

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 248**

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending the title and sections 2109, 3101, 3104, 3107, 3107a,  
3114, 3135, 3157, 3163, 3301, 3330, and 4501 (MCL 500.2109,  
500.3101, 500.3104, 500.3107, 500.3107a, 500.3114, 500.3135,  
500.3157, 500.3163, 500.3301, 500.3330, and 500.4501), 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 3330 as amended by  
2012 PA 204, and section 4501 as amended by 2012 PA 39, and by  
adding sections 3107c, 3107d, 3178a, and 3181 and chapter 63.



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

1 TITLE

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



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



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

3 Sec. 2109. (1) All rates for ~~automobile insurance and home~~  
4 insurance **TO WHICH THIS CHAPTER APPLIES** shall be made in accordance  
5 with the following: ~~provisions:~~

6 (a) ~~Rates shall~~ **A RATE MUST** not be excessive, inadequate, or  
7 unfairly discriminatory. A rate shall not be held to be excessive  
8 unless the rate is unreasonably high for the insurance coverage  
9 provided and a reasonable degree of competition does not exist for  
10 the insurance to which the rate is applicable.

11 (b) A rate shall not be held to be inadequate unless the rate  
12 is unreasonably low for the insurance coverage provided and the  
13 continued use of the rate endangers the solvency of the insurer; or  
14 unless the rate is unreasonably low for the insurance provided and  
15 the use of the rate has or will have the effect of destroying  
16 competition among insurers, creating a monopoly, or causing a kind  
17 of insurance to be unavailable to a significant number of  
18 applicants who are in good faith entitled to procure that insurance  
19 through ordinary methods.

20 (c) A rate for a coverage is unfairly discriminatory in  
21 relation to another rate for the same coverage if the differential  
22 between the rates is not reasonably justified by differences in  
23 losses, expenses, or both, or by differences in the uncertainty of  
24 loss, for the individuals or risks to which the rates apply. ~~A~~ **TO**  
25 **BE HELD** reasonable **UNDER THIS SUBDIVISION, A** justification ~~shall~~  
26 **MUST** be supported by a reasonable classification system; by sound  
27 actuarial principles ~~when~~ **IF** applicable; and by actual and credible



1 loss and expense statistics or, ~~in the case of~~ **FOR** new coverages  
 2 and classifications, by reasonably anticipated loss and expense  
 3 experience. A rate is not unfairly discriminatory **UNDER THIS**  
 4 **SUBDIVISION** because it reflects differences in expenses for  
 5 individuals or risks with similar anticipated losses, or because it  
 6 reflects differences in losses for individuals or risks with  
 7 similar expenses.

8 (2) A determination concerning the existence of a reasonable  
 9 degree of competition ~~with respect to~~ **UNDER** subsection (1) (a) shall  
 10 **MUST** take into account a reasonable spectrum of relevant economic  
 11 tests, including the number of insurers actively engaged in writing  
 12 the insurance in question, the present availability of ~~such~~ **THE**  
 13 insurance compared to its availability in comparable past periods,  
 14 the underwriting return of ~~that~~ **THE** insurance over a period of time  
 15 sufficient to assure reliability in relation to the risk associated  
 16 with ~~that~~ **THE** insurance, and the difficulty encountered by new  
 17 insurers in entering the market ~~in order to~~ compete for ~~the~~ writing  
 18 ~~of that~~ **THE** insurance.

19 (3) **ALL RATES FOR AUTOMOBILE INSURANCE TO WHICH THIS CHAPTER**  
 20 **APPLIES SHALL BE MADE IN ACCORDANCE WITH THE FOLLOWING:**

21 (A) **A RATE MUST NOT BE EXCESSIVE. A RATE IS EXCESSIVE IF IT IS**  
 22 **LIKELY TO PRODUCE A PROFIT THAT IS UNREASONABLY HIGH IN RELATION TO**  
 23 **THE RISK INVOLVED OR IF THE COST OF THE INSURANCE IS UNREASONABLY**  
 24 **HIGH IN RELATION TO SERVICES RENDERED.**

25 (B) **A RATE MUST NOT BE INADEQUATE. A RATE IS INADEQUATE IF**  
 26 **EITHER OF THE FOLLOWING APPLIES:**

27 (i) **THE RATE IS CLEARLY INSUFFICIENT, WHEN COMBINED WITH THE**



1 INVESTMENT INCOME ATTRIBUTABLE TO THE RATE, TO SUSTAIN PROJECTED  
2 LOSSES AND EXPENSE.

3 (ii) AS TO THE PREMIUM CHARGED TO A RISK, DISCOUNTS OR CREDITS  
4 ARE ALLOWED THAT EXCEED A REASONABLE REFLECTION OF EXPENSE SAVINGS  
5 AND REASONABLY EXPECTED LOSS EXPERIENCE FROM THE RISK.

6 (C) A RATE MUST NOT BE UNFAIRLY DISCRIMINATORY. A RATE IS  
7 UNFAIRLY DISCRIMINATORY AS TO A RISK IF THE APPLICATION OF PREMIUM  
8 DISCOUNTS, CREDITS, OR SURCHARGES TO THE RISK DOES NOT BEAR A  
9 REASONABLE RELATIONSHIP TO THE EXPECTED LOSS AND EXPENSE  
10 EXPERIENCE.

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

24 (2) As used in this chapter:

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

27 (b) "Commercial quadricycle" means a vehicle to which all of



1 the following apply:

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

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

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

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

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

12 (vi) The vehicle is operated by the owner of the vehicle or an  
13 employee of the owner of the vehicle.

14 (C) "CONSUMER PRICE INDEX" MEANS THE PERCENTAGE OF CHANGE IN  
15 THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN THE UNITED  
16 STATES CITY AVERAGE FOR ALL ITEMS, AS REPORTED BY THE UNITED STATES  
17 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED  
18 BY THE DIRECTOR.

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

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

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

26 (G) ~~(f)~~—"Motorcycle" means a vehicle that has a saddle or seat  
27 for the use of the rider, is designed to travel on not more than 3



1 wheels in contact with the ground, and is equipped with a motor  
2 that exceeds 50 cubic centimeters piston displacement. For purposes  
3 of this subdivision, the wheels on any attachment to the vehicle  
4 are not considered as wheels in contact with the ground. Motorcycle  
5 does not include a moped or an ORV.

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

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

14 (i) A motorcycle.

15 (ii) A moped.

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

20 (iv) An ORV.

21 (v) A golf cart.

22 (vi) A power-driven mobility device.

23 (vii) A commercial quadricycle.

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





1 motorcycle.

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

16           **(l)** ~~(k)~~—"Owner" means any of the following:

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

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

26           (iii) A person that holds the legal title to a motor vehicle  
 27 or motorcycle, other than a person engaged in the business of



1 leasing motor vehicles or motorcycles that is the lessor of a motor  
2 vehicle or motorcycle under a lease that provides for the use of  
3 the motor vehicle or motorcycle by the lessee for a period that is  
4 greater than 30 days.

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

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

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

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

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



1 When the context permits, "insurer" as used in this chapter,  
 2 includes a person that files the security as provided in this  
 3 section.

