

HOUSE BILL No. 5627

February 22, 2018, Introduced by Reps. Lucido, Chirkun, Dianda, Marino, Green and LaFave and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 1833, 1910, 2102, 2103, 2118, 2120, 3009, 3017, 3020, 3037, 3101, 3103, 3104, 3107, 3109a, 3111, 3113, 3114, 3115, 3116, 3121, 3125, 3131, 3135, 3141, 3171, 3172, 3175, 3176, 3178, 3303, 3320, 3321, 3350, and 6107 (MCL 500.1833, 500.1910, 500.2102, 500.2103, 500.2118, 500.2120, 500.3009, 500.3017, 500.3020, 500.3037, 500.3101, 500.3103, 500.3104, 500.3107, 500.3109a, 500.3111, 500.3113, 500.3114, 500.3115, 500.3116, 500.3121, 500.3125, 500.3131, 500.3135, 500.3141, 500.3171, 500.3172, 500.3175, 500.3176, 500.3178, 500.3303, 500.3320, 500.3321, 500.3350, and 500.6107), section 1833 as added by 1989 PA 214, sections 1910, 3171, 3172, 3175, and 3320 as amended and section 3178 as added by 2012 PA 204, section 2103 as amended by 2016 PA 449, sections 2118 and 2120 as amended by 2007 PA 35,

sections 3009, 3037, and 3113 as amended and section 3017 as added by 2016 PA 346, section 3020 as amended by 2006 PA 106, section 3101 as amended by 2017 PA 140, section 3103 as amended by 1986 PA 173, section 3104 as amended by 2002 PA 662, section 3107 as amended by 2012 PA 542, section 3109a as amended by 2012 PA 454, section 3114 as amended by 2016 PA 347, section 3121 as amended by 1993 PA 290, section 3135 as amended by 2012 PA 158, section 3303 as amended by 1980 PA 461, section 3350 as amended by 1982 PA 502, and section 6107 as amended by 2017 PA 58; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1833. (1) A risk retention group chartered or doing
2 business in this state shall not join or contribute financially to
3 the property and casualty guaranty association created under
4 chapter 79 or other similar association or mechanism in this state.
5 A risk retention group, its insureds, or claimants against its
6 insureds, shall not receive any benefit from the property and
7 casualty guaranty association or other similar association or
8 mechanism for claims arising under the insurance policies issued by
9 the risk retention group.

10 (2) A purchasing group obtaining insurance covering its
11 members' risks from an **UNAUTHORIZED** insurer ~~not authorized in this~~
12 ~~state~~ or a risk retention group shall not be covered by the
13 property and casualty guaranty association or similar association
14 or mechanism in this state.

15 (3) If a purchasing group obtains insurance covering its
16 members' risks from an **AUTHORIZED** insurer, ~~authorized in this~~

1 ~~state,~~ only risks resident or located in this state shall be
 2 covered by the property and casualty guaranty association under
 3 chapter 79.

4 (4) A risk retention group chartered or doing business in this
 5 state ~~which~~ **THAT** offers coverage for ~~the security required~~ under
 6 chapter 31 ~~shall be~~ **IS** a participating member in the Michigan
 7 automobile insurance placement facility established under chapter
 8 33 for the purpose of sharing in the equitable apportionment among
 9 insurers of liability insurance losses and expenses incurred on
 10 policies written through that facility. The risk retention group
 11 shall submit sufficient information to the ~~commissioner,~~ **DIRECTOR,**
 12 or to whomever the ~~commissioner~~ **DIRECTOR** may designate, to enable
 13 the apportionment on a nondiscriminatory basis of the risk
 14 retention group's proportionate share of the losses and expenses.

15 Sec. 1910. (1) ~~Insurance~~ **A LICENSEE** shall not be placed by a
 16 ~~licensee~~ **PLACE INSURANCE** with an unauthorized insurer if coverage
 17 is available from an authorized insurer.

18 (2) There is a rebuttable presumption that the following
 19 coverages are available from an authorized insurer:

20 (a) No-fault automobile insurance ~~, as required by~~ **UNDER**
 21 section 3101, ~~which~~ **THAT** is not written for a person who is self-
 22 insuring motor vehicles under section 3101d.

23 **(B) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE**
 24 **DESCRIBED IN SECTION 3009.**

25 **(C)** ~~(b)~~ Private passenger automobile physical damage coverage.

26 **(D)** ~~(e)~~ Homeowners and property insurance on owner-occupied
 27 dwellings, the value of which is less than the maximum limits of

1 coverage that are available for the property under the general
2 rules of the Michigan ~~basic property insurance association~~. **BASIC**
3 **PROPERTY INSURANCE ASSOCIATION.**

4 (E) ~~(d)~~ Any coverage readily available from 3 or more
5 authorized insurers, unless the authorized insurers quote a premium
6 and terms not competitive with the premium and terms quoted by an
7 unauthorized insurer.

8 (F) ~~(e)~~ Worker's compensation insurance that is not written
9 for an employer that is partially self-insured under section 611 of
10 the worker's disability compensation act of 1969, 1969 PA 317, MCL
11 418.611.

12 (3) There is a rebuttable presumption that the following
13 coverages are unavailable from an authorized insurer:

14 (a) Coverages with respect to which 1 portion of the risk is
15 acceptable to authorized insurers, but another portion of the ~~same~~
16 risk is not acceptable. The entire coverage may be placed with
17 eligible unauthorized insurers if it can be shown that eligible
18 unauthorized insurers will accept the entire coverage but not the
19 rejected portion alone.

20 (b) Any coverage that the licensee is unable to procure after
21 diligent search among authorized insurers.

22 (4) The ~~commissioner~~ **DIRECTOR** shall maintain, on a current
23 basis, a list of those lines of insurance for which coverages are
24 determined by the ~~commissioner~~ **DIRECTOR** to be generally unavailable
25 in the authorized insurance market. Any person may request in
26 writing that the ~~commissioner~~ **DIRECTOR** add or remove a coverage
27 from the current list. The ~~commissioner~~ **DIRECTOR** shall grant or

1 deny a request within 30 days after receiving the written request.
 2 The ~~commissioner~~**DIRECTOR** shall encourage dissemination of
 3 information regarding the availability of coverages for which the
 4 public interest necessitates additions to or deletions from the
 5 list. The list ~~shall~~**MUST** be published at least quarterly and ~~shall~~
 6 ~~be~~ revised as required. The ~~commissioner~~**DIRECTOR** shall make the
 7 list available to all licensees and other members of the public,
 8 ~~upon~~**ON** request.

9 Sec. 2102. (1) "Affiliate of", or an insurer "affiliated with"
 10 an insurer, means an insurer that directly, or indirectly through 1
 11 or more intermediaries, controls, or is controlled by, or is under
 12 common control with the insurer specified.

13 (2) "Automobile insurance" means insurance for private
 14 passenger nonfleet automobiles which provides any of the following:

15 **(A) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE**
 16 **DESCRIBED IN SECTION 3009.**

17 **(B)** ~~(a)~~ Security ~~required pursuant to~~**UNDER** section 3101.

18 **(C)** ~~(b)~~ Personal protection, property protection, and residual
 19 liability insurance for amounts in excess of ~~the amounts required~~
 20 **PROVIDED** under chapter 31.

21 **(D)** ~~(c)~~ Insurance coverages customarily known as comprehensive
 22 and collision.

23 **(E)** ~~(d)~~ Other insurance coverages for a private passenger
 24 nonfleet automobile as prescribed by rule promulgated by the
 25 ~~commissioner pursuant to Act No. 306 of the Public Acts of 1969, as~~
 26 ~~amended, being sections~~**DIRECTOR UNDER THE ADMINISTRATIVE**
 27 **PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 to 24.315** ~~of the~~

1 Michigan Compiled Laws. A ~~24.328. THE DIRECTOR SHALL TRANSMIT IN~~
2 **ADVANCE A** rule proposed for promulgation ~~by the commissioner~~
3 ~~pursuant to~~ **UNDER** this section shall be transmitted in advance to
4 each member of the standing ~~committee~~ **COMMITTEES** in the house and
5 ~~in the senate which has~~ **WITH** jurisdiction over insurance.

6 (3) "Automobile insurance package policy" means a policy ~~which~~
7 **THAT** includes more than 1 of the ~~automobile insurance coverages~~
8 described in ~~section 2102(2)(a), (b), (c), or (d),~~ **SUBSECTION (2)**
9 in any combination.

10 (4) "Declination" means any of the following:

11 (a) Refusal by an agent to submit an application on behalf of
12 an applicant to any of the insurers represented by the agent.

13 (b) Refusal by an insurer to issue insurance to a person ~~upon~~
14 **ON** receipt of an application for insurance.

15 (c) Offering insurance at higher rates with a different
16 insurer than that requested by a person.

17 (d) Offering coverage with less favorable terms or conditions
18 than those requested by a person.

19 Sec. 2103. (1) "Eligible person", for automobile insurance,
20 means a person who is an owner or registrant of an automobile
21 registered or to be registered in this state or who holds a valid
22 license to operate a motor vehicle issued by this state, but does
23 not include any of the following:

24 ~~— (a) A person who is not required to maintain security under~~
25 ~~section 3101, unless the person intends to reside in this state for~~
26 ~~30 days or more and makes a written statement of that intention on~~
27 ~~a form approved by the director.~~

1 **(A)** ~~(b)~~—A person whose license to operate a vehicle is under
2 suspension or revocation.

3 **(B)** ~~(c)~~—A person who has been convicted within the immediately
4 preceding 5-year period of fraud or intent to defraud involving an
5 insurance claim or an application for insurance; or an individual
6 who has been successfully denied, within the immediately preceding
7 5-year period, payment by an insurer of a claim in excess of
8 \$1,000.00 under an automobile insurance policy, if there is
9 evidence of fraud or intent to defraud involving an insurance claim
10 or application.

11 **(C)** ~~(d)~~—A person who, during the immediately preceding 3-year
12 period, has been convicted under, or who has been subject to an
13 order of disposition of the family division of circuit court for a
14 violation of, any of the following:

15 (i) Section 601d of the Michigan vehicle code, 1949 PA 300,
16 MCL 257.601d, or any other law of this state the violation of which
17 constitutes a felony resulting from the operation of a motor
18 vehicle.

19 (ii) Section 625 of the Michigan vehicle code, 1949 PA 300,
20 MCL 257.625.

21 (iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
22 code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

23 (iv) Section 626 of the Michigan vehicle code, 1949 PA 300,
24 MCL 257.626; or a similar violation under the laws of any other
25 state or a municipality in or outside of this state.

26 **(D)** ~~(e)~~—A person whose vehicle insured or to be insured under
27 the policy fails to meet the motor vehicle safety requirements of

1 sections 683 to 711 of the Michigan vehicle code, 1949 PA 300, MCL
2 257.683 to 257.711.

3 (E) ~~(f)~~—A person whose policy of automobile insurance has been
4 canceled because of nonpayment of premium or financed premium
5 within the immediately preceding 2-year period, unless the premium
6 due on a policy for which application has been made is paid in full
7 before issuance or renewal of the policy.

8 (F) ~~(g)~~—A person who fails to obtain or maintain membership in
9 a club, group, or organization, if membership is a uniform
10 requirement of the insurer as a condition of providing insurance,
11 and if the dues, charges, or other conditions for membership are
12 applied uniformly throughout this state, are not expressed as a
13 percentage of premium, and do not vary with respect to the rating
14 classification of the member except for the purpose of offering a
15 membership fee to family units. Membership fees may vary in
16 accordance with the amount or type of coverage if the purchase of
17 additional coverage, either as to type or amount, is not a
18 condition for reduction of dues or fees.

19 (G) ~~(h)~~—A person whose driving record for the 3-year period
20 immediately preceding application for or renewal of a policy, has,
21 under section 2119a, an accumulation of more than 6 insurance
22 eligibility points.

23 (2) "Eligible person", for home insurance, means a person who
24 is the owner-occupant or tenant of a dwelling of any of the
25 following types: a house, a condominium unit, a cooperative unit, a
26 room, or an apartment; or a person who is the owner-occupant of a
27 multiple unit dwelling of not more than 4 residential units.

1 Eligible person does not include any of the following:

2 (a) A person who has been convicted, in the immediately
3 preceding 5-year period, of 1 or more of the following:

4 (i) Arson, or conspiracy to commit arson.

5 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
6 or 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to
7 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

8 (iii) A crime under section 92, 151, 157b, or 218 of the
9 Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b,
10 and 750.218, based on a crime described in subparagraph (ii)
11 committed by or on behalf of the person.

12 (b) A person who has been successfully denied, within the
13 immediately preceding 5-year period, payment by an insurer of a
14 claim under a home insurance policy based on evidence of arson,
15 conspiracy to commit arson, fraud, or conspiracy to commit fraud,
16 committed by or on behalf of the person.

