

# SENATE BILL No. 1014

May 16, 2018, Introduced by Senator HUNE and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending the title and sections 2109, 3101, 3104, 3107, 3157, 3301, 3330, and 4501 (MCL 500.2109, 500.3101, 500.3104, 500.3107, 500.3157, 500.3301, 500.3330, and 500.4501), the title as amended by 2002 PA 304, section 3101 as amended by 2016 PA 346, section 3104 as amended by 2002 PA 662, section 3107 as amended by 2012 PA 542, section 3330 as amended by 2012 PA 204, and section 4501 as amended by 2012 PA 39, and by adding sections 3107c and 3178a and chapter 63.

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

TITLE

An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and

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

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

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

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

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

15           (c) A rate for a coverage is unfairly discriminatory in  
16 relation to another rate for the same coverage if the differential  
17 between the rates is not reasonably justified by differences in  
18 losses, expenses, or both, or by differences in the uncertainty of  
19 loss, for the individuals or risks to which the rates apply. ~~A TO~~  
20 **BE HELD** reasonable **UNDER THIS SUBDIVISION, A** justification ~~shall~~  
21 **MUST** be supported by a reasonable classification system; by sound  
22 actuarial principles ~~when~~ **IF** applicable; and by actual and credible  
23 loss and expense statistics or, ~~in the case of~~ **FOR** new coverages  
24 and classifications, by reasonably anticipated loss and expense  
25 experience. A rate is not unfairly discriminatory **UNDER THIS**  
26 **SUBDIVISION** because it reflects differences in expenses for  
27 individuals or risks with similar anticipated losses, or because it

1 reflects differences in losses for individuals or risks with  
2 similar expenses.

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

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

16 (A) A RATE MUST NOT BE EXCESSIVE. A RATE IS EXCESSIVE IF IT IS  
17 LIKELY TO PRODUCE A PROFIT THAT IS UNREASONABLY HIGH IN RELATION TO  
18 THE RISK INVOLVED OR IF THE COST OF THE INSURANCE IS UNREASONABLY  
19 HIGH IN RELATION TO SERVICES RENDERED.

20 (B) A RATE MUST NOT BE INADEQUATE. A RATE IS INADEQUATE IF  
21 EITHER OF THE FOLLOWING APPLIES:

22 (i) THE RATE IS CLEARLY INSUFFICIENT, WHEN COMBINED WITH THE  
23 INVESTMENT INCOME ATTRIBUTABLE TO THE RATE, TO SUSTAIN PROJECTED  
24 LOSSES AND EXPENSE.

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

1 (C) A RATE MUST NOT BE UNFAIRLY DISCRIMINATORY. A RATE IS  
2 UNFAIRLY DISCRIMINATORY AS TO A RISK IF THE APPLICATION OF PREMIUM  
3 DISCOUNTS, CREDITS, OR SURCHARGES TO THE RISK DOES NOT BEAR A  
4 REASONABLE RELATIONSHIP TO THE EXPECTED LOSS AND EXPENSE  
5 EXPERIENCE.

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

19 (2) As used in this chapter:

20 (a) "Automobile insurance" means that term as defined in  
21 section 2102.

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

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

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

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

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

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

7 (vi) The vehicle is operated by the owner of the vehicle or an  
8 employee of the owner of the vehicle.

9 (C) "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, AS REPORTED BY THE UNITED STATES  
12 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED  
13 BY THE DIRECTOR.

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

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

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

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

1           (H) ~~(g)~~—"Motorcycle accident" means a loss that involves the  
2 ownership, operation, maintenance, or use of a motorcycle as a  
3 motorcycle, but does not involve the ownership, operation,  
4 maintenance, or use of a motor vehicle as a motor vehicle.

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

9           (i) A motorcycle.

10           (ii) A moped.

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

15           (iv) An ORV.

16           (v) A golf cart.

17           (vi) A power-driven mobility device.

18           (vii) A commercial quadricycle.

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

24           (K) ~~(j)~~—"ORV" means a motor-driven recreation vehicle designed  
25 for off-road use and capable of cross-country travel without  
26 benefit of road or trail, on or immediately over land, snow, ice,  
27 marsh, swampland, or other natural terrain. ORV includes, but is



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

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

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

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

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

27 (iv) A person that has the immediate right of possession of a

1 motor vehicle or motorcycle under an installment sale contract.

