

SENATE BILL No. 248

March 26, 2015, Introduced by Senator HUNE and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending the title and sections 3101, 3104, 3107, 3107a, 3114,
3135, 3157, 3163, 3301, 3310, 3330, 4501, and 6107 (MCL 500.3101,
500.3104, 500.3107, 500.3107a, 500.3114, 500.3135, 500.3157,
500.3163, 500.3301, 500.3310, 500.3330, 500.4501, and 500.6107),
the title as amended by 2002 PA 304, section 3101 as amended by
2014 PA 492, section 3104 as amended by 2002 PA 662, section 3107
as amended by 2012 PA 542, section 3107a as amended by 1991 PA 191,
section 3114 as amended by 2002 PA 38, section 3135 as amended by
2012 PA 158, section 3163 as amended by 2002 PA 697, section 3310
as amended by 2001 PA 228, section 3330 as amended by 2012 PA 204,
section 4501 as amended by 2012 PA 39, and section 6107 as added by
1992 PA 174, and by adding section 3107c and chapter 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

1
2 An act to revise, consolidate, and classify the laws relating
3 to the insurance and surety business; to regulate the incorporation
4 or formation of domestic insurance and surety companies and
5 associations and **OTHER CORPORATIONS TO PROVIDE BENEFITS UNDER THIS**
6 **ACT AND** the admission of foreign and alien companies and
7 associations; to provide their rights, powers, and immunities and
8 to prescribe the conditions on which companies, ~~and~~ associations,
9 **AND OTHER CORPORATIONS** organized, existing, or authorized under
10 this act may exercise their powers; to provide the rights, powers,
11 and immunities and to prescribe the conditions on which other
12 persons, firms, corporations, associations, risk retention groups,
13 and purchasing groups engaged in an insurance or surety business
14 may exercise their powers; to provide for the imposition of a
15 privilege fee on domestic insurance companies and associations; ~~and~~
16 ~~the state accident fund;~~ to provide for the imposition of a tax on
17 the business of foreign and alien companies and associations; to
18 provide for the imposition of a tax on risk retention groups and
19 purchasing groups; to provide for the imposition of a tax on the
20 business of surplus line agents; to provide for the imposition of
21 regulatory fees on certain insurers; to provide for assessment fees
22 on certain health maintenance organizations; to modify tort
23 liability arising out of certain accidents; to provide for limited
24 actions with respect to that modified tort liability and to
25 prescribe certain procedures for maintaining those actions; to
26 require security for losses arising out of certain accidents; to
27 provide for the continued availability and affordability of

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

1 violation of this act.

2 Sec. 3101. (1) The owner or registrant of a motor vehicle
3 required to be registered in this state shall maintain security for
4 payment of benefits under personal protection insurance **AS REQUIRED**
5 **UNDER SECTION 3107**, property protection insurance, and residual
6 liability insurance **AS REQUIRED UNDER SECTION 3009**. Security is
7 only required to be in effect during the period the motor vehicle
8 is driven or moved on a highway. Notwithstanding any other
9 provision in this act, an insurer that has issued an automobile
10 insurance policy on a motor vehicle that is not driven or moved on
11 a highway may allow the insured owner or registrant of the motor
12 vehicle to delete a portion of the coverages under the policy and
13 maintain the comprehensive coverage portion of the policy in
14 effect.

15 (2) As used in this chapter:

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

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

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

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

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

25 (iv) The vehicle is designed to be occupied by a driver and
26 powered either by passengers providing pedal power to the drive
27 train of the vehicle or by a motor capable of propelling the

1 vehicle in the absence of human power.

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

3 (vi) The vehicle is operated by the owner of the vehicle or an
4 employee of the owner of the vehicle.

5 (C) "CONSUMER PRICE INDEX" MEANS THE PERCENTAGE OF CHANGE IN
6 THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN THE UNITED
7 STATES CITY AVERAGE FOR ALL ITEMS, AS REPORTED BY THE UNITED STATES
8 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED
9 BY THE DIRECTOR.

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

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

15 (F) ~~(e)~~"Moped" means that term as defined in section 32b of
16 the Michigan vehicle code, 1949 PA 300, MCL 257.32b.

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

24 (H) ~~(g)~~"Motorcycle accident" means a loss that involves the
25 ownership, operation, maintenance, or use of a motorcycle as a
26 motorcycle, but does not involve the ownership, operation,
27 maintenance, or use of a motor vehicle as a motor vehicle.

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

5 (i) A motorcycle.

6 (ii) A moped.

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

11 (iv) An ORV.

12 (v) A golf cart.

13 (vi) A power-driven mobility device.

14 (vii) A commercial quadricycle.

15 (J) ~~(i)~~—"Motor vehicle accident" means a loss that involves
16 the ownership, operation, maintenance, or use of a motor vehicle as
17 a motor vehicle regardless of whether the accident also involves
18 the ownership, operation, maintenance, or use of a motorcycle as a
19 motorcycle.

20 (K) ~~(j)~~—"ORV" means a motor-driven recreation vehicle designed
21 for off-road use and capable of cross-country travel without
22 benefit of road or trail, on or immediately over land, snow, ice,
23 marsh, swampland, or other natural terrain. ORV includes, but is
24 not limited to, a multitrack or multiwheel drive vehicle, a
25 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an
26 amphibious machine, a ground effect air cushion vehicle, an ATV as
27 defined in section 81101 of the natural resources and environmental

1 protection act, 1994 PA 451, MCL 324.81101, or other means of
2 transportation deriving motive power from a source other than
3 muscle or wind. ORV does not include a vehicle described in this
4 subdivision that is registered for use ~~upon~~ **ON** a public highway and
5 has the security ~~described in section 3101~~ **REQUIRED UNDER**
6 **SUBSECTION (1)** or **SECTION 3103** in effect.

7 (I) ~~(K)~~ "Owner" means any of the following:

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

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

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

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

25 (M) ~~(L)~~ "Power-driven mobility device" means a wheelchair or
26 other mobility device powered by a battery, fuel, or other engine
27 and designed to be used by an individual with a mobility disability

1 for the purpose of locomotion.

2 (N) ~~(m)~~—"Registrant" does not include a person engaged in the
3 business of leasing motor vehicles or motorcycles that is the
4 lessor of a motor vehicle or motorcycle under a lease that provides
5 for the use of the motor vehicle or motorcycle by the lessee for a
6 period that is longer than 30 days.

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

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

22 Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**
23 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
24 ~~the catastrophic claims association, hereinafter referred to as the~~
25 ~~association, is created. Each~~ **IF AN INCORPORATED ASSOCIATION IS**
26 **ISSUED A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5), THE**
27 **UNINCORPORATED ASSOCIATION SHALL BE KNOWN AS THE MICHIGAN LEGACY**

1 **CLAIMS ASSOCIATION. UNTIL THE UNINCORPORATED ASSOCIATION IS**
 2 **DISSOLVED, AN** insurer engaged in writing insurance coverages that
 3 provide the security required by section 3101(1) ~~within~~**IN** this
 4 state, as a condition of its authority to transact insurance in
 5 this state, shall be a member of ~~the association and shall be~~**IS**
 6 bound by the plan of operation of the **UNINCORPORATED** association.
 7 ~~Each~~**UNTIL THE UNINCORPORATED ASSOCIATION IS DISSOLVED, AN** insurer
 8 engaged in writing insurance coverages that provide the security
 9 required by section 3103(1) ~~within~~**IN** this state, as a condition of
 10 its authority to transact insurance in this state, ~~shall be~~**IS**
 11 considered **TO BE** a member of the **UNINCORPORATED** association, but
 12 only for purposes of **ACCEPTING INDEMNIFICATION UNDER SUBSECTION (8)**
 13 **AND THE CALCULATION AND CHARGING OF** premiums under subsection
 14 ~~(7)(d).~~**(14)**. Except as expressly provided in this section, ~~the~~**AN**
 15 **UNINCORPORATED OR INCORPORATED** association is not **AN INSURER AND IS**
 16 **NOT** subject to any laws of this state with respect to insurers, but
 17 in all other respects the association is subject to the laws of
 18 this state to the extent that the association would be if it were
 19 an insurer organized and subsisting under chapter 50.

20 (2) **TWO OR MORE VOTING DIRECTORS OF THE BOARD OF THE**
 21 **UNINCORPORATED ASSOCIATION MAY FORM AN INCORPORATED ASSOCIATION BY**
 22 **SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE DEPARTMENT**
 23 **ARTICLES OF INCORPORATION. IF THE UNINCORPORATED ASSOCIATION HAS**
 24 **BEEN DISSOLVED, 2 OR MORE INDIVIDUALS MAY FORM AN INCORPORATED**
 25 **ASSOCIATION BY SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE**
 26 **DEPARTMENT ARTICLES OF INCORPORATION. ARTICLES OF INCORPORATION**
 27 **FILED UNDER THIS SUBSECTION MUST INCLUDE ALL OF THE FOLLOWING:**

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

2 (B) THE LOCATION OF THE PRINCIPAL OFFICE OF THE INCORPORATED
3 ASSOCIATION FOR THE TRANSACTION OF BUSINESS IN THIS STATE.

4 (C) THE NAME BY WHICH THE INCORPORATED ASSOCIATION WILL BE
5 KNOWN, WHICH MUST INCLUDE THE WORDS "MICHIGAN", "CATASTROPHIC",
6 "CLAIMS", AND "ASSOCIATION", BUT MAY NOT INCLUDE THE WORDS
7 "LEGACY", "INSURANCE", "CASUALTY", "SURETY", "HEALTH AND ACCIDENT",
8 "MUTUAL", OR OTHER WORDS DESCRIPTIVE OF THE INSURANCE OR SURETY
9 BUSINESS.