17 (c) A person who insures or seeks to insure a dwelling that is
18 being used for an illegal or demonstrably hazardous purpose.

19 (d) A person who refuses to purchase an amount of insurance
20 equal to at least 80% of the replacement cost of the property
21 insured or to be insured under a replacement cost policy.

22 (e) A person who refuses to purchase an amount of insurance
23 equal to at least 100% of the market value of the property insured
24 or to be insured under a repair cost policy.

25 (f) A person who refuses to purchase an amount of insurance
26 equal to at least 100% of the actual cash value of the property
27 insured or to be insured under a tenant or renter's home insurance

1 policy.

2 (g) A person whose policy of home insurance has been canceled
3 because of nonpayment of premium within the immediately preceding
4 2-year period, unless the premium due on the policy is paid in full
5 before issuance or renewal of the policy.

6 (h) A person who insures or seeks to insure a dwelling, if the
7 insured value is not any of the following:

8 (i) For a repair cost policy, at least \$15,000.00.

9 (ii) For a replacement policy, at least \$35,000.00 or another
10 amount established by the director. The director may establish an
11 amount under this subparagraph biennially by a rule promulgated
12 under the administrative procedures act of 1969, 1969 PA 306, MCL
13 24.201 to 24.328, and based on changes in applicable construction
14 cost indices.

15 (i) A person who insures or seeks to insure a dwelling that
16 has physical conditions that clearly present an extreme likelihood
17 of a significant loss under a home insurance policy.

18 (j) A person whose real property taxes with respect to the
19 dwelling insured or to be insured have been and are delinquent for
20 2 or more years at the time of renewal of, or application for, home
21 insurance.

22 (k) A person who has failed to procure or maintain membership
23 in a club, group, or organization, if membership is a uniform
24 requirement of the insurer, and if the dues, charges, or other
25 conditions for membership are applied uniformly throughout this
26 state, are not expressed as a percentage of premium, and do not
27 vary with respect to the rating classification of the member except

1 for the purpose of offering a membership fee to family units.
2 Membership fees may vary in accordance with the amount or type of
3 coverage if the purchase of additional coverage, either as to type
4 or amount, is not a condition for reduction of dues or fees.

5 (3) "Home insurance" means any of the following, but does not
6 include insurance intended to insure commercial, industrial,
7 professional, or business property, obligations, or liabilities:

8 (a) Fire insurance for an insured's dwelling of a type
9 described in subsection (2).

10 (b) If contained in or indorsed to a fire insurance policy
11 providing insurance for the insured's residence, other insurance
12 intended primarily to insure nonbusiness property, obligations, and
13 liabilities.

14 (c) Other insurance coverages for an insured's residence as
15 prescribed by rule promulgated by the director under the
16 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
17 24.328. The director shall transmit a rule proposed for
18 promulgation under this section in advance to each member of the
19 standing committees in the house of representatives and the senate
20 that have jurisdiction over insurance.

21 (4) "Insurance eligibility points" means all of the following:

22 (a) Points calculated, according to the following schedule,
23 for convictions, determinations of responsibility for civil
24 infractions, or findings of responsibility in probate court:

25 (i) For a violation of any lawful speed limit by more than 15
26 miles per hour, or careless driving, 4 points.

27 (ii) For a violation of any lawful speed limit by more than 10

1 miles per hour but less than 16 miles per hour, 3 points.

2 (iii) For a violation of any lawful speed limit by more than 5
3 miles per hour but less than 11 miles per hour, 2 points.

4 (iv) For a violation of any speed limit by more than 5 miles
5 per hour but less than 16 miles per hour on a roadway that had a
6 lawfully posted maximum speed of 70 miles per hour or greater as of
7 January 1, 1974, 2 points.

8 (v) For a violation of a speed limit by less than 6 miles per
9 hour, 1 point.

10 (vi) For all other moving violations pertaining to the
11 operation of motor vehicles, 2 points.

12 (b) Points calculated, according to the following schedule,
13 for determinations that the person was substantially at-fault:

14 (i) For the first substantially at-fault accident, 3 points.

15 (ii) For the second and each subsequent substantially at-fault
16 accident, 4 points.

17 (5) "Insurer" means an insurer authorized to transact in this
18 state the kind or combination of kinds of insurance constituting
19 automobile insurance or home insurance.

20 Sec. 2118. (1) As a condition of maintaining its certificate
21 of authority, an insurer shall not refuse to insure, refuse to
22 continue to insure, or limit coverage available to an eligible
23 person for automobile insurance, except in accordance with
24 underwriting rules established pursuant to ~~AS PROVIDED IN~~ this
25 section and sections 2119 and 2120.

26 (2) The underwriting rules that an insurer may establish for
27 automobile insurance ~~shall~~ **MUST** be based only on the following:

1 (a) Criteria identical to the standards set forth in section
2 2103(1).

3 (b) The insurance eligibility point accumulation in excess of
4 the amounts established by section 2103(1) of a member of the
5 household of the eligible person insured or to be insured, if the
6 member of the household usually accounts for 10% or more of the use
7 of a vehicle insured or to be insured. For purposes of this
8 subdivision, **THERE IS A REBUTTABLE PRESUMPTION THAT** a person who is
9 the principal driver for 1 automobile insurance policy ~~shall be~~
10 ~~rebuttably presumed~~ **DOES** not ~~to~~ usually account for more than 10%
11 of the use of ~~other vehicles~~ **ANOTHER VEHICLE** of the household **THAT**
12 **IS** not insured under the policy of ~~that~~ **THE** person.

13 (c) With respect to a vehicle insured or to be insured,
14 substantial modifications from the vehicle's original manufactured
15 state for purposes of increasing the speed or acceleration
16 capabilities of the vehicle.

17 ~~— (d) Except as otherwise provided in section 2116a, failure by~~
18 ~~the person to provide proof that insurance required by section 3101~~
19 ~~was maintained in force with respect to any vehicle that was both~~
20 ~~owned by the person and driven or moved by the person or by a~~
21 ~~member of the household of the person during the 6-month period~~
22 ~~immediately preceding application. Such proof shall take the form~~
23 ~~of a certification by the person on a form provided by the insurer~~
24 ~~that the vehicle was not driven or moved without maintaining the~~
25 ~~insurance required by section 3101 during the 6-month period~~
26 ~~immediately preceding application.~~

27 **(D)** ~~(e)~~ Type of vehicle insured or to be insured, based on 1

1 of the following, without regard to the age of the vehicle:

2 (i) The vehicle ~~is~~**BEING** of limited production or of custom
3 manufacture.

4 (ii) The insurer ~~does not have~~**HAVING** a rate lawfully in
5 effect for the type of vehicle.

6 (iii) The vehicle ~~represents~~**REPRESENTING** exposure to
7 extraordinary expense for repair or replacement under comprehensive
8 or collision coverage.

9 (E) ~~(f)~~—Use of a vehicle insured or to be insured for
10 transportation of passengers for hire, for rental purposes, or for
11 commercial purposes. Rules under this subdivision ~~shall~~**MUST** not be
12 based on the use of a vehicle for volunteer or charitable purposes
13 or for which reimbursement for normal operating expenses is
14 received.

15 (F) ~~(g)~~—Payment of a minimum deposit at the time of
16 application or renewal, not to exceed the smallest deposit required
17 under an extended payment or premium finance plan customarily used
18 by the insurer.

19 (G) ~~(h)~~—For purposes of requiring comprehensive deductibles of
20 not more than \$150.00, or of refusing to insure if the person
21 refuses to accept a required deductible, the claim experience of
22 the person with respect to comprehensive coverage.

23 (H) ~~(i)~~—Total abstinence from the consumption of alcoholic
24 beverages except if ~~such~~**THE** beverages are consumed as part of a
25 religious ceremony. However, an insurer shall not utilize an
26 underwriting rule based on this subdivision unless the insurer ~~has~~
27 ~~been~~**WAS** authorized to transact automobile insurance in this state

1 ~~prior to~~ **BEFORE** January 1, 1981, and has consistently utilized such
2 an underwriting rule as part of the insurer's automobile insurance
3 underwriting since being authorized to transact automobile
4 insurance in this state.

5 **(I)** ~~(j)~~ One or more incidents involving a threat, harassment,
6 or physical assault by the insured or applicant for insurance on an
7 insurer employee, agent, or agent employee while acting within the
8 scope of his or her employment ~~so long as~~ **IF** a report of the
9 incident was filed with an appropriate law enforcement agency.

10 Sec. 2120. (1) Affiliated insurers may establish underwriting
11 rules so that each affiliate will provide automobile insurance only
12 to certain eligible persons. This subsection ~~shall apply~~ **APPLIES**
13 only if an eligible person can obtain automobile insurance from 1
14 of the affiliates. The underwriting rules ~~shall be in compliance~~
15 **MUST COMPLY** with this section and sections 2118 and 2119.

16 (2) An insurer may establish separate rating plans so that
17 certain eligible persons are provided automobile insurance under 1
18 rating plan and other eligible persons are provided automobile
19 insurance under another rating plan. This subsection ~~shall apply~~
20 **APPLIES** only if all eligible persons can obtain automobile
21 insurance under a rating plan of the insurer. ~~Underwriting~~ **THE**
22 **INSURER SHALL ESTABLISH UNDERWRITING** rules consistent with this
23 section and sections 2118 and 2119 ~~shall be established~~ to define
24 the rating plan applicable to each eligible person.

25 (3) Underwriting rules under this section ~~shall~~ **MUST** be based
26 only on the following:

27 (a) With respect to a vehicle insured or to be insured,

1 substantial modifications from the vehicle's original manufactured
 2 state for purposes of increasing the speed or acceleration
 3 capabilities of the vehicle.

4 ~~—— (b) Except as otherwise provided in section 2116a, failure of~~
 5 ~~the person to provide proof that insurance required by section 3101~~
 6 ~~was maintained in force with respect to any vehicle owned and~~
 7 ~~operated by the person or by a member of the household of the~~
 8 ~~person during the 6-month period immediately preceding application~~
 9 ~~or renewal of the policy. Such proof shall take the form of a~~
 10 ~~certification by the person that the required insurance was~~
 11 ~~maintained in force for the 6-month period with respect to such~~
 12 ~~vehicle.~~

13 (B) ~~(e)~~ For purposes of insuring persons who have refused a
 14 deductible lawfully required under section ~~2118(2)(h)~~, **2118(2)(G)**,
 15 the claim experience of the person with respect to comprehensive
 16 coverage.

17 (C) ~~(d)~~ Refusal of the person to pay a minimum deposit
 18 required under section ~~2118(2)(g)~~. **2118(2)(F)**.

19 (D) ~~(e)~~ A person's insurance eligibility point accumulation
 20 under section ~~2103(1)(h)~~, **2103(1)(G)**, or the total insurance
 21 eligibility point accumulation of all persons who account for 10%
 22 or more of the use of 1 or more vehicles insured or to be insured
 23 under the policy.

24 (E) ~~(f)~~ The type of vehicle insured or to be insured as
 25 provided in section ~~2118(2)(e)~~. **2118(2)(D)**.

26 Sec. 3009. (1) An **INSURER THAT DELIVERS OR ISSUES FOR DELIVERY**
 27 **IN THIS STATE WITH RESPECT TO A MOTOR VEHICLE REGISTERED OR**

1 **PRINCIPALLY GARAGED IN THIS STATE AN** automobile liability or motor
 2 vehicle liability policy insuring against loss resulting from
 3 liability imposed by law for property damage, bodily injury, or
 4 death suffered by any ~~person~~**INDIVIDUAL** arising out of the
 5 ownership, maintenance, or use of a ~~THE~~ motor vehicle ~~shall not be~~
 6 ~~delivered or issued for delivery in this state with respect to any~~
 7 ~~motor vehicle registered or principally garaged in this state~~
 8 ~~unless the liability coverage is subject to all of the following~~
 9 ~~limits:~~

10 ~~—— (a) A limit, exclusive of interest and costs, of not less than~~
 11 ~~\$20,000.00 because of bodily injury to or death of 1 person in any~~
 12 ~~1 accident.~~

13 ~~—— (b) Subject to the limit for 1 person in subdivision (a), a~~
 14 ~~limit of not less than \$40,000.00 because of bodily injury to or~~
 15 ~~death of 2 or more persons in any 1 accident.~~

16 ~~—— (c) A limit of not less than \$10,000.00 because of injury to~~
 17 ~~or destruction of property of others in any accident.~~**MAY DELIVER OR**
 18 **ISSUE THE POLICY WITH ANY LIMIT OR COMBINATION OF LIMITS FOR BODILY**
 19 **INJURY OR DEATH OF 1 OR MORE INDIVIDUALS OR DESTRUCTION OF PROPERTY**
 20 **TO WHICH THE INSURER AND THE PERSON INSURED AGREE.**

21 (2) If authorized by the insured, automobile liability or
 22 motor vehicle liability coverage may be excluded when a vehicle is
 23 operated by a named person. An exclusion under this subsection is
 24 not valid unless the following notice is on the face of the policy
 25 or the declaration page or certificate of the policy and on the
 26 certificate of insurance:

27 Warning—when a named excluded person operates a vehicle all

1 liability coverage is void—no one is insured. Owners of the vehicle
2 and others legally responsible for the acts of the named excluded
3 person remain fully personally liable.

