE LIMITS**  
21 **UNDER SECTION 3109A(2) (A).** Benefits under this subsection are not  
22 recoverable to the extent that benefits covering the same loss are  
23 available from other sources, regardless of the nature or number of  
24 benefit sources available and regardless of the nature or form of  
25 the benefits.

26 **SEC. 3180. (1) BY JUNE 30, 2018, AN INSURER THAT OFFERS**  
27 **AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE PREMIUM RATES FOR**

1 PERSONAL PROTECTION INSURANCE COVERAGE FOR AUTOMOBILE INSURANCE  
2 POLICIES EFFECTIVE AFTER JUNE 30, 2018 AND BEFORE JULY 1, 2019. THE  
3 PREMIUM RATES FILED, AND ANY SUBSEQUENT PREMIUM RATES FILED BY THE  
4 INSURER FOR PERSONAL PROTECTION INSURANCE COVERAGE UNDER AUTOMOBILE  
5 INSURANCE POLICIES EFFECTIVE BEFORE JULY 1, 2023, MUST REFLECT  
6 SAVINGS EXPECTED FROM THE AMENDMENTS TO THIS CHAPTER MADE BY THE  
7 AMENDATORY ACT THAT ADDED THIS SECTION, CONSISTENT WITH THE  
8 REQUIREMENTS OF SECTIONS 2109 TO 2111A FOR POLICIES TO WHICH  
9 CHAPTER 21 APPLIES, SECTION 2403 FOR POLICIES TO WHICH CHAPTER 24  
10 APPLIES, AND SECTION 2603 FOR POLICIES TO WHICH CHAPTER 26 APPLIES.

11 (2) IF PREMIUM RATES FILED BY AN INSURER UNDER SUBSECTION (1)  
12 FOR PERSONAL PROTECTION INSURANCE COVERAGE DO NOT RESULT IN AN  
13 AVERAGE 40% OR GREATER REDUCTION PER VEHICLE FOR POLICIES SUBJECT  
14 TO THE COVERAGE LIMITS UNDER SECTION 3109A(2) (A), AN AVERAGE 20% OR  
15 GREATER REDUCTION PER VEHICLE FOR POLICIES SUBJECT TO THE COVERAGE  
16 LIMITS UNDER SECTION 3109A(2) (B), AND AN AVERAGE 10% OR GREATER  
17 REDUCTION PER VEHICLE FOR POLICIES SUBJECT TO THE COVERAGE LIMITS  
18 UNDER SECTION 3109A(2) (C) FROM THE PREMIUM RATES FOR PERSONAL  
19 PROTECTION INSURANCE COVERAGE THAT WERE IN EFFECT FOR THE INSURER  
20 ON OCTOBER 1, 2017, THE INSURER SHALL INCLUDE WITH THE FILING BOTH  
21 OF THE FOLLOWING:

22 (A) PREMIUM RATES FOR PERSONAL PROTECTION INSURANCE COVERAGE  
23 AS NEAR AS PRACTICABLE TO THOSE REDUCTIONS RECOGNIZING THE  
24 JUSTIFICATIONS DESCRIBED IN THIS SUBSECTION.

25 (B) A DETAILED EXPLANATION OF THE REASONS FOR THE INSURER'S  
26 FAILURE TO ACHIEVE THE REQUIRED REDUCTIONS AND A DEMONSTRATION  
27 USING GENERALLY ACCEPTED AND REASONABLE ACTUARIAL TECHNIQUES THAT

1 THE REQUIRED REDUCTIONS ARE NOT JUSTIFIED BECAUSE OF REQUIREMENTS  
2 UNDER SUBSECTION (1) OR 1 OR MORE OF THE FOLLOWING:

3 (i) EXPECTED LOSSES OF THE INSURER FROM THE PROVISION OF  
4 AUTOMOBILE INSURANCE.

5 (ii) INFLATION, AS SHOWN BY THE CONSUMER PRICE INDEX  
6 CALCULATED AND PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR,  
7 BUREAU OF LABOR STATISTICS.

8 (iii) A CHANGE IN AN ASSESSMENT IMPOSED ON AN INSURER UNDER  
9 SECTION 3104 OR 3330.