10 (D) THE PURPOSES OF THE INCORPORATED ASSOCIATION, WHICH MUST
11 BE LIMITED TO PURPOSES AUTHORIZED FOR AN INCORPORATED ASSOCIATION
12 UNDER THIS SECTION.

13 (E) A STATEMENT THAT THE INCORPORATED ASSOCIATION IS ORGANIZED
14 ON A NONSTOCK, DIRECTORSHIP BASIS UNDER THIS ACT AND THE NONPROFIT
15 CORPORATION ACT, 1982 PA 162, MCL 450.2101 TO 450.3192.

16 (F) ANY OTHER TERMS AND CONDITIONS THAT ARE NOT INCONSISTENT
17 WITH THIS SECTION OR OTHER APPLICABLE LAW AND THAT THE
18 INCORPORATORS CONSIDER TO BE NECESSARY FOR THE CONDUCT OF THE
19 AFFAIRS OF THE INCORPORATED ASSOCIATION.

20 (3) AT LEAST 1 OF THE INCORPORATORS OF AN INCORPORATED
21 ASSOCIATION SHALL SIGN THE ARTICLES OF INCORPORATION BEFORE A
22 NOTARY PUBLIC APPOINTED UNDER THE MICHIGAN NOTARY PUBLIC ACT, 2003
23 PA 238, MCL 55.261 TO 55.315. THE ARTICLES MUST BE FILED IN THE
24 FORM PRESCRIBED BY THE DIRECTOR OF THE DEPARTMENT. IF AT THE TIME
25 OF SUBMISSION NO OTHER INCORPORATED ASSOCIATION IS ACTIVE, THE
26 DIRECTOR OF THE DEPARTMENT MAY APPROVE AND CERTIFY THE ARTICLES OF
27 INCORPORATION AS AUTHORIZED UNDER APPLICABLE LAW. THE DIRECTOR OF

1 THE DEPARTMENT SHALL NOT CERTIFY ARTICLES OF INCORPORATION FOR MORE
2 THAN 1 INCORPORATED ASSOCIATION TO BE ACTIVE AND OPERATE IN THIS
3 STATE AT THE SAME TIME. IF THE DIRECTOR OF THE DEPARTMENT APPROVES
4 THE ARTICLES OF INCORPORATION, THE DIRECTOR OF THE DEPARTMENT SHALL
5 CERTIFY THE ARTICLES AND TRANSMIT 2 CERTIFIED COPIES OF THE
6 ARTICLES TO THE INCORPORATORS. THE INCORPORATORS SHALL FILE 1
7 CERTIFIED COPY WITH THE BUREAU OF COMMERCIAL SERVICES OF THE
8 DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS AND RETAIN 1
9 CERTIFIED COPY WITH THE RECORDS OF THE INCORPORATED ASSOCIATION.
10 THE DIRECTOR OF THE DEPARTMENT SHALL RETAIN A CERTIFIED COPY OF THE
11 ARTICLES OF INCORPORATION WITH THE RECORDS OF THE DEPARTMENT. THE
12 BOARD OF AN INCORPORATED ASSOCIATION, WITH THE APPROVAL OF THE
13 DIRECTOR OF THE DEPARTMENT AND IN THE MANNER PROVIDED IN THE
14 ARTICLES OF INCORPORATION, MAY DO BOTH OF THE FOLLOWING:

15 (A) AMEND THE ARTICLES OF INCORPORATION IN ANY MANNER NOT
16 INCONSISTENT WITH THIS SECTION AND OTHER APPLICABLE LAW.

17 (B) INTEGRATE INTO A SINGLE INSTRUMENT AS RESTATED ARTICLES OF
18 INCORPORATION THE PROVISIONS OF THE INCORPORATED ASSOCIATION'S
19 ARTICLES OF INCORPORATION THEN IN EFFECT, INCLUDING PRIOR
20 AMENDMENTS.

21 (4) BEFORE AN INCORPORATED ASSOCIATION CONDUCTS CLAIMS
22 ACTIVITIES AUTHORIZED UNDER THIS SECTION AND WITHIN 90 DAYS AFTER
23 THE DIRECTOR OF THE DEPARTMENT CERTIFIES THE ARTICLES OF
24 INCORPORATION OF THE INCORPORATED ASSOCIATION UNDER SUBSECTION (3),
25 THE INCORPORATED ASSOCIATION SHALL FILE WITH THE DIRECTOR OF THE
26 DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR OF THE
27 DEPARTMENT AN APPLICATION FOR A CERTIFICATE OF AUTHORITY DETAILING

1 ALL OF THE FOLLOWING:

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

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

5 (C) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR OF THE
6 DEPARTMENT.

7 (5) AFTER REVIEWING AN APPLICATION FOR A CERTIFICATE OF
8 AUTHORITY FILED BY AN INCORPORATED ASSOCIATION UNDER SUBSECTION
9 (4), IF THE DIRECTOR OF THE DEPARTMENT IS SATISFIED THAT THE
10 INCORPORATED ASSOCIATION CAN COMPLY WITH THIS SECTION AND OTHER
11 APPLICABLE LAW, THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE TO THE
12 INCORPORATED ASSOCIATION A CERTIFICATE OF AUTHORITY TO COMMENCE
13 CLAIMS ACTIVITIES AUTHORIZED UNDER THIS SECTION. WHEN ISSUING A
14 CERTIFICATE OF AUTHORITY TO AN INCORPORATED ASSOCIATION, THE
15 DIRECTOR OF THE DEPARTMENT SHALL ESTABLISH THE INITIAL CATASTROPHIC
16 CLAIMS ASSESSMENT TO BE ASSESSED AS PROVIDED IN SUBSECTION (31).

17 (6) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN
18 INCORPORATED ASSOCIATION IS SUBJECT TO THE NONPROFIT CORPORATION
19 ACT, 1982 PA 162, MCL 450.2101 TO 450.3192. AN INCORPORATED
20 ASSOCIATION IS A CHARITABLE AND BENEVOLENT INSTITUTION FOR THE
21 PUBLIC BENEFIT AND THE INCORPORATED ASSOCIATION'S MONEY AND
22 PROPERTY ARE EXEMPT FROM TAXATION BY THIS STATE OR ANY POLITICAL
23 SUBDIVISION OF THIS STATE. AN INCORPORATED ASSOCIATION MAY NOT BE
24 INCORPORATED IN THIS STATE EXCEPT UNDER THIS SECTION.

25 (7) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN
26 INCORPORATED ASSOCIATION IS NOT SUBJECT TO THE LAWS OF THIS STATE
27 APPLICABLE TO INSURERS AND IS NOT REQUIRED TO PARTICIPATE IN A POOL

1 OR FUND IN WHICH AN INSURER IS REQUIRED TO PARTICIPATE. AN
2 INCORPORATED ASSOCIATION IS SUBJECT TO SUPERVISION BY THE DIRECTOR
3 OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. A DISSOLUTION OR
4 LIQUIDATION OF AN INCORPORATED ASSOCIATION MUST BE CONDUCTED UNDER
5 THE SUPERVISION OF THE DIRECTOR OF THE DEPARTMENT, WHO HAS THE SAME
6 POWER RELATING TO THE DISSOLUTION OR LIQUIDATION AS IS GRANTED TO
7 THE DIRECTOR OF THE DEPARTMENT UNDER THIS ACT FOR DISSOLUTION OR
8 LIQUIDATION OF OTHER TYPES OF ENTITIES.

9 (8) ~~(2)~~—The **UNINCORPORATED** association shall provide and each
10 member shall accept indemnification for 100% of the amount of
11 ultimate loss sustained under personal protection insurance
12 coverages in excess of the following amounts in each loss
13 occurrence:

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

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

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

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

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

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

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

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

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

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

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

9 ~~Beginning July 1, 2013, this \$500,000.00 amount shall be increased~~
10 ~~biennially on July 1 of each odd numbered year, for policies issued~~
11 ~~or renewed before July 1 of the following odd numbered year, by the~~
12 ~~lesser of 6% or the consumer price index, and rounded to the~~
13 ~~nearest \$5,000.00. This biennial adjustment shall be calculated by~~
14 ~~the association by January 1 of the year of its July 1 effective~~
15 ~~date.~~

16 (l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED
17 DURING THE PERIOD JULY 1, 2013 TO THE FIRST JUNE 30 AFTER THE
18 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER
19 SUBSECTION (5), \$500,000.00. THE UNINCORPORATED ASSOCIATION IS NOT
20 LIABLE OR RESPONSIBLE FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR
21 VEHICLE ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST
22 JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE
23 OF AUTHORITY UNDER SUBSECTION (5).

24 (9) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE
25 ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30
26 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
27 AUTHORITY UNDER SUBSECTION (5), THE RESPONSIBLE INSURER SHALL

1 **RETAIN 100% OF THE AMOUNT OF ULTIMATE LOSS SUSTAINED UNDER PERSONAL**
2 **PROTECTION INSURANCE COVERAGES UP TO \$500,000.00. THE INCORPORATED**
3 **ASSOCIATION IS RESPONSIBLE FOR 100% OF ALL LIABILITY FOR ULTIMATE**
4 **LOSS SUSTAINED WITHIN THE SCOPE OF PERSONAL PROTECTION INSURANCE**
5 **COVERAGES AND CLAIMS EXPENSES IN EXCESS OF \$500,000.00.**

6 (10) ~~(3)~~—An insurer may withdraw from the **UNINCORPORATED**
7 association only ~~upon~~ **ON** ceasing to write insurance that provides
8 the security required by section 3101(1) in this state.

