

**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,
3112, 3113, 3114, 3135, 3142, 3148, 3157, 3163, 3301, 3330, 4501,
and 4503 (MCL 500.2111, 500.3101, 500.3104, 500.3107, 500.3109a,
500.3112, 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 101, 1245, 3107c, 3149, 3157a, 3157b, 3165, 3166, 3180, 3181, 3182, 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

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

1 authorities of this state; to provide for an appropriation; to
2 repeal acts and parts of acts; and to provide penalties for the
3 violation of this act.

4 **SEC. 101. THE AMENDATORY ACT THAT ADDED THIS SECTION DOES NOT**
5 **APPLY, IS NOT OPERATIVE, AND MUST NOT BE ENFORCED AFTER JULY 1,**
6 **2023.**

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

13 **(2) THIS SECTION DOES NOT APPLY WITH RESPECT TO A POLICY**
14 **ISSUED OR RENEWED AFTER 1 YEAR AFTER THE EFFECTIVE DATE OF THE**
15 **AMENDATORY ACT THAT ADDED THIS SECTION.**

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

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

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

26 (i) Either the age of the driver; the length of driving
27 experience; or the number of years licensed to operate a motor

1 vehicle.

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

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

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

7 (v) Vehicle characteristics, features, and options, such as
8 engine displacement, ability of the vehicle and its equipment to
9 protect passengers from injury, and other similar items, including
10 vehicle make and model.

11 (vi) Daily or weekly commuting mileage.

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

16 (viii) Amount of insurance.

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

19 (i) Earned income.

20 (ii) Number of dependents of income earners insured under the
21 policy.

22 (iii) Coordination of benefits.

23 (iv) Use of a safety belt.

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

26 (i) The anticipated cost of vehicle repairs or replacement,
27 which may be measured by age, price, cost new, or value of the

1 insured automobile, and other factors directly relating to that
2 anticipated cost.

3 (ii) Vehicle make and model.

4 (iii) Vehicle design characteristics related to vehicle
5 damageability.

6 (iv) Vehicle characteristics relating to automobile theft
7 prevention devices.

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

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

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

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

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

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

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

20 (E) Accident prevention measures.

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

22 (G) Major driving hazards.

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

25 (3) ~~Each~~**AN** insurer shall establish a secondary or merit
26 rating plan for automobile insurance, other than comprehensive
27 coverage. A secondary or merit rating plan required under this

1 subsection ~~shall~~**MUST** provide for premium surcharges for any or all
2 coverages for automobile insurance, other than comprehensive
3 coverage, based ~~upon~~**ON** any or all of the following, when that
4 information becomes available to the insurer:

5 (a) Substantially at-fault accidents.

6 (b) Convictions for, determinations of responsibility for
7 civil infractions for, or findings of responsibility in probate
8 court for civil infractions for violations under chapter VI of the
9 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.

10 However, an insured shall not be merit rated for a civil infraction
11 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL
12 257.601 to 257.750, for a period of time longer than that which the
13 secretary of state's office carries points for that infraction on
14 the insured's motor vehicle record.

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

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

22 (6) This section does not limit insurers or rating
23 organizations from establishing and maintaining statistical
24 reporting territories. This section does not prohibit an insurer
25 from establishing or maintaining, for automobile insurance, a
26 premium discount plan for senior citizens in this state who are 65
27 years of age or older, if the plan is uniformly applied by the

1 insurer throughout this state. If an insurer has not established
2 and maintained a premium discount plan for senior citizens, the
3 insurer shall offer reduced premium rates to senior citizens in
4 this state who are 65 years of age or older and who drive less than
5 3,000 miles per year, regardless of statistical data.

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

10 (a) Amount and types of coverage.

11 (b) Security and safety devices, including locks, smoke
12 detectors, and similar, related devices.

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

14 (d) Fire protection class.

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

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

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

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

25 (i) Availability of law enforcement or crime prevention
26 services.

27 (8) Notwithstanding other provisions of this chapter, home

1 insurance risks may be grouped by territory.

2 (9) An insurer may use factors in addition to those permitted
3 by this section for insurance if the plan is consistent with the
4 purposes of this act and reflects reasonably anticipated reductions
5 or increases in losses or expenses.

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

21 (2) As used in this chapter:

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

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

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

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

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

4 (iv) The vehicle is designed to be occupied by a driver and
5 powered either by passengers providing pedal power to the drive
6 train of the vehicle or by a motor capable of propelling the
7 vehicle in the absence of human power.

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

9 (vi) The vehicle is operated by the owner of the vehicle or an
10 employee of the owner of the vehicle.

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

14 **(D) ~~(e)~~"Golf cart"** means a vehicle designed for
15 transportation while playing the game of golf.

16 **(E) ~~(d)~~"Highway"** means highway or street as that term is
17 defined in section 20 of the Michigan vehicle code, 1949 PA 300,
18 MCL 257.20.

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

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

24 **(H) ~~(f)~~"Motorcycle"** means a vehicle that has a saddle or seat
25 for the use of the rider, is designed to travel on not more than 3
26 wheels in contact with the ground, and is equipped with a motor
27 that exceeds 50 cubic centimeters piston displacement. For purposes

1 of this subdivision, the wheels on any attachment to the vehicle
2 are not considered as wheels in contact with the ground. Motorcycle
3 does not include a moped or an ORV.

4 **(I)** ~~(g)~~—"Motorcycle accident" means a loss that involves the
5 ownership, operation, maintenance, or use of a motorcycle as a
6 motorcycle, but does not involve the ownership, operation,
7 maintenance, or use of a motor vehicle as a motor vehicle.

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

12 (i) A motorcycle.

13 (ii) A moped.

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

18 (iv) An ORV.

19 (v) A golf cart.

20 (vi) A power-driven mobility device.

21 (vii) A commercial quadricycle.

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

27 **(L)** ~~(j)~~—"ORV" means a motor-driven recreation vehicle designed

1 for off-road use and capable of cross-country travel without
2 benefit of road or trail, on or immediately over land, snow, ice,
3 marsh, swampland, or other natural terrain. ORV includes, but is
4 not limited to, a multitrack or multiwheel drive vehicle, a
5 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an
6 amphibious machine, a ground effect air cushion vehicle, an ATV as
7 defined in section 81101 of the natural resources and environmental
8 protection act, 1994 PA 451, MCL 324.81101, or other means of
9 transportation deriving motive power from a source other than
10 muscle or wind. ORV does not include a vehicle described in this
11 subdivision that is registered for use on a public highway and has
12 the security required under subsection (1) or section 3103 in
13 effect.

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

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

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

24 (iii) A person that holds the legal title to a motor vehicle
25 or motorcycle, other than a person engaged in the business of
26 leasing motor vehicles or motorcycles that is the lessor of a motor
27 vehicle or motorcycle under a lease that provides for the use of

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

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

5 **(N)** ~~(l)~~—"Power-driven mobility device" means a wheelchair or
6 other mobility device powered by a battery, fuel, or other engine
7 and designed to be used by an individual with a mobility disability
8 for the purpose of locomotion.

9 **(O) "QUALIFIED MEDICAL PROFESSIONAL" MEANS ANY OF THE**
10 **FOLLOWING:**

11 **(i) A PHYSICIAN AS THAT TERM IS DEFINED IN SECTIONS 17001 AND**
12 **17501 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.17001 AND**
13 **333.17501.**

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

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

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

23 **(P)** ~~(m)~~—"Registrant" does not include a person engaged in the
24 business of leasing motor vehicles or motorcycles that is the
25 lessor of a motor vehicle or motorcycle under a lease that provides
26 for the use of the motor vehicle or motorcycle by the lessee for a
27 period that is longer than 30 days.

1 (Q) "RELATED EMERGENCY CARE" MEANS A REASONABLY NECESSARY IN-
2 PATIENT TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION RELATED TO,
3 IMMEDIATELY FOLLOWING, AND NECESSITATED BY AN EMERGENCY MEDICAL
4 CONDITION AS DETERMINED AND DOCUMENTED BY A QUALIFIED MEDICAL
5 PROFESSIONAL.

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

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

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

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

27 (5) An insurer that issues a policy that provides the security

1 required under subsection (1) may exclude coverage under the policy
2 as provided in section 3017.

3 Sec. 3104. (1) ~~An~~**THE CATASTROPHIC CLAIMS ASSOCIATION IS**
4 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
5 ~~the catastrophic claims association, hereinafter referred to as the~~
6 ~~association, is created.~~ Each insurer engaged in writing insurance
7 coverages that provide the security required by section 3101(1)
8 ~~within~~**IN** this state, as a condition of its authority to transact
9 insurance in this state, shall be a member of the association and
10 ~~shall be~~**IS** bound by the plan of operation of the association. ~~Each~~
11 **AN** insurer engaged in writing insurance coverages that provide the
12 security required by section 3103(1) ~~within~~**IN** this state, as a
13 condition of its authority to transact insurance in this state,
14 ~~shall be~~**IS** considered **TO BE** a member of the association, but only
15 for purposes of premiums under subsection (7) (d). Except as
16 expressly provided in this section, the association is not subject
17 to any laws of this state with respect to insurers, but in all
18 other respects the association is subject to the laws of this state
19 to the extent that the association would be if it were an insurer
20 organized and subsisting under chapter 50.

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

1 occurrence:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Beginning July 1, 2013, ~~2019~~, this ~~\$500,000.00~~ **\$555,000.00** amount
 4 ~~shall~~ **MUST** be increased biennially on July 1 of each odd-numbered
 5 year, for policies issued or renewed before July 1 of the following
 6 odd-numbered year, by the lesser of 6% or the consumer price index,
 7 and rounded to the nearest \$5,000.00. ~~This~~ **THE ASSOCIATION SHALL**
 8 **CALCULATE THE** biennial adjustment ~~shall be calculated by the~~
 9 ~~association~~ by January 1 of the year of its July 1 effective date.

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

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

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

24 (6) If a member has been merged or consolidated into another
 25 insurer or another insurer has reinsured a member's entire business
 26 that provides the security required by section 3101(1) in this
 27 state, the member and successors in interest of the member remain

1 liable for the member's obligations.

2 (7) The association shall do all of the following on behalf of
3 the members of the association:

4 (a) Assume 100% of all liability as provided in subsection
5 (2).

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

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

20 (d) In a manner provided for in the plan of operation,
21 calculate and charge to members of the association a total premium
22 sufficient to cover the expected losses and expenses of the
23 association that the association will likely incur during the
24 period for which the premium is applicable. The **TOTAL** premium ~~shall~~
25 **MUST** include an amount to cover incurred but not reported losses
26 for the period and ~~may~~**MUST** be adjusted for any excess or deficient
27 premiums from previous periods. Excesses or deficiencies from

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

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

26 ~~—— (ii) "Historic vehicle" means a vehicle that is a registered~~
 27 ~~historic vehicle under section 803a or 803p of the Michigan vehicle~~

1 ~~code, 1949 PA 300, MCL 257.803a and 257.803p.~~ **NOT LESS THAN 60 DAYS**
2 **BEFORE A CHANGE IN THE TOTAL PREMIUM IS EFFECTIVE, THE ASSOCIATION**
3 **SHALL PROVIDE THE DIRECTOR OF THE DEPARTMENT WITH A WRITTEN REPORT**
4 **ON THE NEW PREMIUM AMOUNT, THE CHANGE IN THE PREMIUM AMOUNT FROM**
5 **THE PREVIOUS PERIOD, AND AN EXPLANATION DETAILING THE REASONS FOR**
6 **THE CHANGE, INCLUDING A JUSTIFICATION OF ANY ADJUSTMENT FOR ANY**
7 **EXCESSES OR DEFICIENCIES FROM PREVIOUS PERIODS.**

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

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

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

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

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

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

1 (a) Sue and be sued in the name of the association. A judgment
2 against the association ~~shall~~**DOES** not create any direct liability
3 against the individual members of the association. The association
4 may provide for the indemnification of its members, members of the
5 board of directors of the association, and officers, employees, and
6 other persons lawfully acting on behalf of the association.