10 (3) THE DIRECTOR SHALL REVIEW PREMIUM RATES FILED BY AN  
11 INSURER UNDER SUBSECTION (1) FOR COMPLIANCE WITH SUBSECTIONS (1)  
12 AND (2). THE DIRECTOR SHALL DISAPPROVE A FILING THAT CONTAINS A  
13 PREMIUM RATE IF AFTER REVIEW THE DIRECTOR DETERMINES BOTH OF THE  
14 FOLLOWING:

15 (A) THAT THE PREMIUM RATE DOES NOT RESULT IN THE REDUCTIONS  
16 REQUIRED BY SUBSECTIONS (1) AND (2).

17 (B) THAT THE FAILURE TO ACHIEVE THE REDUCTIONS IS NOT  
18 JUSTIFIED USING GENERALLY ACCEPTED AND REASONABLE ACTUARIAL  
19 TECHNIQUES BECAUSE OF 1 OR MORE OF THE FACTORS LISTED IN SUBSECTION  
20 (2) (B).

21 (4) IF THE DIRECTOR DISAPPROVES A PREMIUM RATE FILING UNDER  
22 SUBSECTION (3), THE DIRECTOR SHALL DO BOTH OF THE FOLLOWING:

23 (A) DETERMINE WHAT PREMIUM RATE REDUCTIONS THE INSURER COULD  
24 ACHIEVE THAT ARE AS NEAR AS PRACTICABLE TO THE AVERAGE PER VEHICLE  
25 REDUCTIONS REQUIRED UNDER SUBSECTIONS (1) AND (2) RECOGNIZING THE  
26 FACTORS LISTED IN SUBSECTION (2) (B).

27 (B) PROVIDE THE INSURER WITH A WRITTEN EXPLANATION OF THE

1 REASONS FOR THE DISAPPROVAL AND THE DIRECTOR'S DETERMINATION UNDER  
2 SUBDIVISION (A) .

3 (5) IF THE DIRECTOR DISAPPROVES A PREMIUM RATE FILING UNDER  
4 SUBSECTION (3) , THE INSURER SHALL SUBMIT A REVISED PREMIUM RATE  
5 FILING TO THE DIRECTOR WITHIN 15 DAYS OF THE DISAPPROVAL THAT  
6 COMPLIES WITH THE DIRECTOR'S DETERMINATION UNDER SUBSECTION (4) (A) .  
7 THE PREMIUM RATE FILING IS SUBJECT TO REVIEW IN THE SAME MANNER AS  
8 AN ORIGINAL PREMIUM RATE FILING UNDER SUBSECTION (3) .

9 (6) A PREMIUM RATE FILING UNDER THIS SECTION THAT IS NOT  
10 DISAPPROVED BY THE DIRECTOR WITHIN 30 DAYS OF ITS SUBMISSION IS  
11 CONSIDERED APPROVED. HOWEVER, THE DIRECTOR MAY EXTEND THE TIME  
12 UNDER THIS SUBSECTION BY AN ADDITIONAL 30 DAYS BY GIVING THE  
13 INSURER WRITTEN NOTICE BEFORE THE INITIAL 30-DAY PERIOD EXPIRES OF  
14 THE EXTENDED TIME PERIOD AND THE REASONS FOR THE EXTENSION.

15 (7) AFTER JUNE 30, 2018 AND BEFORE JULY 1, 2023, AN INSURER  
16 SHALL NOT ISSUE OR RENEW AN AUTOMOBILE INSURANCE POLICY IN THIS  
17 STATE UNLESS THE PREMIUM RATES FILED BY THE INSURER FOR PERSONAL  
18 PROTECTION INSURANCE COVERAGE ARE APPROVED UNDER THIS SECTION.

19 (8) FOR PURPOSES OF CALCULATING A PERSONAL PROTECTION  
20 INSURANCE PREMIUM OR PREMIUM RATE UNDER THIS SECTION, THE PREMIUM  
21 INCLUDES THE CATASTROPHIC CLAIMS ASSESSMENT IMPOSED UNDER SECTION  
22 3104.

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

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

1 insurance through ordinary methods.

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

4 (C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE  
5 FRAUD AUTHORITY CREATED UNDER SECTION 6302.

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

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

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

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

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

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

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



1 and the plan of operation.

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

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

11 (h) To assess self-insurers and insurers consistent with  
12 chapter 31 and the assigned claims plan approved under section  
13 3171.