4 (3) A liability policy described in subsection (1) may exclude
5 coverage for liability as provided in section 3017.

6 ~~(4) If an insurer deletes coverages from an automobile
7 insurance policy pursuant to section 3101, the insurer shall send
8 documentary evidence of the deletion to the insured.~~

9 Sec. 3017. (1) An authorized insurer that issues an insurance
10 policy insuring a personal vehicle may exclude all coverage
11 afforded under the policy for any loss or injury that occurs while
12 a transportation network company driver is logged on to a
13 transportation network company digital network or while a
14 transportation network company driver is providing a **TRANSPORTATION**
15 **NETWORK COMPANY** prearranged ride. By way of example and not as
16 limitation, all of the following coverages may be excluded under
17 this section:

18 (a) Residual liability insurance required under sections 3009
19 and 3101.

20 (b) Personal protection and property protection insurance
21 ~~required~~ under section 3101.

22 (c) Uninsured and underinsured motorist coverage.

23 (d) Comprehensive coverage.

24 (e) Collision coverage, including coverage required to be
25 offered under section 3037.

26 (2) This section does not require an automobile insurance
27 policy to provide coverage under any of the following

1 circumstances:

2 (a) While a transportation network company driver is logged on
3 to a transportation network company digital network.

4 (b) While a transportation network company driver is engaged
5 in providing a **TRANSPORTATION NETWORK COMPANY** prearranged ride.

6 (c) While a transportation network company driver otherwise
7 uses a vehicle to transport passengers for compensation.

8 (3) This section does not preclude an insurer from providing
9 coverage for a transportation network company driver's personal
10 vehicle by contract or endorsement.

11 (4) An insurer that excludes the coverage described in
12 subsection (1) does not have a duty to defend or indemnify for any
13 claim that is expressly excluded. This section does not invalidate
14 or limit an exclusion contained in a policy, including a policy in
15 use or approved for use in this state before ~~the effective date of~~
16 ~~this section~~, **MARCH 21, 2017**, that excludes coverage for vehicles
17 that are used to carry individuals or property for a charge or that
18 are available for hire by the public. An insurer that defends or
19 indemnifies for a claim against a transportation network company
20 driver who is excluded under the terms of the policy has a right of
21 contribution against other insurers that provided automobile
22 insurance to the transportation network company driver in
23 satisfaction of the coverage requirements of section 23 of the
24 limousine, taxicab, and transportation network company act, **2016 PA**
25 **345, MCL 257.2123**, at the time of the loss.

26 (5) An insurer that provides automobile insurance to a
27 transportation network company shall comply with section 23(5),

1 (6), and (9) of the limousine, taxicab, and transportation network
2 company act, **2016 PA 345, MCL 257.2123.**

3 (6) During an investigation of whether a claim is covered
4 under an insurance policy, a transportation network company and any
5 insurer that provides coverage under section 23 of the limousine,
6 taxicab, and transportation network company act, **2016 PA 345, MCL**
7 **257.2123**, shall cooperate to facilitate the exchange of relevant
8 information with persons who are directly involved and any insurer
9 of the transportation network company driver. Relevant information
10 required to be exchanged under this subsection includes, but is not
11 limited to, all of the following:

12 (a) The times that the transportation network company driver
13 logged on to and logged off of the transportation network company
14 digital network during the 12 hours preceding the accident and the
15 12 hours following the accident.

16 (b) A clear description of the coverage, exclusions, and
17 limits under any insurance policy maintained as required by section
18 23 of the limousine, taxicab, and transportation network company
19 act, **2016 PA 345, MCL 257.2123**,.

20 (7) As used in this section, all of the following terms mean
21 those terms as defined in section 2 of the limousine, taxicab, and
22 transportation network company act, **2016 PA 345, MCL 257.2102**:

23 (a) "Personal vehicle".

24 ~~(b) "Prearranged ride".~~

25 **(B)** ~~(e)~~ "Transportation network company".

26 **(C)** ~~(d)~~ "Transportation network company digital network".

27 **(D)** ~~(e)~~ "Transportation network company driver".

1 (E) "TRANSPORTATION NETWORK COMPANY PREARRANGED RIDE".

2 Sec. 3020. (1) ~~A~~**AN AUTHORIZED INSURER SHALL NOT ISSUE OR**
3 **DELIVER IN THIS STATE A** policy of casualty insurance, ~~except~~**NOT**
4 **INCLUDING** worker's compensation and mortgage guaranty insurance,
5 **BUT** including all classes of motor vehicle coverage, ~~shall not be~~
6 ~~issued or delivered in this state by an insurer authorized to do~~
7 ~~business in this state for which a premium or advance assessment is~~
8 charged, unless the policy contains the following provisions:

9 (a) ~~That~~**EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND**
10 **(3), THAT** the policy may be canceled at any time at the request of
11 the insured, in which case the insurer ~~shall~~**WILL** refund the excess
12 of paid premium or assessment above the pro rata rates for the
13 expired time. ~~, except as otherwise provided in subsections (2),~~
14 ~~(3), and (4).~~

15 (b) Except as otherwise provided in subdivision (d), that the
16 policy may be canceled at any time by the insurer by mailing to the
17 insured at the insured's address last known to the insurer or an
18 authorized agent of the insurer, with postage fully prepaid, a not
19 less than 10 days' written notice of cancellation with or without
20 tender of the excess of paid premium or assessment above the pro
21 rata premium for the expired time.

22 (c) That the minimum earned premium on any policy canceled
23 ~~pursuant to~~**UNDER** this subsection, other than automobile insurance
24 as defined in section 2102(2)(a), ~~and (b), shall~~**AND (C), WILL** not
25 be less than the pro rata premium for the expired time or \$25.00,
26 whichever is greater.

27 (d) That an insurer may refuse to renew a malpractice

1 insurance policy only by mailing to the insured at the insured's
 2 address last known to the insurer or an authorized agent of the
 3 insurer, with postage fully prepaid, a not less than 60 days'
 4 written notice of refusal to renew. As used in this subdivision,
 5 "malpractice insurance" means malpractice insurance as described in
 6 section 624(1)(h).

7 (2) An insurer may file a rule with the ~~commissioner~~**DIRECTOR**
 8 providing for a minimum retention of premium for automobile
 9 insurance as defined in section 2102(2)(a), ~~and (b)~~, **AND (C)**. The
 10 rule ~~shall~~**MUST** describe the circumstances under which the
 11 retention is applied and ~~shall~~ set forth the amount to be retained,
 12 which is subject to the approval of the ~~commissioner~~**DIRECTOR**. The
 13 rule ~~shall~~**MUST** include, but need not be limited to, the following
 14 provisions:

15 (a) That a minimum retention ~~shall~~**WILL** be applied only when
 16 the amount exceeds the amount that would have been retained had the
 17 policy been canceled on a pro rata basis.

18 (b) That a minimum retention does not apply to renewal
 19 policies.

20 (c) That a minimum retention does not apply when a policy is
 21 canceled ~~for the following reasons:~~

22 ~~—— (i) The insured is no longer required to maintain security~~
 23 ~~pursuant to section 3101(1).~~

24 ~~—— (ii) The~~**BECAUSE THE** insured has replaced the automobile
 25 insurance policy being canceled with an automobile insurance policy
 26 from another insurer and provides proof of the replacement coverage
 27 to the canceling insurer.

1 ~~———— (3) Notwithstanding subsection (1), an insurer may issue a~~
2 ~~noncancelable, nonrefundable, 6-month prepaid automobile insurance~~
3 ~~policy in order for an insured to meet the registration~~
4 ~~requirements of section 227a of the Michigan vehicle code, 1949 PA~~
5 ~~300, MCL 257.227a.~~

6 **(3)** ~~(4)~~—An insurer may provide for a short rate premium for
7 insurance on a motorcycle, watercraft, off-road vehicle, or
8 snowmobile. As used in this subsection:

9 (a) "Motorcycle" means that term as defined in section 3101.

10 (b) "Off-road vehicle" means an ORV as defined in section
11 81101 of the natural resources and environmental protection act,
12 1994 PA 451, MCL 324.81101.

13 (c) "Snowmobile" means that term as defined in section 82101
14 of the natural resources and environmental protection act, 1994 PA
15 451, MCL 324.82101.

16 (d) "Watercraft" means that term as defined in section 80301
17 of the natural resources and environmental protection act, 1994 PA
18 451, MCL 324.80301.

19 **(4)** ~~(5)~~—Cancellation as prescribed in this section is without
20 prejudice to any claim originating before the cancellation. The
21 mailing of notice is prima facie proof of notice. Delivery of
22 written notice is equivalent to mailing.

23 ~~———— (6) A notice of cancellation, including a cancellation notice~~
24 ~~under section 3224, shall be accompanied by a statement that the~~
25 ~~insured shall not operate or permit the operation of the vehicle to~~
26 ~~which notice of cancellation is applicable, or operate any other~~
27 ~~vehicle, unless the vehicle is insured as required by law.~~

1 (5) ~~(7)~~An insurer who wishes to provide for a short rate
 2 premium under subsection ~~(4)~~ **(3)** shall file with the ~~commissioner~~
 3 ~~pursuant to~~ **DIRECTOR AS PROVIDED IN** chapter 24 or 26 a rule
 4 establishing a short rate premium. The rule ~~shall~~ **MUST** describe the
 5 circumstances under which the short rate is applied and ~~shall~~ set
 6 forth the amount or percentage to be retained.

7 Sec. 3037. (1) At the time a new applicant for the insurance
 8 ~~required by~~ **DESCRIBED IN SECTION 3009 OR INSURANCE UNDER** section
 9 3101 for a private passenger nonfleet automobile makes an initial
 10 written application to ~~the~~ **AN** insurer, ~~an~~ **THE** insurer shall offer
 11 both of the following collision coverages to the applicant:

12 (a) Limited collision coverage, which must pay for collision
 13 damage to the insured vehicle without a deductible amount if the
 14 operator of the vehicle is not substantially at fault in the
 15 accident from which the damage arose.

16 (b) Broad form collision coverage, which must pay for
 17 collision damage to the insured vehicle regardless of fault, with
 18 deductibles in the amounts as approved by the director, which
 19 deductibles must be waived if the operator of the vehicle is not
 20 substantially at fault in the accident from which the damage arose.

21 (2) In addition to the coverages offered under subsection (1),
 22 **AN INSURER MAY OFFER** standard and limited collision coverage ~~may be~~
 23 ~~offered~~ with deductibles as approved by the director.

24 (3) An insurer may limit collision coverage offered under this
 25 section as provided in section 3017.

26 (4) If ~~the~~ **AN** applicant is required by ~~the~~ **AN** insurer to sign
 27 ~~the~~ **A** written application form described in subsection (1), and if

1 the applicant chooses to reject both of the collision coverages, or
2 limited collision without a deductible, offered under subsection
3 (1), the rejection must be made in writing, either on a separate
4 form, as part of the application, or in some combination of these,
5 as approved by the director. The rejection statement must inform
6 the applicant of his or her rights if there is damage to the
7 insured vehicle under the alternative coverage option selected.

8 (5) If a written application is made by mail, and if the
9 applicant fails to sign or return a written rejection statement as
10 required by subsection (4), the requirements of subsection (4) are
11 considered to be satisfied with respect to the insurer if all of
12 the following occur:

13 (a) The application provides the applicant with an opportunity
14 to select the coverages required to be offered under subsection
15 (1).

16 (b) The applicant is requested to sign the rejection
17 statement, either as part of the application or as a separate form
18 issued with the application, if the applicant fails to select
19 either of the coverages specified in subsection (1).

20 (c) The applicant signed the application as otherwise required
21 by the insurer.

22 (6) At the time of ~~the~~**AN** initial written application
23 described in subsection (1), an agent or insurer shall provide the
24 applicant with a written explanation of collision coverage options
25 in easily understandable language, if ~~that~~**THE** information is not
26 contained in the application form.

27 (7) At least annually in conjunction with the renewal of a

1 private passenger nonfleet automobile insurance policy, or at the
 2 time of an addition, deletion, or substitution of a vehicle under
 3 an existing policy, other than a group policy, an insurer shall
 4 inform the policyholder, on a form approved by the director, of all
 5 of the following:

6 (a) The current status of collision coverage, if any, for the
 7 vehicle or vehicles affected by the renewal or change and the
 8 rights of the insured under the current coverage if the vehicle is
 9 damaged.