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

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

13 (d) Pursuant to the plan of operation, adopt reasonable rules
14 for the administration of the association, enforce those rules, and
15 delegate authority, as the board considers necessary to assure the
16 proper administration and operation of the association consistent
17 with the plan of operation.

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

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

24 (g) Perform other acts not specifically enumerated in this
25 section that are necessary or proper to accomplish the purposes of
26 the association and that are not inconsistent with this section or
27 the plan of operation.

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

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

7 (a) The establishment of necessary facilities.

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

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

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

1 MORE YEARS IN THE MANNER PROVIDED IN THE PLAN OF OPERATION UNDER
2 SUBSECTION (7) (D) .

3 (E) ~~(d)~~—Procedures governing the actual payment of premiums to
4 the association.

5 (F) ~~(e)~~—Reimbursement of each member of the board by the
6 association for actual and necessary expenses incurred on
7 association business.

8 (G) ~~(f)~~—The investment policy of the association.

9 (H) ~~(g)~~—Any other matters required by or necessary to
10 effectively implement this section.

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

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

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

27 (14) ~~Each director~~ **THE DIRECTOR OF THE DEPARTMENT** shall ~~be~~

1 ~~appointed by the commissioner and~~ **APPOINT THE BOARD MEMBERS. A**
 2 **BOARD MEMBER** shall serve until ~~that member's~~ **HIS OR HER** successor
 3 is selected and qualified. The **BOARD SHALL ELECT THE** chairperson of
 4 the board. ~~shall be elected by the board. A~~ **THE DIRECTOR OF THE**
 5 **DEPARTMENT SHALL FILL ANY** vacancy on the board ~~shall be filled by~~
 6 ~~the commissioner consistent with~~ **AS PROVIDED IN** the plan of
 7 operation.

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

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

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

27 ~~—— (18) The plan of operation, unless approved sooner in writing,~~

1 ~~shall be considered to meet the requirements of this section if it~~
 2 ~~is not disapproved by written order of the commissioner within 30~~
 3 ~~days after the date of its submission. Before disapproval of all or~~
 4 ~~any part of the proposed plan of operation, the commissioner shall~~
 5 ~~notify the board in what respect the plan of operation fails to~~
 6 ~~meet the requirements and objectives of this section. If the board~~
 7 ~~fails to submit a revised plan of operation that meets the~~
 8 ~~requirements and objectives of this section within the 30-day~~
 9 ~~period, the commissioner shall enter an order accordingly and shall~~
 10 ~~immediately formulate and place into effect a plan consistent with~~
 11 ~~the requirements and objectives of this section.~~

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

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

1 insurance in this state.

2 (19) ~~(21)~~The association is subject to all the reporting,
3 loss reserve, and investment requirements of the ~~commissioner~~
4 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would~~**IS** a member
5 of the association.

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

15 (21) ~~(23)~~The ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** or an
16 authorized representative of the ~~commissioner~~**DIRECTOR OF THE**
17 **DEPARTMENT** may visit the association at any time and examine any
18 and all **OF** the association's affairs. **BEGINNING JULY 1, 2018, AND**
19 **EVERY SECOND YEAR AFTER 2018, THE DIRECTOR OF THE DEPARTMENT SHALL**
20 **ENGAGE 1 OR MORE INDEPENDENT ACTUARIES TO EXAMINE THE AFFAIRS AND**
21 **RECORDS OF THE ASSOCIATION RELATING TO PREMIUMS CHARGED TO MEMBERS**
22 **OF THE ASSOCIATION UNDER SUBSECTION (7) (D), ADJUSTMENTS TO PREMIUMS**
23 **FOR ANY EXCESSES OR DEFICIENCIES UNDER SUBSECTION (7) (D), AND ANY**
24 **REBATES UNDER SUBSECTION (10) (D), DURING THE PREVIOUS 2 YEARS. THE**
25 **ACTUARIAL EXAMINATION MUST BE CONDUCTED USING SOUND ACTUARIAL**
26 **PRINCIPLES CONSISTENT WITH THE APPLICABLE STATEMENTS OF PRINCIPLES**
27 **AND THE CODE OF PROFESSIONAL CONDUCT ADOPTED BY THE CASUALTY**

1 ACTUARIAL SOCIETY. BY DECEMBER 31, 2018 AND BY DECEMBER 31 OF EVERY
2 SECOND YEAR AFTER 2018, THE DIRECTOR OF THE DEPARTMENT SHALL REPORT
3 TO THE GOVERNOR AND THE STANDING COMMITTEES OF THE SENATE AND HOUSE
4 OF REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE ISSUES
5 ON ALL OF THE FOLLOWING RELATING TO THE 2-YEAR PERIOD ENDING ON THE
6 PREVIOUS JUNE 30:

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

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

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

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

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

1 (22) IF THE ACTUARIAL EXAMINATION UNDER SUBSECTION (21) SHOWS
2 THAT THE ASSETS OF THE ASSOCIATION EXCEED 120% OF ITS LIABILITIES,
3 INCLUDING INCURRED BUT NOT REPORTED LIABILITIES, THE DIRECTOR OF
4 THE DEPARTMENT SHALL ORDER THE ASSOCIATION TO REBATE AN AMOUNT
5 EQUAL TO THE DIFFERENCE BETWEEN THE TOTAL EXCESS AND 120% OF THE
6 LIABILITIES OF THE ASSOCIATION, INCLUDING INCURRED BUT NOT REPORTED
7 LIABILITIES, UNDER SUBSECTION (10) (D) AND ORDER THE MEMBERS OF THE
8 ASSOCIATION TO DISTRIBUTE THE REBATES UNDER SUBSECTION (24) .

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

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

24 (25) ~~(24)~~—The association does not have liability for losses
25 occurring before July 1, 1978. AFTER JUNE 30, 2018, THE ASSOCIATION
26 DOES NOT HAVE LIABILITY FOR AN ULTIMATE LOSS UNDER PERSONAL
27 PROTECTION INSURANCE COVERAGE FOR A MOTOR VEHICLE ACCIDENT POLICY

1 IF A COVERAGE LIMIT UNDER SECTION 3109A(2) (A) OR (B) IS EFFECTIVE
 2 FOR THE POLICY AT THE TIME OF THE ULTIMATE LOSS. AN ULTIMATE LOSS
 3 IS INCURRED BY THE ASSOCIATION ON THE DATE THAT THE ULTIMATE LOSS
 4 OCCURS.

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

8 (27) ~~(25)~~—As used in this section:

9 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
 10 CREATED IN SUBSECTION (1).

11 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION
 12 CREATED IN SUBSECTION (9).

13 (C) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A
 14 HISTORIC VEHICLE.

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

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

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

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

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

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

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

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

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

23 (b) Work loss consisting of loss of income from work an
24 injured person would have performed during the first 3 years after
25 the date of the accident if he or she had not been injured. Work
26 loss does not include any loss after the date on which the injured
27 person dies. Because the benefits received from personal protection

1 insurance for loss of income are not taxable income, the benefits
2 payable for ~~such~~ loss of income ~~shall~~ **MUST** be reduced 15% unless
3 the claimant presents to the insurer in support of his or her claim
4 reasonable proof of a lower value of the income tax advantage in
5 his or her case, in which case the lower value ~~shall apply~~. **MUST BE**
6 **APPLIED**. For the period beginning October 1, 2012 through September
7 30, 2013, the benefits payable for work loss sustained in a single
8 30-day period and the income earned by an injured person for work
9 during the same period together ~~shall~~ **MUST** not exceed \$5,189.00,
10 which maximum ~~shall apply~~ **MUST BE APPLIED** pro rata to any lesser
11 period of work loss. Beginning October 1, 2013, the maximum ~~shall~~
12 **MUST** be adjusted annually to reflect changes in the cost of living
13 under rules prescribed by the ~~commissioner~~ **DIRECTOR**, but any change
14 in the maximum ~~shall apply~~ **APPLIES** only to benefits arising out of
15 ~~accidents occurring subsequent to~~ **AN ACCIDENT THAT OCCURS AFTER** the
16 date of change in the maximum.

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

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

25 (a) A person who is 60 years of age or older and in the event
26 of an accidental bodily injury would not be eligible to receive
27 work loss benefits under subsection (1)(b) may waive coverage for

1 work loss benefits by signing a waiver on a form provided by the
2 insurer. An insurer shall offer a reduced premium rate to a person
3 who waives coverage under this subsection for work loss benefits.
4 Waiver of coverage for work loss benefits applies only to work loss
5 benefits payable to the person or persons who have signed the
6 waiver form.

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

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

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

15 (ii) A PERSON DOMICILED IN THE HOUSEHOLD OF THE INJURED
16 PERSON.

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

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

1 USE IN CALCULATING THE DEDUCTIBLE COST OF OPERATING AN AUTOMOBILE
2 FOR MEDICAL CARE DESCRIBED IN SECTION 213 OF THE INTERNAL REVENUE
3 CODE, 26 USC 213. IF THE DIRECTOR DETERMINES THAT THE CHANGES TO
4 THE OPTIMAL STANDARD MILEAGE RATE PROVIDED BY THE INTERNAL REVENUE
5 SERVICE ARE REASONABLE AND APPROPRIATE FOR PURPOSES OF ASSURING
6 AFFORDABLE AUTOMOBILE INSURANCE IN THIS STATE, THE CHANGES APPLY
7 FOR PURPOSES OF THIS SUBDIVISION AND THE DIRECTOR SHALL ISSUE AN
8 ORDER TO THAT EFFECT.

9 (E) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, AN
10 INSURER IS NOT REQUIRED TO PROVIDE COVERAGE FOR AMBULANCE SERVICES,
11 INCLUDING, BUT NOT LIMITED TO, AIR AMBULANCE SERVICES, IN AN AMOUNT
12 THAT EXCEEDS 160% OF THE AMOUNT THAT WOULD BE ALLOWABLE FOR THE
13 AMBULANCE SERVICES UNDER THE AMBULANCE FEE SCHEDULE APPLICABLE TO
14 AMBULANCE SERVICES UNDER PART B OF THE FEDERAL MEDICARE PROGRAM
15 ESTABLISHED UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT, 42 USC
16 1395 TO 1395III. EVERY SECOND YEAR AFTER DECEMBER 31, 2020, THE
17 DIRECTOR SHALL REVIEW ANY CHANGES TO AMOUNTS PAYABLE UNDER THE
18 AMBULANCE FEE SCHEDULE APPLICABLE TO AMBULANCE SERVICES UNDER PART
19 B OF THE FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER SUBCHAPTER
20 XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO 1395III. IF THE
21 DIRECTOR DETERMINES THAT THE CHANGES TO AMOUNTS PAYABLE UNDER THE
22 AMBULANCE FEE SCHEDULE APPLICABLE TO AMBULANCE SERVICES UNDER PART
23 B ARE REASONABLE AND APPROPRIATE FOR PURPOSES OF ASSURING
24 AFFORDABLE AUTOMOBILE INSURANCE IN THIS STATE, THE CHANGES APPLY
25 FOR PURPOSES OF THIS SUBDIVISION AND THE DIRECTOR SHALL ISSUE AN
26 ORDER TO THAT EFFECT. THIS SUBDIVISION DOES NOT APPLY TO EMERGENCY
27 MEDICAL SERVICES RENDERED BY AN AMBULANCE OPERATION. AS USED IN

1 THIS SUBDIVISION:

2 (i) "AMBULANCE OPERATION" MEANS THAT TERM AS DEFINED IN
3 SECTION 20902 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
4 333.20902.