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

23 **(3) THE BOARD OF GOVERNORS SHALL ASSESS AND COLLECT FROM**  
24 **PARTICIPATING MEMBERS AND SELF-INSURERS MONEY BASED ON**  
25 **PARTICIPATION RATIOS TO COVER ANTICIPATED COSTS OF OPERATION AND**  
26 **ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY**  
27 **CREATED UNDER SECTION 6302. THE AMOUNT AND DURATION OF THE**

1 ASSESSMENT MUST BE APPROVED BY AT LEAST 5 OF THE 7 GOVERNORS  
2 ELECTED AS PROVIDED IN THE FACILITY'S PLAN OF OPERATION.

3 (4) BEFORE JANUARY 2, 2018, THE BOARD OF GOVERNORS SHALL AMEND  
4 THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY  
5 TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE ADMINISTRATIVE DUTIES  
6 AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY  
7 CREATED UNDER SECTION 6302.

8 Sec. 4501. As used in this chapter:

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

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

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

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

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

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

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

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

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

1 the use of public media.

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

8 Sec. 4503. A fraudulent insurance act includes, but is not  
9 limited to, acts or omissions committed by any person who  
10 knowingly, and with an intent to injure, defraud, or deceive:

11 (a) Presents, causes to be presented, **ASSISTS OR ABETS ANOTHER**  
12 **IN PRESENTING, SOLICITS OR CONSPIRES WITH ANOTHER TO PRESENT**, or  
13 prepares, with knowledge or belief that it will be presented to or  
14 by an insurer ~~or any agent of an insurer,~~ or any **AN** agent of an  
15 insurer, reinsurer, or broker, any ~~oral or written statement~~  
16 ~~knowing that the statement contains any false information~~  
17 concerning any ~~A~~ fact **THAT IS** material to an **ANY OF THE FOLLOWING:**

18 (i) **AN** application for the issuance of an insurance policy.

19 ~~(b) Prepares or assists, abets, solicits, or conspires with~~  
20 ~~another to prepare or make an oral or written statement that is~~  
21 ~~intended to be presented to or by any insurer in connection with,~~  
22 ~~or in support of, any application for the issuance of an insurance~~  
23 ~~policy, knowing that the statement contains any false information~~  
24 ~~concerning any fact or thing material to the application.~~

25 (ii) **THE RATING OF AN INSURANCE POLICY OR REINSURANCE**  
26 **CONTRACT.**

27 (iii) **THE PREMIUMS PAID ON AN INSURANCE POLICY OR REINSURANCE**

1 CONTRACT.

2 (iv) PAYMENTS MADE IN ACCORDANCE WITH THE TERMS OF AN  
3 INSURANCE POLICY OR REINSURANCE CONTRACT.

4 (v) A DOCUMENT FILED WITH THE DIRECTOR OR THE CHIEF INSURANCE  
5 REGULATORY OFFICIAL OF ANOTHER JURISDICTION.

6 (vi) THE FINANCIAL CONDITION OF AN INSURER OR REINSURER.

7 (vii) THE FORMATION, ACQUISITION, MERGER, RECONSOLIDATION,  
8 DISSOLUTION, OR WITHDRAWAL FROM 1 OR MORE LINES OF INSURANCE OR  
9 REINSURANCE IN ALL OR PART OF THIS STATE BY AN INSURER OR  
10 REINSURER.

11 (viii) THE ISSUANCE OF WRITTEN EVIDENCE OF INSURANCE.

12 (ix) THE REINSTATEMENT OF AN INSURANCE POLICY.

13 (B) ~~(e) Presents, or causes to be presented,~~ **ASSISTS OR ABETS**  
14 **ANOTHER IN PRESENTING, SOLICITS OR CONSPIRES WITH ANOTHER TO**  
15 **PRESENT, OR PREPARES, WITH KNOWLEDGE OR BELIEF THAT IT WILL BE**  
16 **PRESENTED** to or by any ~~AN~~ insurer, any oral or written statement  
17 ~~including computer-generated information as part of, or in support~~  
18 ~~of, a claim for payment or other benefit pursuant to an insurance~~  
19 ~~policy~~ **OR REINSURANCE CONTRACT**, knowing that the statement contains  
20 false information concerning any fact or thing material to the  
21 claim **FOR PAYMENT OR OTHER BENEFIT.**

22 ~~— (d) Assists, abets, solicits, or conspires with another to~~  
23 ~~prepare or make any oral or written statement including computer-~~  
24 ~~generated documents that is intended to be presented to or by any~~  
25 ~~insurer in connection with, or in support of, any claim for payment~~  
26 ~~or other benefit pursuant to an insurance policy, knowing that the~~  
27 ~~statement contains any false information concerning any fact or~~