10 (b) The collision coverages available under the policy and the
 11 rights of the insured under each collision option if the vehicle is
 12 damaged.

13 (c) Procedures for the policyholder to follow if he or she
 14 wishes to change the current collision coverage.

15 (8) As used in this section:

16 (a) "Collision damage" does not include losses customarily
 17 insured under comprehensive coverages.

18 (b) "Substantially at fault" means a person's action or
 19 inaction was more than 50% of the cause of the accident.

20 Sec. 3101. (1) The owner or registrant of a motor vehicle
 21 required to be registered in this state ~~shall~~ **MAY** maintain security
 22 for payment of benefits under personal protection insurance ~~—~~ **AND**
 23 property protection insurance ~~—~~ **UNDER THIS CHAPTER** and residual
 24 liability insurance **AS DESCRIBED IN SECTION 3009**. ~~Security is only~~
 25 ~~required to be in effect during the period the motor vehicle is~~
 26 ~~driven or moved on a highway. Notwithstanding any other provision~~
 27 ~~in this act, an insurer that has issued an automobile insurance~~

1 ~~policy on a motor vehicle that is not driven or moved on a highway~~
2 ~~may allow the insured owner or registrant of the motor vehicle to~~
3 ~~delete a portion of the coverages under the policy and maintain the~~
4 ~~comprehensive coverage portion of the policy in effect.~~

5 (2) As used in this chapter:

6 (a) "Automobile insurance" means that term as defined in
7 section 2102.

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

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

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

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

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

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

20 (vi) The vehicle is operated by the owner of the vehicle or an
21 employee of the owner of the vehicle.

22 (c) "Electric bicycle" means that term as defined in section
23 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

24 (d) "Golf cart" means a vehicle designed for transportation
25 while playing the game of golf.

26 (e) "Highway" means highway or street as that term is defined
27 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL

1 257.20.

2 (f) "Moped" means that term as defined in section 32b of the
3 Michigan vehicle code, 1949 PA 300, MCL 257.32b.

4 (g) "Motorcycle" means a vehicle that has a saddle or seat for
5 the use of the rider, is designed to travel on not more than 3
6 wheels in contact with the ground, and is equipped with a motor
7 that exceeds 50 cubic centimeters piston displacement. For purposes
8 of this subdivision, the wheels on any attachment to the vehicle
9 are not considered as wheels in contact with the ground. Motorcycle
10 does not include a moped or an ORV.

11 (h) "Motorcycle accident" means a loss that involves the
12 ownership, operation, maintenance, or use of a motorcycle as a
13 motorcycle, but does not involve the ownership, operation,
14 maintenance, or use of a motor vehicle as a motor vehicle.

15 (i) "Motor vehicle" means a vehicle, including a trailer, that
16 is operated or designed for operation on a public highway by power
17 other than muscular power and has more than 2 wheels. Motor vehicle
18 does not include any of the following:

19 (i) A motorcycle.

20 (ii) A moped.

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

25 (iv) An ORV.

26 (v) A golf cart.

27 (vi) A power-driven mobility device.

1 (vii) A commercial quadricycle.

2 (viii) An electric bicycle.

3 (j) "Motor vehicle accident" means a loss that involves the
4 ownership, operation, maintenance, or use of a motor vehicle as a
5 motor vehicle regardless of whether the accident also involves the
6 ownership, operation, maintenance, or use of a motorcycle as a
7 motorcycle.

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

21 (l) "Owner" means any of the following:

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

25 (ii) A person renting a motorcycle or having the use of a
26 motorcycle under a lease for a period that is greater than 30 days,
27 or otherwise for a period that is greater than 30 consecutive days.

1 A person who borrows a motorcycle for a period that is less than 30
2 consecutive days with the consent of the owner is not an owner
3 under this subparagraph.

4 (iii) A person that holds the legal title to a motor vehicle
5 or motorcycle, other than a person engaged in the business of
6 leasing motor vehicles or motorcycles that is the lessor of a motor
7 vehicle or motorcycle under a lease that provides for the use of
8 the motor vehicle or motorcycle by the lessee for a period that is
9 greater than 30 days.

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

12 (m) "Power-driven mobility device" means a wheelchair or other
13 mobility device powered by a battery, fuel, or other engine and
14 designed to be used by an individual with a mobility disability for
15 the purpose of locomotion.

16 (n) "Registrant" does not include a person engaged in the
17 business of leasing motor vehicles or motorcycles that is the
18 lessor of a motor vehicle or motorcycle under a lease that provides
19 for the use of the motor vehicle or motorcycle by the lessee for a
20 period that is longer than 30 days.

21 ~~—— (3) Security required by subsection (1) may be provided under~~
22 ~~a policy issued by an authorized insurer that affords insurance for~~
23 ~~the payment of benefits described in subsection (1). A policy of~~
24 ~~insurance represented or sold as providing security is considered~~
25 ~~to provide insurance for the payment of the benefits.~~

26 ~~—— (4) Security required by subsection (1) may be provided by any~~
27 ~~other method approved by the secretary of state as affording~~

1 ~~security equivalent to that afforded by a policy of insurance, if~~
2 ~~proof of the security is filed and continuously maintained with the~~
3 ~~secretary of state throughout the period the motor vehicle is~~
4 ~~driven or moved on a highway. The person filing the security has~~
5 ~~all the obligations and rights of an insurer under this chapter.~~
6 ~~When the context permits, "insurer" as used in this chapter,~~
7 ~~includes a person that files the security as provided in this~~
8 ~~section.~~

9 **(3)** ~~(5)~~—An insurer that issues a policy that provides the
10 security required under subsection (1) may exclude coverage under
11 the policy as provided in section 3017.

12 Sec. 3103. (1) An owner or registrant of a motorcycle shall
13 **MAY** provide security against loss resulting from liability imposed
14 by law for property damage, bodily injury, or death suffered by a
15 person arising out of the ownership, maintenance, or use of ~~that~~
16 **THE** motorcycle, ~~. The security shall conform with the requirements~~
17 ~~of~~ **AS DESCRIBED IN** section ~~3009(1)~~ **3009**.

18 (2) Each insurer transacting insurance in this state ~~which~~
19 **THAT** affords coverage for a motorcycle as described in subsection
20 (1) also shall offer, to an owner or registrant of a motorcycle,
21 security for the payment of first-party medical benefits only, in
22 increments of \$5,000.00, payable ~~in the event~~ **IF** the owner or
23 registrant is involved in a motorcycle accident. An insurer
24 providing first-party medical benefits **UNDER THIS SUBSECTION** may
25 offer, at appropriate premium rates, deductibles, provisions for
26 the coordination of these benefits, and provisions for the
27 subtraction of other benefits provided or required to be provided

1 under the laws of any state or the federal government, subject to
 2 the prior approval of the ~~commissioner.~~ **DIRECTOR.** These deductibles
 3 and provisions ~~shall~~ **MUST** apply only to benefits payable to the
 4 person named in the policy, the spouse of the insured, and any
 5 relative of either domiciled in the same household.

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

24 (2) The association shall provide and each member shall accept
 25 indemnification for 100% of the amount of ultimate loss sustained
 26 under personal protection insurance coverages **AS DESCRIBED IN THIS**
 27 **CHAPTER** in excess of the following amounts in each loss occurrence:

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

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

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

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

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

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

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

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

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

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

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

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

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

27 **(N) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**

1 **DURING THE PERIOD JULY 1, 2017 TO JUNE 30, 2019, \$555,000.00.**

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

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

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

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

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

1 remain liable for the member's obligations.

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

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

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

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

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

1 periods may be fully adjusted in a single period or may be adjusted
2 over several periods in a manner provided for in the plan of
3 operation. Each member ~~shall~~**MUST** be charged an amount equal to
4 that member's total written car years of insurance providing ~~the~~
5 security ~~required by~~**UNDER** section 3101(1) ~~or 3103(1), or both,~~
6 written in this state during the period to which the premium
7 applies, multiplied by the average premium per car. The average
8 premium per car ~~shall be~~**IS** the total premium calculated divided by
9 the total written car years of insurance providing ~~the~~ security
10 ~~required by~~**UNDER** section 3101(1) ~~or 3103(1)~~ written in this state
11 of all members during the period to which the premium applies. A
12 member ~~shall~~**MUST** be charged a premium for a historic vehicle that
13 is insured with the member of 20% of the premium charged for a car
14 insured with the member. As used in this subdivision:

15 (i) "Car" includes a motorcycle but does not include a
16 historic vehicle.

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

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

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

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

27 (f) Receive and distribute all ~~sums~~**MONEY** required by the

1 operation of the association.

2 (g) Establish procedures for reviewing claims procedures and
3 practices of members of the association. If the claims procedures
4 or practices of a member are considered inadequate to properly
5 service the liabilities of the association, the association may
6 undertake or may contract with another person, including another
7 member, to adjust or assist in the adjustment of claims for the
8 member on claims that create a potential liability to the
9 association and may charge the cost of the adjustment to the
10 member.

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

13 (a) Sue and be sued in the name of the association. A judgment
14 against the association ~~shall~~**DOES** not create any direct liability
15 against the individual members of the association. The association
16 may provide for the indemnification of its members, members of the
17 board of directors of the association, and officers, employees, and
18 other persons lawfully acting on behalf of the association.

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

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

25 (d) Pursuant to the plan of operation, adopt reasonable rules
26 for the administration of the association, enforce those rules, and
27 delegate authority, as the board considers necessary to assure the

1 proper administration and operation of the association consistent
2 with the plan of operation.

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

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

9 (g) Perform other acts not specifically enumerated in this
10 section that are necessary or proper to accomplish the purposes of
11 the association and that are not inconsistent with this section or
12 the plan of operation.

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

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

19 (a) The establishment of necessary facilities.

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

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

23 (d) Procedures governing the actual payment of premiums to the
24 association.

25 (e) Reimbursement of each member of the board by the
26 association for actual and necessary expenses incurred on
27 association business.

1 (f) The investment policy of the association.

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

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

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

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

19 (14) ~~Each director shall be appointed by the commissioner and~~
20 **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS. A**
21 **DIRECTOR** shall serve until ~~that member's~~**HIS OR HER** successor is
22 selected and qualified. The ~~chairperson of the board shall be~~
23 ~~elected by the board. A~~**ELECT A CHAIRPERSON. THE DIRECTOR OF THE**
24 **DEPARTMENT SHALL FILL ANY** vacancy on the board ~~shall be filled by~~
25 ~~the commissioner consistent with~~**AS PROVIDED IN** the plan of
26 operation.

27 (15) ~~After the board is appointed, the~~**THE** board shall meet as

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

6 (16) An annual report of the operations of the association in
7 a form and detail as ~~may be determined by the board shall~~ **MUST** be
8 furnished to each member.

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

19 ~~—— (18) The plan of operation, unless approved sooner in writing,~~
20 ~~shall be considered to meet the requirements of this section if it~~
21 ~~is not disapproved by written order of the commissioner within 30~~
22 ~~days after the date of its submission. Before disapproval of all or~~
23 ~~any part of the proposed plan of operation, the commissioner shall~~
24 ~~notify the board in what respect the plan of operation fails to~~
25 ~~meet the requirements and objectives of this section. If the board~~
26 ~~fails to submit a revised plan of operation that meets the~~
27 ~~requirements and objectives of this section within the 30-day~~

1 ~~period, the commissioner shall enter an order accordingly and shall~~
 2 ~~immediately formulate and place into effect a plan consistent with~~
 3 ~~the requirements and objectives of this section.~~

4 (17) ~~(19) The proposed plan of operation or ANY~~ amendments to
 5 the plan of operation **OF THE ASSOCIATION** are subject to majority
 6 approval by the board, ~~ratified~~ **RATIFICATION** by a majority of the
 7 membership having a vote, with voting rights being apportioned
 8 according to the premiums charged in subsection (7) (d), and ~~are~~
 9 ~~subject to approval by the commissioner.~~ **DIRECTOR OF THE DEPARTMENT.**

10 (18) ~~(20) Upon approval by the commissioner and ratification~~
 11 ~~by the members of the plan submitted, or upon the promulgation of a~~
 12 ~~plan by the commissioner, each insurer authorized to write~~
 13 ~~insurance providing the security required by section 3101(1) in~~
 14 ~~this state, as provided in this section, A MEMBER OF THE~~
 15 **ASSOCIATION** is bound by and shall formally subscribe to and
 16 participate in the plan ~~approved~~ **OF OPERATION** as a condition of
 17 maintaining its authority to transact insurance in this state.

18 (19) ~~(21) The association is subject to all the reporting,~~
 19 ~~loss reserve, and investment requirements of the commissioner~~
 20 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member~~ **ARE**
 21 **THE MEMBERS** of the association.