5 (ii) "EMERGENCY MEDICAL SERVICES" MEANS THAT TERM AS DEFINED
6 IN SECTION 20904 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
7 333.20904.

8 (F) A CLAIM FOR GROUND TRANSPORTATION SERVICES OR AMBULANCE
9 SERVICES MUST IDENTIFY THE PROVIDER OF THE SERVICES, EACH LOCATION
10 AT WHICH THE INJURED PERSON WAS PICKED UP BY THE PROVIDER, EACH
11 LOCATION AT WHICH THE INJURED PERSON WAS DROPPED OFF BY THE
12 PROVIDER, THE MILEAGE BETWEEN EACH LOCATION, AND THE TOTAL MILEAGE
13 FOR EACH DAY IN WHICH A CLAIM FOR TRANSPORTATION OR AMBULANCE
14 SERVICES IS MADE.

15 (3) WITH RESPECT TO PERSONAL PROTECTION INSURANCE BENEFITS FOR
16 ATTENDANT CARE IN THE HOME, GROUND TRANSPORTATION SERVICES
17 DESCRIBED IN SUBSECTION (2) (D), AND AMBULANCE SERVICES DESCRIBED IN
18 SUBSECTION (2) (E), AN INSURER IS ONLY REQUIRED TO PAY REASONABLE
19 CHARGES INCURRED FOR REASONABLY NECESSARY PRODUCTS, SERVICES, AND
20 ACCOMMODATIONS FOR AN INJURED PERSON'S CARE, RECOVERY, OR
21 REHABILITATION RELATED TO AND NECESSITATED BY THE INJURY COVERED BY
22 THE PERSONAL PROTECTION INSURANCE BENEFITS, UP TO ANY COVERAGE
23 LIMIT APPLICABLE UNDER SUBSECTION (2) OR SECTION 3109A.

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

1 SEC. 3107C. (1) FOR INSURANCE POLICIES ISSUED OR RENEWED AFTER
2 JUNE 30, 2018, A QUALIFIED PERSON WHO IS AN INSURED PERSON UNDER
3 THE POLICY IS NOT ENTITLED TO PERSONAL PROTECTION INSURANCE
4 BENEFITS UNDER SECTION 3107(1) (A) UNLESS THE QUALIFIED PERSON
5 AFFIRMATIVELY ELECTS TO PURCHASE PERSONAL PROTECTION INSURANCE
6 BENEFITS COVERAGE UNDER THIS SECTION.

7 (2) FOR AUTOMOBILE INSURANCE POLICIES ISSUED OR RENEWED AFTER
8 JUNE 30, 2018, EACH PERSON WHO IS 62 YEARS OF AGE OR OLDER SHALL
9 COMPLETE A FORM, APPROVED BY THE DIRECTOR, TO CERTIFY WHETHER HE OR
10 SHE IS A QUALIFIED PERSON. THE FORM ALSO MUST DO ALL OF THE
11 FOLLOWING:

12 (A) DISCLOSE IN A CONSPICUOUS MANNER THAT A QUALIFIED PERSON
13 IS NOT OBLIGATED TO PURCHASE PERSONAL PROTECTION INSURANCE COVERAGE
14 FOR THE QUALIFIED PERSON.

15 (B) STATE, IN A CONSPICUOUS MANNER, THE BENEFITS AND RISKS
16 ASSOCIATED WITH EACH COVERAGE OPTION AVAILABLE TO A QUALIFIED
17 PERSON UNDER THIS SECTION, INCLUDING THE OPTION TO NOT PURCHASE
18 PERSONAL PROTECTION BENEFITS AND THE OPTIONS AVAILABLE UNDER
19 SECTION 3109A(2) .

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

23 (D) PROVIDE THE QUALIFIED PERSON THE OPTION TO PURCHASE
24 PERSONAL PROTECTION INSURANCE BENEFITS FOR THE QUALIFIED PERSON
25 NOTWITHSTANDING HIS OR HER STATUS AS A QUALIFIED PERSON.

26 (3) A QUALIFIED PERSON WHO OPTS TO PURCHASE PERSONAL
27 PROTECTION INSURANCE UNDER THIS SECTION SHALL SELECT A COVERAGE

1 LEVEL UNDER SECTION 3109A(2). IF A QUALIFIED PERSON DOES NOT OPT TO
2 PURCHASE PERSONAL PROTECTION INSURANCE BENEFITS FOR THE QUALIFIED
3 PERSON, THE AUTOMOBILE INSURANCE POLICY MUST INCLUDE PERSONAL
4 PROTECTION INSURANCE PAYABLE UNDER THE POLICY ONLY FOR OTHER
5 PERSONS WHO HAVE A RIGHT TO CLAIM PERSONAL PROTECTION INSURANCE
6 BENEFITS UNDER THE POLICY UP TO THE COVERAGE LIMITS UNDER SECTION
7 3109A(2) (A) AND NOT FOR THE QUALIFIED PERSON.

8 (4) AN INSURER SHALL OFFER A REDUCED AUTOMOBILE INSURANCE
9 PREMIUM RATE FOR ANY AUTOMOBILE INSURANCE POLICY THAT EXCLUDES
10 PERSONAL PROTECTION INSURANCE COVERAGE FOR A QUALIFIED PERSON UNDER
11 THIS SECTION.

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

17 (6) IF A QUALIFIED PERSON PROVIDES THE CERTIFICATION REQUIRED
18 UNDER THIS SECTION TO AN INSURER AND DOES NOT OPT TO PURCHASE
19 PERSONAL PROTECTION INSURANCE BENEFITS IN COMPLIANCE WITH THIS
20 SECTION, THE INSURER IS DISCHARGED FROM ANY LIABILITY FOR PERSONAL
21 PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER FOR THE QUALIFIED
22 PERSON.

23 (7) AS USED IN THIS SECTION:

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

26 (i) THE HEALTH INSURANCE OR HEALTH BENEFITS ARE PROVIDED UNDER
27 A PRIVATE OR PUBLIC RETIREMENT PROGRAM FOR THE REMAINDER OF THE

1 QUALIFIED PERSON'S LIFE.

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

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

7 Sec. 3109a. (1) An insurer providing personal protection
8 insurance benefits under this chapter may offer, at appropriately
9 reduced premium rates, deductibles and exclusions reasonably
10 related to other health and accident coverage on the insured. Any
11 deductibles and exclusions offered under this section are subject
12 to prior approval by the ~~commissioner~~**DIRECTOR** and shall ~~shall~~**MUST** apply
13 only to benefits payable to the **INSURED** person named in the policy,
14 the spouse of the insured **PERSON**, and any relative of either
15 domiciled in the same household.

16 (2) FOR AN INSURANCE POLICY THAT PROVIDES PERSONAL PROTECTION
17 INSURANCE BENEFITS AND IS ISSUED OR RENEWED AFTER JUNE 30, 2018,
18 THE INSURED PERSON NAMED IN THE POLICY SHALL, ON A FORM APPROVED BY
19 THE DIRECTOR, SELECT 1 OF THE FOLLOWING COVERAGE LEVELS FOR THE
20 PERSONAL PROTECTION INSURANCE BENEFITS:

21 (A) A LIMIT OF \$250,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE,
22 CONSISTING OF BOTH OF THE FOLLOWING:

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

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

27 (B) A LIMIT OF \$500,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE

1 ON PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER.

2 (C) NO MAXIMUM LIMIT PER INDIVIDUAL PER LOSS OCCURRENCE ON
3 PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER.

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

5 (A) IF AN INSURED PERSON NAMED IN THE POLICY DOES NOT SELECT 1
6 OF THE COVERAGE LEVELS ON A FORM APPROVED BY THE DIRECTOR UNDER
7 SUBSECTION (2) , NO MAXIMUM LIMIT ON PERSONAL PROTECTION INSURANCE
8 BENEFITS UNDER THIS CHAPTER APPLIES UNDER THE POLICY. HOWEVER, IF
9 AN INSURED PERSON NAMED IN THE POLICY HAS PREVIOUSLY SELECTED AS
10 PROVIDED IN THIS SUBDIVISION 1 OF THE COVERAGE LEVELS UNDER
11 SUBSECTION (2) AND DOES NOT, BEFORE RENEWAL OF THE POLICY, SELECT A
12 DIFFERENT COVERAGE LEVEL IN WRITING ON A FORM APPROVED BY THE
13 DIRECTOR, THE COVERAGE LEVEL APPLICABLE BEFORE THE RENEWAL APPLIES
14 UNDER THE POLICY.

15 (B) IF THE INSURED PERSON NAMED IN THE POLICY SELECTS A
16 COVERAGE LIMIT UNDER SUBSECTION (2) (A) OR (B) , THE COVERAGE LIMIT
17 UNDER SUBSECTION (2) (A) OR (B) APPLIES TO PERSONAL PROTECTION
18 INSURANCE BENEFITS PAYABLE UNDER THE POLICY TO THE INSURED PERSON,
19 THE INSURED PERSON'S SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE
20 SAME HOUSEHOLD, AND ANY OTHER PERSON WITH A RIGHT TO CLAIM PERSONAL
21 PROTECTION INSURANCE BENEFITS UNDER THE POLICY.

22 (C) IF THE INSURED PERSON NAMED IN THE POLICY DOES NOT SELECT
23 A COVERAGE LIMIT UNDER SUBSECTION (2) (A) OR (B) FOR A POLICY, NO
24 MAXIMUM LIMIT APPLIES TO PERSONAL PROTECTION INSURANCE BENEFITS
25 PAYABLE UNDER THE POLICY TO THE INSURED PERSON, THE INSURED
26 PERSON'S SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE SAME
27 HOUSEHOLD, OR ANY OTHER RESIDENT OF THIS STATE WITH A RIGHT TO

1 CLAIM PERSONAL PROTECTION BENEFITS UNDER THE POLICY. THE COVERAGE
2 LIMIT UNDER SECTION 3163(4) APPLIES TO A NONRESIDENT OF THIS STATE
3 WITH A RIGHT TO CLAIM PERSONAL PROTECTION BENEFITS UNDER THE POLICY
4 IF THE NONRESIDENT IS NOT THE INSURED NAMED IN THE POLICY, THE
5 INSURED PERSON'S SPOUSE, OR A RELATIVE OF EITHER DOMICILED IN THE
6 SAME HOUSEHOLD.

7 (D) IF THE COVERAGE LIMIT UNDER SUBSECTION (2) (A) OR (B) OR
8 SECTION 3163(4) APPLIES TO A PERSON CLAIMING PERSONAL PROTECTION
9 INSURANCE BENEFITS, THE COVERAGE LIMIT APPLIES ON A PER OCCURRENCE
10 PER LOSS BASIS NOTWITHSTANDING THE NUMBER OF POLICIES APPLICABLE TO
11 THE OCCURRENCE OR THE LOSS.