4       Sec. 3104. (1) ~~An~~**THE CATASTROPHIC CLAIMS ASSOCIATION IS**  
 5 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~  
 6 ~~the catastrophic claims association, hereinafter referred to as the~~  
 7 ~~association, is created. Each~~**IF AN INCORPORATED ASSOCIATION IS**  
 8 **ISSUED A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5), THE**  
 9 **UNINCORPORATED ASSOCIATION SHALL BE KNOWN AS THE MICHIGAN LEGACY**  
 10 **CLAIMS ASSOCIATION. UNTIL THE UNINCORPORATED ASSOCIATION IS**  
 11 **DISSOLVED, AN** insurer engaged in writing insurance coverages that  
 12 provide the security required by section 3101(1) ~~within~~**IN** this  
 13 state, as a condition of its authority to transact insurance in  
 14 this state, shall be a member of ~~the association and shall be~~**IS**  
 15 bound by the plan of operation of the **UNINCORPORATED** association.  
 16 ~~Each~~**UNTIL THE UNINCORPORATED ASSOCIATION IS DISSOLVED, AN** insurer  
 17 engaged in writing insurance coverages that provide the security  
 18 required by section 3103(1) ~~within~~**IN** this state, as a condition of  
 19 its authority to transact insurance in this state, ~~shall be~~**IS**  
 20 considered **TO BE** a member of the **UNINCORPORATED** association, but  
 21 only for purposes of **ACCEPTING INDEMNIFICATION UNDER SUBSECTION (8)**  
 22 **AND THE CALCULATION AND CHARGING OF** premiums under subsection  
 23 ~~(7) (d).~~**(14)**. Except as expressly provided in this section, ~~the~~**AN**  
 24 **UNINCORPORATED OR INCORPORATED** association is not **AN INSURER AND IS**  
 25 **NOT** subject to any laws of this state with respect to insurers, but  
 26 in all other respects the association is subject to the laws of  
 27 this state to the extent that the association would be if it were



1 an insurer organized and subsisting under chapter 50.

2 (2) TWO OR MORE VOTING DIRECTORS OF THE BOARD OF THE  
3 UNINCORPORATED ASSOCIATION MAY FORM AN INCORPORATED ASSOCIATION BY  
4 SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE DEPARTMENT  
5 ARTICLES OF INCORPORATION. IF THE UNINCORPORATED ASSOCIATION HAS  
6 BEEN DISSOLVED, 2 OR MORE INDIVIDUALS MAY FORM AN INCORPORATED  
7 ASSOCIATION BY SUBSCRIBING TO AND FILING WITH THE DIRECTOR OF THE  
8 DEPARTMENT ARTICLES OF INCORPORATION. ARTICLES OF INCORPORATION  
9 FILED UNDER THIS SUBSECTION MUST INCLUDE ALL OF THE FOLLOWING:

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

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

13 (C) THE NAME BY WHICH THE INCORPORATED ASSOCIATION WILL BE  
14 KNOWN, WHICH MUST INCLUDE THE WORDS "MICHIGAN", "CATASTROPHIC",  
15 "CLAIMS", AND "ASSOCIATION", BUT MAY NOT INCLUDE THE WORDS  
16 "LEGACY", "INSURANCE", "CASUALTY", "SURETY", "HEALTH AND ACCIDENT",  
17 "MUTUAL", OR OTHER WORDS DESCRIPTIVE OF THE INSURANCE OR SURETY  
18 BUSINESS.

19 (D) THE PURPOSES OF THE INCORPORATED ASSOCIATION, WHICH MUST  
20 BE LIMITED TO PURPOSES AUTHORIZED FOR AN INCORPORATED ASSOCIATION  
21 UNDER THIS SECTION.

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

25 (F) ANY OTHER TERMS AND CONDITIONS THAT ARE NOT INCONSISTENT  
26 WITH THIS SECTION OR OTHER APPLICABLE LAW AND THAT THE  
27 INCORPORATORS CONSIDER TO BE NECESSARY FOR THE CONDUCT OF THE



1 AFFAIRS OF THE INCORPORATED ASSOCIATION.

2 (3) AT LEAST 1 OF THE INCORPORATORS OF AN INCORPORATED  
3 ASSOCIATION SHALL SIGN THE ARTICLES OF INCORPORATION BEFORE A  
4 NOTARY PUBLIC APPOINTED UNDER THE MICHIGAN NOTARY PUBLIC ACT, 2003  
5 PA 238, MCL 55.261 TO 55.315. THE ARTICLES MUST BE FILED IN THE  
6 FORM PRESCRIBED BY THE DIRECTOR OF THE DEPARTMENT. IF AT THE TIME  
7 OF SUBMISSION NO OTHER INCORPORATED ASSOCIATION IS ACTIVE, THE  
8 DIRECTOR OF THE DEPARTMENT MAY APPROVE AND CERTIFY THE ARTICLES OF  
9 INCORPORATION AS AUTHORIZED UNDER APPLICABLE LAW. THE DIRECTOR OF  
10 THE DEPARTMENT SHALL NOT CERTIFY ARTICLES OF INCORPORATION FOR MORE  
11 THAN 1 INCORPORATED ASSOCIATION TO BE ACTIVE AND OPERATE IN THIS  
12 STATE AT THE SAME TIME. THE DIRECTOR SHALL NOT CERTIFY ARTICLES OF  
13 INCORPORATION BEFORE JULY 1, 2015. IF THE DIRECTOR OF THE  
14 DEPARTMENT APPROVES THE ARTICLES OF INCORPORATION, THE DIRECTOR OF  
15 THE DEPARTMENT SHALL CERTIFY THE ARTICLES AND TRANSMIT 2 CERTIFIED  
16 COPIES OF THE ARTICLES TO THE INCORPORATORS. THE INCORPORATORS  
17 SHALL FILE 1 CERTIFIED COPY WITH THE BUREAU OF COMMERCIAL SERVICES  
18 OF THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS AND RETAIN 1  
19 CERTIFIED COPY WITH THE RECORDS OF THE INCORPORATED ASSOCIATION.  
20 THE DIRECTOR OF THE DEPARTMENT SHALL RETAIN A CERTIFIED COPY OF THE  
21 ARTICLES OF INCORPORATION WITH THE RECORDS OF THE DEPARTMENT. THE  
22 BOARD OF AN INCORPORATED ASSOCIATION, WITH THE APPROVAL OF THE  
23 DIRECTOR OF THE DEPARTMENT AND IN THE MANNER PROVIDED IN THE  
24 ARTICLES OF INCORPORATION, MAY DO BOTH OF THE FOLLOWING:

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

27 (B) INTEGRATE INTO A SINGLE INSTRUMENT AS RESTATED ARTICLES OF



1 INCORPORATION THE PROVISIONS OF THE INCORPORATED ASSOCIATION'S  
2 ARTICLES OF INCORPORATION THEN IN EFFECT, INCLUDING PRIOR  
3 AMENDMENTS.

4 (4) BEFORE AN INCORPORATED ASSOCIATION CONDUCTS CLAIMS  
5 ACTIVITIES AUTHORIZED UNDER THIS SECTION AND WITHIN 90 DAYS AFTER  
6 THE DIRECTOR OF THE DEPARTMENT CERTIFIES THE ARTICLES OF  
7 INCORPORATION OF THE INCORPORATED ASSOCIATION UNDER SUBSECTION (3) ,  
8 THE INCORPORATED ASSOCIATION SHALL FILE WITH THE DIRECTOR OF THE  
9 DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR OF THE  
10 DEPARTMENT AN APPLICATION FOR A CERTIFICATE OF AUTHORITY DETAILING  
11 ALL OF THE FOLLOWING:

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

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

15 (C) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR OF THE  
16 DEPARTMENT.

17 (5) AFTER REVIEWING AN APPLICATION FOR A CERTIFICATE OF  
18 AUTHORITY FILED BY AN INCORPORATED ASSOCIATION UNDER SUBSECTION  
19 (4) , IF THE DIRECTOR OF THE DEPARTMENT IS SATISFIED THAT THE  
20 INCORPORATED ASSOCIATION CAN COMPLY WITH THIS SECTION AND OTHER  
21 APPLICABLE LAW, THE DIRECTOR OF THE DEPARTMENT SHALL ISSUE TO THE  
22 INCORPORATED ASSOCIATION A CERTIFICATE OF AUTHORITY TO COMMENCE  
23 CLAIMS ACTIVITIES AUTHORIZED UNDER THIS SECTION. WHEN ISSUING A  
24 CERTIFICATE OF AUTHORITY TO AN INCORPORATED ASSOCIATION, THE  
25 DIRECTOR OF THE DEPARTMENT SHALL ESTABLISH THE INITIAL CATASTROPHIC  
26 CLAIMS ASSESSMENT TO BE ASSESSED AS PROVIDED IN SUBSECTION (31) .