22 (20) ~~(22) Premiums charged members by the association shall~~
 23 **MUST** be recognized in the rate-making procedures for insurance
 24 rates **FOR MOTOR VEHICLE ACCIDENT POLICIES** in the same manner that
 25 expenses and premium taxes are recognized.

26 (21) ~~(23) The commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
 27 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**

1 **DEPARTMENT** may visit the association at any time and examine any
2 and all **OF** the association's affairs.

3 **(22)** ~~(24)~~—The association does not have liability for losses
4 occurring before July 1, 1978. **THE ASSOCIATION DOES NOT HAVE**
5 **LIABILITY FOR LOSSES IF THE AMOUNT OF PERSONAL PROTECTION INSURANCE**
6 **PROVIDED UNDER THE APPLICABLE MOTOR VEHICLE ACCIDENT POLICY IS LESS**
7 **THAN THE APPLICABLE INDEMNIFICATION AMOUNT UNDER SUBSECTION (2) .**

8 **(23)** ~~(25)~~—As used in this section:

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

16 **(A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION**
17 **CREATED IN SUBSECTION (1) .**

18 **(B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION**
19 **CREATED IN SUBSECTION (9) .**

20 **(C)** ~~(b)~~—"Motor vehicle accident policy" means a policy
21 providing ~~the coverages required~~ under section 3101(1).

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

26 Sec. 3107. (1) Except as **OTHERWISE** provided in ~~subsection (2),~~
27 **THIS CHAPTER,** personal protection insurance benefits are payable

1 for the following:

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

8 (i) Charges for a hospital room in excess of a reasonable and
9 customary charge for semiprivate accommodations, ~~except-if-UNLESS~~
10 the injured person requires special or intensive care.

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

14 (b) Work loss consisting of loss of income from work an
15 injured person would have performed during the first 3 years after
16 the date of the accident if he or she had not been injured. Work
17 loss does not include any loss after the date on which the injured
18 person dies. Because the benefits received from personal protection
19 insurance for loss of income are not taxable income, the benefits
20 payable for ~~such~~ loss of income ~~shall-MUST~~ be reduced 15% unless
21 the claimant presents to the insurer in support of his or her claim
22 reasonable proof of a lower value of the income tax advantage in
23 his or her case, in which case the lower value ~~shall apply-MUST BE~~
24 **APPLIED**. For the period beginning October 1, 2012 through September
25 30, 2013, the benefits payable for work loss sustained in a single
26 30-day period and the income earned by an injured person for work
27 during the same period together ~~shall-MUST~~ not exceed \$5,189.00,

1 which maximum ~~shall apply~~ **MUST BE APPLIED** pro rata to any lesser
2 period of work loss. Beginning October 1, 2013, the maximum ~~shall~~
3 **MUST** be adjusted annually to reflect changes in the cost of living
4 under rules prescribed by the ~~commissioner~~ **DIRECTOR**, but any change
5 in the maximum ~~shall apply~~ **APPLIES** only to benefits arising out of
6 accidents ~~occurring subsequent to~~ **AN ACCIDENT THAT OCCURS AFTER** the
7 date of change in the maximum.

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

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

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

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

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

10 **(2) FOR AN INSURANCE POLICY THAT PROVIDES PERSONAL PROTECTION**
11 **INSURANCE BENEFITS UNDER THIS CHAPTER AND IS ISSUED OR RENEWED**
12 **AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
13 **SUBSECTION, THE INSURED PERSON NAMED IN THE POLICY SHALL SELECT 1**
14 **OF THE FOLLOWING COVERAGE LEVELS FOR THE PERSONAL PROTECTION**
15 **INSURANCE BENEFITS:**

16 **(A) A LIMIT PER INDIVIDUAL PER LOSS OCCURRENCE ON PERSONAL**
17 **PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER IN AN AMOUNT AS**
18 **STATED IN THE POLICY AND AGREED ON BY THE INSURER AND THE INSURED**
19 **PERSON.**

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

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

23 **(A) IF THE INSURED PERSON NAMED IN THE POLICY SELECTS A**
24 **COVERAGE LIMIT UNDER SUBSECTION (2) (A), THE COVERAGE LIMIT UNDER**
25 **SUBSECTION (2) (A) APPLIES TO PERSONAL PROTECTION INSURANCE BENEFITS**
26 **PAYABLE UNDER THE POLICY TO THE INSURED PERSON, THE INSURED**
27 **PERSON'S SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE SAME**

1 HOUSEHOLD, AND ANY OTHER PERSON WITH A RIGHT TO CLAIM PERSONAL
2 PROTECTION INSURANCE BENEFITS UNDER THE POLICY.

3 (B) IF THE INSURED PERSON NAMED IN THE POLICY DOES NOT SELECT
4 A COVERAGE LIMIT UNDER SUBSECTION (2) (A) FOR A POLICY, NO MAXIMUM
5 LIMIT APPLIES TO PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE
6 UNDER THE POLICY TO THE INSURED PERSON, THE INSURED PERSON'S
7 SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE SAME HOUSEHOLD, OR
8 ANY OTHER RESIDENT OF THIS STATE WITH A RIGHT TO CLAIM PERSONAL
9 PROTECTION BENEFITS UNDER THE POLICY.

10 (C) IF THE COVERAGE LIMIT UNDER SUBSECTION (2) (A) APPLIES TO A
11 PERSON CLAIMING PERSONAL PROTECTION INSURANCE BENEFITS, THE
12 COVERAGE LIMIT APPLIES ON A PER OCCURRENCE PER LOSS BASIS
13 NOTWITHSTANDING THE NUMBER OF POLICIES APPLICABLE TO THE OCCURRENCE
14 OR THE LOSS.

15 Sec. 3111. Personal protection insurance benefits **UNDER THIS**
16 **CHAPTER** are payable for accidental bodily injury suffered in an
17 accident occurring out of this state, if the accident occurs ~~within~~
18 **IN** the United States, its territories and possessions or in Canada,
19 and the person whose injury is the basis of the claim was at the
20 time of the accident a named insured under ~~a personal protection~~ **AN**
21 insurance policy **THAT PROVIDED SECURITY UNDER SECTION 3101**, ~~his~~ **THE**
22 **PERSON'S** spouse, a relative of either domiciled in the same
23 household or an occupant of a vehicle involved in the accident
24 whose owner or registrant was insured under ~~a personal protection~~
25 **AN** insurance policy ~~or has provided security approved by the~~
26 ~~secretary of state under subsection (4) of~~ **THAT PROVIDED SECURITY**
27 **UNDER** section 3101.

1 Sec. 3113. A person is not entitled to be paid personal
2 protection insurance benefits **UNDER THIS CHAPTER** for accidental
3 bodily injury if at the time of the accident ~~any~~ **1 OR MORE** of the
4 following circumstances existed:

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

9 (b) The person was the ~~owner or registrant~~ **OCCUPANT** of a motor
10 vehicle or motorcycle involved in the accident with respect to
11 which ~~the security required by~~ **UNDER** section 3101 or ~~3103~~ **3103 (2)**
12 was not in effect.

13 (c) The person was not a resident of this state ~~,~~ **OR** was an
14 occupant of a motor vehicle or motorcycle not registered in this
15 state. ~~,~~ ~~and the motor vehicle or motorcycle was not insured by an~~
16 ~~insurer that has filed a certification in compliance with section~~
17 ~~3163.~~

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

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

24 Sec. 3114. (1) Except as provided in subsections (2), (3), and
25 (5), ~~a personal protection~~ **AN** insurance policy ~~described in~~ **THAT**
26 **PROVIDES SECURITY UNDER** section ~~3101(1)~~ **3101** applies to accidental
27 bodily injury to the person named in the policy, the person's

1 spouse, and a relative of either domiciled in the same household,
2 if the injury arises from a motor vehicle accident. ~~A personal~~
3 ~~injury~~ ~~AN~~ insurance policy ~~described in~~ **THAT PROVIDES SECURITY**
4 **UNDER** section 3103(2) applies to accidental bodily injury to the
5 person named in the policy, the person's spouse, and a relative of
6 either domiciled in the same household, if the injury arises from a
7 motorcycle accident. If personal protection insurance benefits or
8 personal injury benefits described in section 3103(2) are payable
9 to or for the benefit of an injured person under his or her own
10 policy and would also be payable under the policy of his or her
11 spouse, relative, or relative's spouse, the injured person's
12 insurer shall pay all of the benefits and is not entitled to
13 recoupment from the other insurer.

14 (2) ~~A~~ **IF A** person ~~suffering~~ **SUFFERS** accidental bodily injury
15 while an operator or a passenger of a motor vehicle operated in the
16 business of transporting passengers, ~~shall receive~~ **THE INSURER OF**
17 **THE MOTOR VEHICLE SHALL PAY** the personal protection insurance
18 benefits to which the person is entitled. ~~from the insurer of the~~
19 ~~motor vehicle.~~ This subsection does not apply to a passenger in any
20 of the following, unless the passenger is not entitled to personal
21 protection insurance benefits under any other policy:

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

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

26 (c) A bus operating under a government sponsored
27 transportation program.

1 (d) A bus operated by or providing service to a nonprofit
2 organization.

3 (e) A taxicab insured ~~as prescribed in~~ **UNDER** section 3101. ~~or~~
4 ~~3102.~~

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

8 (g) A transportation network company vehicle.

9 (3) ~~An~~ **IF AN** employee, his or her spouse, or a relative of
10 either domiciled in the same household, ~~who~~ suffers accidental
11 bodily injury while an occupant of a motor vehicle owned or
12 registered by the employer **AS TO WHICH AN INSURANCE POLICY THAT**
13 **PROVIDES SECURITY UNDER SECTION 3101 IS IN EFFECT, THE INSURER OF**
14 **THE FURNISHED VEHICLE** shall ~~receive~~ **PAY** personal protection
15 insurance benefits to which the employee, **SPOUSE, OR RELATIVE** is
16 entitled. ~~from the insurer of the furnished vehicle.~~

17 (4) Except as provided in subsections (1) to (3), a person
18 ~~suffering~~ **WHO SUFFERS** accidental bodily injury arising from a motor
19 vehicle accident while an occupant of a motor vehicle **AS TO WHICH**
20 **AN INSURANCE POLICY THAT PROVIDES SECURITY UNDER SECTION 3101 IS IN**
21 **EFFECT** shall claim personal protection insurance benefits from
22 insurers in the following order of priority:

23 (a) The insurer of the owner or registrant of the vehicle
24 occupied.

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

26 (5) A person ~~suffering~~ **WHO SUFFERS** accidental bodily injury
27 arising from a motor vehicle accident that shows evidence of the

1 involvement of a motor vehicle **AS TO WHICH AN INSURANCE POLICY THAT**
2 **PROVIDES SECURITY UNDER SECTION 3101 IS IN EFFECT** while **THE PERSON**
3 **IS** an operator or passenger of a motorcycle shall claim personal
4 protection insurance benefits from insurers in the following order
5 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, **IF THE OPERATOR'S MOTOR**
12 **VEHICLE INSURANCE POLICY PROVIDES SECURITY UNDER SECTION 3101.**

13 (d) The motor vehicle insurer of the owner or registrant of
14 the motorcycle involved in the accident, **IF THE OWNER OR**
15 **REGISTRANT'S MOTOR VEHICLE INSURANCE POLICY PROVIDES SECURITY UNDER**
16 **SECTION 3101.**

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

24 (7) As used in this section:

25 (a) "Personal vehicle", ~~"prearranged ride",~~ and
26 "transportation network company digital network", **AND**
27 **"TRANSPORTATION NETWORK COMPANY PREARRANGED RIDE"** mean those terms

1 as defined in section 2 of the limousine, taxicab, and
2 transportation network company act, **2016 PA 345, MCL 257.2102.**

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

7 Sec. 3115. (1) Except as provided in ~~subsection (1) of section~~
8 ~~3114, 3114(1)~~, a person ~~suffering~~ **WHO SUFFERS** accidental bodily
9 injury while not an occupant of a motor vehicle shall claim
10 personal protection insurance benefits from insurers in the
11 following order of priority:

12 (a) Insurers of owners or registrants of motor vehicles
13 involved in the accident **AS TO WHICH AN INSURANCE POLICY THAT**
14 **PROVIDES SECURITY UNDER SECTION 3101 IS IN EFFECT.**

15 (b) Insurers of operators of motor vehicles involved in the
16 accident **AS TO WHICH AN INSURANCE POLICY THAT PROVIDES SECURITY**
17 **UNDER SECTION 3101 IS IN EFFECT.**

18 (2) When 2 or more insurers are in the same order of priority
19 to provide personal protection insurance benefits an insurer paying
20 benefits due is entitled to partial recoupment from the other
21 insurers in the same order of priority, together with a reasonable
22 amount of partial recoupment of the expense of processing the
23 claim, in order to accomplish equitable distribution of the loss
24 among such insurers.