12 (E) OTHER LIMITS ON PERSONAL PROTECTION INSURANCE BENEFITS
13 PROVIDED IN THIS CHAPTER, INCLUDING, BUT NOT LIMITED TO, LIMITS
14 UNDER SECTION 3163, CONTINUE TO APPLY TO PERSONAL PROTECTION
15 INSURANCE BENEFITS COVERAGE NOTWITHSTANDING THE APPLICABILITY OF A
16 COVERAGE LIMIT UNDER THIS SECTION.

17 (4) THE FORM REQUIRED UNDER SUBSECTION (2) MUST DO ALL OF THE
18 FOLLOWING:

19 (A) STATE, IN A CONSPICUOUS MANNER, THE BENEFITS AND RISKS
20 ASSOCIATED WITH EACH COVERAGE OPTION AVAILABLE UNDER SUBSECTION
21 (2).

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

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

27 (5) AN INSURED PERSON WHO IS A QUALIFIED PERSON UNDER SECTION

1 3107C SHALL COMPLETE A FORM AS REQUIRED UNDER SECTION 3107C AND NOT
2 COMPLETE A FORM DESCRIBED IN SUBSECTION (4).

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

7 Sec. 3112. Personal protection insurance benefits are payable
8 to or for the benefit of an injured person or, in case of his OR
9 HER death, to or for the benefit of his OR HER dependents. A HEALTH
10 CARE PROVIDER LISTED IN SECTION 3157 MAY MAKE A CLAIM AND ASSERT A
11 DIRECT CAUSE OF ACTION AGAINST AN INSURER, OR UNDER THE ASSIGNED
12 CLAIMS PLAN UNDER SECTIONS 3171 TO 3175, TO RECOVER OVERDUE
13 BENEFITS PAYABLE FOR CHARGES FOR PRODUCTS, SERVICES, OR
14 ACCOMMODATIONS PROVIDED TO AN INJURED PERSON. Payment by an insurer
15 in good faith of personal protection insurance benefits, to or for
16 the benefit of a person who it believes is entitled to the
17 benefits, discharges the insurer's liability to the extent of the
18 payments unless the insurer has been notified in writing of the
19 claim of some other person. If there is doubt about the proper
20 person to receive the benefits or the proper apportionment among
21 the persons entitled thereto, ~~TO THE BENEFITS,~~ the insurer, the
22 claimant, or any other interested person may apply to the circuit
23 court for an appropriate order. The court may designate the payees
24 and make an equitable apportionment, taking into account the
25 relationship of the payees to the injured person and other factors
26 as the court considers appropriate. In the absence of a court order
27 directing otherwise the insurer may pay:

1 (a) To the dependents of the injured person, the personal
2 protection insurance benefits accrued before his **OR HER** death
3 without appointment of an administrator or executor.

4 (b) To the surviving spouse, the personal protection insurance
5 benefits due any dependent children living with the spouse.

6 Sec. 3113. A person is not entitled to be paid personal
7 protection insurance benefits for accidental bodily injury if at
8 the time of the accident any of the following circumstances
9 existed:

10 (a) The person was willingly operating or willingly using a
11 motor vehicle or motorcycle that was taken unlawfully, and the
12 person knew or should have known that the motor vehicle or
13 motorcycle was taken unlawfully.

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

17 (c) The person was not a resident of this state, was an
18 occupant of a motor vehicle or motorcycle not registered in this
19 state, and the motor vehicle or motorcycle was not insured by an
20 insurer that has filed a certification in compliance with section
21 3163.

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

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

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

3 Sec. 3114. (1) Except as provided in subsections (2), (3), and
4 (5), a personal protection insurance policy described in section
5 3101(1) applies to accidental bodily injury to the person named in
6 the policy, the person's spouse, and a relative of either domiciled
7 in the same household, if the injury arises from a motor vehicle
8 accident. A personal injury insurance policy described in section
9 3103(2) applies to accidental bodily injury to the person named in
10 the policy, the person's spouse, and a relative of either domiciled
11 in the same household, if the injury arises from a motorcycle
12 accident. If personal protection insurance benefits or personal
13 injury benefits described in section 3103(2) are payable to or for
14 the benefit of an injured person under his or her own policy and
15 would also be payable under the policy of his or her spouse,
16 relative, or relative's spouse, the injured person's insurer shall
17 pay all of the benefits and is not entitled to recoupment from the
18 other insurer. **EXCEPT AS PROVIDED IN SECTION 3107C, A COVERAGE**
19 **LIMIT APPLICABLE TO A PERSONAL PROTECTION INSURANCE POLICY UNDER**
20 **SECTION 3109A(2) APPLIES TO PERSONAL PROTECTION INSURANCE BENEFITS**
21 **PAYABLE FOR ACCIDENTAL BODILY INJURY TO THE PERSON NAMED IN THE**
22 **POLICY, THE PERSON'S SPOUSE, AND A RELATIVE OF EITHER DOMICILED IN**
23 **THE SAME HOUSEHOLD, IF THE INJURY ARISES FROM A MOTOR VEHICLE**
24 **ACCIDENT.**

25 (2) A person suffering accidental bodily injury while an
26 operator or a passenger of a motor vehicle operated in the business
27 of transporting passengers shall receive the personal protection

1 insurance benefits to which the person is entitled from the insurer
2 of the motor vehicle. This subsection does not apply to a passenger
3 in any of the following, unless the passenger is not entitled to
4 personal protection insurance benefits under any other policy:

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

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

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

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

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

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

17 (g) A transportation network company vehicle.

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

24 (4) Except as provided in subsections (1) to (3), a person
25 suffering accidental bodily injury arising from a motor vehicle
26 accident while an occupant of a motor vehicle shall claim personal
27 protection insurance benefits from insurers in the following order

1 of priority:

2 (a) The insurer of the owner or registrant of the vehicle
3 occupied.

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

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

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

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

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

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

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

1 COVERAGE LEVEL FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER
2 SECTION 3109A(2) .

3 (7) IF NONE OF THE INSURANCE POLICIES THAT PROVIDE COVERAGE
4 UNDER THE FIRST APPLICABLE LEVEL OF PRIORITY UNDER SUBSECTION (5)
5 EXCEED THE LIMITS UNDER SECTION 3109A(2) (A) OR (B) , THE INJURED
6 PERSON MAY CLAIM PERSONAL INJURY PROTECTION BENEFITS FROM THE
7 INSURERS IN THE NEXT LEVEL OF PRIORITY. AN INSURER IN THE NEXT
8 LEVEL OF PRIORITY IS ONLY REQUIRED TO PAY BENEFITS UP TO THE
9 INSURER'S LIMITS UNDER SECTION 3109A(2) , LESS THE HIGHEST LIMIT
10 AVAILABLE UNDER THE PRECEDING LEVEL OF PRIORITY. THE INJURED PERSON
11 MAY CONTINUE TO MOVE TO THE NEXT HIGHER LEVEL OF PRIORITY AS
12 PROVIDED IN THIS SUBSECTION UNTIL AN INSURER WITHOUT LIMITS AS
13 PROVIDED IN SECTION 3109A(2) (C) IS FOUND OR UNTIL ALL THE LEVELS OF
14 PRIORITY ARE EXHAUSTED, WHICHEVER OCCURS FIRST.

15 (8) NOTWITHSTANDING ANYTHING IN THIS CHAPTER TO THE CONTRARY,
16 A COVERAGE LIMIT UNDER SECTION 3109A(2) OR SECTION 3163(4) APPLIES
17 ON A PER OCCURRENCE PER LOSS BASIS NOTWITHSTANDING THE NUMBER OF
18 POLICIES APPLICABLE TO THE OCCURRENCE OR THE LOSS.

19 (9) ~~(7)~~—As used in this section:

20 (a) "Personal vehicle", "prearranged ride", and
21 "transportation network company digital network" mean those terms
22 as defined in section 2 of the limousine, taxicab, and
23 transportation network company act, **2016 PA 345, MCL 257.2102.**

24 (b) "Transportation network company vehicle" means a personal
25 vehicle while the driver is logged on to the transportation network
26 company digital network or while the driver is engaged in a
27 prearranged ride.

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

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

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

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

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

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

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

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

2 (D) THE ISSUE OF WHETHER AN IMPAIRMENT IS AN IMPAIRMENT OF AN
3 IMPORTANT BODY FUNCTION IS AN INHERENTLY SUBJECTIVE INQUIRY THAT
4 MUST BE DECIDED ON A CASE-BY-CASE BASIS.

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

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

14 (a) Intentionally caused harm to persons or property. Even
15 though a person knows that harm to persons or property is
16 substantially certain to be caused by his or her act or omission,
17 the person does not cause or suffer that harm intentionally if he
18 or she acts or refrains from acting for the purpose of averting
19 injury to any person, including himself or herself, or for the
20 purpose of averting damage to tangible property.

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

23 (c) Damages for ~~allowable expenses,~~ work loss ~~,~~ and survivor's
24 loss ~~as defined in~~ **UNDER** sections 3107 to 3110 in excess of the
25 daily, monthly, and 3-year limitations contained in those sections.
26 The party liable for damages is entitled to an exemption reducing
27 his or her liability by the amount of taxes that would have been

1 payable on account of income the injured person would have received
2 if he or she had not been injured.

3 (d) Damages for economic loss by a nonresident in excess of
4 the personal protection insurance benefits provided under section
5 3163(4). Damages under this subdivision are not recoverable to the
6 extent that benefits covering the same loss are available from
7 other sources, regardless of the nature or number of benefit
8 sources available and regardless of the nature or form of the
9 benefits.

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

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

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

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

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

26 (d) A decision of the court is not res judicata in any
27 proceeding to determine any other liability arising from the same

1 circumstances that gave rise to the action.

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

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

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

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

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

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

20 (2) Personal protection insurance benefits are overdue if not
21 paid within 30 days after an insurer receives reasonable proof of
22 the fact and of the amount of loss sustained **AND ANY APPLICABLE**
23 **REQUIREMENT UNDER SECTION 3157 IS SATISFIED.** If **ANY APPLICABLE**
24 **REQUIREMENT UNDER SECTION 3157 IS SATISFIED BUT** reasonable proof is
25 not supplied as to the entire claim, the amount supported by
26 reasonable proof is overdue if not paid within 30 days after the
27 proof is received by the insurer. Any part of the remainder of the

1 claim that is later supported by reasonable proof is overdue if not
2 paid within 30 days after the proof is received by the insurer. For
3 the purpose of calculating the extent to which benefits are
4 overdue, payment ~~shall~~**MUST** be treated as made on the date a draft
5 or other valid instrument was placed in the United States mail in a
6 properly addressed, postpaid envelope, or, if not so posted, on the
7 date of delivery.

8 (3) An overdue payment bears simple interest at the rate of
9 12% per annum.