27 (6) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN



1 INCORPORATED ASSOCIATION IS SUBJECT TO THE NONPROFIT CORPORATION  
2 ACT, 1982 PA 162, MCL 450.2101 TO 450.3192. AN INCORPORATED  
3 ASSOCIATION IS A CHARITABLE AND BENEVOLENT INSTITUTION FOR THE  
4 PUBLIC BENEFIT AND THE INCORPORATED ASSOCIATION'S MONEY AND  
5 PROPERTY ARE EXEMPT FROM TAXATION BY THIS STATE OR ANY POLITICAL  
6 SUBDIVISION OF THIS STATE. AN INCORPORATED ASSOCIATION MAY NOT BE  
7 INCORPORATED IN THIS STATE EXCEPT UNDER THIS SECTION.

8 (7) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN  
9 INCORPORATED ASSOCIATION IS NOT SUBJECT TO THE LAWS OF THIS STATE  
10 APPLICABLE TO INSURERS AND IS NOT REQUIRED TO PARTICIPATE IN A POOL  
11 OR FUND IN WHICH AN INSURER IS REQUIRED TO PARTICIPATE. AN  
12 INCORPORATED ASSOCIATION IS SUBJECT TO SUPERVISION BY THE DIRECTOR  
13 OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. A DISSOLUTION OR  
14 LIQUIDATION OF AN INCORPORATED ASSOCIATION MUST BE CONDUCTED UNDER  
15 THE SUPERVISION OF THE DIRECTOR OF THE DEPARTMENT, WHO HAS THE SAME  
16 POWER RELATING TO THE DISSOLUTION OR LIQUIDATION AS IS GRANTED TO  
17 THE DIRECTOR OF THE DEPARTMENT UNDER THIS ACT FOR DISSOLUTION OR  
18 LIQUIDATION OF OTHER TYPES OF ENTITIES.

19 (8) ~~(2)~~—The UNINCORPORATED association shall provide and each  
20 member shall accept indemnification for 100% of the amount of  
21 ultimate loss sustained under personal protection insurance  
22 coverages in excess of the following amounts in each loss  
23 occurrence:

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

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



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

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

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

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

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

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

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

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

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

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

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





1 (M) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED  
2 DURING THE PERIOD JULY 1, 2015 TO THE FIRST JUNE 30 AFTER THE  
3 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER  
4 SUBSECTION (5), \$545,000.00. THE UNINCORPORATED ASSOCIATION IS NOT  
5 LIABLE OR RESPONSIBLE FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR  
6 VEHICLE ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST  
7 JUNE 30 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE  
8 OF AUTHORITY UNDER SUBSECTION (5).

9 (9) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE  
10 ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30  
11 AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF  
12 AUTHORITY UNDER SUBSECTION (5), THE RESPONSIBLE INSURER SHALL  
13 RETAIN 100% OF THE AMOUNT OF ULTIMATE LOSS SUSTAINED UNDER PERSONAL  
14 PROTECTION INSURANCE COVERAGES UP TO \$545,000.00, ADJUSTED AS  
15 PROVIDED IN THIS SUBSECTION. THE INCORPORATED ASSOCIATION IS  
16 RESPONSIBLE FOR 100% OF ALL LIABILITY FOR ULTIMATE LOSS SUSTAINED  
17 WITHIN THE SCOPE OF PERSONAL PROTECTION INSURANCE COVERAGES AND  
18 CLAIMS EXPENSES IN EXCESS OF \$545,000.00, ADJUSTED AS PROVIDED IN  
19 THIS SUBSECTION. BEGINNING THE FIRST JULY 1 AFTER THE DIRECTOR OF  
20 THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER SUBSECTION  
21 (5), THE \$545,000.00 AMOUNT, AND EACH SUBSEQUENT ADJUSTED AMOUNT,  
22 SHALL BE ADJUSTED BIENNIALLY ON JULY 1 OF THE SECOND YEAR AFTER THE  
23 PRIOR ADJUSTMENT, BY THE LESSER OF 6% OR THE CONSUMER PRICE INDEX  
24 FOR THE 24 MONTHS BEFORE THE JULY 1 EFFECTIVE DATE OF THE  
25 ADJUSTMENT, AND ROUNDED TO THE NEAREST \$5,000.00. FOR ALL  
26 ADJUSTMENTS AFTER THE FIRST ADJUSTMENT, AND TO THE EXTENT POSSIBLE  
27 FOR THE FIRST ADJUSTMENT, THE ASSOCIATION SHALL CALCULATE THIS



1 BIENNIAL ADJUSTMENT BY JANUARY 1 OF THE YEAR OF ITS JULY 1  
 2 EFFECTIVE DATE. AN ADJUSTED AMOUNT APPLIES TO MOTOR VEHICLE  
 3 ACCIDENT POLICIES ISSUED OR RENEWED ON OR AFTER THE EFFECTIVE DATE  
 4 OF THE ADJUSTMENT AND BEFORE JULY 1 OF THE SECOND FOLLOWING YEAR.

5 (10) ~~(3)~~—An insurer may withdraw from the **UNINCORPORATED**  
 6 association only ~~upon~~**ON** ceasing to write insurance that provides  
 7 the security required by section 3101(1) in this state.

8 (11) ~~(4)~~—An insurer whose membership in the **UNINCORPORATED**  
 9 association has been terminated by withdrawal ~~shall continue~~  
 10 **CONTINUES** to be bound by the plan of operation ~~and, upon~~**ON**  
 11 withdrawal, all unpaid premiums that have been charged to the  
 12 withdrawing member are payable ~~as of~~**ON** the effective date of the  
 13 withdrawal.

14 (12) ~~(5)~~—An unsatisfied net liability to the **UNINCORPORATED**  
 15 association of an insolvent member shall be assumed by and  
 16 apportioned among the remaining members of the **UNINCORPORATED**  
 17 association as provided in the plan of operation. The  
 18 **UNINCORPORATED** association has all rights allowed by law on behalf  
 19 of the remaining members against the estate or funds of the  
 20 insolvent member for ~~sums~~**MONEY** due **TO** the **UNINCORPORATED**  
 21 association.

22 (13) ~~(6)~~—If a member **OF THE UNINCORPORATED ASSOCIATION** has  
 23 been merged or consolidated into another insurer or another insurer  
 24 has reinsured a member's entire business that provides the security  
 25 required by section 3101(1) in this state, the member and  
 26 successors in interest of the member remain liable for the member's  
 27 obligations **TO THE UNINCORPORATED ASSOCIATION.**



1           **(14)** ~~(7)~~—The **UNINCORPORATED** association shall do all of the  
 2 following on behalf of the members of the **UNINCORPORATED**  
 3 association:

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

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

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

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



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

22 (i) "Car" includes a motorcycle but does not include a  
 23 historic vehicle.

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

27 (e) Require and accept the payment of premiums from members of



1 ~~the association~~ as provided for in the plan of operation. The  
 2 **UNINCORPORATED** association shall do either of the following:

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

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

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

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

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

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

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



1 ASSOCIATION.

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

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



1 ASSESSMENT CHARGED FOR A MOTOR VEHICLE OTHER THAN A HISTORIC  
2 VEHICLE. AS USED IN THIS SUBDIVISION:

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

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

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

10 (16) ~~(8)~~—In addition to other powers ~~granted to it by~~ UNDER  
11 this section, the **UNINCORPORATED ASSOCIATION OR AN INCORPORATED**  
12 association may do all of the following:

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

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

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



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

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

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

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

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

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

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

27 (G) **BORROW MONEY TO ACCOMPLISH THE PURPOSES OF THE ASSOCIATION**





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

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

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

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

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

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

21 (17) ~~(9)~~ A board of directors **OF THE UNINCORPORATED**  
 22 **ASSOCIATION** is created, hereinafter referred to as the board, which  
 23 shall ~~TO~~ be responsible for the operation of the **UNINCORPORATED**  
 24 association consistent with the plan of operation **OF THE**  
 25 **UNINCORPORATED ASSOCIATION** and this section.