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

15 (12) ~~(5)~~—An unsatisfied net liability to the **UNINCORPORATED**
16 association of an insolvent member shall be assumed by and
17 apportioned among the remaining members of the **UNINCORPORATED**
18 association as provided in the plan of operation. The
19 **UNINCORPORATED** association has all rights allowed by law on behalf
20 of the remaining members against the estate or funds of the
21 insolvent member for ~~sums~~ **MONEY** due **TO** the **UNINCORPORATED**
22 association.

23 (13) ~~(6)~~—If a member **OF THE UNINCORPORATED ASSOCIATION** has
24 been merged or consolidated into another insurer or another insurer
25 has reinsured a member's entire business that provides the security
26 required by section 3101(1) in this state, the member and
27 successors in interest of the member remain liable for the member's

1 obligations **TO THE UNINCORPORATED ASSOCIATION.**

2 (14) ~~(7)~~—The **UNINCORPORATED** association shall do all of the
3 following on behalf of the members of the **UNINCORPORATED**
4 association:

5 (a) Assume 100% of all liability as provided in subsection
6 ~~(2)~~ **(8) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE**
7 **ACCIDENT FOR A POLICY ISSUED OR RENEWED BEFORE THE FIRST JULY 1**
8 **AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF**
9 **AUTHORITY UNDER SUBSECTION (5).**

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

20 (c) Maintain relevant loss and expense data relative to all
21 liabilities of the **UNINCORPORATED** association and require each
22 member to furnish statistics, in connection with liabilities of the
23 **UNINCORPORATED** association, at the times and in the form and detail
24 as may be required by the plan of operation.

25 (d) In a manner provided for in the plan of operation,
26 calculate and charge to members ~~of the association~~ a total premium
27 sufficient to cover the expected losses and expenses of the

1 UNINCORPORATED association that the UNINCORPORATED association will
2 likely incur during the period for which the premium is applicable.
3 The premium ~~shall~~**MUST** include an amount to cover incurred but not
4 reported losses for the period and may be adjusted for any excess
5 or deficient premiums from previous periods. **A PREMIUM MAY NOT BE**
6 **CHARGED UNDER THIS SECTION FOR POLICIES ISSUED OR RENEWED AFTER THE**
7 **FIRST JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A**
8 **CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5).** Excesses or
9 deficiencies from previous periods may be fully adjusted in a
10 single period or may be adjusted over several periods in a manner
11 provided for in the plan of operation. Each member shall be charged
12 an amount equal to that member's total written car years of
13 insurance providing the security required by section 3101(1) or
14 3103(1), or both, written in this state during the period to which
15 the premium applies, multiplied by the average premium per car. The
16 average premium per car ~~shall be~~**IS** the total premium calculated
17 divided by the total written car years of insurance providing the
18 security required by section 3101(1) or 3103(1) written in this
19 state of all members during the period to which the premium
20 applies. A member shall be charged a premium for a historic vehicle
21 that is insured with the member of 20% of the premium charged for a
22 car insured with the member. As used in this subdivision:
23 (i) "Car" includes a motorcycle but does not include a
24 historic vehicle.
25 (ii) "Historic vehicle" means a vehicle that is a registered
26 historic vehicle under section 803a or 803p of the Michigan vehicle
27 code, 1949 PA 300, MCL 257.803a and 257.803p.

1 (e) Require and accept the payment of premiums from members of
2 ~~the association~~ as provided for in the plan of operation. The

3 **UNINCORPORATED** association shall do either of the following:

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

6 (ii) Require payment of the premiums to be made periodically
7 to cover the actual cash obligations of the **UNINCORPORATED**
8 association.

9 (f) Receive and distribute all ~~sums~~ **MONEY** required by the
10 operation of the **UNINCORPORATED** association.

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

20 (15) **AN INCORPORATED ASSOCIATION SHALL DO ALL OF THE**
21 **FOLLOWING:**

22 (A) **ASSUME LIABILITY FOR CLAIMS AS PROVIDED IN SUBSECTION (9).**

23 (B) **ESTABLISH PROCEDURES FOR THE OWNER OR REGISTRANT OF A**
24 **MOTOR VEHICLE THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION**
25 **3101(1), AN AGENT OF THE OWNER OR REGISTRANT, A CLAIMANT, OR AN**
26 **INSURER, TO REPORT TO THE INCORPORATED ASSOCIATION EACH CLAIM UNDER**
27 **THE SECURITY THAT ON THE BASIS OF THE INJURIES OR DAMAGES SUSTAINED**

1 REASONABLY MAY BE ANTICIPATED TO INVOLVE THE INCORPORATED
2 ASSOCIATION.

3 (C) MAINTAIN RELEVANT LOSS AND EXPENSE DATA RELATIVE TO ALL
4 LIABILITIES OF THE INCORPORATED ASSOCIATION AND REQUIRE INSURERS TO
5 FURNISH STATISTICS AT THE TIMES AND IN THE FORM AND DETAIL AS
6 REQUIRED BY THE PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION.

7 (D) BEFORE THE SECOND JULY 1 AFTER THE DIRECTOR OF THE
8 DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5)
9 AND BEFORE JULY 1 OF EACH FOLLOWING YEAR, DETERMINE THE ANNUAL PER-
10 MOTOR-VEHICLE ASSESSMENT TO BE IMPOSED UNDER SUBSECTION (31). THE
11 TOTAL OF ALL ASSESSMENTS IMPOSED UNDER SUBSECTION (31) MUST BE
12 SUFFICIENT TO COVER THE EXPECTED LOSSES AND EXPENSES THAT THE
13 INCORPORATED ASSOCIATION LIKELY WILL INCUR IN THE PERIOD FOR WHICH
14 THE ASSESSMENTS ARE APPLICABLE. THE INCORPORATED ASSOCIATION SHALL
15 CALCULATE THE ASSESSMENT UNDER THIS SUBDIVISION BY DIVIDING THE
16 TOTAL EXPECTED LOSSES AND EXPENSES OF THE INCORPORATED ASSOCIATION
17 FOR THE PERIOD BY THE TOTAL WRITTEN CAR YEARS OF INSURANCE
18 PROVIDING THE SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS
19 STATE DURING THE PREVIOUS PERIOD. TOTAL EXPECTED LOSSES AND
20 EXPENSES MUST INCLUDE AN AMOUNT TO COVER INCURRED BUT NOT REPORTED
21 LOSSES FOR THE PERIOD. THE ASSESSMENT CALCULATED UNDER THIS
22 SUBDIVISION MAY BE ADJUSTED FOR ANY EXCESS OR DEFICIENT AMOUNTS
23 FROM PREVIOUS PERIODS. EXCESSES OR DEFICIENCIES FROM A PREVIOUS
24 PERIOD MAY BE FULLY ADJUSTED IN A SINGLE PERIOD OR MAY BE ADJUSTED
25 OVER SEVERAL PERIODS AS PROVIDED IN THE PLAN OF OPERATION OF THE
26 INCORPORATED ASSOCIATION. THE INCORPORATED ASSOCIATION SHALL
27 DETERMINE A SEPARATE ASSESSMENT AMOUNT TO BE CHARGED TO AN OWNER OR

1 REGISTRANT OF AN INSURED HISTORIC VEHICLE EQUAL TO 20% OF THE
2 ASSESSMENT CHARGED FOR A MOTOR VEHICLE OTHER THAN A HISTORIC
3 VEHICLE. AS USED IN THIS SUBDIVISION:

4 (i) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A
5 HISTORIC VEHICLE.

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

9 (E) REQUIRE AND ACCEPT THE PAYMENT OF ASSESSMENTS TO THE
10 INCORPORATED ASSOCIATION AUTHORIZED UNDER THIS SECTION.

11 (16) ~~(8)~~—In addition to other powers ~~granted to it by~~ UNDER
12 this section, the **UNINCORPORATED ASSOCIATION OR AN INCORPORATED**
13 association may do all of the following:

14 (a) Sue and be sued in the name of the association. A judgment
15 against the **UNINCORPORATED** association ~~shall~~ **DOES** not create any
16 direct liability against the individual members of the
17 **UNINCORPORATED** association. The **UNINCORPORATED** association may
18 provide for the indemnification of its members, **AND THE**
19 **UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION MAY**
20 **PROVIDE FOR THE INDEMNIFICATION OF THE** members of ~~the~~ **ITS** board of
21 directors, ~~of the association, and officers,~~ **AND** employees, and
22 other persons lawfully acting on behalf of the association.

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

26 (c) Provide for appropriate housing, equipment, and personnel
27 as ~~may be~~ necessary to assure the efficient operation of the

1 association.

2 (d) Pursuant to the plan of operation **OF THE ASSOCIATION**,
3 adopt reasonable rules for the administration of the association,
4 enforce those rules, and delegate authority, as the board **OF THE**
5 **ASSOCIATION** considers necessary, to assure the proper
6 administration and operation of the association consistent with the
7 plan of operation.