1 ~~thing material to the claim.~~

2 (C) ~~(e)~~ Solicits or accepts new or renewal insurance risks by  
3 or for an insolvent insurer, **REINSURER, OR PERSON ENGAGED IN THE**  
4 **BUSINESS OF INSURANCE.**

5 (D) ~~(f)~~ Removes, **CONCEALS, ALTERS, OR DESTROYS** or attempts to  
6 remove, **CONCEAL, ALTER, OR DESTROY** the assets or records of assets,  
7 ~~transactions, and affairs, or a material part of the assets or~~  
8 ~~records, from the home office or other place of business of the **AN**~~  
9 ~~insurer. or from the place of safekeeping of the insurer, or who~~  
10 ~~conceals or attempts to conceal the assets or record of assets,~~  
11 ~~transactions, and affairs, or a material part of the assets or~~  
12 ~~records, from the commissioner.~~

13 (E) ~~(g)~~ Diverts, attempts to divert, or conspires to divert  
14 ~~funds~~ **MONEY** of an insurer or of other persons in connection with  
15 any of the following:

16 (i) The transaction of insurance or reinsurance.

17 (ii) The conduct of business activities by an insurer.

18 (iii) The formation, acquisition, or dissolution of an  
19 insurer.

20 (F) ~~(h)~~ Employs, uses, or acts as a runner, capper, or steerer  
21 with the intent to falsely or fraudulently obtain benefits under a  
22 contract of insurance or to falsely or fraudulently assert a claim  
23 against an insured or an insurer for providing services to the  
24 client, patient, or customer.

25 (G) ~~(i)~~ Knowingly and willfully assists, conspires with, or  
26 urges any person to fraudulently violate this act, or any person  
27 who ~~due to~~ **BECAUSE OF** that assistance, conspiracy, or urging

1 knowingly and willfully benefits from the proceeds derived from the  
2 fraud.

3 (H) TRANSACTS THE BUSINESS OF INSURANCE IN VIOLATION OF LAWS  
4 REQUIRING A LICENSE, CERTIFICATE OF AUTHORITY, OR LEGAL AUTHORITY  
5 FOR THE TRANSACTION OF THE BUSINESS OF INSURANCE.

6 (I) ATTEMPTS TO COMMIT, AIDS IN OR ABETS THE COMMISSION OF, OR  
7 CONSPIRES TO COMMIT THE ACTS OR OMISSIONS SPECIFIED IN THIS  
8 SECTION.

9 SEC. 4505. (1) THE DIRECTOR MAY INVESTIGATE SUSPECTED  
10 FRAUDULENT INSURANCE ACTS AND PERSONS ENGAGED IN SUSPECTED  
11 FRAUDULENT INSURANCE ACTS.

12 (2) THE DEPARTMENT OF ATTORNEY GENERAL SHALL PROVIDE THE  
13 DEPARTMENT WITH TECHNICAL ASSISTANCE RELATING TO THIS CHAPTER ON  
14 REQUEST OF THE DEPARTMENT.

15 (3) THE DIRECTOR MAY ALLOCATE RESOURCES OF THE DEPARTMENT FOR  
16 THE PURPOSE OF PROSECUTING ALLEGED FRAUDULENT INSURANCE ACTS.

17 (4) AN INSURER OR AN AGENT AUTHORIZED BY THE INSURER TO ACT ON  
18 ITS BEHALF WHO HAS KNOWLEDGE OR A REASONABLE BELIEF THAT A  
19 FRAUDULENT INSURANCE ACT IS BEING, WILL BE, OR HAS BEEN COMMITTED  
20 SHALL PROVIDE TO THE DIRECTOR THE INFORMATION RELATING TO THE  
21 FRAUDULENT INSURANCE ACT REQUIRED BY, AND IN A MANNER PRESCRIBED  
22 BY, THE DIRECTOR.

23 (5) ANY PERSON OTHER THAN AN INSURER OR AGENT OF AN INSURER  
24 WHO HAS KNOWLEDGE OR A REASONABLE BELIEF THAT A FRAUDULENT  
25 INSURANCE ACT IS BEING, WILL BE, OR HAS BEEN COMMITTED MAY PROVIDE  
26 THE DIRECTOR WITH INFORMATION RELATING TO THE FRAUDULENT INSURANCE  
27 ACT IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR.