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

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

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

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

26 (5) An insurer that issues a policy that provides the security  
27 required under subsection (1) may exclude coverage under the policy

1 as provided in section 3017.

2       Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**  
3 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~  
4 ~~the catastrophic claims association, hereinafter referred to as the~~  
5 ~~association, is created. Each~~ **IF AN INCORPORATED ASSOCIATION IS**  
6 **ISSUED A CERTIFICATE OF AUTHORITY UNDER SUBSECTION (5), THE**  
7 **UNINCORPORATED ASSOCIATION SHALL BE KNOWN AS THE MICHIGAN LEGACY**  
8 **CLAIMS ASSOCIATION. UNTIL THE UNINCORPORATED ASSOCIATION IS**  
9 **DISSOLVED, AN** insurer engaged in writing insurance coverages that  
10 provide the security required by section 3101(1) ~~within~~ **IN** this  
11 state, as a condition of its authority to transact insurance in  
12 this state, shall be a member of ~~the association and shall be~~ **IS**  
13 bound by the plan of operation of the **UNINCORPORATED** association.  
14 ~~Each~~ **UNTIL THE UNINCORPORATED ASSOCIATION IS DISSOLVED, AN** insurer  
15 engaged in writing insurance coverages that provide the security  
16 required by section 3103(1) ~~within~~ **IN** this state, as a condition of  
17 its authority to transact insurance in this state, ~~shall be~~ **IS**  
18 considered **TO BE** a member of the **UNINCORPORATED** association, but  
19 only for purposes of **ACCEPTING INDEMNIFICATION UNDER SUBSECTION (8)**  
20 **AND THE CALCULATION AND CHARGING OF** premiums under subsection  
21 ~~(7)(d).~~ **(14)**. Except as expressly provided in this section, ~~the~~ **AN**  
22 **UNINCORPORATED OR INCORPORATED** association is not **AN INSURER AND IS**  
23 **NOT** subject to any laws of this state with respect to insurers, but  
24 in all other respects the association is subject to the laws of  
25 this state to the extent that the association would be if it were  
26 an insurer organized and subsisting under chapter 50.

27       **(2) TWO OR MORE VOTING DIRECTORS OF THE BOARD OF THE**

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

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

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

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

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

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

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

27 (3) AT LEAST 1 OF THE INCORPORATORS OF AN INCORPORATED

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

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

24 (B) INTEGRATE INTO A SINGLE INSTRUMENT AS RESTATED ARTICLES OF  
25 INCORPORATION THE PROVISIONS OF THE INCORPORATED ASSOCIATION'S  
26 ARTICLES OF INCORPORATION THEN IN EFFECT, INCLUDING PRIOR  
27 AMENDMENTS.

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

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

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

12           (C) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR OF THE  
13 DEPARTMENT.

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

24           (6) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN  
25 INCORPORATED ASSOCIATION IS SUBJECT TO THE NONPROFIT CORPORATION  
26 ACT, 1982 PA 162, MCL 450.2101 TO 450.3192. AN INCORPORATED  
27 ASSOCIATION IS A CHARITABLE AND BENEVOLENT INSTITUTION FOR THE

1 PUBLIC BENEFIT AND THE INCORPORATED ASSOCIATION'S MONEY AND  
2 PROPERTY ARE EXEMPT FROM TAXATION BY THIS STATE OR ANY POLITICAL  
3 SUBDIVISION OF THIS STATE. AN INCORPORATED ASSOCIATION MAY NOT BE  
4 INCORPORATED IN THIS STATE EXCEPT UNDER THIS SECTION.

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

16 (8) ~~(2)~~The UNINCORPORATED association shall provide and each  
17 member shall accept indemnification for 100% of the amount of  
18 ultimate loss sustained under personal protection insurance  
19 coverages in excess of the following amounts in each loss  
20 occurrence:

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

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

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

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

1 during the period July 1, 2004 to June 30, 2005, \$350,000.00.

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

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

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

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

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

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

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

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

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 THE FIRST JUNE 30 AFTER THE  
27 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER



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

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

1 OF THE ADJUSTMENT AND BEFORE JULY 1 OF THE SECOND FOLLOWING YEAR.

2 (10) ~~(3)~~—An insurer may withdraw from the **UNINCORPORATED**  
3 association only ~~upon~~**ON** ceasing to write insurance that provides  
4 the security required by section 3101(1) in this state.