8 (e) Contract for goods and services **WITH OTHER PERSONS**
9 **RELATING TO ALL OR A PORTION OF THE GOODS AND SERVICES NECESSARY**
10 **FOR THE MANAGEMENT AND OPERATION OF THE ASSOCIATION**, including, **BUT**
11 **NOT LIMITED TO**, independent claims management, actuarial,
12 investment, and legal services. ~~, from others within or without~~
13 ~~this state to assure the efficient operation of the association.~~ **ALL**
14 **OF THE FOLLOWING APPLY TO A CONTRACT FOR GOODS OR SERVICES BETWEEN**
15 **THE UNINCORPORATED ASSOCIATION AND AN INCORPORATED ASSOCIATION:**

16 (i) **THE TERMS MUST BE FAIR AND REASONABLE.**

17 (ii) **THE CHARGES OR FEES FOR SERVICES PERFORMED MUST BE**
18 **REASONABLE.**

19 (iii) **THE EXPENSES INCURRED AND PAYMENT RECEIVED MUST BE**
20 **ALLOCATED IN CONFORMITY WITH CUSTOMARY ACCOUNTING PRACTICES**
21 **CONSISTENTLY APPLIED.**

22 (iv) **THE BOOKS, ACCOUNTS, AND RECORDS OF EACH ASSOCIATION MUST**
23 **BE MAINTAINED TO CLEARLY AND ACCURATELY DISCLOSE THE PRECISE NATURE**
24 **AND DETAILS OF THE TRANSACTIONS, INCLUDING ACCOUNTING INFORMATION**
25 **AS NECESSARY TO SUPPORT THE REASONABLENESS OF THE CHARGES OR FEES.**

26 (f) Hear and determine complaints of ~~a company or other~~ **AN**
27 interested party concerning the operation of the association.

1 (G) BORROW MONEY TO ACCOMPLISH THE PURPOSES OF THE ASSOCIATION
 2 OR IMPLEMENT THIS SECTION AT RATES OF INTEREST DETERMINED BY THE
 3 ASSOCIATION, AND ISSUE NOTES, BONDS, CERTIFICATES, OTHER EVIDENCES
 4 OF INDEBTEDNESS, OR PLEDGES. INTEREST AND EARNINGS ON NOTES, BONDS,
 5 CERTIFICATES, OR OTHER OBLIGATIONS OF THE ASSOCIATION ARE EXEMPT
 6 FROM ANY TAXES IMPOSED BY THIS STATE OR A POLITICAL SUBDIVISION OF
 7 THIS STATE. AN ASSOCIATION SHALL NOT BORROW MONEY FROM ANOTHER
 8 ASSOCIATION.

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

13 (I) INVEST AND REINVEST MONEY OF THE ASSOCIATION.

14 (J) TAKE, HOLD, AND CONVEY INTERESTS IN PROPERTY.

15 (K) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER
 16 PERSON.

17 (L) ~~(g)~~ Perform other acts not specifically enumerated in this
 18 section that are necessary or proper to accomplish the purposes of
 19 the association OR TO IMPLEMENT THIS SECTION and that are not
 20 inconsistent with this section or the plan of operation OF THE
 21 ASSOCIATION.

22 (17) ~~(9)~~ A board of directors OF THE UNINCORPORATED
 23 ASSOCIATION is created, hereinafter referred to as the board, which
 24 shall TO be responsible for the operation of the UNINCORPORATED
 25 association consistent with the plan of operation OF THE
 26 UNINCORPORATED ASSOCIATION and this section.

27 (18) ~~(10)~~ THE BOARD OF THE UNINCORPORATED ASSOCIATION OR AN

1 INCORPORATED ASSOCIATION SHALL OPERATE THE ASSOCIATION ACCORDING TO
 2 THE PLAN OF OPERATION OF THE ASSOCIATION AND THIS SECTION. The plan
 3 of operation OF AN ASSOCIATION shall provide for all of the
 4 following:

5 (a) The establishment of necessary facilities.

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

7 (c) ~~Procedures FOR THE UNINCORPORATED ASSOCIATION, PROVISIONS~~
 8 to be ~~utilized~~ **USED** in charging premiums, including adjustments
 9 from excess or deficient premiums from prior periods. **FOR AN**
 10 **INCORPORATED ASSOCIATION, PROCEDURES FOR CHARGING ASSESSMENTS,**
 11 **INCLUDING ADJUSTMENTS FROM EXCESS OR DEFICIENT ASSESSMENTS FROM**
 12 **PRIOR PERIODS.**

13 (d) ~~Procedures FOR THE UNINCORPORATED ASSOCIATION, PROCEDURES~~
 14 governing the actual payment of premiums to the **UNINCORPORATED**
 15 association. **FOR AN INCORPORATED ASSOCIATION, PROCEDURES GOVERNING**
 16 **THE PAYMENT OF ASSESSMENTS TO THE INCORPORATED ASSOCIATION.**

17 (e) Reimbursement **BY THE ASSOCIATION** of each ~~member of~~
 18 **INDIVIDUAL SERVING ON** the board ~~by the~~ **OF THE** association for
 19 actual and necessary expenses incurred on association business.

20 (f) The investment policy of the association.

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

23 (19) ~~(11) Each THE board shall OF THE UNINCORPORATED~~
 24 **ASSOCIATION MUST** include **INDIVIDUALS FROM** members **OF THE**
 25 **UNINCORPORATED ASSOCIATION** that ~~would~~ contribute a total of not
 26 less than 40% of the total premium calculated ~~pursuant to~~ **UNDER**
 27 subsection ~~(7)(d)~~ **(14)**. Each director ~~shall be~~ **OF THE**

1 **UNINCORPORATED ASSOCIATION IS** entitled to 1 vote. The initial term
2 of office of a director ~~shall be~~ **OF THE UNINCORPORATED ASSOCIATION**
3 **IS** 2 years.

4 (20) ~~(12)~~ As part of the plan of operation **OF THE**
5 **UNINCORPORATED ASSOCIATION**, the board **OF THE UNINCORPORATED**
6 **ASSOCIATION** shall adopt rules providing for the composition and
7 term of successor boards to the initial board, consistent with the
8 membership composition requirements in subsections ~~(11)~~ **(19)** and
9 ~~(13)~~ **(21)**. Terms of the directors shall ~~shall~~ **MUST** be staggered so that
10 the terms of all the directors do not expire at the same time and
11 so that a director ~~does not serve~~ **IS NOT APPOINTED FOR** a term of
12 more than 4 years.

13 (21) ~~(13)~~ The board ~~shall~~ **OF THE UNINCORPORATED ASSOCIATION**
14 **MUST** consist of 5 directors, ~~and the commissioner shall be~~
15 **DIRECTOR OF THE DEPARTMENT, WHO IS** an ex officio member of the
16 board without vote.

17 (22) ~~(14)~~ Each director shall be appointed by the commissioner
18 ~~and~~ **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS OF**
19 **THE UNINCORPORATED ASSOCIATION. A DIRECTOR OF THE UNINCORPORATED**
20 **ASSOCIATION** shall serve until that member's ~~member's~~ **DIRECTOR'S** successor is
21 selected and qualified. The **DIRECTORS OF THE UNINCORPORATED**
22 **ASSOCIATION SHALL ELECT FROM THE DIRECTORS A** chairperson of the
23 board. ~~shall be elected by the board. A~~ **THE DIRECTOR OF THE**
24 **DEPARTMENT SHALL FILL A** vacancy on the board ~~shall be filled by the~~
25 ~~commissioner~~ **OF THE UNINCORPORATED ASSOCIATION** consistent with the
26 plan of operation.

27 (23) ~~(15)~~ After the board is appointed, ~~the~~ **THE** board **OF THE**

1 UNINCORPORATED ASSOCIATION shall meet as often as the chairperson,
2 the ~~commissioner~~, DIRECTOR OF THE DEPARTMENT, or the plan of
3 operation shall ~~require~~, OF THE UNINCORPORATED ASSOCIATION
4 REQUIRES, or at the request of any 3 ~~members~~ DIRECTORS of the
5 ~~board~~. UNINCORPORATED ASSOCIATION. The chairperson shall ~~retain the~~
6 ~~right to~~ MAY vote on all issues. Four ~~members of the board~~
7 DIRECTORS OF THE UNINCORPORATED ASSOCIATION constitute a quorum.

8 (24) THE BOARD OF DIRECTORS OF AN INCORPORATED ASSOCIATION
9 SHALL OPERATE THE INCORPORATED ASSOCIATION IN ACCORDANCE WITH THE
10 PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION AND THIS SECTION.
11 ALL OF THE FOLLOWING APPLY TO THE FORMATION AND OPERATION OF THE
12 BOARD OF AN INCORPORATED ASSOCIATION:

13 (A) THE BOARD MUST CONSIST OF 7 DIRECTORS APPOINTED BY THE
14 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. THE GOVERNOR
15 SHALL APPOINT THE INITIAL DIRECTORS WITHIN 45 DAYS AFTER THE
16 INCORPORATED ASSOCIATION IS INCORPORATED. AN EMPLOYEE OR OFFICER OF
17 AN INSURER IS NOT ELIGIBLE TO SERVE AS A DIRECTOR. THE GOVERNOR
18 SHALL APPOINT DIRECTORS AS FOLLOWS:

19 (i) TWO OF THE DIRECTORS MUST REPRESENT INSURERS THAT PROVIDE
20 COVERAGES REQUIRED UNDER SECTION 3101(1).

21 (ii) ONE OF THE DIRECTORS MUST REPRESENT HEALTH FACILITIES OR
22 AGENCIES, AS THAT TERM IS DEFINED IN SECTION 20106 OF THE PUBLIC
23 HEALTH CODE, 1978 PA 368, MCL 333.20106.