26 (18) ~~(10)~~ **THE BOARD OF THE UNINCORPORATED ASSOCIATION OR AN**  
 27 **INCORPORATED ASSOCIATION SHALL OPERATE THE ASSOCIATION ACCORDING TO**



1 **THE PLAN OF OPERATION OF THE ASSOCIATION AND THIS SECTION.** The plan  
 2 of operation **OF AN ASSOCIATION** shall provide for all of the  
 3 following:

4 (a) The establishment of necessary facilities.

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

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

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

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

19 (f) The investment policy of the association.

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

22 **(19)** ~~(11) Each~~**THE** board ~~shall~~**OF THE UNINCORPORATED**  
 23 **ASSOCIATION MUST** include **INDIVIDUALS FROM** members **OF THE**  
 24 **UNINCORPORATED ASSOCIATION** that ~~would~~ contribute a total of not  
 25 less than 40% of the total premium calculated ~~pursuant to~~**UNDER**  
 26 subsection ~~(7)(d)~~**(14)**. Each director ~~shall be~~**OF THE**  
 27 **UNINCORPORATED ASSOCIATION IS** entitled to 1 vote. The initial term



1 of office of a director ~~shall be~~ **OF THE UNINCORPORATED ASSOCIATION**  
 2 **IS** 2 years.

3 (20) ~~(12)~~ As part of the plan of operation **OF THE**  
 4 **UNINCORPORATED ASSOCIATION**, the board **OF THE UNINCORPORATED**  
 5 **ASSOCIATION** shall adopt rules providing for the composition and  
 6 term of successor boards to the initial board, consistent with the  
 7 membership composition requirements in subsections ~~(11)~~ **(19)** and  
 8 ~~(13)~~. **(21)**. Terms of the directors shall ~~shall~~ **MUST** be staggered so that  
 9 the terms of all the directors do not expire at the same time and  
 10 so that a director ~~does not serve~~ **IS NOT APPOINTED FOR** a term of  
 11 more than 4 years.

12 (21) ~~(13)~~ The board shall ~~shall~~ **OF THE UNINCORPORATED ASSOCIATION**  
 13 **MUST** consist of 5 directors, ~~and the commissioner shall be~~  
 14 **DIRECTOR OF THE DEPARTMENT, WHO IS** an ex officio member of the  
 15 board without vote.

16 (22) ~~(14)~~ Each director shall be appointed by the commissioner  
 17 ~~and~~ **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS OF**  
 18 **THE UNINCORPORATED ASSOCIATION. A DIRECTOR OF THE UNINCORPORATED**  
 19 **ASSOCIATION** shall serve until that ~~member's~~ **DIRECTOR'S** successor is  
 20 selected and qualified. The **DIRECTORS OF THE UNINCORPORATED**  
 21 **ASSOCIATION SHALL ELECT FROM THE DIRECTORS A** chairperson of the  
 22 board. ~~shall be elected by the board. A~~ **THE DIRECTOR OF THE**  
 23 **DEPARTMENT SHALL FILL A** vacancy on the board ~~shall be filled by the~~  
 24 ~~commissioner~~ **OF THE UNINCORPORATED ASSOCIATION** consistent with the  
 25 plan of operation.

26 (23) ~~(15)~~ After the board is appointed, ~~the~~ **THE** board **OF THE**  
 27 **UNINCORPORATED ASSOCIATION** shall meet as often as the chairperson,



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

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

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

18 (i) ONE OF THE DIRECTORS MUST REPRESENT HEALTH FACILITIES OR  
 19 AGENCIES, AS THAT TERM IS DEFINED IN SECTION 20106 OF THE PUBLIC  
 20 HEALTH CODE, 1978 PA 368, MCL 333.20106.

21 (ii) ONE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS LICENSED  
 22 UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL  
 23 333.16101 TO 333.18838.

24 (iii) FIVE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS WHO ARE  
 25 INSURED UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER  
 26 SECTION 3101(1). OF THESE 5 INDIVIDUALS:

27 (A) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SENATE



1 MAJORITY LEADER.

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

4 (B) OF THE DIRECTORS INITIALLY APPOINTED, 2 SHALL BE APPOINTED  
5 FOR A TERM OF 4 YEARS, 2 SHALL BE APPOINTED FOR A TERM OF 3 YEARS,  
6 2 SHALL BE APPOINTED FOR A TERM OF 2 YEARS, AND 1 SHALL BE  
7 APPOINTED FOR A TERM OF 1 YEAR. AFTER THE INITIAL APPOINTMENTS, A  
8 DIRECTOR SHALL BE APPOINTED FOR A TERM OF 4 YEARS. IF THERE IS A  
9 VACANCY ON THE BOARD, THE GOVERNOR SHALL FILL THE VACANCY IN THE  
10 SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE BALANCE OF THE  
11 UNEXPIRED TERM. WITHIN 60 DAYS AFTER THE INITIAL DIRECTORS ARE  
12 APPOINTED, THE DIRECTOR OF THE DEPARTMENT SHALL CALL THE FIRST  
13 MEETING OF THE BOARD. AT THE FIRST MEETING, THE BOARD SHALL ELECT A  
14 CHAIRPERSON FROM THE DIRECTORS OF THE INCORPORATED ASSOCIATION.  
15 FOUR DIRECTORS OF THE INCORPORATED ASSOCIATION CONSTITUTE A QUORUM  
16 FOR THE TRANSACTION OF BUSINESS AT A MEETING. AN AFFIRMATIVE VOTE  
17 OF 4 DIRECTORS OF THE INCORPORATED ASSOCIATION IS NECESSARY FOR  
18 OFFICIAL ACTION OF THE BOARD.

19 (C) THE BOARD SHALL CONDUCT ITS BUSINESS AT A MEETING THAT IS  
20 HELD IN THIS STATE, IS OPEN TO THE PUBLIC, AND IS HELD IN A PLACE  
21 THAT IS AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY  
22 ESTABLISH REASONABLE RULES AND REGULATIONS TO MINIMIZE DISRUPTION  
23 OF A MEETING. AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A  
24 MEETING, THE BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT  
25 ITS PRINCIPAL OFFICE AND ON AN INTERNET WEBSITE ACCESSIBLE BY THE  
26 PUBLIC. THE BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF THE MEETING  
27 THE ADDRESS WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE



1 PUBLIC. THE BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE  
2 FOLLOWING PURPOSES:

3 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,  
4 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE  
5 INCORPORATED ASSOCIATION.

6 (ii) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

20 (ii) DIRECTORS WHO ARE PRESENT AND ABSENT.

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

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

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

25 (25) ~~(16)~~ An annual report of the operations of the  
26 UNINCORPORATED association in a form and detail as ~~may be~~  
27 determined by the board OF THE UNINCORPORATED ASSOCIATION shall be



1 furnished to each member OF THE UNINCORPORATED ASSOCIATION.

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

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

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

26 (C) THE NUMBER OF NEW CLAIMS PROJECTED FOR THE UPCOMING YEAR,  
27 IF ANY, THEIR ANTICIPATED FUTURE COSTS, AND THE ASSUMPTIONS,



1 METHODOLOGY, AND DATA USED TO MAKE THE FUTURE PROJECTIONS.

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

3 (E) THE AVERAGE LENGTH OF A CLAIM.

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

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

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

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

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

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

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

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

25 (27) ~~(17) Not more than 60 days after the initial~~  
26 ~~organizational meeting of the board, the board shall submit to the~~  
27 ~~commissioner for approval a proposed~~ **AN ASSOCIATION SHALL OPERATE**





1 UNDER A plan of operation OF THE ASSOCIATION THAT IS APPROVED BY  
 2 THE DIRECTOR OF THE DEPARTMENT, THAT IS consistent with the  
 3 objectives and provisions of this section, ~~which shall provide~~ AND  
 4 THAT PROVIDES for the economical, fair, and nondiscriminatory  
 5 administration of the association and, FOR THE UNINCORPORATED  
 6 ASSOCIATION, for the prompt and efficient provision of indemnity -  
 7 ~~If a plan is not submitted within this 60-day period, then the~~  
 8 ~~commissioner,~~ TO MEMBERS OF THE UNINCORPORATED ASSOCIATION. IF AN  
 9 ASSOCIATION DOES NOT HAVE AN APPROVED PLAN OF OPERATION, THE  
 10 DIRECTOR OF THE DEPARTMENT, after consultation with the board OF  
 11 THE ASSOCIATION, shall formulate and place into effect a plan  
 12 consistent with this section.