1 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE  
2 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

3 (2) THE AUTHORITY IS NOT A STATE AGENCY, STATE AUTHORITY, OR  
4 POLITICAL SUBDIVISION OF THIS STATE. THE MONEY OF THE AUTHORITY IS  
5 NOT STATE MONEY. A RECORD OF THE AUTHORITY IS EXEMPT FROM  
6 DISCLOSURE UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT, 1976  
7 PA 442, MCL 15.243.

8 (3) THE AUTHORITY SHALL DO ALL OF THE FOLLOWING:

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

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

15 (C) APPROVE OR DISAPPROVE PROGRAMS FOR SUBDIVISION (A) OR (B),  
16 OR BOTH.

17 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW  
18 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING  
19 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
20 AUTOMOBILE INSURANCE FRAUD, INCLUDING, BUT NOT LIMITED TO,  
21 FINANCIAL SUPPORT FOR AN ACTIVE FRAUD PREVENTION PROGRAM WITHIN THE  
22 CITY IN THIS STATE WITH THE LARGEST POPULATION AND JOINT FRAUD  
23 PREVENTION TASK FORCES THAT INCLUDE LOCAL, STATE, AND FEDERAL LAW  
24 ENFORCEMENT AND PROSECUTORIAL OFFICIALS AND AGENCIES.

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

1 (A) EIGHT MEMBERS WHO REPRESENT AUTOMOBILE INSURERS IN THIS  
2 STATE, SUBJECT TO THE FOLLOWING:

3 (i) AT LEAST 2 MEMBERS MUST REPRESENT INSURER GROUPS WITH  
4 350,000 OR MORE CAR YEARS.

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

7 (iii) AT LEAST 1 MEMBER MUST REPRESENT INSURER GROUPS WITH  
8 FEWER THAN 100,000 CAR YEARS.

9 (B) THE DIRECTOR OR HIS OR HER DESIGNEE FROM WITHIN THE  
10 DEPARTMENT.

11 (C) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR  
12 HER DESIGNEE FROM WITHIN THE DEPARTMENT OF STATE POLICE.

13 (D) TWO MEMBERS WHO REPRESENT LAW ENFORCEMENT AGENCIES IN THIS  
14 STATE OTHER THAN THE DEPARTMENT OF STATE POLICE.

15 (E) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS  
16 STATE.

17 (F) A RESIDENT OF THE CITY IN THIS STATE WITH THE LARGEST  
18 POPULATION, DETERMINED ON THE BASIS OF THE LATEST FEDERAL DECENNIAL  
19 CENSUS BEFORE THE MEMBER IS APPOINTED.

20 (G) ONE MEMBER OF THE GENERAL PUBLIC.

21 (6) AUTOMOBILE INSURERS THAT ARE AUTHORIZED TO DO BUSINESS IN  
22 THIS STATE SHALL ELECT THE MEMBERS OF THE BOARD REPRESENTING  
23 INSURERS FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS  
24 OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE MEMBERS,  
25 THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT NOMINATIONS  
26 FROM THE AUTOMOBILE INSURERS THAT ARE AUTHORIZED TO DO BUSINESS IN  
27 THIS STATE.

1           (7) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD THAT  
2 REPRESENTS LAW ENFORCEMENT AGENCIES OTHER THAN THE DEPARTMENT OF  
3 STATE POLICE. IN APPOINTING THE MEMBERS, THE GOVERNOR SHALL SOLICIT  
4 INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN THIS STATE.

5           (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD THAT  
6 REPRESENTS PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE  
7 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS  
8 ASSOCIATION OF MICHIGAN.

9           (9) THE GOVERNOR SHALL APPOINT THE MEMBER UNDER SUBSECTION  
10 (5) (F) FROM A LIST OF 3 OR MORE NOMINEES SUBMITTED TO THE GOVERNOR  
11 BY THE MAYOR OF THE IDENTIFIED CITY.

12           (10) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE GENERAL  
13 PUBLIC. THE GOVERNOR SHALL APPOINT AN INDIVIDUAL WHO IS A RESIDENT  
14 OF THIS STATE AND IS NOT EMPLOYED BY OR UNDER CONTRACT WITH A STATE  
15 OR LOCAL UNIT OF GOVERNMENT OR AN INSURER.