24 (iii) ONE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS LICENSED
25 UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
26 333.16101 TO 333.18838.

27 (iv) THREE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS WHO ARE

1 INSURED UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER
2 SECTION 3101(1). OF THESE 3 INDIVIDUALS:

3 (A) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SENATE
4 MAJORITY LEADER.

5 (B) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SPEAKER OF
6 THE HOUSE OF REPRESENTATIVES.

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

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

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

6 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
7 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
8 INCORPORATED ASSOCIATION.

9 (ii) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

23 (ii) DIRECTORS WHO ARE PRESENT AND ABSENT.

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

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

26 (F) A DIRECTOR IS NOT LIABLE FOR ANY LAWFUL ACTION TAKEN BY
27 THE DIRECTOR IN THE PERFORMANCE OF DUTIES UNDER THIS SECTION.

1 (25) ~~(16)~~ An annual report of the operations of the
2 UNINCORPORATED association in a form and detail as ~~may be~~
3 determined by the board OF THE UNINCORPORATED ASSOCIATION shall be
4 furnished to each member OF THE UNINCORPORATED ASSOCIATION.

5 (26) AN INCORPORATED ASSOCIATION SHALL HAVE ITS FINANCES
6 AUDITED ANNUALLY BY AN INDEPENDENT PUBLIC ACCOUNTANT. THE
7 INCORPORATED ASSOCIATION SHALL MAKE THE AUDIT AVAILABLE TO THE
8 PUBLIC AND POST THE AUDIT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE
9 MAINTAINED BY THE INCORPORATED ASSOCIATION. AN INCORPORATED
10 ASSOCIATION SHALL MAKE AN ANNUAL REPORT OF THE OPERATIONS OF THE
11 INCORPORATED ASSOCIATION AVAILABLE TO THE PUBLIC AND POST THE
12 REPORT ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE MAINTAINED BY THE
13 INCORPORATED ASSOCIATION. BY JUNE 30 OF EACH YEAR AFTER THE YEAR IN
14 WHICH THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
15 AUTHORITY UNDER SUBSECTION (5) TO THE INCORPORATED ASSOCIATION, THE
16 INCORPORATED ASSOCIATION SHALL PREPARE A STATEMENT OF THE FINANCES
17 OF THE INCORPORATED ASSOCIATION FOR THE PRECEDING CALENDAR YEAR TO
18 ACCOMPANY THE ANNUAL REPORT. THE FINANCIAL STATEMENT MUST CONTAIN
19 ALL OF THE FOLLOWING:

20 (A) THE NUMBER OF CLAIMS OPENED AND CLOSED IN THE YEAR, THE
21 AMOUNT EXPENDED ON THE CLAIMS, AND THE ANTICIPATED FUTURE COSTS OF
22 THE CLAIMS, WITH THE ASSUMPTIONS, METHODOLOGY, AND DATA USED TO
23 MAKE THE FUTURE PROJECTIONS.

24 (B) THE TOTAL NUMBER OF OPEN CLAIMS AND THEIR ANTICIPATED
25 FUTURE COSTS, THE ASSUMPTIONS, METHODOLOGY, AND DATA USED TO MAKE
26 THE FUTURE PROJECTIONS, A CATEGORICAL SUMMARY OF CLAIMS PAID, BOTH
27 OPEN AND CLOSED, AND THE EXPECTED FUTURE COSTS OF CLAIMS GROUPED BY

1 NUMERIC RANGE.

2 (C) THE NUMBER OF NEW CLAIMS PROJECTED FOR THE UPCOMING YEAR,
3 IF ANY, THEIR ANTICIPATED FUTURE COSTS, AND THE ASSUMPTIONS,
4 METHODOLOGY, AND DATA USED TO MAKE THE FUTURE PROJECTIONS.

5 (D) THE CURRENT RATIO OF CLAIMS OPENED TO CLAIMS CLOSED.

6 (E) THE AVERAGE LENGTH OF A CLAIM.

7 (F) A STATEMENT OF THE CURRENT FINANCIAL CONDITION OF THE
8 INCORPORATED ASSOCIATION AND THE REASONS FOR ANY DEFICIT OR SURPLUS
9 IN COLLECTED ASSESSMENTS COMPARED TO LOSSES.

10 (G) A STATEMENT OF THE ASSUMPTIONS, METHODOLOGY, AND DATA USED
11 TO MAKE REVENUE PROJECTIONS.

12 (H) A STATEMENT OF THE ASSUMPTIONS, METHODOLOGY, AND DATA USED
13 TO DETERMINE THE INCORPORATED ASSOCIATION'S ANNUAL ASSESSMENTS.

14 (I) A LIST OF ASSETS OF THE INCORPORATED ASSOCIATION LISTED BY
15 CATEGORY OR TYPE OF ASSET, SUCH AS, FOR EXAMPLE, STOCKS, BONDS, OR
16 MUTUAL FUNDS, AND THE EXPECTED RETURN ON EACH ASSET.

17 (J) THE TOTAL AMOUNT OF THE INCORPORATED ASSOCIATION'S
18 DISCOUNTED AND UNDISCOUNTED LIABILITIES AND A DESCRIPTION AND
19 EXPLANATION OF THE LIABILITIES, INCLUDING AN EXPLANATION OF THE
20 ASSOCIATION'S DEFINITION OF THE TERMS "DISCOUNTED" AND
21 "UNDISCOUNTED".

22 (K) A SUMMARY OF SERVICES FOR WHICH CLAIMS WERE PAID AND THE
23 AVERAGE COST FOR THE SERVICES.

24 (L) MEASURES TAKEN BY THE INCORPORATED ASSOCIATION, IF ANY, TO
25 CONTAIN COSTS.

26 (M) MEASURES TAKEN BY THE INCORPORATED ASSOCIATION, IF ANY, TO
27 REDUCE ANY DEFICIT REPORTED UNDER SUBDIVISION (F).

1 (27) ~~(17) Not more than 60 days after the initial~~
 2 ~~organizational meeting of the board, the board shall submit to the~~
 3 ~~commissioner for approval a proposed~~ **AN ASSOCIATION SHALL OPERATE**
 4 **UNDER A** plan of operation **OF THE ASSOCIATION THAT IS APPROVED BY**
 5 **THE DIRECTOR OF THE DEPARTMENT, THAT IS** consistent with the
 6 objectives and provisions of this section, ~~which shall provide~~ **AND**
 7 **THAT PROVIDES** for the economical, fair, and nondiscriminatory
 8 administration of the association and, **FOR THE UNINCORPORATED**
 9 **ASSOCIATION,** for the prompt and efficient provision of indemnity -
 10 ~~If a plan is not submitted within this 60 day period, then the~~
 11 ~~commissioner,~~ **TO MEMBERS OF THE UNINCORPORATED ASSOCIATION. IF AN**
 12 **ASSOCIATION DOES NOT HAVE AN APPROVED PLAN OF OPERATION, THE**
 13 **DIRECTOR OF THE DEPARTMENT,** after consultation with the board **OF**
 14 **THE ASSOCIATION,** shall formulate and place into effect a plan
 15 consistent with this section.

16 (28) ~~(18) The~~ **A** plan of operation ~~, unless approved sooner in~~
 17 ~~writing, shall be~~ **OF AN ASSOCIATION OR AN AMENDMENT TO A PLAN OF**
 18 **OPERATION OF AN ASSOCIATION THAT HAS BEEN SUBMITTED TO THE DIRECTOR**
 19 **OF THE DEPARTMENT FOR APPROVAL IS** considered to meet the
 20 requirements of this section if it is not **APPROVED OR** disapproved
 21 by written order of the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT**
 22 within 30 days after the date of its submission. Before disapproval
 23 of all or any part of the proposed plan of operation, the
 24 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall notify the ~~board~~
 25 **ASSOCIATION** in what respect the plan of operation fails to meet the
 26 requirements and objectives of this section. If the ~~board~~
 27 **ASSOCIATION** fails to submit a revised plan of operation that meets

1 the requirements and objectives of this section within the 30-day
2 period, the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** shall enter an
3 order accordingly and shall immediately formulate and place into
4 effect a plan **OF OPERATION FOR THE ASSOCIATION** consistent with the
5 requirements and objectives of this section.

6 (29) ~~(19) The~~**FOR THE UNINCORPORATED ASSOCIATION, A** proposed
7 plan of operation or amendments to the plan of operation **OF THE**
8 **UNINCORPORATED ASSOCIATION** are subject to majority approval by the
9 board, ~~ratified~~**RATIFICATION OF THE UNINCORPORATED ASSOCIATION** by a
10 majority of the ~~membership having~~**MEMBERS OF THE UNINCORPORATED**
11 **ASSOCIATION THAT HAVE** a vote, with voting rights being apportioned
12 according to the premiums charged in subsection ~~(7)(d)~~**(14) (D)**, and
13 ~~are subject to~~ approval by the ~~commissioner~~**DIRECTOR OF THE**
14 **DEPARTMENT AS PROVIDED IN THIS SECTION. FOR AN INCORPORATED**
15 **ASSOCIATION, A PROPOSED PLAN OF OPERATION OR AMENDMENTS TO THE PLAN**
16 **OF OPERATION OF THE INCORPORATED ASSOCIATION ARE SUBJECT TO**
17 **APPROVAL BY THE BOARD OF THE INCORPORATED ASSOCIATION AND BY THE**
18 **DIRECTOR OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. THIS STATE**
19 **IS NOT LIABLE FOR AN OBLIGATION OF AN ASSOCIATION, AND ANY DEBT OF**
20 **AN ASSOCIATION IS NOT A DEBT OF THIS STATE. THE CREDIT OF THIS**
21 **STATE MAY NOT BE LOANED TO AN ASSOCIATION.**

22 (30) ~~(20) Upon~~**FOR THE UNINCORPORATED ASSOCIATION, ON** approval
23 by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** and ratification by
24 the members **OF THE UNINCORPORATED ASSOCIATION** of the plan **OF**
25 **OPERATION** submitted, or ~~upon~~**ON** the promulgation of a plan by the
26 ~~commissioner~~**,DIRECTOR OF THE DEPARTMENT**, each insurer authorized
27 to write insurance providing the security required by section

1 3101(1) in this state, as provided in this section, is bound by and
2 shall formally subscribe to and participate in the plan approved as
3 a condition of maintaining its authority to transact insurance in
4 this state.