13 (28) ~~(18) The~~ A plan of operation ~~, unless approved sooner in~~  
 14 ~~writing, shall be~~ OF AN ASSOCIATION OR AN AMENDMENT TO A PLAN OF  
 15 OPERATION OF AN ASSOCIATION THAT HAS BEEN SUBMITTED TO THE DIRECTOR  
 16 OF THE DEPARTMENT FOR APPROVAL IS considered to meet the  
 17 requirements of this section if it is not APPROVED OR disapproved  
 18 by written order of the ~~commissioner~~ DIRECTOR OF THE DEPARTMENT  
 19 within 30 days after the date of its submission. Before disapproval  
 20 of all or any part of the proposed plan of operation, the  
 21 ~~commissioner~~ DIRECTOR OF THE DEPARTMENT shall notify the ~~board~~  
 22 ASSOCIATION in what respect the plan of operation fails to meet the  
 23 requirements and objectives of this section. If the ~~board~~  
 24 ASSOCIATION fails to submit a revised plan of operation that meets  
 25 the requirements and objectives of this section within the 30-day  
 26 period, the ~~commissioner~~ DIRECTOR OF THE DEPARTMENT shall enter an  
 27 order accordingly and shall immediately formulate and place into



1 effect a plan **OF OPERATION FOR THE ASSOCIATION** consistent with the  
2 requirements and objectives of this section.

3 **(29)** ~~(19) The~~ **FOR THE UNINCORPORATED ASSOCIATION, A** proposed  
4 plan of operation or amendments to the plan of operation **OF THE**  
5 **UNINCORPORATED ASSOCIATION** are subject to majority approval by the  
6 board, ~~ratified~~ **RATIFICATION OF THE UNINCORPORATED ASSOCIATION** by a  
7 majority of the ~~membership having~~ **MEMBERS OF THE UNINCORPORATED**  
8 **ASSOCIATION THAT HAVE** a vote, with voting rights being apportioned  
9 according to the premiums charged in subsection ~~(7)(d)~~ **(14) (D)**, and  
10 ~~are subject to approval by the commissioner.~~ **DIRECTOR OF THE**  
11 **DEPARTMENT AS PROVIDED IN THIS SECTION. FOR AN INCORPORATED**  
12 **ASSOCIATION, A PROPOSED PLAN OF OPERATION OR AMENDMENTS TO THE PLAN**  
13 **OF OPERATION OF THE INCORPORATED ASSOCIATION ARE SUBJECT TO**  
14 **APPROVAL BY THE BOARD OF THE INCORPORATED ASSOCIATION AND BY THE**  
15 **DIRECTOR OF THE DEPARTMENT AS PROVIDED IN THIS SECTION. THIS STATE**  
16 **IS NOT LIABLE FOR AN OBLIGATION OF AN ASSOCIATION, AND ANY DEBT OF**  
17 **AN ASSOCIATION IS NOT A DEBT OF THIS STATE. THE CREDIT OF THIS**  
18 **STATE MAY NOT BE LOANED TO AN ASSOCIATION.**

19 **(30)** ~~(20) Upon~~ **FOR THE UNINCORPORATED ASSOCIATION, ON** approval  
20 by the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** and ratification by  
21 the members **OF THE UNINCORPORATED ASSOCIATION** of the plan **OF**  
22 **OPERATION** submitted, or ~~upon~~ **ON** the promulgation of a plan by the  
23 ~~commissioner,~~ **DIRECTOR OF THE DEPARTMENT,** each insurer authorized  
24 to write insurance providing the security required by section  
25 3101(1) in this state, as provided in this section, is bound by and  
26 shall formally subscribe to and participate in the plan approved as  
27 a condition of maintaining its authority to transact insurance in



1 this state.

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



1 COLLECTED TO THE INCORPORATED ASSOCIATION ON FORMS AND IN A MANNER  
 2 PRESCRIBED BY THE INCORPORATED ASSOCIATION AND SHALL HOLD  
 3 ASSESSMENTS COLLECTED IN TRUST FOR THE INCORPORATED ASSOCIATION  
 4 UNTIL REMITTED TO THE ASSOCIATION. AN INSURER SHALL TREAT THE  
 5 FAILURE TO PAY AN ASSESSMENT UNDER THIS SUBSECTION IN THE SAME  
 6 MANNER AS THE FAILURE TO PAY AN INSURANCE PREMIUM. AN INSURER THAT  
 7 RECEIVES FROM AN INCORPORATED ASSOCIATION A REFUND OF A PORTION OF  
 8 AN ASSESSMENT PAID BECAUSE OF THE CANCELLATION OF A POLICY SHALL  
 9 REFUND THAT PORTION TO THE OWNER OR REGISTRANT.

10 (32) ~~(21) The AN~~ association is subject to all the reporting,  
 11 loss reserve, and investment requirements of the ~~commissioner~~  
 12 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member of~~  
 13 ~~the association.~~ **IS AN INSURER.**

14 (33) ~~(22)~~ Premiums charged members by the **UNINCORPORATED**  
 15 association shall be recognized in the rate-making procedures for  
 16 insurance rates in the same manner that expenses and premium taxes  
 17 are recognized.

18 (34) ~~(23) The commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an  
 19 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**  
 20 **DEPARTMENT** may visit ~~the AN~~ association at any time and examine any  
 21 and all **OF** the association's affairs **AND RECORDS RELATING TO THE**  
 22 **BUSINESS OF THE ASSOCIATION. AN ASSOCIATION SHALL PAY EXPENSES**  
 23 **INCURRED BY THE DIRECTOR OF THE DEPARTMENT FOR THE EXAMINATION OF**  
 24 **THE ASSOCIATION. AN ASSOCIATION IS SUBJECT TO FEES IMPOSED UNDER**  
 25 **SECTION 224(4) TO (11) IN THE SAME MANNER AS ANY OTHER TYPE OF**  
 26 **ENTITY UNDER THIS ACT.**

27 (35) ~~(24)~~ The **UNINCORPORATED** association ~~does not have~~



1 ~~liability~~ IS NOT LIABLE for losses occurring before July 1, 1978.  
2 THE UNINCORPORATED ASSOCIATION IS NOT LIABLE FOR LOSSES OCCURRING  
3 UNDER POLICIES ISSUED OR RENEWED AFTER THE FIRST JUNE 30 AFTER THE  
4 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER  
5 SUBSECTION (5) .

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

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

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

27 (37) THE UNINCORPORATED ASSOCIATION SHALL CONTINUE IN



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

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



1 WELFARE OF THE CITIZENS OF THIS STATE, SHALL BE LIBERALLY CONSTRUED  
2 TO EFFECT ITS PUBLIC PURPOSES.

3 (39) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS  
4 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF COVERAGE UNDER THE  
5 POLICY.

6 (40) THIS ACT DOES NOT PREVENT AN UNINCORPORATED ASSOCIATION  
7 FROM REIMBURSING A MEMBER THAT HAS CONTRACTED WITH A PERSON TO  
8 PERFORM SERVICES ON BEHALF OF THE MEMBER FOR THE PROVISION OF  
9 PRODUCTS, SERVICES, OR OTHER ACCOMMODATIONS AND THE PAYMENT OF  
10 EXPENSES, WHICH MAY BE PAID PROSPECTIVELY AND IN ADVANCE BY THE  
11 MEMBER. NOTWITHSTANDING ANY AGREEMENT THE MEMBER ENTERS INTO, THE  
12 LIABILITY FOR PAYMENTS UNDER A CONTRACT DESCRIBED IN THIS  
13 SUBSECTION REMAINS WITH THE MEMBER IF THE CONTRACTOR DOES NOT  
14 PERFORM THE TERMS OF THE CONTRACT.