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

12 Sec. 3148. (1) ~~An~~**SUBJECT TO SUBSECTIONS (5) AND (6), AN**
13 attorney ~~is entitled to~~**MAY BE AWARDED** a reasonable fee for
14 advising and representing a claimant in an action for personal or
15 property protection insurance benefits ~~which~~**THAT** are overdue. The
16 attorney's fee ~~shall be~~**IS** a charge against the insurer in addition
17 to the benefits recovered, if the court finds that the insurer
18 unreasonably refused to pay the claim or unreasonably delayed in
19 making proper payment. **AN ATTORNEY ADVISING OR REPRESENTING AN**
20 **INJURED PERSON CONCERNING A CLAIM FOR PAYMENT OF PERSONAL**
21 **PROTECTION INSURANCE BENEFITS FROM AN INSURER SHALL NOT CLAIM,**
22 **FILE, OR SERVE A LIEN FOR PAYMENT OF A FEE OR FEES UNTIL ALL OF THE**
23 **FOLLOWING APPLY:**

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

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

26 (C) **THE ATTORNEY NOTIFIES THE RESIDENT AGENT OF THE INSURER IN**
27 **WRITING THAT THE PAYMENT FOR THE CLAIM IS OVERDUE UNDER THIS**

1 CHAPTER.

2 (D) WITHIN 30 DAYS AFTER THE INSURER RECEIVES THE NOTICE UNDER
3 SUBDIVISION (C), THE INSURER DOES NOT EITHER PROVIDE REASONABLE
4 PROOF THAT THE INSURER IS NOT RESPONSIBLE FOR THE PAYMENT OR TAKE
5 REMEDIAL ACTION.

6 (2) IF AN ATTORNEY CLAIMS, FILES, SERVES, OR ENFORCES A LIEN
7 IN A MANNER PROHIBITED BY SUBSECTION (1), AN INSURER OR OTHER
8 PERSON AGGRIEVED BY THE LIEN IS ENTITLED TO COURT COSTS AND
9 REASONABLE ATTORNEY FEES RELATED TO OPPOSITION OF THE IMPOSITION OF
10 THE LIEN.

11 (3) ~~(2) An~~ A COURT MAY AWARD AN insurer may be allowed by a
12 court an award of a reasonable sum ~~AMOUNT~~ against a claimant as an
13 attorney's ~~ATTORNEY~~ fee for the insurer's attorney in defense
14 DEFENDING against a ~~ANY OF THE FOLLOWING~~:

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

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

20 (C) A CLAIM FOR WHICH THE CLIENT WAS SOLICITED BY THE ATTORNEY
21 IN VIOLATION OF THE LAW OF THIS STATE OR THE MICHIGAN RULES OF
22 PROFESSIONAL CONDUCT.

23 (4) To the extent that personal or property protection
24 insurance benefits are then due or thereafter come due to the
25 claimant because of loss resulting from the injury on which the
26 claim is based, ~~such a~~ AN ATTORNEY fee AWARDED IN FAVOR OF THE
27 INSURER may be ~~treated~~ TAKEN as an offset against ~~such~~ THE

1 benefits. ~~; also, judgment~~ **JUDGMENT** may **ALSO** be entered against the
2 claimant for any amount of a ~~an~~ **AN ATTORNEY** fee awarded ~~against him~~
3 ~~and~~ **THAT IS** not offset ~~in this way~~ **AGAINST BENEFITS** or otherwise
4 paid.

5 (5) FOR A DISPUTE OVER PAYMENT FOR ALLOWABLE EXPENSES UNDER
6 SECTION 3107(1)(A) FOR ATTENDANT CARE OR NURSING SERVICES, ATTORNEY
7 FEES MAY BE AWARDED IN RELATION TO EXPENSES RECOVERED FOR THE 12
8 MONTHS PRECEDING THE DATE THE INSURER IS NOTIFIED OF THE DISPUTE.
9 ATTORNEY FEES MUST NOT BE AWARDED IN RELATION TO EXPENSES PAID
10 AFTER THE DATE THE INSURER IS NOTIFIED OF THE DISPUTE, INCLUDING
11 ANY FUTURE PAYMENTS ORDERED AFTER THE JUDGMENT IS ENTERED.

12 (6) A COURT SHALL NOT AWARD A FEE TO AN ATTORNEY FOR ADVISING
13 OR REPRESENTING A CLAIMANT IN AN ACTION FOR PERSONAL OR PROPERTY
14 PROTECTION INSURANCE BENEFITS FOR A TREATMENT, PRODUCT, SERVICE,
15 REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION PROVIDED TO
16 THE CLAIMANT IF THE ATTORNEY OR A RELATED PERSON OF THE ATTORNEY
17 HAS, OR HAD AT THE TIME THE TREATMENT, PRODUCT, SERVICE,
18 REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION WAS
19 PROVIDED, A DIRECT OR INDIRECT FINANCIAL INTEREST IN THE PERSON
20 THAT PROVIDED THE TREATMENT, PRODUCT, SERVICE, REHABILITATIVE
21 OCCUPATIONAL TRAINING, OR ACCOMMODATION. FOR PURPOSES OF THIS
22 SUBSECTION, A DIRECT OR INDIRECT FINANCIAL INTEREST EXISTS IF THE
23 PERSON THAT PROVIDED THE TREATMENT, PRODUCT, SERVICE,
24 REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION MAKES A
25 DIRECT OR INDIRECT PAYMENT OR GRANTS A FINANCIAL INCENTIVE TO THE
26 ATTORNEY OR A RELATED PERSON OF THE ATTORNEY RELATING TO THE
27 TREATMENT, PRODUCT, SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING,

1 OR ACCOMMODATION WITHIN 24 MONTHS BEFORE OR AFTER THE TREATMENT,
2 PRODUCT, SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING, OR
3 ACCOMMODATION IS PROVIDED.

4 SEC. 3149. (1) AN INSURER THAT IS OBLIGATED TO PAY CLAIMS FOR
5 PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER HAS A
6 DUTY TO DEAL FAIRLY AND IN GOOD FAITH WITH A PERSON CLAIMING
7 BENEFITS AND THE PERSON'S SERVICE PROVIDERS.

8 (2) AN INSURER THAT BREACHES THE DUTY IMPOSED UNDER THIS
9 SECTION IS LIABLE FOR DAMAGES PROXIMATELY CAUSED BY THE BREACH AND
10 ACTUAL ATTORNEY FEES AND THE RELATED COSTS OF LITIGATION.

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) EXCEPT AS PROVIDED IN SUBSECTION (3), A PHYSICIAN,
4 HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION RENDERING A
5 TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION TO AN INJURED PERSON
6 FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION
7 INSURANCE, AND A PERSON OR INSTITUTION PROVIDING REHABILITATIVE
8 OCCUPATIONAL TRAINING TO THE INJURED PERSON FOLLOWING THE INJURY,
9 IS NOT ELIGIBLE FOR PAYMENT OR REIMBURSEMENT UNDER THIS CHAPTER FOR
10 MORE THAN 160% OF THE AMOUNT PAYABLE FOR THE TREATMENT, TRAINING,
11 PRODUCT, SERVICE, OR ACCOMMODATION UNDER PART A, B, OR D OF THE
12 FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER SUBCHAPTER XVIII OF THE
13 SOCIAL SECURITY ACT, 42 USC 1395 TO 1395///. EVERY YEAR AFTER
14 DECEMBER 31, 2020, THE DIRECTOR SHALL REVIEW ANY CHANGES TO AMOUNTS
15 PAYABLE UNDER PART A, B, OR D OF THE FEDERAL MEDICARE PROGRAM
16 ESTABLISHED UNDER SUBCHAPTER XVIII OF THE SOCIAL SECURITY ACT, 42
17 USC 1395 TO 1395///. IF THE DIRECTOR DETERMINES THAT THE CHANGES
18 ARE REASONABLE AND APPROPRIATE FOR PURPOSES OF ASSURING AFFORDABLE
19 AUTOMOBILE INSURANCE IN THIS STATE, THE CHANGES APPLY FOR PURPOSES
20 OF THIS SUBSECTION AND THE DIRECTOR SHALL ISSUE AN ORDER TO THAT
21 EFFECT.

22 (3) IF PART A, B, OR D OF THE FEDERAL MEDICARE PROGRAM
23 ESTABLISHED UNDER SUBCHAPTER XVIII OF THE SOCIAL SECURITY ACT, 42
24 USC 1395 TO 1395///, DOES NOT PROVIDE AN AMOUNT PAYABLE FOR
25 TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION RENDERED TO
26 AN INJURED PERSON FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL
27 PROTECTION INSURANCE OR REHABILITATIVE OCCUPATIONAL TRAINING TO THE

1 INJURED PERSON FOLLOWING THE INJURY, THE PHYSICIAN, HOSPITAL,
2 CLINIC, OR OTHER PERSON OR INSTITUTION THAT RENDERS THE TREATMENT,
3 PRODUCT, SERVICE, OR ACCOMMODATION IS NOT ELIGIBLE FOR PAYMENT OR
4 REIMBURSEMENT UNDER THIS CHAPTER OF MORE THAN THE AVERAGE AMOUNT
5 ACCEPTED BY THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR
6 INSTITUTION AS PAYMENT OR REIMBURSEMENT IN FULL FOR THE TREATMENT,
7 TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION DURING THE PRECEDING
8 CALENDAR YEAR IN CASES THAT DO NOT INVOLVE PERSONAL PROTECTION
9 INSURANCE.

10 (4) BY RENDERING ANY TREATMENT, PRODUCTS, SERVICES, OR
11 ACCOMMODATIONS TO 1 OR MORE INJURED PERSONS FOR AN ACCIDENTAL
12 BODILY INJURY COVERED BY PERSONAL PROTECTION INSURANCE BENEFITS
13 COVERAGE UNDER THIS CHAPTER AFTER THE EFFECTIVE DATE OF THE
14 AMENDATORY ACT THAT ADDED THIS SUBSECTION, A PHYSICIAN, HOSPITAL,
15 CLINIC, OR OTHER PERSON OR INSTITUTION IS CONSIDERED TO HAVE AGREED
16 TO TIMELY SUBMIT TO AN INSURER, THE ASSOCIATION CREATED UNDER
17 SECTION 3104, OR THE DEPARTMENT ALL INFORMATION RELATING TO A
18 TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION PROVIDED TO AN
19 INJURED PERSON FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL
20 PROTECTION INSURANCE AND RELATING TO AN AVERAGE AMOUNT ACCEPTED FOR
21 THE TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION UNDER
22 SUBSECTION (3), INCLUDING, BUT NOT LIMITED TO, ALL OF THE
23 FOLLOWING:

24 (A) DIAGNOSES.

25 (B) SCANS AND X-RAYS.

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

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

1 (E) PATIENT HISTORY AND PHYSICAL REPORTS.

2 (F) REPORTS AND RECORDS RELATING TO CONSULTATIONS, AUTOPSIES,
3 OPERATIONS, LABORATORY WORK, SURGERIES, RECOVERY ROOM ACTIVITIES,
4 AND ELECTROENCEPHALOGRAMS.

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

6 (H) DOCUMENTATION RELATING TO THERAPY, INCLUDING, BUT NOT
7 LIMITED TO, INTRAVENOUS THERAPY, OCCUPATIONAL OR PHYSICAL THERAPY,
8 RESPIRATORY THERAPY, AND SPEECH THERAPY.

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

12 (J) A DETERMINATION OF AN EMERGENCY MEDICAL CONDITION OR
13 RELATED EMERGENCY CARE.