5 (31) FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30
6 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF
7 AUTHORITY UNDER SUBSECTION (5), AN ANNUAL CATASTROPHIC CLAIMS
8 ASSESSMENT IS IMPOSED ON THE OWNER OR REGISTRANT OF A MOTOR VEHICLE
9 THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION 3101(1). THE
10 OWNER OR REGISTRANT, NOT THE INSURER, IS LIABLE FOR THE PAYMENT OF
11 THE ASSESSMENT. THE ASSESSMENT IMPOSED UNDER THIS SUBSECTION IS A
12 CHARGE IMPOSED BY AN INCORPORATED ASSOCIATION AND IS NOT PART OF AN
13 INSURER'S PREMIUM. UNTIL THE SECOND JUNE 30 AFTER A CERTIFICATE OF
14 AUTHORITY IS ISSUED UNDER SUBSECTION (5), THE ANNUAL AMOUNT OF THE
15 CATASTROPHIC CLAIMS ASSESSMENT IS THE INITIAL ASSESSMENT SET BY THE
16 DIRECTOR OF THE DEPARTMENT UNDER SUBSECTION (5). AFTER THE SECOND
17 JUNE 30 AFTER A CERTIFICATE OF AUTHORITY IS ISSUED UNDER SUBSECTION
18 (5), THE ANNUAL AMOUNT OF THE CATASTROPHIC CLAIMS ASSESSMENT SHALL
19 BE EQUAL TO THE PER-MOTOR-VEHICLE ASSESSMENT DETERMINED BY THE
20 INCORPORATED ASSOCIATION UNDER SUBSECTION (15)(D). THE OWNER OR
21 REGISTRANT SHALL PAY THE PER-MOTOR-VEHICLE ASSESSMENT FOR EACH
22 MOTOR VEHICLE AT THE TIME OF PAYMENT FOR A MOTOR VEHICLE POLICY
23 ISSUED BY AN INSURER AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE
24 THAT AFFORDS INSURANCE FOR THE PAYMENT OF BENEFITS REQUIRED UNDER
25 SECTION 3101(1). THE INSURER SHALL COLLECT THE CATASTROPHIC CLAIMS
26 ASSESSMENT ON BEHALF OF THE INCORPORATED ASSOCIATION. THE INSURER
27 SHALL INCLUDE THE CATASTROPHIC CLAIMS ASSESSMENT AS A SEPARATE

1 IDENTIFIED CHARGE ON ITS POLICY INVOICE. THE INSURER SHALL COLLECT
2 THE ASSESSMENT WITH THE INSURER'S USUAL CYCLE FOR COLLECTION OF
3 INSURANCE PREMIUMS AND SHALL PROMPTLY TRANSMIT ALL ASSESSMENTS
4 COLLECTED TO THE INCORPORATED ASSOCIATION ON FORMS AND IN A MANNER
5 PRESCRIBED BY THE INCORPORATED ASSOCIATION AND SHALL HOLD
6 ASSESSMENTS COLLECTED IN TRUST FOR THE INCORPORATED ASSOCIATION
7 UNTIL REMITTED TO THE ASSOCIATION. AN INSURER SHALL TREAT THE
8 FAILURE TO PAY AN ASSESSMENT UNDER THIS SUBSECTION IN THE SAME
9 MANNER AS THE FAILURE TO PAY AN INSURANCE PREMIUM. AN INSURER THAT
10 RECEIVES FROM AN INCORPORATED ASSOCIATION A REFUND OF A PORTION OF
11 AN ASSESSMENT PAID BECAUSE OF THE CANCELLATION OF THE POLICY SHALL
12 REFUND THAT PORTION TO THE OWNER OR REGISTRANT.

13 (32) ~~(21) The AN~~ association is subject to all the reporting,
14 loss reserve, and investment requirements of the ~~commissioner~~
15 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member of~~
16 ~~the association.~~ **IS AN INSURER.**

17 (33) ~~(22)~~ Premiums charged members by the **UNINCORPORATED**
18 association shall be recognized in the rate-making procedures for
19 insurance rates in the same manner that expenses and premium taxes
20 are recognized.

21 (34) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
22 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**
23 **DEPARTMENT** may visit ~~the AN~~ association at any time and examine any
24 and all **OF** the association's affairs **AND RECORDS RELATING TO THE**
25 **BUSINESS OF THE ASSOCIATION. AN ASSOCIATION SHALL PAY EXPENSES**
26 **INCURRED BY THE DIRECTOR OF THE DEPARTMENT FOR THE EXAMINATION OF**
27 **THE ASSOCIATION. AN ASSOCIATION IS SUBJECT TO FEES IMPOSED UNDER**

1 SECTION 224(4) TO (11) IN THE SAME MANNER AS ANY OTHER TYPE OF
2 ENTITY UNDER THIS ACT.

3 (35) ~~(24)~~The UNINCORPORATED association ~~does not have~~
4 ~~liability~~ IS NOT LIABLE for losses occurring before July 1, 1978.
5 THE UNINCORPORATED ASSOCIATION IS NOT LIABLE FOR LOSSES OCCURRING
6 UNDER POLICIES ISSUED OR RENEWED AFTER THE FIRST JUNE 30 AFTER THE
7 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER
8 SUBSECTION (5).

9 (36) AN INCORPORATED ASSOCIATION SHALL COMPLY WITH THE FREEDOM
10 OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246, AS IF THE
11 INCORPORATED ASSOCIATION WERE A PUBLIC BODY. A RECORD OR PORTION OF
12 A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED, PREPARED,
13 USED, OR RETAINED BY THE INCORPORATED ASSOCIATION IN CONNECTION
14 WITH THE INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO
15 FINANCIAL OR PROPRIETARY INFORMATION AND IS CONSIDERED BY THE
16 PERSON OR INSURER PROVIDING THE INCORPORATED ASSOCIATION WITH THE
17 RECORD, MATERIAL, DATA, OR INFORMATION AS CONFIDENTIAL AND
18 ACKNOWLEDGED BY THE INCORPORATED ASSOCIATION AS CONFIDENTIAL IS NOT
19 SUBJECT TO DISCLOSURE BY THE INCORPORATED ASSOCIATION. AS USED IN
20 THIS SUBSECTION:

21 (A) "FINANCIAL OR PROPRIETARY INFORMATION" MEANS INFORMATION
22 THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM
23 OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE THE PERSON
24 PROVIDING THE INFORMATION TO THE INCORPORATED ASSOCIATION
25 SIGNIFICANT COMPETITIVE HARM. FINANCIAL OR PROPRIETARY INFORMATION
26 INCLUDES, BUT IS NOT LIMITED TO, FINANCIAL PERFORMANCE DATA AND
27 PROJECTIONS, FINANCIAL STATEMENTS, AND PRODUCT AND MARKET DATA.

1 (B) "PUBLIC BODY" MEANS THAT TERM AS DEFINED IN SECTION 2 OF
2 THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.232.

3 (37) THE UNINCORPORATED ASSOCIATION SHALL CONTINUE IN
4 EXISTENCE UNTIL ALL LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH
5 THE UNINCORPORATED ASSOCIATION HAS LIABILITY UNDER THIS SECTION ARE
6 PAID. ON PAYMENT OF THE UNINCORPORATED ASSOCIATION'S FINAL
7 LIABILITY UNDER THIS SECTION, THE UNINCORPORATED ASSOCIATION SHALL
8 NOTIFY THE DIRECTOR OF THE DEPARTMENT, WIND UP THE AFFAIRS OF THE
9 UNINCORPORATED ASSOCIATION, TRANSMIT ANY REMAINING MONEY OF THE
10 UNINCORPORATED ASSOCIATION TO AN INCORPORATED ASSOCIATION, AND
11 DISSOLVE THE UNINCORPORATED ASSOCIATION.