15 (41) THIS ACT DOES NOT PREVENT AN INCORPORATED ASSOCIATION  
16 FROM REIMBURSING A PERSON WITH WHOM IT HAS CONTRACTED TO PERFORM  
17 SERVICES ON BEHALF OF THE ASSOCIATION FOR THE PROVISION OF  
18 PRODUCTS, SERVICES, OR OTHER ACCOMMODATIONS AND THE PAYMENT OF  
19 EXPENSES, WHICH MAY BE PAID PROSPECTIVELY AND IN ADVANCE BY THE  
20 ASSOCIATION.

21 (42) AFTER A CLAIM HAS EXCEEDED THE LIMITS THAT REQUIRE THE  
22 UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION TO ASSUME  
23 PAYMENT OF THE CLAIM, THE UNINCORPORATED ASSOCIATION OR  
24 INCORPORATED ASSOCIATION, AS APPLICABLE, MAY ASSUME A CONTRACT  
25 ENTERED INTO BY AN INSURER UNDER SECTION 3107D. REGARDLESS OF THE  
26 TERMS OF ANY CONTRACT ASSUMED AND ANY FAILURE BY THE CONTRACTOR TO  
27 PERFORM UNDER THE CONTRACT, THE ASSOCIATION REMAINS LIABLE FOR



1 **PAYMENTS OF BENEFITS REQUIRED UNDER THIS CHAPTER.**

2 **(43)** ~~(25)~~ As used in this section:

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

10 **(A) "ASSOCIATION" MEANS THE UNINCORPORATED ASSOCIATION CREATED**  
 11 **UNDER SUBSECTION (1) OR AN INCORPORATED ASSOCIATION FORMED UNDER**  
 12 **SUBSECTIONS (2) TO (7) .**

13 **(B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE UNINCORPORATED**  
 14 **ASSOCIATION OR OF AN INCORPORATED ASSOCIATION.**

15 **(C) "INCORPORATED ASSOCIATION" MEANS AN INCORPORATED**  
 16 **ASSOCIATION FORMED AS A NONPROFIT ASSOCIATION UNDER SUBSECTIONS (2)**  
 17 **TO (7) .**

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

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

25 **(F) "UNINCORPORATED ASSOCIATION" MEANS THE UNINCORPORATED**  
 26 **NONPROFIT ASSOCIATION CREATED UNDER SUBSECTION (1) AND INCLUDES THE**  
 27 **UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE**





1 **CATASTROPHIC CLAIMS ASSOCIATION AND THE UNINCORPORATED NONPROFIT**  
 2 **ASSOCIATION WHEN IT IS KNOWN AS THE MICHIGAN LEGACY CLAIMS**  
 3 **ASSOCIATION.**

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

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

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

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

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

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



1 payable for such loss of income shall be reduced 15% unless the  
 2 claimant presents to the insurer **OR AN INCORPORATED ASSOCIATION**  
 3 **FORMED UNDER SECTION 3104** in support of his or her claim reasonable  
 4 proof of a lower value of the income tax advantage in his or her  
 5 case, in which case the lower value shall apply. For the period  
 6 beginning October 1, 2012 through September 30, 2013, the benefits  
 7 payable for work loss sustained in a single 30-day period and the  
 8 income earned by an injured person for work during the same period  
 9 together shall not exceed \$5,189.00, which maximum shall apply pro  
 10 rata to any lesser period of work loss. Beginning October 1, 2013,  
 11 the maximum shall be adjusted annually to reflect changes in the  
 12 cost of living under rules prescribed by the ~~commissioner~~**DIRECTOR**  
 13 but any change in the maximum shall apply only to benefits arising  
 14 out of accidents occurring subsequent to the date of change in the  
 15 maximum.

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

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

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



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

6 (b) An insurer ~~shall~~ **OR AN INCORPORATED ASSOCIATION FORMED**  
 7 **UNDER SECTION 3104 IS** not ~~be~~ required to provide coverage for the  
 8 medical use of marihuana or for expenses related to the medical use  
 9 of marihuana.

10 Sec. 3107a. Subject to ~~the provisions of section 3107(1)(b),~~  
 11 **3107(1)(C)**, work loss for an injured person who is temporarily  
 12 unemployed at the time of the accident or during the period of  
 13 disability shall be based on earned income for the last month  
 14 employed full time preceding the accident.

15 **SEC. 3107C. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**  
 16 **ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION**  
 17 **3107(1)(A) FOR ATTENDANT CARE PROVIDED IN THE HOME BY A FAMILY OR**  
 18 **HOUSEHOLD MEMBER:**

19 (A) PAYMENT IS LIMITED TO \$15.00 PER HOUR, REGARDLESS OF THE  
 20 LEVEL OF CARE PROVIDED. BEGINNING 3 YEARS AFTER THE EFFECTIVE DATE  
 21 OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND EVERY 3 YEARS  
 22 AFTER THAT DATE, THE DIRECTOR SHALL ADJUST THIS AMOUNT TO REFLECT  
 23 THE AGGREGATE PERCENTAGE CHANGE IN THE UNITED STATES CONSUMER PRICE  
 24 INDEX, ROUNDED TO THE NEAREST 10 CENTS.

25 (B) THE LIMITATION IN SUBDIVISION (A) APPLIES REGARDLESS OF  
 26 WHETHER THE FAMILY OR HOUSEHOLD MEMBER IS LICENSED OR OTHERWISE  
 27 AUTHORIZED TO RENDER THE ATTENDANT CARE UNDER ARTICLE 15 OF THE



1 PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16101 TO 333.18838, OR IS  
2 EMPLOYED BY, UNDER CONTRACT WITH, OR IN ANY WAY CONNECTED WITH AN  
3 INDIVIDUAL OR AGENCY WHO IS LICENSED OR AUTHORIZED TO RENDER THE  
4 CARE.

5 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, PAYMENT FOR  
6 ALLOWABLE EXPENSES UNDER SECTION 3107(1) (A) FOR ATTENDANT CARE  
7 PROVIDED IN THE HOME BY SOMEONE OTHER THAN A FAMILY OR HOUSEHOLD  
8 MEMBER IS LIMITED TO A TOTAL OF 24 HOURS PER DAY FOR SERVICES  
9 PERFORMED BY 1 OR MORE INDIVIDUALS.

10 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) OR (5),  
11 PAYMENT FOR ATTENDANT CARE PROVIDED BY A FAMILY OR HOUSEHOLD MEMBER  
12 AND SOMEONE OTHER THAN A FAMILY OR HOUSEHOLD MEMBER IS CUMULATIVELY  
13 LIMITED TO 24 HOURS PER DAY.

14 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN  
15 INSURER OR AN INCORPORATED ASSOCIATION INCORPORATED UNDER SECTION  
16 3104 MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE  
17 AT ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.

18 (5) AN INJURED PERSON OR THE INJURED PERSON'S REPRESENTATIVE  
19 MAY REQUEST A MEDICAL REVIEW TO DETERMINE THE CARE AND TREATMENT  
20 REQUIREMENTS OF THE PATIENT. IF THE MEDICAL REVIEW DETERMINES THAT  
21 THE INJURED PERSON REQUIRES ATTENDANT CARE THAT EXCEEDS THE  
22 LIMITATIONS IN THIS SECTION TO PROVIDE ADEQUATE TREATMENT, THE  
23 ADDITIONAL CARE IS AN ALLOWABLE EXPENSE UNDER SECTION 3107(1) (A).

24 (6) THIS SECTION APPLIES AFTER JUNE 30, 2016.