25 (3) A limit ~~upon~~ **ON** the amount of personal protection
26 insurance benefits available because of accidental bodily injury to
27 1 person arising from 1 motor vehicle accident ~~shall~~ **MUST** be

1 determined without regard to the number of policies applicable to
2 the accident.

3 Sec. 3116. (1) A subtraction from personal protection
4 insurance benefits ~~shall~~ **PAID OR PAYABLE UNDER THIS CHAPTER MUST**
5 not be made because of the value of a claim in tort based on the
6 same accidental bodily injury.

7 (2) A subtraction from or reimbursement for personal
8 protection insurance benefits paid or payable under this chapter
9 ~~shall~~ **MUST** be made only if recovery is realized ~~upon~~ **ON** a tort
10 claim arising from an accident occurring outside this state ~~—a~~
11 ~~tort claim brought within this state against the owner or operator~~
12 ~~of a motor vehicle with respect to which the security required by~~
13 ~~section 3101 (3) and (4) was not in effect,~~ or a tort claim brought
14 ~~within~~ **IN** this state based on intentionally caused harm to persons
15 or property, and ~~shall~~ **MUST** be made only to the extent that the
16 recovery realized by the claimant is for damages for which the
17 claimant has received or would otherwise be entitled to receive
18 personal protection insurance benefits. A subtraction ~~shall~~ **MUST** be
19 made only to the extent of the recovery, exclusive of reasonable
20 attorneys' fees and other reasonable expenses incurred in effecting
21 the recovery. If personal protection insurance benefits have
22 already been received, the claimant shall repay to the insurers out
23 of the recovery a sum equal to the benefits received, but not more
24 than the recovery exclusive of reasonable attorneys' fees and other
25 reasonable expenses incurred in effecting the recovery. The insurer
26 ~~shall have~~ **HAS** a lien on the recovery to this extent. A recovery by
27 an injured person or his or her estate for loss suffered by the

1 person ~~shall~~**MUST** not be subtracted in calculating benefits due a
2 dependent after the death and a recovery by a dependent for loss
3 suffered by the dependent after the death ~~shall~~**MUST** not be
4 subtracted in calculating benefits due the injured person.

5 (3) A personal protection insurer with a right of
6 reimbursement under subsection (1) ~~, if suffering~~**THAT SUFFERS** loss
7 ~~from~~**BECAUSE OF THE** inability to collect reimbursement out of a
8 payment received by a claimant ~~upon~~**ON** a tort claim is entitled to
9 indemnity from a person who, with notice of the insurer's interest,
10 made the payment to the claimant without making the claimant and
11 the insurer joint payees as their interests may appear or without
12 obtaining the insurer's consent to a different method of payment.

13 (4) A subtraction or reimbursement ~~shall~~**UNDER THIS SECTION IS**
14 not ~~be due~~**OWED TO** the claimant's insurer from that portion of any
15 recovery to the extent ~~that~~**THE** recovery is realized for
16 noneconomic loss as provided in section 3135(1) and (2)(b) or for
17 allowable expenses, work loss, and survivor's loss as defined in
18 sections 3107 to 3110 in excess of the amount recovered by the
19 claimant from his or her insurer.

20 Sec. 3121. (1) ~~Under~~**FOR** property protection insurance ~~an~~
21 **PROVIDED BY AN INSURANCE POLICY THAT PROVIDES SECURITY UNDER**
22 **SECTION 3101, THE** insurer is liable to pay benefits for accidental
23 damage to tangible property arising out of the ownership,
24 operation, maintenance, or use of a motor vehicle as a motor
25 vehicle ~~subject to the provisions of~~**AS PROVIDED IN** this section
26 and sections 3123, 3125, and 3127. However, accidental damage to
27 tangible property does not include accidental damage to tangible

1 property, other than the insured motor vehicle, that occurs within
2 the course of a business of repairing, servicing, or otherwise
3 maintaining motor vehicles.

4 (2) Property protection insurance benefits are due under the
5 conditions stated in this chapter without regard to fault.

6 (3) Damage to tangible property consists of physical injury to
7 or destruction of the property and loss of use of the property so
8 injured or destroyed.

9 (4) Damage to tangible property is accidental, as to a person
10 claiming property protection insurance benefits, unless it is
11 suffered or caused intentionally by the claimant. Even though a
12 person knows that damage to tangible property is substantially
13 certain to be caused by his or her act or omission, he or she does
14 not cause or suffer ~~such~~**THE** damage intentionally if he or she acts
15 or refrains from acting for the purpose of averting injury to any
16 person, including himself or herself, or for the purpose of
17 averting damage to tangible property.

18 (5) Property protection insurance benefits consist of the
19 lesser of reasonable repair costs or replacement costs less
20 depreciation and, if applicable, the value of loss of use. However,
21 property protection insurance benefits paid under 1 policy for
22 damage to all tangible property arising from 1 accident ~~shall not~~
23 ~~exceed \$1,000,000.00.~~**IS LIMITED TO THE AMOUNT STATED IN THE POLICY**
24 **AS AGREED ON BY THE INSURER AND THE PERSON INSURED.**

25 Sec. 3125. A person ~~suffering~~**THAT SUFFERS** accidental property
26 damage shall claim property protection insurance benefits **UNDER**
27 **THIS CHAPTER** from insurers in the following order of priority:

1 ~~insurers~~

2 **(A) INSURERS** of owners or registrants of vehicles involved in
3 the accident ~~; and insurers~~ **AS TO WHICH AN INSURANCE POLICY THAT**
4 **PROVIDES SECURITY UNDER SECTION 3101 IS IN EFFECT.**

5 **(B) INSURERS** of operators of vehicles involved in the accident
6 **AS TO WHICH AN INSURANCE POLICY THAT PROVIDES SECURITY UNDER**
7 **SECTION 3101 IS IN EFFECT.**

8 Sec. 3131. (1) Residual liability insurance ~~shall~~ **UNDER AN**
9 **INSURANCE POLICY THAT PROVIDED SECURITY UNDER SECTION 3101 MUST**
10 cover bodily injury and property damage ~~which~~ **THAT** occurs ~~within~~ **IN**
11 the United States, its territories and possessions, or in Canada.
12 This insurance ~~shall~~ **MUST** afford coverage equivalent to that
13 required as evidence of automobile liability insurance under the
14 financial responsibility laws of the place in which the injury or
15 damage occurs. In this state, this insurance ~~shall~~ **MUST** afford
16 coverage for automobile liability retained by section 3135.

17 (2) This section ~~shall~~ **DOES** not require coverage in this state
18 other than that ~~required by~~ **DESCRIBED IN** section 3009(1). ~~This~~
19 ~~section shall apply to all insurance contracts in force as of~~
20 ~~October 1, 1973, or entered into after that date.~~

21 Sec. 3135. (1) A person **WHOSE TORT LIABILITY IS ABOLISHED**
22 **UNDER SUBSECTION (3)** remains subject to tort liability for
23 noneconomic loss caused by his or her ownership, maintenance, or
24 use of a motor vehicle only if the injured person has suffered
25 death, serious impairment of body function, or permanent serious
26 disfigurement.

27 (2) For a cause of action for damages ~~pursuant to~~ **AS TO WHICH**

1 **TORT LIABILITY IS NOT ABOLISHED UNDER** subsection (1), ~~filed on or~~
2 ~~after July 26, 1996,~~ all **BOTH** of the following apply:

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

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

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

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

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

24 (3) Notwithstanding any other provision of law, tort liability
25 arising from the ownership, maintenance, or use ~~within~~ **IN** this
26 state of a motor vehicle with respect to which ~~the~~ security
27 ~~required by~~ **UNDER** section 3101 was in effect is abolished. ~~except~~

1 ~~as to:~~ **THIS SUBSECTION DOES NOT APPLY TO ANY OF THE FOLLOWING:**

2 (a) Intentionally caused harm to persons or property. Even
3 though a person knows that harm to persons or property is
4 substantially certain to be caused by his or her act or omission,
5 the person does not cause or suffer that harm intentionally if he
6 or she acts or refrains from acting for the purpose of averting
7 injury to any person, including himself or herself, or for the
8 purpose of averting damage to tangible property.

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

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

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

25 (e) Damages up to \$1,000.00 to a motor vehicle, to the extent
26 that the damages are not covered by insurance. An action for
27 damages under this subdivision shall ~~shall~~ **MUST** be conducted as provided

1 in subsection (4).

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

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

7 ~~—— (b) Liability is not a component of residual liability, as
8 prescribed in section 3131, for which maintenance of security is
9 required by this act.~~

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

14 **(C)** ~~(d)~~ A decision of the court is not res judicata in any
15 proceeding to determine any other liability arising from the same
16 circumstances that gave rise to the action.

17 ~~—— (e) Damages shall not be assessed if the damaged motor vehicle
18 was being operated at the time of the damage without the security
19 required by section 3101.~~

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

24 Sec. 3141. An insurer may require written notice to be given
25 as soon as practicable after an accident involving a motor vehicle
26 ~~with respect~~ **AS** to which the ~~AN INSURANCE~~ policy affords the ~~THAT~~
27 **PROVIDES** security ~~required by this chapter.~~ **UNDER SECTION 3101 IS IN**

1 **EFFECT.**

2 Sec. 3171. ~~(1) Until an assigned claims plan is approved under~~
3 ~~subsection (3), the secretary of state shall organize and maintain~~
4 ~~an assigned claims facility and plan. A self-insurer and insurer~~
5 ~~writing insurance as provided by this chapter in this state shall~~
6 ~~participate in the assigned claims plan. Costs incurred in the~~
7 ~~operation of the facility and the plan shall be allocated fairly~~
8 ~~among insurers and self-insurers. The secretary of state shall~~
9 ~~promulgate rules to implement the facility and plan in accordance~~
10 ~~with and subject to the administrative procedures act of 1969, 1969~~
11 ~~PA 306, MCL 24.201 to 24.328. After an assigned claims plan is~~
12 ~~approved under subsection (3), the secretary of state shall~~
13 ~~continue to maintain the assigned claims facility and plan~~
14 ~~organized under this subsection as required by the plan approved~~
15 ~~under subsection (3).~~

16 **(1)** ~~(2) The Michigan automobile insurance placement facility~~
17 ~~shall adopt and maintain an assigned claims plan. A self-insurer or~~
18 ~~insurer writing insurance as provided by this chapter~~ **POLICIES THAT**
19 **PROVIDE SECURITY UNDER SECTION 3101** in this state shall participate
20 in the assigned claims plan. Costs incurred in the administration
21 of the assigned claims plan shall **MUST** be allocated fairly among
22 insurers and self-insurers. ~~On approval under subsection (3), the~~
23 ~~Michigan automobile insurance placement facility shall implement~~
24 ~~the assigned claims plan.~~

25 **(2)** ~~(3) By August 1, 2012, the~~ **THE** Michigan automobile
26 insurance placement facility board of governors shall adopt ~~an~~ **ANY**
27 **AMENDMENT TO THE** assigned claims plan by majority vote and shall

1 submit it to the ~~commissioner~~-**DIRECTOR** for his or her approval. The
2 ~~commissioner~~-**DIRECTOR** shall review the ~~plan~~-**AMENDMENT** within 30
3 days and respond in writing as provided in this subsection. If the
4 ~~commissioner~~-**DIRECTOR** finds that the ~~plan~~-**AMENDMENT** meets the
5 requirements of this chapter, he or she shall approve it. If the
6 ~~commissioner~~-**DIRECTOR** finds that the ~~plan~~-**AMENDMENT** fails to meet
7 the requirements of this chapter, he or she shall state in what
8 respects the ~~plan~~-**AMENDMENT** is deficient and shall afford the
9 Michigan automobile insurance placement facility board of governors
10 10 days within which to correct the deficiency. If the ~~commissioner~~
11 **DIRECTOR** and the Michigan automobile insurance placement facility
12 board of governors fail to agree that the ~~plan~~-**AMENDMENT** submitted,
13 with any corrections, meets the requirements of this chapter,
14 either party to the controversy may submit the issue to the circuit
15 court for Ingham ~~county~~-**COUNTY** for a determination. If the
16 ~~commissioner~~-**DIRECTOR** fails to render a written decision on the
17 **AMENDMENT TO THE** assigned claims plan within 30 days after receipt
18 of the ~~plan~~, **AMENDMENT**, the ~~plan shall be~~-**AMENDMENT IS** considered
19 approved. The Michigan automobile insurance placement facility
20 shall forward a ~~plan~~-**AN AMENDMENT** approved under this subsection to
21 the secretary of state. The ~~plan~~-**AMENDMENT** takes effect on approval
22 by the ~~commissioner~~-**DIRECTOR**.