12 (38) THE LEGISLATURE FINDS THAT THERE IS A COMPELLING STATE
13 INTEREST IN PROTECTING PUBLIC HEALTH AND MAINTAINING A VIABLE,
14 ORDERLY, AND COST-EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE
15 INSURANCE IN THIS STATE, AND ALSO FINDS THAT AN ASSOCIATION CREATED
16 AND POWERS CONFERRED ON AN ASSOCIATION BY THIS SECTION CONSTITUTE A
17 NECESSARY PROGRAM AND SERVE A NECESSARY PUBLIC PURPOSE. THE
18 LEGISLATURE DETERMINES THAT IT IS ESSENTIAL FOR THE PUBLIC PURPOSES
19 OF THIS SECTION THAT REVENUES RECEIVED BY AN ASSOCIATION BE EXEMPT
20 FROM FEDERAL TAXATION, AND IT IS THE INTENT OF THE LEGISLATURE THAT
21 AN ASSOCIATION AND ACTIVITIES OF AN ASSOCIATION AUTHORIZED UNDER
22 THIS SECTION ARE FOR THE PURPOSE OF PROTECTING AND ADVANCING THE
23 PUBLIC INTEREST IN MAINTAINING A VIABLE, ORDERLY, AND COST-
24 EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE INSURANCE IN THIS
25 STATE AND PROTECTING PUBLIC HEALTH. IT IS THE INTENT OF THE
26 LEGISLATURE THAT AN ASSOCIATION IS AUTHORIZED UNDER THIS SECTION TO
27 BE ESTABLISHED AND OPERATE IN A MANNER ALLOWING AN ASSOCIATION TO

1 QUALIFY AS AN ENTITY RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS
2 AUTHORIZED TO ISSUE TAX-EXEMPT BONDS. THIS SECTION, BEING NECESSARY
3 FOR AND TO SECURE THE PUBLIC HEALTH, SAFETY, CONVENIENCE, AND
4 WELFARE OF THE CITIZENS OF THIS STATE, SHALL BE LIBERALLY CONSTRUED
5 TO EFFECT ITS PUBLIC PURPOSES.

6 (39) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS
7 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF COVERAGE UNDER THE
8 POLICY.

9 (40) ~~(25)~~ As used in this section:

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

17 (A) "ASSOCIATION" MEANS THE UNINCORPORATED ASSOCIATION CREATED
18 UNDER SUBSECTION (1) OR AN INCORPORATED ASSOCIATION FORMED UNDER
19 SUBSECTIONS (2) TO (7).

20 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE UNINCORPORATED
21 ASSOCIATION OR OF AN INCORPORATED ASSOCIATION.

22 (C) "INCORPORATED ASSOCIATION" MEANS AN INCORPORATED
23 ASSOCIATION FORMED AS A NONPROFIT ASSOCIATION UNDER SUBSECTIONS (2)
24 TO (7).

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

27 (E) ~~(e)~~ "Ultimate loss" means the actual loss amounts that a

1 ~~member~~ **AN INSURER** is obligated to pay and that are paid or payable
 2 by the ~~member,~~ **INSURER**, and ~~do~~ **DOES** not include claim expenses. An
 3 ultimate loss is incurred by ~~the~~ **AN** association on the date that
 4 the loss occurs.

5 (F) "UNINCORPORATED ASSOCIATION" MEANS THE UNINCORPORATED
 6 NONPROFIT ASSOCIATION CREATED UNDER SUBSECTION (1) AND INCLUDES THE
 7 UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE
 8 CATASTROPHIC CLAIMS ASSOCIATION AND THE UNINCORPORATED NONPROFIT
 9 ASSOCIATION WHEN IT IS KNOWN AS THE MICHIGAN LEGACY CLAIMS
 10 ASSOCIATION.

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

14 (a) Allowable expenses consisting of all reasonable charges
 15 incurred for reasonably necessary products, services, and
 16 accommodations for an injured person's care, recovery, or
 17 rehabilitation. ~~Allowable expenses within personal protection~~
 18 ~~insurance coverage shall not include~~ **PAYMENT TO PROVIDERS FOR THOSE**
 19 **PRODUCTS, SERVICES, AND ACCOMMODATIONS ARE SUBJECT TO THE LIMITS IN**
 20 **SECTION 3107C.**

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

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

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

1 than \$5,000.00.

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

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

1 (2) Both of the following apply to personal protection
2 insurance benefits payable under subsection (1):

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

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

15 Sec. 3107a. Subject to ~~the provisions of section 3107(1)(b),~~
16 **3107(1)(C)**, work loss for an injured person who is temporarily
17 unemployed at the time of the accident or during the period of
18 disability shall be based on earned income for the last month
19 employed full time preceding the accident.

20 **SEC. 3107C. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS**
21 **(3) AND (4), ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER**
22 **SECTION 3107(1)(A) FOR ATTENDANT CARE PROVIDED IN THE HOME BY A**
23 **FAMILY OR HOUSEHOLD MEMBER:**

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

26 (B) PAYMENT IS LIMITED TO \$15.00 PER HOUR, REGARDLESS OF THE
27 LEVEL OF CARE PROVIDED. BEGINNING 3 YEARS AFTER THE EFFECTIVE DATE

1 OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND EVERY 3 YEARS
2 AFTER THAT DATE, THE DIRECTOR SHALL ADJUST THIS AMOUNT TO REFLECT
3 THE AGGREGATE PERCENTAGE CHANGE IN THE UNITED STATES CONSUMER PRICE
4 INDEX, ROUNDED TO THE NEAREST 10 CENTS.

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

12 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (3) AND (4),
13 BOTH OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION
14 3107(1)(A) FOR ATTENDANT CARE PROVIDED IN THE HOME BY SOMEONE OTHER
15 THAN A FAMILY OR HOUSEHOLD MEMBER:

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

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

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

25 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN
26 INSURER OR AN INCORPORATED ASSOCIATION INCORPORATED UNDER SECTION
27 3104 MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE

1 **AT ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.**

2 Sec. 3114. (1) Except as provided in subsections (2), (3), and
3 (5), a personal protection insurance policy described in section
4 3101(1) applies to accidental bodily injury to the person named in
5 the policy, the person's spouse, and a relative of either domiciled
6 in the same household, if the injury arises from a motor vehicle
7 accident. A personal injury insurance policy described in section
8 3103(2) applies to accidental bodily injury to the person named in
9 the policy, the person's spouse, and a relative of either domiciled
10 in the same household, if the injury arises from a motorcycle
11 accident. When personal protection insurance benefits or personal
12 injury benefits described in section 3103(2) are payable to or for
13 the benefit of an injured person under his or her own policy and
14 would also be payable under the policy of his or her spouse,
15 relative, or relative's spouse, the injured person's insurer shall
16 pay all of the benefits and is not entitled to recoupment from the
17 other insurer.

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

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

27 (b) A bus operated by a common carrier of passengers certified

1 by the department of transportation.

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

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

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

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

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

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

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

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

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

1 the following order of priority:

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

4 (b) The insurer of the operator of the motor vehicle involved
5 in the accident.

6 (c) The motor vehicle insurer of the operator of the
7 motorcycle involved in the accident.

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

10 (6) If 2 or more insurers are in the same order of priority to
11 provide personal protection insurance benefits under subsection
12 (5), an insurer paying benefits due is entitled to partial
13 recoupment from the other insurers in the same order of priority,
14 ~~together with~~ **AND** a reasonable amount of partial recoupment of the
15 expense of processing the claim, in order to accomplish equitable
16 distribution of the loss among all of the insurers.

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

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

24 (a) The issues of whether the injured person has suffered
25 serious impairment of body function or permanent serious
26 disfigurement are questions of law for the court if the court finds
27 either of the following:

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

3 (ii) There is a factual dispute concerning the nature and
4 extent of the person's injuries, but the dispute is not material to
5 the determination whether the person has suffered a serious
6 impairment of body function or permanent serious disfigurement.
7 However, for a closed-head injury, a question of fact for the jury
8 is created if a licensed allopathic or osteopathic physician who
9 regularly diagnoses or treats closed-head injuries testifies under
10 oath that there may be a serious neurological injury.

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

14 (c) Damages shall not be assessed in favor of a party who was
15 operating his or her own vehicle at the time the injury occurred
16 and did not have in effect for that motor vehicle the security
17 required by section 3101 at the time the injury occurred.

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

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

1 purpose of averting damage to tangible property.

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

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

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

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

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

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

27 (b) Liability is not a component of residual liability, as

1 prescribed in section 3131, for which maintenance of security is
2 required by this act.

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

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

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

13 (5) As used in this section, "serious impairment of body
14 function" means an objectively manifested impairment of an
15 important body function that affects the person's general ability
16 to lead his or her normal life.

17 Sec. 3157. A physician, hospital, clinic or other person or
18 institution lawfully rendering treatment to an injured person for
19 an accidental bodily injury covered by personal protection
20 insurance, and a person or institution providing rehabilitative
21 occupational training following the injury, may charge a reasonable
22 amount for ~~the~~ products, services and accommodations rendered. The
23 charge shall not exceed the amount the person or institution
24 customarily charges for like products, services, and accommodations
25 in cases not involving insurance.

26 Sec. 3163. (1) An insurer authorized to transact automobile
27 liability insurance and personal and property protection insurance

1 in this state shall file and maintain a written certification that
2 any accidental bodily injury or property damage occurring in this
3 state arising from the ownership, operation, maintenance, or use of
4 a motor vehicle as a motor vehicle by an out-of-state resident who
5 is insured under its automobile liability insurance policies, is
6 subject to the personal and property protection insurance system
7 under this act.

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

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

20 (4) If an insurer of an out-of-state resident is required to
21 provide benefits under subsections (1) to (3) to that out-of-state
22 resident for accidental bodily injury for an accident in which the
23 out-of-state resident was not an occupant of a motor vehicle
24 registered in this state, the insurer is only liable for the amount
25 of ultimate loss sustained up to \$500,000.00. Benefits under this
26 subsection are not recoverable to the extent that benefits covering
27 the same loss are available from other sources, regardless of the

1 nature or number of benefit sources available and regardless of the
2 nature or form of the benefits **AVAILABLE**.