25 SEC. 3107D. AN INSURER MAY CONTRACT WITH A PERSON TO PERFORM  
26 SERVICES ON BEHALF OF THE INSURER FOR THE PROVISION OF PRODUCTS,  
27 SERVICES, OR OTHER ACCOMMODATIONS AND THE PAYMENT OF EXPENSES,



1 WHICH MAY BE PAID PROSPECTIVELY AND IN ADVANCE BY THE INSURER.  
2 REGARDLESS OF THE TERMS OF ANY CONTRACT ENTERED INTO AND ANY  
3 FAILURE BY THE CONTRACTOR TO PERFORM UNDER THE CONTRACT, THE  
4 INSURER REMAINS LIABLE FOR PAYMENTS OF BENEFITS REQUIRED UNDER THIS  
5 CHAPTER.

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

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



1 protection insurance benefits under any other policy:

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

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

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

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

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

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

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

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

25 (a) The insurer of the owner or registrant of the vehicle  
26 occupied.

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



1 (5) A person suffering accidental bodily injury arising from a  
2 motor vehicle accident ~~which~~**THAT** shows evidence of the involvement  
3 of a motor vehicle while an operator or passenger of a motorcycle  
4 shall claim personal protection insurance benefits from insurers in  
5 the following order of priority:

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

8 (b) The insurer of the operator of the motor vehicle involved  
9 in the accident.

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

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

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

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

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



1 (a) The issues of whether the injured person has suffered  
2 serious impairment of body function or permanent serious  
3 disfigurement are questions of law for the court if the court finds  
4 either of the following:

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

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

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

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

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

26 (a) Intentionally caused harm to persons or property. Even  
27 though a person knows that harm to persons or property is





1 substantially certain to be caused by his or her act or omission,  
2 the person does not cause or suffer that harm intentionally if he  
3 or she acts or refrains from acting for the purpose of averting  
4 injury to any person, including himself or herself, or for the  
5 purpose of averting damage to tangible property.

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

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

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

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

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



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

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

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

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

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

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

21 Sec. 3157. **(1)** A physician, hospital, clinic, or other person  
22 or institution lawfully rendering treatment to an injured person  
23 for an accidental bodily injury covered by personal protection  
24 insurance, and a person or institution providing rehabilitative  
25 occupational training following the injury, may charge a reasonable  
26 amount for the products, services, and accommodations rendered. The  
27 charge shall not exceed the amount the person or institution



1 customarily charges for like products, services, and accommodations  
2 in cases ~~not involving~~ **THAT DO NOT INVOLVE** insurance.

3 **(2) A PERSON OR INSTITUTION THAT PROVIDES A PRODUCT, SERVICE,**  
4 **OR ACCOMMODATION SHALL ACCEPT AS PAYMENT IN FULL FOR THE PRODUCT,**  
5 **SERVICE, OR ACCOMMODATION THE LESSER OF THE AMOUNT CHARGED OR 150%**  
6 **OF THE AMOUNT THAT WOULD BE PAID UNDER MEDICARE.**

7 **(3) SUBSECTION (2) APPLIES AFTER JUNE 30, 2016.**

8 **(4) AS USED IN THIS SECTION, "MEDICARE" MEANS SUBCHAPTER XVIII**  
9 **OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO 1395///.**

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

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

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



1 receive benefits from the electing insurer as if it were an insurer  
 2 of personal and property protection insurance applicable to the  
 3 accidental bodily injury or property damage.

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

14 **SEC. 3178A. (1) BEFORE JULY 1, 2017, THE DIRECTOR SHALL REPORT**  
 15 **TO THE STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF**  
 16 **REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE MATTERS ON**  
 17 **THE EFFECT OF THE CHANGES TO THIS CHAPTER MADE BY THE AMENDATORY**  
 18 **ACT THAT ADDED THIS SECTION. THE REPORT SHALL CONTAIN ANY**  
 19 **RECOMMENDATIONS OF THE DIRECTOR FOR CHANGES TO THIS CHAPTER.**

20 (2) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016, \$150,000.00  
 21 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT TO BE USED  
 22 BY THE DEPARTMENT TO IMPLEMENT THIS SECTION. FROM THE MONEY  
 23 APPROPRIATED, THE DEPARTMENT SHALL EMPLOY AN ADDITIONAL FULL-TIME  
 24 EQUIVALENT EMPLOYEE TO PERFORM FUNCTIONS RELATED TO PREPARING THE  
 25 REPORT REQUIRED UNDER SUBSECTION (1).

26 **SEC. 3181. (1) SUBJECT TO SECTIONS 2109, 2403, AND 2603, BY**  
 27 **JUNE 30, 2016, ANY INSURER ENGAGED IN WRITING INSURANCE COVERAGES**



1 THAT PROVIDE THE SECURITY REQUIRED BY SECTION 3101(1) SHALL FILE  
 2 RATES FOR AUTOMOBILE INSURANCE POLICIES ISSUED OR RENEWED AFTER  
 3 JUNE 30, 2016 THAT RESULT IN A \$100.00 REDUCTION IN THE ANNUAL PER-  
 4 VEHICLE PREMIUM APPLICABLE TO THE COVERAGE, WHICH FOR PURPOSES OF  
 5 THIS SUBSECTION AND SUBSECTION (2) INCLUDES THE CATASTROPHIC CLAIMS  
 6 ASSESSMENT IMPOSED UNDER SECTION 3104, TO REFLECT THE SAVINGS  
 7 EXPECTED AS A RESULT OF THE CHANGES MADE TO THIS ACT BY THE  
 8 AMENDATORY ACT THAT ADDED THIS SECTION. THE REDUCTION UNDER THIS  
 9 SUBSECTION MUST BE FROM RATES, INCLUDING THE RECOGNITION IN THE  
 10 RATES AS REQUIRED UNDER SECTION 3104(33) OF PREMIUM CHARGES UNDER  
 11 SECTION 3104(14) (D), IN EFFECT FOR THE INSURER ON JANUARY 1, 2016.

12 (2) AN INSURER THAT IS SUBJECT TO SUBSECTION (1) SHALL NOT  
 13 INCREASE AN INSURED'S PREMIUM FROM THE LEVEL ESTABLISHED UNDER  
 14 SUBSECTION (1) BEFORE JUNE 30, 2018. THIS SUBSECTION DOES NOT APPLY  
 15 TO AN INCREASE IN A PREMIUM BECAUSE OF A CHANGE IN A RISK  
 16 CLASSIFICATION THAT RESULTS FROM ACTIONS OF THE INSURED.

17 (3) AN INSURER SHALL INCLUDE IN A BILL OR OTHER NOTICE OF  
 18 PAYMENT DUE FOR A PREMIUM THAT IS REDUCED UNDER SUBSECTION (1) OR  
 19 THAT REMAINS REDUCED UNDER SUBSECTION (2) A SEPARATE AND DISTINCT  
 20 LINE THAT SHOWS THE DOLLAR AMOUNT BY WHICH THE PREMIUM IS REDUCED.

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

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

27 (b) Preserving to the public the benefits of price competition



1 by encouraging maximum use of the normal private insurance system.

2 **(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE**  
3 **FRAUD AUTHORITY.**

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

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

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

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

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

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

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

27 (f) To provide for standards of performance of service for the



1 participating members designated under subdivision (e).

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

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

12 (I) UNTIL DECEMBER 31, 2020, TO ANNUALLY ASSESS PARTICIPATING  
13 MEMBERS AND SELF-INSURERS AN AGGREGATE AMOUNT NOT TO EXCEED  
14 \$21,000,000.00 TO COVER ANTICIPATED COSTS OF OPERATION AND  
15 ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
16 AUTHORITY. A MEMBER OR SELF-INSURER THAT PAYS MONEY FOR THE COSTS  
17 AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
18 AUTHORITY SHALL NOT PAY THE MONEY FROM PREMIUM REVENUE, BUT SHALL  
19 PAY THE MONEY FROM OTHER EARNINGS OR INVESTMENTS. NOTWITHSTANDING  
20 ANY OTHER PROVISION OF THIS ACT TO THE CONTRARY, AN INSURER, THE  
21 DIRECTOR OR DEPARTMENT, OR ANY OTHER PERSON SHALL NOT INCLUDE OR  
22 CONSIDER THE PAYMENT OF MONEY AS DESCRIBED IN THIS SUBSECTION WITH  
23 RESPECT TO ESTABLISHING A RATE.