23 ~~—— (4) Amendments to the assigned claims plan approved under~~
24 ~~subsection (3) shall be adopted by the board of governors and~~
25 ~~approved by the commissioner as provided in subsection (3). Until~~
26 ~~the date established in the plan under subsection (5) (c), the board~~
27 ~~of governors shall give the secretary of state advance notice of~~

1 ~~any proposed amendments to the plan.~~

2 ~~—— (5) The plan adopted under subsection (3) shall include all of~~
3 ~~the following:~~

4 ~~—— (a) The date on and after which all claims for benefits~~
5 ~~through the assigned claims plan under section 3172 shall be filed~~
6 ~~with the Michigan automobile insurance placement facility.~~

7 ~~—— (b) The date by which existing claims that have been assigned~~
8 ~~under the plan maintained by the secretary of state under~~
9 ~~subsection (1) will be transferred to the Michigan automobile~~
10 ~~insurance placement facility to be included in and administered~~
11 ~~under the adopted plan.~~

12 ~~—— (c) A date by which all functions of the assigned claims plan~~
13 ~~maintained by the secretary of state, with the exception of driver~~
14 ~~license and vehicle sanctions, will be transferred to the Michigan~~
15 ~~automobile insurance placement facility.~~

16 ~~—— (d) Requirements for the transfer of records relating to~~
17 ~~assigned claims from the secretary of state to the Michigan~~
18 ~~automobile insurance placement facility and the disposition by the~~
19 ~~secretary of state of records relating to assigned claims.~~

20 ~~—— (e) Reimbursement of the secretary of state by the Michigan~~
21 ~~automobile insurance placement facility for all of the following:~~

22 ~~—— (i) Expenses of developing the plan under subsection (6).~~

23 ~~—— (ii) Expenses of transferring operations from the assigned~~
24 ~~claims facility to the Michigan automobile insurance placement~~
25 ~~facility.~~

26 ~~—— (iii) Expenses incurred by the secretary of state after the~~
27 ~~transfer of operations from the assigned claims facility to the~~

1 ~~Michigan automobile insurance placement facility for operations~~
2 ~~performed by the secretary of state on behalf of the Michigan~~
3 ~~automobile insurance placement facility.~~

4 ~~—— (6) The secretary of state and the Michigan automobile~~
5 ~~insurance placement facility shall cooperate and mutually develop~~
6 ~~the aspects of the plan to be adopted under subsection (3) that are~~
7 ~~required under subsection (5).~~

8 ~~—— (7) The secretary of state shall provide the Michigan~~
9 ~~automobile insurance placement facility with all information~~
10 ~~necessary for the operation of the assigned claims fund.~~

11 ~~—— (8) One year after the date established under subsection~~
12 ~~(5)(c), the commissioner shall report in writing to the senate and~~
13 ~~house of representatives standing committees on insurance issues on~~
14 ~~the cost of the transfer of the assigned claims plan to the~~
15 ~~Michigan automobile insurance placement facility and the~~
16 ~~effectiveness of operations under the new plan.~~

17 (3) ~~(9)~~ As used in this section:

18 (a) "Michigan automobile insurance placement facility" means
19 the Michigan automobile insurance placement facility created under
20 chapter 33.

21 (b) "Michigan automobile insurance placement facility board of
22 governors" means the board of governors created under section 3310.

23 Sec. 3172. (1) A person entitled to claim **PERSONAL PROTECTION**
24 **BENEFITS UNDER THIS CHAPTER** because of accidental bodily injury
25 arising out of the ownership, operation, maintenance, or use of a
26 motor vehicle as a motor vehicle in this state may obtain **THE**
27 personal protection insurance benefits through the assigned claims

1 plan ~~if~~ **UNDER 1 OR MORE OF THE FOLLOWING CIRCUMSTANCES:**

2 (A) **IF** no personal protection insurance is applicable to the
3 injury. ~~τ~~

4 (B) **IF** no personal protection insurance applicable to the
5 injury can be identified. ~~τ~~

6 (C) **IF** the personal protection insurance applicable to the
7 injury cannot be ascertained because of a dispute between 2 or more
8 automobile insurers concerning their obligation to provide coverage
9 or the equitable distribution of the loss. ~~τ or~~

10 (D) **IF** the only identifiable personal protection insurance
11 applicable to the injury is, because of financial inability of 1 or
12 more insurers to fulfill their obligations, inadequate to provide
13 benefits up to the maximum prescribed. ~~In that case,~~ **IF THIS**
14 **SUBDIVISION APPLIES**, unpaid benefits due or coming due may be
15 collected under the assigned claims plan and the insurer to which
16 the claim is assigned is entitled to reimbursement from the
17 defaulting insurers to the extent of their financial
18 responsibility.

19 (2) Except as otherwise provided in this subsection, personal
20 protection insurance benefits, including benefits arising from
21 accidents occurring before March 29, 1985, payable through the
22 assigned claims plan ~~shall~~ **MUST** be reduced to the extent that
23 benefits covering the same loss are available from other sources,
24 regardless of the nature or number of benefit sources available and
25 regardless of the nature or form of the benefits, to a person
26 claiming personal protection insurance benefits through the
27 assigned claims plan. This subsection only applies if the personal

1 protection insurance benefits are payable through the assigned
2 claims plan ~~because no personal protection insurance is applicable~~
3 ~~to the injury, no personal protection insurance applicable to the~~
4 ~~injury can be identified, or the only identifiable personal~~
5 ~~protection insurance applicable to the injury is, because of~~
6 ~~financial inability of 1 or more insurers to fulfill their~~
7 ~~obligations, inadequate to provide benefits up to the maximum~~
8 ~~prescribed.~~ **UNDER SUBSECTION (1) (A), (B), OR (D).** As used in this
9 subsection, "sources" and "benefit sources" do not include the
10 program for medical assistance for the medically indigent under the
11 social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or
12 insurance under the health insurance for the aged act, title XVIII
13 of the social security act, 42 USC 1395 to ~~1395kkk-1.~~ **1395lll.**

14 (3) If the obligation to provide personal protection insurance
15 benefits cannot be ascertained because of a dispute between 2 or
16 more automobile insurers concerning their obligation to provide
17 coverage or the equitable distribution of the loss, and if a method
18 of voluntary payment of benefits cannot be agreed upon among or
19 between the disputing insurers, all of the following apply:

20 (a) The insurers who are parties to the dispute shall, or the
21 claimant may, immediately notify the Michigan automobile insurance
22 placement facility of their inability to determine their statutory
23 obligations.

24 (b) The claim ~~shall~~ **MUST** be assigned by the Michigan
25 automobile insurance placement facility to an insurer and the
26 insurer shall immediately provide personal protection insurance
27 benefits to the claimant or claimants entitled to benefits.

1 (c) An action ~~shall~~**MUST** be immediately commenced on behalf of
2 the Michigan automobile insurance placement facility by the insurer
3 to whom the claim is assigned in circuit court to declare the
4 rights and duties of any interested party.

5 (d) The insurer to whom the claim is assigned shall join as
6 parties defendant to the action commenced under subdivision (c)
7 each insurer disputing either the obligation to provide personal
8 protection insurance benefits or the equitable distribution of the
9 loss among the insurers.

10 (e) The circuit court shall declare the rights and duties of
11 any interested party whether or not other relief is sought or could
12 be granted.

13 (f) After hearing the action, the circuit court shall
14 determine the insurer or insurers, if any, obligated to provide the
15 applicable personal protection insurance benefits and the equitable
16 distribution, if any, among the insurers obligated, and shall order
17 reimbursement to the Michigan automobile insurance placement
18 facility from the insurer or insurers to the extent of the
19 responsibility as determined by the court. The reimbursement
20 ordered under this subdivision ~~shall~~**MUST** include all benefits and
21 costs paid or incurred by the Michigan automobile insurance
22 placement facility and all benefits and costs paid or incurred by
23 insurers determined not to be obligated to provide applicable
24 personal protection insurance benefits, including reasonable,
25 actually incurred attorney fees and interest at the rate prescribed
26 in section 3175 as of December 31 of the year preceding the
27 determination of the circuit court.

1 Sec. 3175. (1) The assignment of claims under the assigned
2 claims plan ~~shall~~**MUST** be made according to procedures established
3 in the assigned claims plan that assure fair allocation of the
4 burden of assigned claims among insurers doing business in this
5 state on a basis reasonably related to the volume of automobile
6 liability and personal protection insurance they write on motor
7 vehicles or the number of self-insured motor vehicles. An insurer
8 to whom claims have been assigned shall make prompt payment of loss
9 in accordance with this act. An insurer is entitled to
10 reimbursement by the Michigan automobile insurance placement
11 facility for the payments, the established loss adjustment cost,
12 and an amount determined by use of the average annual 90-day United
13 States treasury bill yield rate, as reported by the council of
14 economic advisers as of December 31 of the year for which
15 reimbursement is sought, as follows:

16 (a) For the calendar year in which claims are paid by the
17 insurer, the amount ~~shall~~**MUST** be determined by applying the
18 specified annual yield rate specified in this subsection to 1/2 of
19 the total claims payments and loss adjustment costs.

20 (b) For the period from the end of the calendar year in which
21 claims are paid by the insurer to the date payments for the
22 operation of the assigned claims plan are due, the amount ~~shall~~
23 **MUST** be determined by applying the annual yield rate specified in
24 this subsection to the total claims payments and loss adjustment
25 costs multiplied by a fraction, the denominator of which is 365 and
26 the numerator of which is equal to the number of days that have
27 elapsed between the end of the calendar year and the date payments

1 for the operation of the assigned claims plan are due.

2 (2) The insurer to whom claims have been assigned shall
3 preserve and enforce rights to indemnity or reimbursement against
4 third parties and account to the Michigan automobile insurance
5 placement facility for the rights and shall assign the rights to
6 the Michigan automobile insurance placement facility on
7 reimbursement by the Michigan automobile insurance placement
8 facility. This section does not preclude an insurer from entering
9 into reasonable compromises and settlements with third parties
10 against whom rights to indemnity or reimbursement exist. The
11 insurer shall account to the Michigan automobile insurance
12 placement facility for any compromises and settlements. The
13 procedures established under the assigned claims plan ~~shall~~**MUST**
14 establish reasonable standards for enforcing rights to indemnity or
15 reimbursement against third parties, including a standard
16 establishing an amount below which actions to preserve and enforce
17 the rights need not be pursued.

18 (3) An action to enforce rights to indemnity or reimbursement
19 against a third party ~~shall~~**MUST** not be commenced after the later
20 of 2 years after the assignment of the claim to the insurer or 1
21 year after the date of the last payment to the claimant.

22 (4) Payments for the operation of the assigned claims plan not
23 paid by the due date ~~shall~~ bear interest at the rate of 20% per
24 annum.

25 (5) The Michigan automobile insurance placement facility may
26 enter into a written agreement with the debtor permitting the
27 payment of the judgment or acknowledgment of debt in installments

1 payable to the Michigan automobile insurance placement facility. A
 2 default in payment of installments under a judgment as agreed
 3 subjects the debtor to suspension or revocation of his or her motor
 4 vehicle license or registration in the same manner as for the
 5 failure by an uninsured motorist to pay a judgment by installments
 6 under **FORMER** section 3177.

7 Sec. 3176. Reasonable costs incurred in the handling and
 8 disposition of assigned claims, including ~~amounts paid pursuant to~~
 9 ~~assessments~~ **COSTS ALLOCATED** under section 3171, shall ~~shall~~ **MUST** be taken
 10 into account in making and regulating rates for ~~automobile~~
 11 ~~liability and personal protection insurance~~ **POLICIES THAT PROVIDE**
 12 **SECURITY UNDER SECTION 3101.**

13 Sec. 3178. ~~After an assigned claims plan is approved under~~
 14 ~~section 3171(3), the~~ **THE** Michigan automobile insurance placement
 15 facility board of governors shall report annually to the
 16 ~~commissioner~~ **DIRECTOR** and the ~~commissioner~~ **DIRECTOR** shall report to
 17 the standing committees of the senate and house of representatives
 18 with primary jurisdiction over insurance matters on the
 19 effectiveness of the assigned claims plan, including detailed
 20 demographic information on the individuals who are submitting
 21 claims and whose claims are being assigned.

22 Sec. 3303. As used in this chapter:

23 (a) "Automobile insurance" means insurance for automobiles
 24 which provides any of the following:

25 (i) Security ~~required pursuant to~~ **UNDER** section 3101.

26 ~~—— (ii) Personal protection, property protection, and residual~~
 27 ~~liability insurance for amounts in excess of the amounts required~~

1 ~~under chapter 31.~~

2 **(ii) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE**
 3 **DESCRIBED IN SECTION 3009.**

4 (iii) Insurance coverage customarily known as comprehensive
 5 and collision.