5 (11) ~~(4)~~—An insurer whose membership in the **UNINCORPORATED**  
6 association has been terminated by withdrawal ~~shall continue~~  
7 **CONTINUES** to be bound by the plan of operation ~~and, upon~~**ON**  
8 withdrawal, all unpaid premiums that have been charged to the  
9 withdrawing member are payable ~~as of~~**ON** the effective date of the  
10 withdrawal.

11 (12) ~~(5)~~—An unsatisfied net liability to the **UNINCORPORATED**  
12 association of an insolvent member shall be assumed by and  
13 apportioned among the remaining members of the **UNINCORPORATED**  
14 association as provided in the plan of operation. The  
15 **UNINCORPORATED** association has all rights allowed by law on behalf  
16 of the remaining members against the estate or funds of the  
17 insolvent member for ~~sums~~**MONEY** due **TO** the **UNINCORPORATED**  
18 association.

19 (13) ~~(6)~~—If a member **OF THE UNINCORPORATED ASSOCIATION** has  
20 been merged or consolidated into another insurer or another insurer  
21 has reinsured a member's entire business that provides the security  
22 required by section 3101(1) in this state, the member and  
23 successors in interest of the member remain liable for the member's  
24 obligations **TO THE UNINCORPORATED ASSOCIATION**.

25 (14) ~~(7)~~—The **UNINCORPORATED** association shall do all of the  
26 following on behalf of the members of the **UNINCORPORATED**  
27 association:

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

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

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

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

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

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

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

24 (e) Require and accept the payment of premiums from members ~~of~~  
25 ~~the association~~ as provided for in the plan of operation. The  
26 **UNINCORPORATED** association shall do either of the following:

27 (i) Require payment of the premium in full within 45 days

1 after the premium charge.

2 (ii) Require payment of the premiums to be made periodically  
3 to cover the actual cash obligations of the **UNINCORPORATED**  
4 association.

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

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

16 (15) **AN INCORPORATED ASSOCIATION SHALL DO ALL OF THE**  
17 **FOLLOWING:**

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

19 (B) **ESTABLISH PROCEDURES FOR THE OWNER OR REGISTRANT OF A**  
20 **MOTOR VEHICLE THAT MAINTAINS THE SECURITY REQUIRED UNDER SECTION**  
21 **3101(1), AN AGENT OF THE OWNER OR REGISTRANT, A CLAIMANT, OR AN**  
22 **INSURER, TO REPORT TO THE INCORPORATED ASSOCIATION EACH CLAIM UNDER**  
23 **THE SECURITY THAT ON THE BASIS OF THE INJURIES OR DAMAGES SUSTAINED**  
24 **REASONABLY MAY BE ANTICIPATED TO INVOLVE THE INCORPORATED**  
25 **ASSOCIATION.**

26 (C) **MAINTAIN RELEVANT LOSS AND EXPENSE DATA RELATIVE TO ALL**  
27 **LIABILITIES OF THE INCORPORATED ASSOCIATION AND REQUIRE INSURERS TO**

1 FURNISH STATISTICS AT THE TIMES AND IN THE FORM AND DETAIL AS  
2 REQUIRED BY THE PLAN OF OPERATION OF THE INCORPORATED ASSOCIATION.

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

27 (i) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A

1 HISTORIC VEHICLE.

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

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

7 (16) ~~(8)~~—In addition to other powers ~~granted to it by~~ UNDER  
8 this section, the UNINCORPORATED ASSOCIATION OR AN INCORPORATED  
9 association may do all of the following:

10 (a) Sue and be sued in the name of the association. A judgment  
11 against the UNINCORPORATED association ~~shall~~ DOES not create any  
12 direct liability against the individual members of the  
13 UNINCORPORATED association. The UNINCORPORATED association may  
14 provide for the indemnification of its members, AND THE  
15 UNINCORPORATED ASSOCIATION OR AN INCORPORATED ASSOCIATION MAY  
16 PROVIDE FOR THE INDEMNIFICATION OF THE members of ~~the~~ ITS board of  
17 directors, ~~of the association, and~~ officers, AND 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 OF THE ASSOCIATION,  
26 adopt reasonable rules for the administration of the association,  
27 enforce those rules, and delegate authority, as the board OF THE

1 ASSOCIATION considers necessary, to assure the proper  
2 administration and operation of the association consistent with the  
3 plan of operation.

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

12 (i) THE TERMS MUST BE FAIR AND REASONABLE.

13 (ii) THE CHARGES OR FEES FOR SERVICES PERFORMED MUST BE  
14 REASONABLE.