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

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

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

11 **(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE**
12 **FRAUD AUTHORITY AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.**

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

15 Sec. 3310. (1) The board of governors of the facility shall
16 consist of 11 governors. Seven of the governors shall be elected as
17 provided in the plan of operation. Four governors shall be
18 appointed by the ~~commissioner~~, **DIRECTOR**, of which 2 shall represent
19 insurance agents subject to section 1209(1) and 2 shall represent
20 the general public. Each governor appointed by the ~~commissioner~~
21 ~~pursuant to~~ **DIRECTOR UNDER** this subsection shall serve an annual
22 term. The 7 elected members of the board of governors of the
23 facility shall be elected to serve annual terms commencing within
24 45 days after the annual determination of participation ratios.
25 Vacancies shall be filled as provided for in the plan of operation.

26 (2) **AMENDMENTS TO THE PLAN OF OPERATION FOR THE FACILITY ARE**
27 **SUBJECT TO MAJORITY APPROVAL BY THE BOARD OF GOVERNORS AND**

1 **RATIFICATION BY A MAJORITY OF THE MEMBERSHIP. THE MEMBERSHIP VOTE**
2 **SHALL BE DETERMINED BY PARTICIPATION RATIO AS DEFINED IN SECTION**
3 **3303 (E) (iii)**. ~~The facility committee shall adopt a plan of~~
4 ~~operation by majority vote of the committee and~~ **APPROVED AND**
5 **RATIFIED AMENDMENTS** shall ~~submit it~~ **BE SUBMITTED** to the
6 ~~commissioner~~ **DIRECTOR** for his or her approval. If the ~~commissioner~~
7 **DIRECTOR** finds that the **AMENDMENTS TO THE** plan ~~meets~~ **MEET** the
8 requirements of this chapter, he or she shall approve ~~it~~ **THEM**. If
9 the ~~commissioner~~ **DIRECTOR** finds that the **AMENDMENTS TO THE** plan
10 ~~fails~~ **FAIL** to meet the requirements of this chapter, he or she
11 shall state in what respects the ~~plan is~~ **AMENDMENTS ARE** deficient
12 and shall afford the ~~facility committee~~ **BOARD OF GOVERNORS** 10 days
13 within which to correct the deficiency. If the ~~commissioner~~
14 **DIRECTOR** and the ~~facility committee~~ **BOARD OF GOVERNORS** fail to
15 agree that the ~~provisions of~~ **CORRECTED AMENDMENTS TO** the plan so
16 submitted meet the requirements of this chapter, either party to
17 the controversy may submit the issue to the circuit court for
18 Ingham county **COUNTY** for a determination. If the ~~commissioner~~
19 **DIRECTOR** fails to render a written decision on the **AMENDMENTS TO**
20 **THE** plan of operation within 30 days after receipt of the ~~plan,~~
21 **AMENDMENTS**, the ~~plan~~ **AMENDMENTS** shall be considered approved.
22 ~~—— (3) Amendments to the plan of operation shall be subject to~~
23 ~~majority approval by the board of governors and ratified by~~
24 ~~majority of the membership vote. The membership vote shall be~~
25 ~~determined as defined in section 3303(e) (iii). Amendments to the~~
26 ~~plan of operation shall be subject to the approval of the~~
27 ~~commissioner, as provided in subsection (2).~~

1 (3) ~~(4)~~ Every insurer authorized to write automobile insurance
2 in this state shall adhere to the plan of operation.

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

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

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

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

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

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

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

26 (g) To adopt a plan of operation and any amendments to the
27 plan, consistent with this chapter, necessary to assure the fair,

1 reasonable, equitable, and nondiscriminatory manner of
2 administering the facility, including compliance with chapter 21,
3 and to provide for any other matters necessary or advisable to
4 implement this chapter, including matters necessary to comply with
5 the requirements of chapter 21.

6 (h) To assess self-insurers and insurers consistent with
7 chapter 31 and the assigned claims plan approved under section
8 3171.

9 (I) UNTIL DECEMBER 31, 2020, TO ANNUALLY ASSESS PARTICIPATING
10 MEMBERS AND SELF-INSURERS AN AGGREGATE AMOUNT NOT TO EXCEED
11 \$21,000,000.00 TO COVER ANTICIPATED COSTS OF OPERATION AND
12 ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY
13 AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.

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

23 (3) BEFORE MARCH 1, 2016, 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 Sec. 4501. As used in this chapter:

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

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

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

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

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

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

26 **(G)** ~~(f)~~-"Person" includes an individual, insurer, company,
27 association, organization, Lloyds, society, reciprocal or inter-

1 insurance exchange, partnership, syndicate, business trust,
2 corporation, and any other legal entity.

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

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

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

27 Sec. 6107. (1) ~~Prior to~~**SUBJECT TO SECTION 6307(1), BEFORE**

1 April 1 of each year, each insurer engaged in writing insurance
2 coverages ~~which~~ **THAT** provide the security required by section
3 3101(1) ~~within~~ **IN** this state, as a condition of its authority to
4 transact insurance in this state, shall pay to the authority an
5 assessment equal to \$1.00 multiplied by the insurer's total ~~earned~~
6 **WRITTEN** car years of insurance providing the security required by
7 section 3101(1) written in this state during the ~~immediately~~
8 preceding calendar year.

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

15 (3) ~~Money~~ **THE AUTHORITY SHALL EXPEND MONEY** in the automobile
16 theft prevention fund ~~shall be expended~~ in the following order of
17 priority:

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

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

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

24 (ii) Provide financial support to state or local law
25 enforcement agencies for programs designed to reduce the incidence
26 of ~~economic~~ automobile theft.

27 (iii) Provide financial support to local prosecutors for

1 programs designed to reduce the incidence of ~~economic~~ automobile
2 theft.

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

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

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

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

21 (5) Money in the automobile theft prevention fund ~~shall~~ **IS** not
22 ~~be considered~~ state money.

23 CHAPTER 63

24 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

25 SEC. 6301. AS USED IN THIS CHAPTER:

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

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

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

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

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

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

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

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

24 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW
25 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE
26 OF AUTOMOBILE INSURANCE FRAUD.

27 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL

1 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
2 AUTOMOBILE INSURANCE FRAUD.

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

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

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

12 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH
13 350,000 OR MORE CAR YEARS.

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

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

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

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

20 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR
21 HER DESIGNEE.

22 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES
23 IN THIS STATE.

24 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS
25 STATE.

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

27 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE

1 ELECTED BY AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE INSURANCE IN
2 THIS STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF
3 GOVERNORS OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR
4 THE MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT
5 NOMINATIONS FROM AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE
6 INSURANCE IN THIS STATE.

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

11 (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD
12 REPRESENTING PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE
13 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS
14 ASSOCIATION OF MICHIGAN.

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

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

1 SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS REPRESENTING INSURERS
2 AND 1 MEMBER REPRESENTING LAW ENFORCEMENT AGENCIES SHALL SERVE FOR
3 A TERM OF 4 YEARS.

4 (11) THE BOARD IS DISSOLVED ON JANUARY 1, 2021.

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

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

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

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

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

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

9 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

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

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

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

2 SEC. 6304. (1) BEFORE JANUARY 1, 2021, THE AUTHORITY SHALL
3 TRANSFER ALL ASSETS OF THE AUTHORITY TO THE DEPARTMENT OF STATE
4 POLICE FOR THE BENEFIT OF THE AUTOMOBILE THEFT PREVENTION
5 AUTHORITY.

6 (2) ON JANUARY 1, 2021, THE AUTHORITY IS DISSOLVED.

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

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

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

15 (C) MAKE GRANTS AND INVESTMENTS.

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

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

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

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

26 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
27 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF

1 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
2 THE PLAN OF OPERATION.

3 SEC. 6307. (1) SECTION 6107(1) DOES NOT APPLY FROM JANUARY 1,
4 2016 TO DECEMBER 31, 2020.

5 (2) BEFORE APRIL 1 OF EACH YEAR FROM 2016 TO 2020, AN INSURER
6 OR SELF-INSURER ENGAGED IN WRITING INSURANCE COVERAGES THAT PROVIDE
7 THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS STATE, AS A
8 CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN THIS STATE,
9 SHALL PAY TO THE FACILITY, FOR DEPOSIT INTO THE ACCOUNT OF THE
10 AUTHORITY, AN ASSESSMENT DETERMINED BY THE FACILITY AS PROVIDED IN
11 THE PLAN OF OPERATION. THE ASSESSMENT SHALL BE BASED ON THE RATIO
12 OF THE CAR YEARS WRITTEN BY THE INSURER OR SELF-INSURER TO THE
13 TOTAL CAR YEARS WRITTEN IN THIS STATE BY ALL INSURERS AND SELF-
14 INSURERS.

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

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

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

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

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

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

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

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

9 Enacting section 1. Except as provided in enacting section 2,
10 this amendatory act takes effect 90 days after the date it is
11 enacted into law.

12 Enacting section 2. The title and sections 3301, 3330, 4501,
13 and 6107 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,
14 500.3330, 500.4501, and 500.6107, as amended by this amendatory
15 act, and chapter 63 of the insurance code of 1956, 1956 PA 218, as
16 added by this amendatory act, take effect January 1, 2016.

17 Enacting section 3. This amendatory act does not take effect
18 unless Senate Bill No. 249

19 of the 98th Legislature is enacted into law.