6 (iv) Other insurance coverages for a private passenger
 7 nonfleet automobile as prescribed by rule promulgated by the
 8 ~~commissioner.~~**DIRECTOR.**

9 (b) "Qualified applicant", for automobile insurance, means a
 10 person who is an owner or registrant of an automobile registered or
 11 to be registered in this state or who holds a valid license to
 12 operate a motor vehicle, but does not include any of the following:

13 ~~— (i) A person who is not required to maintain security pursuant~~
 14 ~~to section 3101, unless the person intends to reside in this state~~
 15 ~~for 30 days or more and makes a written statement of that intention~~
 16 ~~on a form approved by the commissioner.~~

17 (i) ~~(ii)~~ A person whose license to operate a vehicle is under
 18 suspension or revocation, unless the suspension was made pursuant
 19 ~~to~~ **UNDER** section 310, ~~310b,~~ 310d, 315, 321a, 324, ~~328,~~ 512, 515,
 20 625, 625b, 625f, 748, 801c, or 907 of ~~Act No. 300 of the Public~~
 21 ~~Acts of 1949, as amended, being sections~~ **THE MICHIGAN VEHICLE CODE,**
 22 **1949 PA 300, MCL** 257.310, ~~257.310b,~~ 257.310d, 257.315, 257.321a,
 23 257.324, ~~257.328,~~ 257.512, 257.515, 257.625, 257.625b, 257.625f,
 24 257.748, 257.801c, and 257.907. ~~of the Michigan Compiled Laws.~~

25 (ii) ~~(iii)~~ A person whose policy of automobile insurance has
 26 been cancelled because of nonpayment of premium or finance premium
 27 within the immediately preceding 2-year period, unless the

1 applicant or insured pays in full a premium installment developed
2 under section 3350(a) before issuance, continuation, or renewal of
3 the policy.

4 (c) "Facility" means the automobile insurance placement
5 facility created ~~pursuant to~~**UNDER** this chapter.

6 (d) "Participating member" means an insurer who is required by
7 this chapter to be a member of the facility and who in ~~any given~~**A**
8 calendar year has a participation ratio greater than zero in the
9 facility for that year.

10 (e) "Participation ratio" means the ratio of the participating
11 member's Michigan premiums or exposure units to the comparable
12 statewide totals for all participating members, as follows:

13 (i) For private passenger nonfleet automobile insurance, for
14 distribution of risk or distribution of loss, the ratio ~~shall~~**MUST**
15 be based on voluntary net direct automobile insurance car years
16 written in this state for the calendar year ending December 31 of
17 the second prior year as reported to the statistical agent of each
18 participating member as private passenger nonfleet exposure.

19 (ii) For all other automobile insurance, including insurance
20 for fleets, commercial vehicles, public vehicles, and garages, the
21 ratio for distribution of risks or distribution of loss ~~shall~~**MUST**
22 be based on the total Michigan automobile insurance gross direct
23 premiums written, including policy and membership fees, less return
24 premiums and premiums on policies not taken, without including
25 reinsurance assumed and without deducting reinsurance ceded,
26 reduced by the amount of premiums reported as private passenger
27 nonfleet for the calendar year ending December 31 of the second

1 prior year.

2 (iii) For expenses of operation of the facility and for voting
3 rights, the ratio ~~shall~~**MUST** be based on the total Michigan
4 automobile insurance gross direct premiums written, including
5 policy and membership fees, less return premiums and premiums on
6 policies not taken, without including reinsurance assumed and
7 without deducting reinsurance ceded for the calendar year ending
8 December 31 of the second prior year.

9 (f) "Private passenger nonfleet automobile" means a motorized
10 vehicle designed for transporting passengers or goods, subject to
11 specific contemporary definitions for insurance purposes as
12 provided in the plan of operation.

13 Sec. 3320. (1) The facility, with respect to private passenger
14 nonfleet automobiles, shall provide for all of the following:

15 (a) The equitable distribution of applicants to designated
16 participating members in accordance with the plan of operation.

17 (b) Issuance of policies of automobile insurance to qualified
18 applicants as provided in the plan of operation.

19 (c) The appointment of a number of participating members
20 appointed by the facility to act on behalf of the facility for the
21 distribution of risks or for the servicing of insureds, as provided
22 in the plan of operation and consistent with this section. The
23 facility shall do all of the following:

24 (i) Appoint those members having the 5 highest participation
25 ratios, as defined in section 3303(e) (i), to act on behalf of the
26 facility.

27 (ii) Appoint other members to act on behalf of the facility

1 who volunteer to so act and who meet reasonable servicing standards
2 established in the plan of operation, up to a maximum of 5 in
3 addition to those appointed ~~pursuant to~~ **UNDER** subparagraph (i).

4 (iii) Appoint additional members to act on behalf of the
5 facility as necessary to do all of the following:

6 (A) Assure convenient access to the facility for all citizens
7 of this state.

8 (B) Assure a reasonable quality of service for persons insured
9 through the facility.

10 (C) Assure a reasonable representation of the various
11 insurance marketing systems.

12 (D) Assure reasonable claims handling.

13 (E) Assure a reasonable range of choice of insurers for
14 persons insured through the facility.

15 (d) Standards and monitoring procedures to assure that
16 participating members acting on behalf of the facility do all of
17 the following:

18 (i) Provide service to persons insured through the facility
19 equivalent to the service provided to persons insured by the
20 insurer voluntarily.

21 (ii) Handle claims in an efficient and reasonable manner.

22 (iii) Provide internal review procedures for persons insured
23 through the facility identical to those established ~~pursuant to~~
24 **UNDER** chapter 21 for persons insured voluntarily.

25 (e) The establishment of procedures and guidelines for the
26 issuance of binders by agents upon receipt of the application for
27 coverage.

1 (f) Issuance of policies of automobile insurance to qualified
2 applicants whose licenses to operate a vehicle have been suspended
3 under section 310, 310d, 315, 321a, 324, ~~328~~, 512, 515, 625, 625b,
4 625f, 748, 801c, or 907 of the Michigan vehicle code, 1949 PA 300,
5 MCL 257.310, 257.310d, 257.315, 257.321a, 257.324, ~~257.328~~,
6 257.512, 257.515, 257.625, 257.625b, 257.625f, 257.748, 257.801c,
7 and 257.907, **OR FORMER SECTION 328 OF THE MICHIGAN VEHICLE CODE,**
8 **1949 PA 300**, as provided in the plan of operation. These policies
9 may be canceled after a period of not less than 30 days if the
10 insured fails to produce proof that the suspended license has been
11 reinstated.

12 (g) Administration of the assigned claims plan as required
13 under chapter 31.

14 (2) Automobile insurance made available under this section
15 ~~shall~~**MUST** be equivalent to the automobile insurance normally
16 available in the voluntary competitive market in forms as approved
17 by the ~~commissioner~~**DIRECTOR** with any changes, additions, and
18 amendments adopted by the board of governors and approved by the
19 ~~commissioner~~**DIRECTOR**.

20 Sec. 3321. The facility shall provide, with respect to all
21 automobiles not included in section 3320:

22 (a) Only the insurance ~~required by law or~~ required by the
23 ~~commissioner of insurance~~**DIRECTOR**. The ~~commissioner~~**DIRECTOR** may
24 only require insurance for which a rate has been filed by an
25 insurance rating organization or insurer and which rate is in
26 effect and which the ~~commissioner~~**DIRECTOR** finds, after a public
27 hearing, to be reasonable, necessary, and in the public interest.

1 The temporary provision of insurance may be required pending the
 2 public hearing if the ~~commissioner~~**DIRECTOR** determines it necessary
 3 to do so.

4 (b) The equitable distribution of applicants to participating
 5 members in accordance with the participation ratios defined in
 6 section 3303.

7 Sec. 3350. The facility shall ~~provide for~~**DO** all of the
 8 following:

9 (a) ~~One~~**PROVIDE 1** or more optional deferred premium payment
 10 plans, which shall ~~shall~~**MUST** require an advance payment at least equal
 11 to 25% of the total premium or \$100.00, whichever is greater.

12 (b) ~~That~~**PROVIDE THAT** policies issued on facility placed
 13 business may be indorsed to exclude coverage for any named person
 14 who is operating a motor vehicle after his or her driver's license
 15 has been refused, revoked, or suspended by governmental authority
 16 other than ~~pursuant to~~**UNDER** section 310, ~~310b,~~310d, 315, 321a,
 17 324, ~~328,~~512, 515, 625, 625b, 625f, 748, 801c, or 907 of ~~Act No.~~
 18 ~~300 of the Public Acts of 1949, as amended.~~**THE MICHIGAN VEHICLE**
 19 **CODE, 1949 PA 300, MCL 257.310, 257.310D, 257.315, 257.321A,**
 20 **257.324, 257.512, 257.515, 257.625, 257.625B, 257.625F, 257.748,**
 21 **257.801C, AND 257.907, OR FORMER SECTION 328 OF THE MICHIGAN**
 22 **VEHICLE CODE, 1949 PA 300.**

23 (c) ~~For publicizing~~**PUBLICIZE** and ~~developing~~**DEVELOP** public
 24 understanding of the facility.

25 (d) ~~For the rendering of~~**PROVIDE** an annual financial statement
 26 to all participating members and the ~~commissioner~~**DIRECTOR**.

27 (e) ~~For~~**PROVIDE FOR** the reinsurance of facility placed risks

1 including, if desired, a pool for reinsuring automobile insurance
2 coverages. ~~with limits in excess of those required by statute, or~~
3 ~~such other underwriting arrangements as may be necessary to enable~~
4 ~~participating members to offer said limits of liability insurance.~~

5 Sec. 6107. (1) Before April 1 of each year, each ~~AN~~ insurer
6 engaged in writing insurance ~~coverages~~ **POLICIES** that provide the
7 **INSURANCE DESCRIBED IN SECTION 3009 OR** security ~~required by~~ **UNDER**
8 section ~~3101(1)~~ **3101** in this state, as a condition of its authority
9 to transact insurance in this state, shall pay to the authority an
10 assessment equal to \$1.00 multiplied by the insurer's total written
11 car years of insurance providing the **INSURANCE DESCRIBED IN SECTION**
12 **3009 OR** security ~~required by~~ **UNDER** section ~~3101(1)~~ **3101** written in
13 this state during the preceding year.

14 (2) The authority shall segregate and deposit money received
15 under subsection (1), and all other money received by the
16 authority, in a fund to be known as the automobile theft prevention
17 fund. The authority shall administer the automobile theft
18 prevention fund.

19 (3) The authority shall expend money in the automobile theft
20 prevention fund in the following order of priority:

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

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

24 (i) Providing financial support to the department of state
25 police and local law enforcement agencies for economic automobile
26 theft enforcement teams.

27 (ii) Providing financial support to state or local law

1 enforcement agencies for programs designed to reduce the incidence
2 of economic automobile theft.

3 (iii) Providing financial support to local prosecutors for
4 programs designed to reduce the incidence of economic automobile
5 theft.

6 (iv) Providing financial support to judicial agencies for
7 programs designed to reduce the incidence of economic automobile
8 theft.

9 (v) Providing financial support for neighborhood or community
10 organizations or business organizations for programs designed to
11 reduce the incidence of automobile theft.

12 (vi) Conducting educational programs designed to inform
13 automobile owners of methods of preventing automobile theft and to
14 provide equipment, for experimental purposes, to enable automobile
15 owners to prevent automobile theft.

16 (4) Money in the automobile theft prevention fund must only be
17 used for automobile theft prevention efforts and must be
18 distributed based on need and efficacy as determined by the
19 authority.

20 (5) Money in the automobile theft prevention fund is not state
21 money.

22 (6) As used in this section, "written car year" means the
23 portion of a year during which a vehicle is insured as determined
24 by the catastrophic claims association and used to calculate
25 premium charges under section 3104.

26 Enacting section 1. Sections 2116a, 3101a, 3101c, 3102, 3163,
27 and 3177 of the insurance code of 1956, 1956 PA 218, MCL 500.2116a,

1 500.3101a, 500.3101c, 500.3102, 500.3163, and 500.3177, are
2 repealed.

3 Enacting section 2. This amendatory act takes effect January
4 1, 2019.

5 Enacting section 3. This amendatory act does not take effect
6 unless all of the following bills of the 99th Legislature are
7 enacted into law:

8 (a) Senate Bill No. _____ or House Bill No. 5628 (request no.
9 05366'18 a).

10 (b) Senate Bill No. _____ or House Bill No. 5629 (request no.
11 05366'18 b).

12 (c) Senate Bill No. _____ or House Bill No. 5630 (request no.
13 05366'18 c).

14 (d) Senate Bill No. _____ or House Bill No. 5631 (request no.
15 05366'18 d).

16 (e) Senate Bill No. _____ or House Bill No. 5632 (request no.
17 05366'18 e).

18 (f) Senate Bill No. _____ or House Bill No. 5633 (request no.
19 05366'18 f).