15 (iii) THE EXPENSES INCURRED AND PAYMENT RECEIVED MUST BE  
16 ALLOCATED IN CONFORMITY WITH CUSTOMARY ACCOUNTING PRACTICES  
17 CONSISTENTLY APPLIED.

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

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

24 (G) BORROW MONEY TO ACCOMPLISH THE PURPOSES OF THE ASSOCIATION  
25 OR IMPLEMENT THIS SECTION AT RATES OF INTEREST DETERMINED BY THE  
26 ASSOCIATION, AND ISSUE NOTES, BONDS, CERTIFICATES, OTHER EVIDENCES  
27 OF INDEBTEDNESS, OR PLEDGES. INTEREST AND EARNINGS ON NOTES, BONDS,



1 CERTIFICATES, OR OTHER OBLIGATIONS OF THE ASSOCIATION ARE EXEMPT  
2 FROM ANY TAXES IMPOSED BY THIS STATE OR A POLITICAL SUBDIVISION OF  
3 THIS STATE. AN ASSOCIATION SHALL NOT BORROW MONEY FROM ANOTHER  
4 ASSOCIATION.

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

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

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

11 (K) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER  
12 PERSON.

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

18 (17) ~~(9)~~ A board of directors **OF THE UNINCORPORATED**  
19 **ASSOCIATION** is created, hereinafter referred to as the board, which  
20 shall ~~TO~~ be responsible for the operation of the **UNINCORPORATED**  
21 association consistent with the plan of operation **OF THE**  
22 **UNINCORPORATED ASSOCIATION** and this section.

23 (18) ~~(10)~~ **THE BOARD OF THE UNINCORPORATED ASSOCIATION OR AN**  
24 **INCORPORATED ASSOCIATION SHALL OPERATE THE ASSOCIATION ACCORDING TO**  
25 **THE PLAN OF OPERATION OF THE ASSOCIATION AND THIS SECTION.** The plan  
26 of operation **OF AN ASSOCIATION** shall provide for all of the  
27 following:

1 (a) The establishment of necessary facilities.

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

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

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

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

16 (f) The investment policy of the association.

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

19 (19) ~~(11) Each~~ **THE** board ~~shall~~ **OF THE UNINCORPORATED**  
 20 **ASSOCIATION MUST** include **INDIVIDUALS FROM** members **OF THE**  
 21 **UNINCORPORATED ASSOCIATION** that ~~would~~ contribute a total of not  
 22 less than 40% of the total premium calculated ~~pursuant to~~ **UNDER**  
 23 subsection ~~(7) (d)~~ **(14)**. Each director ~~shall be~~ **OF THE**  
 24 **UNINCORPORATED ASSOCIATION IS** entitled to 1 vote. The initial term  
 25 of office of a director ~~shall be~~ **OF THE UNINCORPORATED ASSOCIATION**  
 26 **IS** 2 years.

27 (20) ~~(12)~~ As part of the plan of operation **OF THE**

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

9 (21) ~~(13)~~The board shall ~~shall~~**OF THE UNINCORPORATED ASSOCIATION**  
10 **MUST** consist of 5 directors, ~~and the commissioner shall be~~  
11 **DIRECTOR OF THE DEPARTMENT, WHO IS** an ex officio member of the  
12 board without vote.

13 (22) ~~(14)~~ Each director shall be appointed by the commissioner  
14 ~~and~~**THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS OF**  
15 **THE UNINCORPORATED ASSOCIATION. A DIRECTOR OF THE UNINCORPORATED**  
16 **ASSOCIATION** shall serve until that member's ~~DIRECTOR'S~~ successor is  
17 selected and qualified. The **DIRECTORS OF THE UNINCORPORATED**  
18 **ASSOCIATION SHALL ELECT FROM THE DIRECTORS A** chairperson of the  
19 board. ~~shall be elected by the board. A~~**THE DIRECTOR OF THE**  
20 **DEPARTMENT SHALL FILL A** vacancy on the board ~~shall be filled by the~~  
21 ~~commissioner~~**OF THE UNINCORPORATED ASSOCIATION** consistent with the  
22 plan of operation.