16           (11) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER  
17 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS OR UNTIL HIS OR HER  
18 SUCCESSOR IS ELECTED, DESIGNATED, OR APPOINTED, WHICHEVER OCCURS  
19 LATER. OF THE MEMBERS FIRST ELECTED OR APPOINTED UNDER THIS  
20 SECTION, 2 MEMBERS REPRESENTING INSURERS AND 1 MEMBER REPRESENTING  
21 LAW ENFORCEMENT AGENCIES SHALL SERVE FOR A TERM OF 2 YEARS, 3  
22 MEMBERS REPRESENTING INSURERS, THE MEMBER REPRESENTING PROSECUTING  
23 ATTORNEYS, AND THE MEMBER OF THE GENERAL PUBLIC SHALL SERVE FOR A  
24 TERM OF 3 YEARS, AND 3 MEMBERS REPRESENTING INSURERS, 1 MEMBER  
25 REPRESENTING LAW ENFORCEMENT AGENCIES, AND THE MEMBER APPOINTED  
26 UNDER SUBSECTION (5) (E) SHALL SERVE FOR A TERM OF 4 YEARS.

27           SEC. 6303. (1) A MEMBER OF THE BOARD SHALL SERVE WITHOUT

1 COMPENSATION, EXCEPT THAT THE BOARD SHALL REIMBURSE A MEMBER IN A  
2 REASONABLE AMOUNT FOR NECESSARY TRAVEL AND EXPENSES.

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

14 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY  
15 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN  
16 ACCORDANCE WITH THE PLAN OF OPERATION.

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

1 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,  
2 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE  
3 AUTHORITY.

4 (B) TO CONSULT WITH ITS ATTORNEY.

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

7 (5) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE  
8 AUTHORITY'S OPERATIONS AND ACTIVITIES, INCLUDING, BUT NOT LIMITED  
9 TO, THE ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 6308, ON A  
10 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

11 (6) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE  
12 BOARD SHALL MAKE THE MINUTES OPEN TO PUBLIC INSPECTION AND  
13 AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC NOTICE OF ITS  
14 MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES AVAILABLE TO  
15 THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR PRINTING AND  
16 COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING IN THE  
17 MINUTES:

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

19 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD  
20 MEMBERS WHO ARE ABSENT.

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

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

24 SEC. 6304. THE BOARD HAS THE POWERS NECESSARY TO CARRY OUT ITS  
25 DUTIES UNDER THIS ACT, INCLUDING, BUT NOT LIMITED TO, THE POWER TO  
26 DO THE FOLLOWING:

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

1 (B) SOLICIT AND ACCEPT GIFTS, GRANTS, LOANS, AND OTHER AID  
2 FROM ANY PERSON, THE FEDERAL GOVERNMENT, THIS STATE, A LOCAL UNIT  
3 OF GOVERNMENT, OR AN AGENCY OF THE FEDERAL GOVERNMENT, THIS STATE,  
4 OR A LOCAL UNIT OF GOVERNMENT.

5 (C) MAKE GRANTS AND INVESTMENTS.

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

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

11 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS  
12 NECESSARY.

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

16 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS  
17 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF  
18 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR  
19 THE PLAN OF OPERATION.

20 SEC. 6305. (1) THE BOARD MAY EXAMINE IN PERSON, BY WRITING,  
21 AND, IF APPROPRIATE, UNDER OATH ALL PERSONS CONSIDERED BY THE BOARD  
22 TO HAVE MATERIAL INFORMATION REGARDING AUTOMOBILE INSURANCE FRAUD.  
23 THE BOARD MAY COMPEL THE ATTENDANCE AND TESTIMONY OF WITNESSES AND  
24 THE PRODUCTION OF ANY BOOKS, ACCOUNTS, PAPERS, RECORDS, DOCUMENTS,  
25 AND FILES RELATING TO AUTOMOBILE INSURANCE FRAUD, AND MAY AUTHORIZE  
26 SUBPOENAS, THE ADMINISTRATION OF OATHS AND AFFIRMATIONS, AND THE  
27 EXAMINATION OF WITNESSES, AND MAY RECEIVE EVIDENCE FOR THIS

1 PURPOSE. THE BOARD MAY REQUEST THE INGHAM COUNTY CIRCUIT COURT TO  
2 ISSUE AN ORDER REQUIRING COMPLIANCE WITH AN ORDER OR SUBPOENA OF  
3 THE BOARD UNDER THIS SUBSECTION.