24 (2) The board of governors shall institute or cause to be  
25 instituted by the facility or on its behalf an automatic data  
26 processing system for recording and compiling data relative to  
27 individuals insured through the facility. An automatic data



1 processing system established under this subsection shall, to the  
2 greatest extent possible, be made compatible with the automatic  
3 data processing system maintained by the secretary of state, to  
4 provide for the identification and review of individuals insured  
5 through the facility.

6 **(3) BEFORE MARCH 1, 2016, THE BOARD OF GOVERNORS SHALL AMEND**  
7 **THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY**  
8 **TO MAKE ASSESSMENTS FOR AND CARRY OUT THE ADMINISTRATIVE DUTIES AND**  
9 **FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.**

10 Sec. 4501. As used in this chapter:

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

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

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

25 (d) "Insurer" means a property-casualty insurer, life insurer,  
26 third party administrator, self-funded plan, health insurer, health  
27 maintenance organization, nonprofit dental care corporation, health





1 care corporation, reinsurer, or any other entity regulated by the  
2 insurance laws of this state and providing any form of insurance.

3 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**  
4 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**  
5 **6302.**

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

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

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

21 **(I)** ~~(h)~~—"Runner", "capper", or "steerer" means a person who  
22 receives a pecuniary or other benefit from a practitioner, whether  
23 directly or indirectly, for procuring or attempting to procure a  
24 client, patient, or customer at the direction or request of, or in  
25 cooperation with, a practitioner whose intent is to obtain benefits  
26 under a contract of insurance or to assert a claim against an  
27 insured or an insurer for providing services to the client,



1 patient, or customer. Runner, capper, or steerer does not include a  
2 practitioner who procures clients, patients, or customers through  
3 the use of public media.

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

## 10 CHAPTER 63

### 11 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

#### 12 SEC. 6301. AS USED IN THIS CHAPTER:

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

15 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE  
16 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION  
17 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE  
18 INSURANCE.

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

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

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

27 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD



1 AUTHORITY IS CREATED WITHIN THE FACILITY. THE FACILITY SHALL  
2 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE  
3 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

4 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE  
5 AUTHORITY IS NOT STATE MONEY. HOWEVER, THE AUTHORITY SHALL COMPLY  
6 WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO  
7 15.246, AS IF THE AUTHORITY WERE A PUBLIC BODY. A RECORD OR PORTION  
8 OF A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED,  
9 PREPARED, USED, OR RETAINED BY THE AUTHORITY IN CONNECTION WITH THE  
10 INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO FINANCIAL OR  
11 PROPRIETARY INFORMATION AND IS CONSIDERED BY THE PERSON OR INSURER  
12 PROVIDING THE AUTHORITY WITH THE RECORD, MATERIAL, DATA, OR  
13 INFORMATION AS CONFIDENTIAL AND ACKNOWLEDGED BY THE AUTHORITY AS  
14 CONFIDENTIAL IS NOT SUBJECT TO DISCLOSURE BY THE AUTHORITY. AS USED  
15 IN THIS SUBSECTION:

16 (A) "FINANCIAL OR PROPRIETARY INFORMATION" MEANS INFORMATION  
17 THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM  
18 OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE THE PERSON  
19 PROVIDING THE INFORMATION TO THE AUTHORITY SIGNIFICANT COMPETITIVE  
20 HARM. FINANCIAL OR PROPRIETARY INFORMATION INCLUDES, BUT IS NOT  
21 LIMITED TO, FINANCIAL PERFORMANCE DATA AND PROJECTIONS, FINANCIAL  
22 STATEMENTS, AND PRODUCT AND MARKET DATA.

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

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

27 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW



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

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

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

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

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

15 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH  
16 350,000 OR MORE CAR YEARS.

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

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

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

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

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

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

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



1 STATE.

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

3 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE  
4 ELECTED BY AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE INSURANCE IN  
5 THIS STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF  
6 GOVERNORS OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR  
7 THE MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT  
8 NOMINATIONS FROM AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE  
9 INSURANCE IN THIS STATE.

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

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

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

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



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

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

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

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

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

25 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE  
26 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS  
27 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH



1 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.  
2 AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE  
3 BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT THE BOARD'S  
4 PRINCIPAL OFFICE AND ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE  
5 BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS  
6 WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE  
7 BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE FOLLOWING  
8 PURPOSES:

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

12 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

27 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD



1 MEMBERS WHO ARE ABSENT.

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

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

5 SEC. 6304. ON JANUARY 1, 2021, THE AUTHORITY IS DISSOLVED.

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

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

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

14 (C) MAKE GRANTS AND INVESTMENTS.

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

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

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

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

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





1 THE PLAN OF OPERATION.

2 SEC. 6307. (1) BEFORE APRIL 1 OF EACH YEAR FROM 2016 TO 2020,  
3 AN INSURER OR SELF-INSURER ENGAGED IN WRITING INSURANCE COVERAGES  
4 THAT PROVIDE THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS  
5 STATE, AS A CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN  
6 THIS STATE, SHALL PAY TO THE FACILITY, FOR DEPOSIT INTO THE ACCOUNT  
7 OF THE AUTHORITY, AN ASSESSMENT DETERMINED BY THE FACILITY AS  
8 PROVIDED IN THE PLAN OF OPERATION. THE ASSESSMENT SHALL BE BASED ON  
9 THE RATIO OF THE CAR YEARS WRITTEN BY THE INSURER OR SELF-INSURER  
10 TO THE TOTAL CAR YEARS WRITTEN IN THIS STATE BY ALL INSURERS AND  
11 SELF-INSURERS.

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

16 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE  
17 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO  
18 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE  
19 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED  
20 BY THE BOARD.

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

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



1 EXISTING PROGRAMS.

2 SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE  
3 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE  
4 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND  
5 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE  
6 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE  
7 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S  
8 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD AND COST SAVINGS THAT  
9 HAVE RESULTED FROM THOSE EFFORTS.

10 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED UNDER  
11 SUBSECTION (1) MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD OCCURRING  
12 IN THIS STATE FOR THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD  
13 ON RATES CHARGED FOR AUTOMOBILE INSURANCE, SUMMARIZE PREVENTION  
14 PROGRAMS, AND OUTLINE ALLOCATIONS MADE BY THE AUTHORITY. THE  
15 MEMBERS OF THE BOARD, INSURERS, AND THE DIRECTOR SHALL COOPERATE IN  
16 DEVELOPING THE REPORT AS REQUESTED BY THE AUTHORITY AND SHALL MAKE  
17 AVAILABLE TO THE AUTHORITY RECORDS AND STATISTICS CONCERNING  
18 AUTOMOBILE INSURANCE FRAUD, INCLUDING THE NUMBER OF INSTANCES OF  
19 SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS AND  
20 CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AND AUTOMOBILE  
21 INSURANCE FRAUD RECIDIVISM. THE AUTHORITY SHALL EVALUATE THE IMPACT  
22 AUTOMOBILE INSURANCE FRAUD HAS ON THE CITIZENS OF THIS STATE AND  
23 THE COSTS INCURRED BY THE CITIZENS THROUGH INSURANCE, POLICE  
24 ENFORCEMENT, PROSECUTION, AND INCARCERATION BECAUSE OF AUTOMOBILE  
25 INSURANCE FRAUD. THE AUTHORITY SHALL SUBMIT THE REPORT TO THE  
26 LEGISLATURE REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF  
27 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER



1 **INSURANCE ISSUES AND THE DIRECTOR.**

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

5 Enacting section 2. The title and sections 3301, 3330, and  
6 4501 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,  
7 500.3330, and 500.4501, as amended by this amendatory act, and  
8 chapter 63 of the insurance code of 1956, 1956 PA 218, as added by  
9 this amendatory act, take effect January 1, 2016.

10 Enacting section 3. This amendatory act does not take effect  
11 unless Senate Bill No. 249 of the 98th Legislature is enacted into  
12 law.