14 (5) A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR
15 INSTITUTION THAT RENDERS A TREATMENT, PRODUCT, SERVICE, OR
16 ACCOMMODATION TO AN INJURED PERSON FOR ACCIDENTAL BODILY INJURY
17 COVERED BY PERSONAL PROTECTION INSURANCE, AND A PERSON OR
18 INSTITUTION THAT PROVIDES REHABILITATIVE OCCUPATIONAL TRAINING TO
19 THE INJURED PERSON FOLLOWING THE INJURY, IS NOT ELIGIBLE FOR
20 PAYMENT OR REIMBURSEMENT UNDER THIS CHAPTER FOR ANY OF THE
21 FOLLOWING:

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

25 (B) A TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION
26 THAT IS NOT USUALLY ASSOCIATED WITH, IS MATERIALLY LONGER IN
27 DURATION THAN, IS MATERIALLY MORE FREQUENT THAN, OR EXTENDS OVER A

1 MATERIALLY GREATER NUMBER OF DAYS THAN THAT TREATMENT, TRAINING,
2 PRODUCT, SERVICE, OR ACCOMMODATION USUALLY REQUIRED FOR A PATIENT
3 WITH THE DIAGNOSIS OR CONDITION OF THE INJURED PERSON IF NO
4 SPECIFIC WRITTEN JUSTIFICATION OF THE MEDICAL NECESSITY OF THAT
5 TREATMENT, TRAINING, PRODUCT, SERVICE, OR ACCOMMODATION IS INCLUDED
6 IN THE PATIENT RECORD FOR THE INJURED PERSON.

7 (C) A TREATMENT AS TO WHICH EVIDENCE PROVIDED TO THE
8 PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION THAT
9 RENDERS THE TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION TO AN
10 INJURED PERSON FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL
11 PROTECTION INSURANCE, OR TO THE PERSON OR INSTITUTION THAT PROVIDES
12 REHABILITATIVE OCCUPATIONAL TRAINING TO THE INJURED PERSON,
13 INDICATES THAT THE TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION
14 WAS NOT MEDICALLY NECESSARY GIVEN THE PHYSICAL CAPABILITIES OF THE
15 INJURED PERSON.

16 (6) IF A PERSON PAYS FOR OR REIMBURSES AN AMOUNT NOT
17 AUTHORIZED UNDER SUBSECTION (5), THE PERSON MAY REQUEST A REFUND OF
18 THE AMOUNT PAID. IF THE UNAUTHORIZED AMOUNT IS NOT REFUNDED WITHIN
19 30 DAYS, INTEREST ON THE AMOUNT REFUNDABLE MUST BE PAID TO THE
20 PERSON AT THE RATE OF 1% OF THE AMOUNT OF THE REFUND OWED PER
21 MONTH. IN A PROCEEDING TO RECOVER MONEY OWED UNDER THIS SUBSECTION,
22 THE PERSON MAY RECOVER COURT COSTS AND ATTORNEY FEES INCURRED IN
23 SEEKING PAYMENT OF THE MONEY OWED.

24 (7) IF AFTER A HEARING CONDUCTED UNDER RULES PROMULGATED UNDER
25 THIS SUBSECTION THE DEPARTMENT DETERMINES THAT A PHYSICIAN,
26 HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION THAT RENDERS A
27 TREATMENT, PRODUCT, SERVICE, OR ACCOMMODATION TO AN INJURED PERSON

1 FOR ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION
2 INSURANCE, OR A PERSON OR INSTITUTION THAT PROVIDES REHABILITATIVE
3 OCCUPATIONAL TRAINING TO THE INJURED PERSON FOLLOWING THE INJURY,
4 HAS ENGAGED IN A PATTERN OR PRACTICE OF CONDUCT IN VIOLATION OF
5 THIS SECTION, THE DEPARTMENT MAY PROHIBIT THE PHYSICIAN, HOSPITAL,
6 CLINIC, OR OTHER PERSON OR INSTITUTION FROM CHARGING AND RECEIVING
7 A PAYMENT FOR ANY TREATMENT, TRAINING, PRODUCT, SERVICE, OR
8 ACCOMMODATION UNDER THIS CHAPTER FOR A PERIOD OF TIME AND ALSO MAY
9 ORDER A REFUND OF AMOUNTS RECEIVED IN VIOLATION OF THIS SECTION.
10 THE DEPARTMENT SHALL PROMULGATE RULES TO IMPLEMENT THIS SECTION
11 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL
12 24.201 TO 24.328.

13 (8) THE LIMITATIONS IN THIS SECTION ONLY LIMIT THE AMOUNTS
14 THAT A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION
15 MAY BE PAID OR REIMBURSED FOR A TREATMENT, PRODUCT, SERVICE,
16 ACCOMMODATION, OR REHABILITATIVE OR OCCUPATIONAL TRAINING. THE
17 LIMITATIONS ARE NOT LIMITATIONS ON THE SCOPE OR DURATION OF CARE
18 THAT AN INJURED PERSON MAY RECEIVE.

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

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

1 (B) COMPLY WITH ANY DECISION OF THE DEPARTMENT UNDER THIS
2 SECTION.

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

9 (3) THE DEPARTMENT SHALL PROMULGATE RULES UNDER THE
10 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
11 24.328, TO DO BOTH OF THE FOLLOWING:

12 (A) ESTABLISH CRITERIA OR STANDARDS FOR UTILIZATION REVIEW
13 THAT IDENTIFY UTILIZATION OF TREATMENT, PRODUCTS, SERVICES, OR
14 ACCOMMODATIONS UNDER THIS CHAPTER ABOVE THE USUAL RANGE OF
15 UTILIZATION FOR THE TREATMENT, PRODUCTS, SERVICES, OR
16 ACCOMMODATIONS BASED ON MEDICALLY ACCEPTED STANDARDS.

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

19 (i) ACQUIRING NECESSARY RECORDS, MEDICAL BILLS, AND OTHER
20 INFORMATION CONCERNING THE TREATMENT, PRODUCTS, SERVICES, OR
21 ACCOMMODATIONS PROVIDED.

22 (ii) ALLOWING AN INSURER TO REQUEST AN EXPLANATION FOR AND
23 REQUIRING A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON TO EXPLAIN
24 THE NECESSITY OR INDICATION FOR TREATMENT, PRODUCTS, SERVICES, OR
25 ACCOMMODATIONS PROVIDED.

26 (iii) APPEALING DETERMINATIONS.

27 (4) IF A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON PROVIDES

1 TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS UNDER THIS CHAPTER
2 THAT ARE NOT USUALLY ASSOCIATED WITH, ARE LONGER IN DURATION THAN,
3 ARE MORE FREQUENT THAN, OR EXTEND OVER A GREATER NUMBER OF DAYS
4 THAN THE TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS USUALLY
5 REQUIRE FOR THE DIAGNOSIS OR CONDITION FOR WHICH THE PATIENT IS
6 BEING TREATED, THE INSURER OR THE ASSOCIATION CREATED UNDER SECTION
7 3104 MAY REQUIRE THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON
8 TO EXPLAIN THE NECESSITY OR INDICATION FOR THE TREATMENT, PRODUCTS,
9 SERVICES, OR ACCOMMODATIONS IN WRITING UNDER THE PROCEDURES
10 PROVIDED UNDER SUBSECTION (3).

11 (5) IF AN INSURER OR THE ASSOCIATION CREATED UNDER SECTION
12 3104 DETERMINES THAT A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON
13 IMPROPERLY OVERUTILIZED OR OTHERWISE RENDERED OR ORDERED
14 INAPPROPRIATE TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS, OR
15 THAT THE COST OF THE TREATMENT, PRODUCTS, SERVICES, OR
16 ACCOMMODATIONS WAS INAPPROPRIATE UNDER THIS CHAPTER, THE PHYSICIAN,
17 HOSPITAL, CLINIC, OR OTHER PERSON MAY APPEAL THE DETERMINATION TO
18 THE DEPARTMENT UNDER THE PROCEDURES PROVIDED UNDER SUBSECTION (3).

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

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

27 SEC. 3157B. ANY PROPRIETARY INFORMATION OR SENSITIVE

1 PERSONALLY IDENTIFIABLE INFORMATION REGARDING A PATIENT THAT IS
2 SUBMITTED TO THE DEPARTMENT UNDER SECTION 3157 OR 3157A IS EXEMPT
3 FROM DISCLOSURE UNDER SECTION 13(E) OF THE FREEDOM OF INFORMATION
4 ACT, 1976 PA 442, MCL 15.243, AND THE DEPARTMENT SHALL EXEMPT ANY
5 SUCH INFORMATION FROM DISCLOSURE UNDER ANY OTHER APPLICABLE
6 EXEMPTIONS UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT, 1976
7 PA 442, MCL 15.243.

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

17 (2) ~~A nonadmitted~~ **AN insurer THAT IS NOT AUTHORIZED TO**
18 **TRANSACT AUTOMOBILE INSURANCE IN THIS STATE** may voluntarily file
19 the certification described in subsection (1).

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

1 of personal and property protection insurance applicable to the
2 accidental bodily injury or property damage.

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

17 **SEC. 3165. (1) IF THE DEPARTMENT DETERMINES THAT AN INSURER**
18 **WILLFULLY AND INTENTIONALLY VIOLATED SECTION 3149 OR DENIED A CLAIM**
19 **FOR BENEFITS UNDER THIS CHAPTER IN BAD FAITH, THE DEPARTMENT SHALL**
20 **ORDER THE INSURER TO PAY A CIVIL FINE OF NOT LESS THAN \$10,000.00**
21 **OR MORE THAN \$20,000.00 FOR EACH OCCURRENCE. IN DETERMINING THE**
22 **AMOUNT OF THE CIVIL FINE, THE DEPARTMENT SHALL CONSIDER WHETHER THE**
23 **INSURER HAS PREVIOUSLY BEEN FINED UNDER THIS SECTION.**

24 (2) IN DETERMINING WHETHER TO IMPOSE A CIVIL FINE UNDER THIS
25 SECTION, THE DEPARTMENT SHALL PROVIDE AN INSURER AN OPPORTUNITY FOR
26 A HEARING AND CONDUCT THE MATTER AS A CONTESTED CASE UNDER THE
27 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO

1 24.328.

2 (3) THE DEPARTMENT SHALL DEPOSIT A CIVIL FINE COLLECTED UNDER
3 THIS SECTION INTO THE SCHOOL AID FUND OF THIS STATE.

4 SEC. 3166. (1) THE ATTORNEY GENERAL MAY COMMENCE A CIVIL
5 ACTION AGAINST AN INSURER THAT VIOLATES SECTION 3149 OR OTHERWISE
6 VIOLATES THIS CHAPTER IN BAD FAITH. IN AN ACTION UNDER THIS
7 SECTION, THE COURT MAY IMPOSE A CIVIL FINE AGAINST THE INSURER OF
8 NOT MORE THAN \$100,000.00.

9 (2) THIS SECTION IS CUMULATIVE AND DOES NOT IMPAIR ANY OTHER
10 REMEDY AVAILABLE AGAINST THE INSURER UNDER THE LAW OF THIS STATE.

11 SEC. 3180. (1) BY MARCH 31, 2018, AN INSURER THAT OFFERS
12 AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE PREMIUM RATES FOR
13 PERSONAL PROTECTION INSURANCE COVERAGE FOR AUTOMOBILE INSURANCE
14 POLICIES EFFECTIVE AFTER JUNE 30, 2018 AND BEFORE JULY 1, 2019. THE
15 PREMIUM RATES FILED, AND ANY SUBSEQUENT PREMIUM RATES FILED BY THE
16 INSURER FOR PERSONAL PROTECTION INSURANCE COVERAGE UNDER AUTOMOBILE
17 INSURANCE POLICIES EFFECTIVE BEFORE JULY 1, 2023, MUST REFLECT
18 SAVINGS EXPECTED FROM THE AMENDMENTS TO THIS CHAPTER MADE BY THE
19 AMENDATORY ACT THAT ADDED THIS SECTION, CONSISTENT WITH THE
20 REQUIREMENTS OF SECTIONS 2109 TO 2111A FOR POLICIES TO WHICH
21 CHAPTER 21 APPLIES, SECTION 2403 FOR POLICIES TO WHICH CHAPTER 24
22 APPLIES, AND SECTION 2603 FOR POLICIES TO WHICH CHAPTER 26 APPLIES.