4 (2) THIS CHAPTER DOES NOT PREEMPT THE AUTHORITY OR RELIEVE THE  
5 DUTY OF OTHER AUTHORIZED GOVERNMENTAL OFFICERS OR ENTITIES TO  
6 INVESTIGATE, EXAMINE, AND PROSECUTE SUSPECTED VIOLATIONS OF LAW.

7 SEC. 6306. (1) AN INSURER OR SELF-INSURER ENGAGED IN WRITING  
8 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION  
9 3101(1) AND 3103(1) IN THIS STATE SHALL PAY TO THE FACILITY ANY  
10 ASSESSMENT IMPOSED UNDER SECTION 3330(3) FOR DEPOSIT INTO THE  
11 ACCOUNT OF THE AUTHORITY TO BE USED BY THE AUTHORITY TO CARRY OUT  
12 ITS DUTIES UNDER THIS CHAPTER.

13 (2) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER  
14 SUBSECTION (1), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY FOR  
15 THE PURPOSE, FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE  
16 FACILITY SHALL ONLY EXPEND THE MONEY RECEIVED UNDER SUBSECTION (1)  
17 AS DIRECTED BY THE BOARD.

18 SEC. 6307. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE  
19 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO  
20 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE  
21 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED  
22 BY THE BOARD.

23 (2) THE DEPARTMENT OF STATE POLICE AND LOCAL LAW ENFORCEMENT  
24 AGENCIES SHALL COOPERATE WITH THE AUTHORITY AND SHALL PROVIDE  
25 AVAILABLE MOTOR VEHICLE FRAUD AND THEFT STATISTICS TO THE AUTHORITY  
26 ON REQUEST.

27 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE

1 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD  
2 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS  
3 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR  
4 EXISTING PROGRAMS.

5 SEC. 6308. (1) BEGINNING JANUARY 1, 2019, THE AUTHORITY SHALL  
6 PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND BEGINNING JULY  
7 1, 2019, THE AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL REPORT  
8 TO THE LEGISLATURE ON THE AUTHORITY'S EFFORTS TO PREVENT AUTOMOBILE  
9 INSURANCE FRAUD AND COST SAVINGS THAT HAVE RESULTED FROM THOSE  
10 EFFORTS.

11 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED UNDER  
12 SUBSECTION (1) MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD OCCURRING  
13 IN THIS STATE FOR THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD  
14 ON RATES CHARGED FOR AUTOMOBILE INSURANCE, SUMMARIZE PREVENTION  
15 PROGRAMS, AND OUTLINE ALLOCATIONS MADE BY THE AUTHORITY. THE  
16 MEMBERS OF THE BOARD, INSURERS, AND THE DIRECTOR SHALL COOPERATE IN  
17 DEVELOPING THE REPORT AS REQUESTED BY THE AUTHORITY AND SHALL MAKE  
18 AVAILABLE TO THE AUTHORITY RECORDS AND STATISTICS CONCERNING  
19 AUTOMOBILE INSURANCE FRAUD, INCLUDING THE NUMBER OF INSTANCES OF  
20 SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS AND  
21 CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AUTOMOBILE  
22 INSURANCE FRAUD RECIDIVISM, WRONGFUL OR FRAUDULENT SOLICITATION OF  
23 CLIENTS BY ATTORNEYS IN MATTERS RELATING TO AUTOMOBILE INSURANCE,  
24 AND FRAUD RELATED TO MEDICAL SERVICES NOT REASONABLY NECESSARY OR  
25 OTHERWISE EXCESSIVE. THE AUTHORITY SHALL EVALUATE THE IMPACT  
26 AUTOMOBILE INSURANCE FRAUD HAS ON THE CITIZENS OF THIS STATE AND  
27 THE COSTS INCURRED BY THE CITIZENS THROUGH INSURANCE, POLICE



1 ENFORCEMENT, PROSECUTION, AND INCARCERATION BECAUSE OF AUTOMOBILE  
2 INSURANCE FRAUD. THE AUTHORITY SHALL SUBMIT THE REPORT TO THE  
3 LEGISLATURE REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF  
4 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER  
5 INSURANCE ISSUES AND TO THE DIRECTOR.

6 Enacting section 1. Section 3135 of the insurance code of  
7 1956, 1956 PA 218, MCL 500.3135, as amended by this amendatory act,  
8 is intended to codify and give full effect to the opinion of the  
9 Michigan supreme court in *McCormick v Carrier*, 487 Mich 180 (2010).