23 (2) IF PREMIUM RATES FILED BY AN INSURER UNDER SUBSECTION (1)
24 FOR PERSONAL PROTECTION INSURANCE COVERAGE DO NOT RESULT IN AN
25 AVERAGE 40% OR GREATER REDUCTION PER VEHICLE FOR POLICIES SUBJECT
26 TO THE COVERAGE LIMITS UNDER SECTION 3109A(2) (A), AN AVERAGE 20% OR
27 GREATER REDUCTION PER VEHICLE FOR POLICIES SUBJECT TO THE COVERAGE

1 LIMITS UNDER SECTION 3109A(2) (B) , AND AN AVERAGE 10% OR GREATER
2 REDUCTION PER VEHICLE FOR POLICIES SUBJECT TO THE COVERAGE LIMITS
3 UNDER SECTION 3109A(2) (C) FROM THE PREMIUM RATES FOR PERSONAL
4 PROTECTION INSURANCE COVERAGE THAT WERE IN EFFECT FOR THE INSURER
5 ON OCTOBER 1, 2017, THE INSURER SHALL INCLUDE WITH THE FILING BOTH
6 OF THE FOLLOWING:

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

10 (B) A DETAILED EXPLANATION OF THE REASONS FOR THE INSURER'S
11 FAILURE TO ACHIEVE THE REQUIRED REDUCTIONS AND A DEMONSTRATION
12 USING GENERALLY ACCEPTED AND REASONABLE ACTUARIAL TECHNIQUES THAT
13 THE REQUIRED REDUCTIONS ARE NOT JUSTIFIED BECAUSE OF REQUIREMENTS
14 UNDER SUBSECTION (1) OR 1 OR MORE OF THE FOLLOWING:

15 (i) EXPECTED LOSSES OF THE INSURER FROM THE PROVISION OF
16 AUTOMOBILE INSURANCE.

17 (ii) INFLATION, AS SHOWN BY THE CONSUMER PRICE INDEX
18 CALCULATED AND PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR,
19 BUREAU OF LABOR STATISTICS.

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

22 (3) THE DIRECTOR SHALL REVIEW PREMIUM RATES FILED BY AN
23 INSURER UNDER SUBSECTION (1) FOR COMPLIANCE WITH SUBSECTIONS (1)
24 AND (2). THE DIRECTOR SHALL DISAPPROVE A FILING THAT CONTAINS A
25 PREMIUM RATE IF AFTER REVIEW THE DIRECTOR DETERMINES BOTH OF THE
26 FOLLOWING:

27 (A) THAT THE PREMIUM RATE DOES NOT RESULT IN THE REDUCTIONS

1 REQUIRED BY SUBSECTIONS (1) AND (2) .

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

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

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

12 (B) PROVIDE THE INSURER WITH A WRITTEN EXPLANATION OF THE
13 REASONS FOR THE DISAPPROVAL AND THE DIRECTOR'S DETERMINATION UNDER
14 SUBDIVISION (A) .

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

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

27 (7) AFTER JUNE 30, 2018 AND BEFORE JULY 1, 2023, AN INSURER

1 SHALL NOT ISSUE OR RENEW AN AUTOMOBILE INSURANCE POLICY IN THIS
2 STATE UNLESS THE PREMIUM RATES FILED BY THE INSURER FOR PERSONAL
3 PROTECTION INSURANCE COVERAGE ARE APPROVED UNDER THIS SECTION.

4 (8) FOR PURPOSES OF CALCULATING A PERSONAL PROTECTION
5 INSURANCE PREMIUM OR PREMIUM RATE UNDER THIS SECTION, THE PREMIUM
6 INCLUDES THE CATASTROPHIC CLAIMS ASSESSMENT IMPOSED UNDER SECTION
7 3104.

8 SEC. 3181. (1) BEFORE JULY 1, 2021, THE DIRECTOR SHALL REPORT
9 TO THE STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF
10 REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE MATTERS ON
11 THE EFFECT OF THE CHANGES TO THIS CHAPTER MADE BY THE AMENDATORY
12 ACT THAT ADDED THIS SECTION. THE REPORT MUST INCLUDE, AT A MINIMUM,
13 ALL OF THE FOLLOWING:

14 (A) THE EFFECT ON AUTOMOBILE INSURANCE PREMIUMS.

15 (B) THE EFFECT ON THE VOLUME AND DOLLAR AMOUNTS OF CLAIMS FOR
16 PERSONAL PROTECTION INSURANCE BENEFITS.

17 (C) THE EFFECT ON THE VOLUME OF LAWSUITS RELATING TO PERSONAL
18 PROTECTION INSURANCE BENEFITS.

19 (2) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018, \$150,000.00
20 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT TO BE USED
21 BY THE DEPARTMENT TO IMPLEMENT THIS SECTION. FROM THE MONEY
22 APPROPRIATED, THE DEPARTMENT SHALL EMPLOY AN ADDITIONAL FULL-TIME
23 EQUIVALENT EMPLOYEE TO PERFORM FUNCTIONS RELATED TO PREPARING THE
24 REPORT REQUIRED UNDER SUBSECTION (1).

25 SEC. 3182. (1) BY DECEMBER 31 OF EACH YEAR BEGINNING WITH
26 2018, AN INSURER THAT OFFERS AUTOMOBILE INSURANCE IN THIS STATE
27 SHALL PROVIDE TO THE DEPARTMENT ALL OF THE FOLLOWING INFORMATION

1 FOR CLAIMS SUBMITTED THAT YEAR:

2 (A) THE AVERAGE TIME BETWEEN RECEIVING A NOTICE OF A CLAIM AND
3 MAKING PAYMENT ON THE CLAIM.

4 (B) THE PERCENTAGE OF CLAIMS THAT WERE INITIALLY DENIED.

5 (2) AN INSURER SHALL NOT INCLUDE IN THE INFORMATION PROVIDED
6 UNDER SUBSECTION (1) ANY OF THE FOLLOWING REGARDING A CLAIMANT:

7 (A) PERSONALLY IDENTIFIABLE INFORMATION.

8 (B) INFORMATION SUBJECT TO THE ATTORNEY-CLIENT OR PHYSICIAN-
9 PATIENT PRIVILEGE.

10 (C) MEDICAL, COUNSELING, OR PSYCHOLOGICAL INFORMATION.

11 (3) BY JUNE 30 OF EACH YEAR BEGINNING WITH 2019, THE
12 DEPARTMENT SHALL REPORT TO THE STANDING COMMITTEES OF THE HOUSE OF
13 REPRESENTATIVES AND THE SENATE WITH PRIMARY JURISDICTION OVER
14 INSURANCE MATTERS AND THE GOVERNOR ON THE INFORMATION RECEIVED
15 UNDER SUBSECTION (1).

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

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

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

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

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

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

4 (a) To sue and be sued in the name of the facility. A judgment
5 against the facility ~~shall~~**DOES** not create any liabilities in the
6 individual participating members of the facility.

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

9 (c) To assess participating members on the basis of
10 participation ratios ~~pursuant to section 3303~~ to cover anticipated
11 costs of operation and administration of the facility, to provide
12 for equitable servicing fees, and to share losses, profits, and
13 expenses pursuant to the plan of operation.

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

17 (e) To provide for a limited number of participating members
18 to receive equitable distribution of applicants; or to provide for
19 a limited number of participating members to service applicants in
20 a plan of sharing of losses in accordance with section 3320(1)(c)
21 and the plan of operation.

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

24 (g) To adopt a plan of operation and any amendments to the
25 plan, consistent with this chapter, necessary to assure the fair,
26 reasonable, equitable, and nondiscriminatory manner of
27 administering the facility, including compliance with chapter 21,

1 and to provide for any other matters necessary or advisable to
2 implement this chapter, including matters necessary to comply with
3 the requirements of chapter 21.

4 (h) To assess self-insurers and insurers consistent with
5 chapter 31 and the assigned claims plan approved under section
6 3171.

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

16 **(3) THE BOARD OF GOVERNORS SHALL ASSESS AND COLLECT FROM**
17 **PARTICIPATING MEMBERS AND SELF-INSURERS MONEY BASED ON**
18 **PARTICIPATION RATIOS TO COVER ANTICIPATED COSTS OF OPERATION AND**
19 **ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY**
20 **CREATED UNDER SECTION 6302. THE AMOUNT AND DURATION OF THE**
21 **ASSESSMENT MUST BE APPROVED BY AT LEAST 5 OF THE 7 GOVERNORS**
22 **ELECTED AS PROVIDED IN THE FACILITY'S PLAN OF OPERATION.**

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

1 Sec. 4501. As used in this chapter:

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

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

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

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

21 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**
22 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**
23 **6302.**

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

27 **(G)** ~~(f)~~—"Person" includes an individual, insurer, company,

1 association, organization, Lloyds, society, reciprocal or inter-
2 insurance exchange, partnership, syndicate, business trust,
3 corporation, and any other legal entity.

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

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

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

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

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

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

12 ~~— (b) Prepares or assists, abets, solicits, or conspires with~~
13 ~~another to prepare or make an oral or written statement that is~~
14 ~~intended to be presented to or by any insurer in connection with,~~
15 ~~or in support of, any application for the issuance of an insurance~~
16 ~~policy, knowing that the statement contains any false information~~
17 ~~concerning any fact or thing material to the application.~~

18 (ii) **THE RATING OF AN INSURANCE POLICY OR REINSURANCE**
19 **CONTRACT.**

20 (iii) **THE PREMIUMS PAID ON AN INSURANCE POLICY OR REINSURANCE**
21 **CONTRACT.**

22 (iv) **PAYMENTS MADE IN ACCORDANCE WITH THE TERMS OF AN**
23 **INSURANCE POLICY OR REINSURANCE CONTRACT.**

24 (v) **A DOCUMENT FILED WITH THE DIRECTOR OR THE CHIEF INSURANCE**
25 **REGULATORY OFFICIAL OF ANOTHER JURISDICTION.**

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

27 (vii) **THE FORMATION, ACQUISITION, MERGER, RECONSOLIDATION,**

1 DISSOLUTION, OR WITHDRAWAL FROM 1 OR MORE LINES OF INSURANCE OR
2 REINSURANCE IN ALL OR PART OF THIS STATE BY AN INSURER OR
3 REINSURER.

4 (vii) THE ISSUANCE OF WRITTEN EVIDENCE OF INSURANCE.

5 (ix) THE REINSTATEMENT OF AN INSURANCE POLICY.

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

15 ~~—— (d) Assists, abets, solicits, or conspires with another to~~
16 ~~prepare or make any oral or written statement including computer-~~
17 ~~generated documents that is intended to be presented to or by any~~
18 ~~insurer in connection with, or in support of, any claim for payment~~
19 ~~or other benefit pursuant to an insurance policy, knowing that the~~
20 ~~statement contains any false information concerning any fact or~~
21 ~~thing material to the claim.~~

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

25 (D) ~~(f)~~ Removes, **CONCEALS, ALTERS, OR DESTROYS** or attempts to
26 remove, **CONCEAL, ALTER, OR DESTROY** the assets or records of ~~assets,~~
27 ~~transactions, and affairs, or a material part of the assets or~~

1 ~~records, from the home office or other place of business of the AN~~
2 ~~insurer. or from the place of safekeeping of the insurer, or who~~
3 ~~conceals or attempts to conceal the assets or record of assets,~~
4 ~~transactions, and affairs, or a material part of the assets or~~
5 ~~records, from the commissioner.~~

6 (E) ~~(g)~~—Diverts, attempts to divert, or conspires to divert
7 ~~funds~~ **MONEY** of an insurer or of other persons in connection with
8 any of the following:

9 (i) The transaction of insurance or reinsurance.

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

11 (iii) The formation, acquisition, or dissolution of an
12 insurer.

13 (F) ~~(h)~~—Employs, uses, or acts as a runner, capper, or steerer
14 with the intent to falsely or fraudulently obtain benefits under a
15 contract of insurance or to falsely or fraudulently assert a claim
16 against an insured or an insurer for providing services to the
17 client, patient, or customer.

18 (G) ~~(i)~~—Knowingly and willfully assists, conspires with, or
19 urges any person to fraudulently violate this act, or any person
20 who ~~due to~~ **BECAUSE OF** that assistance, conspiracy, or urging
21 knowingly and willfully benefits from the proceeds derived from the
22 fraud.

23 (H) **TRANSACTS THE BUSINESS OF INSURANCE IN VIOLATION OF LAWS**
24 **REQUIRING A LICENSE, CERTIFICATE OF AUTHORITY, OR LEGAL AUTHORITY**
25 **FOR THE TRANSACTION OF THE BUSINESS OF INSURANCE.**

26 (I) **ATTEMPTS TO COMMIT, AIDS IN OR ABETS THE COMMISSION OF, OR**
27 **CONSPIRES TO COMMIT THE ACTS OR OMISSIONS SPECIFIED IN THIS**

1 SECTION.

2 SEC. 4505. (1) THE DIRECTOR MAY INVESTIGATE SUSPECTED
3 FRAUDULENT INSURANCE ACTS AND PERSONS ENGAGED IN SUSPECTED
4 FRAUDULENT INSURANCE ACTS.

5 (2) THE DEPARTMENT OF ATTORNEY GENERAL SHALL PROVIDE THE
6 DEPARTMENT WITH TECHNICAL ASSISTANCE RELATING TO THIS CHAPTER ON
7 REQUEST OF THE DEPARTMENT.

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

10 (4) AN INSURER OR AN AGENT AUTHORIZED BY THE INSURER TO ACT ON
11 ITS BEHALF WHO HAS KNOWLEDGE OR A REASONABLE BELIEF THAT A
12 FRAUDULENT INSURANCE ACT IS BEING, WILL BE, OR HAS BEEN COMMITTED
13 SHALL PROVIDE TO THE DIRECTOR THE INFORMATION RELATING TO THE
14 FRAUDULENT INSURANCE ACT REQUIRED BY, AND IN A MANNER PRESCRIBED
15 BY, THE DIRECTOR.

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

21 (6) THIS SECTION DOES NOT PREEMPT THE AUTHORITY OR RELIEVE THE
22 DUTY OF OTHER AUTHORIZED GOVERNMENTAL OFFICERS OR ENTITIES TO
23 INVESTIGATE, EXAMINE, AND PROSECUTE SUSPECTED VIOLATIONS OF LAW.

24 (7) IF AN INSURER OR AN OFFICER, EMPLOYEE, OR AUTHORIZED AGENT
25 OF AN INSURER PROVIDES THE DEPARTMENT WITH INFORMATION IN GOOD
26 FAITH UNDER THIS SECTION, THE INSURER, OFFICER, EMPLOYEE, OR AGENT
27 IS IMMUNE FROM CIVIL OR CRIMINAL LIABILITY FOR PROVIDING THE

1 INFORMATION.

2

CHAPTER 63

3

AUTOMOBILE INSURANCE FRAUD AUTHORITY

4

SEC. 6301. AS USED IN THIS CHAPTER:

5

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

7

(B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
8 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
9 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE
10 INSURANCE.

11

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

12

(D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND
13 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE
14 SECURITY REQUIRED BY SECTION 3101(1) OR 3103(1) WRITTEN IN THIS
15 STATE FOR THE SECOND PREVIOUS CALENDAR YEAR AS REPORTED TO THE
16 STATISTICAL AGENT OF EACH INSURER.

17

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

19

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

23

(2) THE AUTHORITY IS NOT A STATE AGENCY, STATE AUTHORITY, OR
24 POLITICAL SUBDIVISION OF THIS STATE. THE MONEY OF THE AUTHORITY IS
25 NOT STATE MONEY. A RECORD OF THE AUTHORITY IS EXEMPT FROM
26 DISCLOSURE UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT, 1976
27 PA 442, MCL 15.243.

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

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

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

8 (C) APPROVE OR DISAPPROVE PROGRAMS FOR SUBDIVISION (A) OR (B),
9 OR BOTH.

10 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW
11 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING
12 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
13 AUTOMOBILE INSURANCE FRAUD, INCLUDING, BUT NOT LIMITED TO,
14 FINANCIAL SUPPORT FOR AN ACTIVE FRAUD PREVENTION PROGRAM WITHIN THE
15 CITY IN THIS STATE WITH THE LARGEST POPULATION AND JOINT FRAUD
16 PREVENTION TASK FORCES THAT INCLUDE LOCAL, STATE, AND FEDERAL LAW
17 ENFORCEMENT AND PROSECUTORIAL OFFICIALS AND AGENCIES.

18 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE
19 VESTED IN AND SHALL BE EXERCISED BY A BOARD OF DIRECTORS. THE BOARD
20 OF DIRECTORS SHALL CONSIST OF 16 MEMBERS AS FOLLOWS:

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

23 (i) AT LEAST 2 MEMBERS MUST REPRESENT INSURER GROUPS WITH
24 350,000 OR MORE CAR YEARS.

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

27 (iii) AT LEAST 1 MEMBER MUST REPRESENT INSURER GROUPS WITH

1 FEWER THAN 100,000 CAR YEARS.

2 (B) THE DIRECTOR OR HIS OR HER DESIGNEE FROM WITHIN THE
3 DEPARTMENT.

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

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

8 (E) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS
9 STATE.

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

13 (G) ONE MEMBER OF THE GENERAL PUBLIC.

14 (H) ONE MEMBER WHO REPRESENTS THE MEDICAL COMMUNITY.

15 (6) AUTOMOBILE INSURERS THAT ARE AUTHORIZED TO DO BUSINESS IN
16 THIS STATE SHALL ELECT THE MEMBERS OF THE BOARD REPRESENTING
17 INSURERS FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS
18 OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE MEMBERS,
19 THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT NOMINATIONS
20 FROM THE AUTOMOBILE INSURERS THAT ARE AUTHORIZED TO DO BUSINESS IN
21 THIS STATE.

22 (7) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD THAT
23 REPRESENTS LAW ENFORCEMENT AGENCIES OTHER THAN THE DEPARTMENT OF
24 STATE POLICE. IN APPOINTING THE MEMBERS, THE GOVERNOR SHALL SOLICIT
25 INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN THIS STATE.

26 (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD THAT
27 REPRESENTS PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE

1 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS
2 ASSOCIATION OF MICHIGAN.

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

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

10 (11) THE GOVERNOR SHALL APPOINT THE MEMBER WHO REPRESENTS THE
11 MEDICAL COMMUNITY.

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

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

27 (2) THE BOARD SHALL SELECT A CHAIRPERSON FROM AMONG ITS

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

11 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY
12 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN
13 ACCORDANCE WITH THE PLAN OF OPERATION.

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

25 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
26 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
27 AUTHORITY.

1 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

16 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD
17 MEMBERS WHO ARE ABSENT.

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

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

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

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

25 (B) SOLICIT AND ACCEPT GIFTS, GRANTS, LOANS, AND OTHER AID
26 FROM ANY PERSON, THE FEDERAL GOVERNMENT, THIS STATE, A LOCAL UNIT
27 OF GOVERNMENT, OR AN AGENCY OF THE FEDERAL GOVERNMENT, THIS STATE,

1 OR A LOCAL UNIT OF GOVERNMENT.

2 (C) MAKE GRANTS AND INVESTMENTS.

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

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

8 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS
9 NECESSARY.

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

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

17 SEC. 6305. (1) THE BOARD MAY EXAMINE IN PERSON, BY WRITING,
18 AND, IF APPROPRIATE, UNDER OATH ALL PERSONS CONSIDERED BY THE BOARD
19 TO HAVE MATERIAL INFORMATION REGARDING AUTOMOBILE INSURANCE FRAUD.
20 THE BOARD MAY COMPEL THE ATTENDANCE AND TESTIMONY OF WITNESSES AND
21 THE PRODUCTION OF ANY BOOKS, ACCOUNTS, PAPERS, RECORDS, DOCUMENTS,
22 AND FILES RELATING TO AUTOMOBILE INSURANCE FRAUD, AND MAY AUTHORIZE
23 SUBPOENAS, THE ADMINISTRATION OF OATHS AND AFFIRMATIONS, AND THE
24 EXAMINATION OF WITNESSES, AND MAY RECEIVE EVIDENCE FOR THIS
25 PURPOSE. THE BOARD MAY REQUEST THE INGHAM COUNTY CIRCUIT COURT TO
26 ISSUE AN ORDER REQUIRING COMPLIANCE WITH AN ORDER OR SUBPOENA OF
27 THE BOARD UNDER THIS SUBSECTION.

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

4 SEC. 6306. (1) AN INSURER OR SELF-INSURER ENGAGED IN WRITING
5 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION
6 3101(1) AND 3103(1) IN THIS STATE SHALL PAY TO THE FACILITY ANY
7 ASSESSMENT IMPOSED UNDER SECTION 3330(3) FOR DEPOSIT INTO THE
8 ACCOUNT OF THE AUTHORITY TO BE USED BY THE AUTHORITY TO CARRY OUT
9 ITS DUTIES UNDER THIS CHAPTER.

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

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

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

24 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE
25 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD
26 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS
27 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR

1 EXISTING PROGRAMS.

2 SEC. 6308. (1) BEGINNING JANUARY 1, 2019, THE AUTHORITY SHALL
3 PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND BEGINNING JULY
4 1, 2019, THE AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL REPORT
5 TO THE LEGISLATURE ON THE AUTHORITY'S EFFORTS TO PREVENT AUTOMOBILE
6 INSURANCE FRAUD AND COST SAVINGS THAT HAVE RESULTED FROM THOSE
7 EFFORTS.

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

1 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER
2 INSURANCE ISSUES AND TO THE DIRECTOR.

3 Enacting section 1. Section 3112 of the insurance code of
4 1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act,
5 is curative and intended to clarify the original intent of the
6 legislature and correct the holding of the Michigan supreme court
7 in *Covenant Med Ctr, Inc v State Farm Mut Auto Ins Co*, 500 Mich 191
8 (2017), and must be retroactively applied.

9 Enacting section 2. Section 3135 of the insurance code of
10 1956, 1956 PA 218, MCL 500.3135, as amended by this amendatory act,
11 is intended to codify and give full effect to the opinion of the
12 Michigan supreme court in *McCormick v Carrier*, 487 Mich 180 (2010).