23 (23) ~~(15)~~ After the board is appointed, ~~the~~**THE** board **OF THE**  
24 **UNINCORPORATED ASSOCIATION** shall meet as often as the chairperson,  
25 the ~~commissioner~~, **DIRECTOR OF THE DEPARTMENT**, or the plan of  
26 operation ~~shall require~~, **OF THE UNINCORPORATED ASSOCIATION**  
27 **REQUIRES**, or at the request of any 3 ~~members~~**DIRECTORS** of the

1 ~~board. UNINCORPORATED ASSOCIATION.~~ The chairperson ~~shall retain the~~  
2 ~~right to~~ MAY vote on all issues. Four ~~members of the board~~  
3 DIRECTORS OF THE UNINCORPORATED ASSOCIATION constitute a quorum.

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

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

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

18 (ii) ONE OF THE DIRECTORS MUST REPRESENT INDIVIDUALS LICENSED  
19 UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL  
20 333.16101 TO 333.18838.

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

24 (A) ONE MUST BE AN INDIVIDUAL RECOMMENDED BY THE SENATE  
25 MAJORITY LEADER.

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

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

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

27 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,

1 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE  
2 INCORPORATED ASSOCIATION.

3 (ii) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

17 (ii) DIRECTORS WHO ARE PRESENT AND ABSENT.

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

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

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

22 (25) ~~(16)~~ An annual report of the operations of the  
23 UNINCORPORATED association in a form and detail as ~~may be~~  
24 determined by the board OF THE UNINCORPORATED ASSOCIATION shall be  
25 furnished to each member OF THE UNINCORPORATED ASSOCIATION.

26 (26) AN INCORPORATED ASSOCIATION SHALL HAVE ITS FINANCES  
27 AUDITED ANNUALLY BY AN INDEPENDENT PUBLIC ACCOUNTANT. THE

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

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

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

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

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

27 (E) THE AVERAGE LENGTH OF A CLAIM.

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

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

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

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

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

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

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

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

22 (27) ~~(17) Not more than 60 days after the initial~~  
23 ~~organizational meeting of the board, the board shall submit to the~~  
24 ~~commissioner for approval a proposed~~ **AN ASSOCIATION SHALL OPERATE**  
25 **UNDER A** plan of operation **OF THE ASSOCIATION THAT IS APPROVED BY**  
26 **THE DIRECTOR OF THE DEPARTMENT, THAT IS** consistent with the  
27 objectives and provisions of this section, ~~which shall provide~~ **AND**



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

10 (28) ~~(18) The~~ **A** plan of operation ~~, unless approved sooner in~~  
 11 ~~writing, shall be~~ **OF AN ASSOCIATION OR AN AMENDMENT TO A PLAN OF**  
 12 **OPERATION OF AN ASSOCIATION THAT HAS BEEN SUBMITTED TO THE DIRECTOR**  
 13 **OF THE DEPARTMENT FOR APPROVAL IS** considered to meet the  
 14 requirements of this section if it is not **APPROVED OR** disapproved  
 15 by written order of the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT**  
 16 within 30 days after the date of its submission. Before disapproval  
 17 of all or any part of the proposed plan of operation, the  
 18 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall notify the ~~board~~  
 19 **ASSOCIATION** in what respect the plan of operation fails to meet the  
 20 requirements and objectives of this section. If the ~~board~~  
 21 **ASSOCIATION** fails to submit a revised plan of operation that meets  
 22 the requirements and objectives of this section within the 30-day  
 23 period, the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall enter an  
 24 order accordingly and shall immediately formulate and place into  
 25 effect a plan **OF OPERATION FOR THE ASSOCIATION** consistent with the  
 26 requirements and objectives of this section.

27 (29) ~~(19) The~~ **FOR THE UNINCORPORATED ASSOCIATION, A** proposed

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

16 (30) ~~(20) Upon~~**FOR THE UNINCORPORATED ASSOCIATION, ON approval**  
17 by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** and ratification by  
18 the members **OF THE UNINCORPORATED ASSOCIATION** of the plan **OF**  
19 **OPERATION** submitted, or ~~upon~~**ON** the promulgation of a plan by the  
20 ~~commissioner~~**DIRECTOR OF THE DEPARTMENT**, each insurer authorized  
21 to write insurance providing the security required by section  
22 3101(1) in this state, as provided in this section, is bound by and  
23 shall formally subscribe to and participate in the plan approved as  
24 a condition of maintaining its authority to transact insurance in  
25 this state.

26 (31) **FOR A POLICY ISSUED OR RENEWED AFTER THE FIRST JUNE 30**  
27 **AFTER THE DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF**

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

1 UNTIL REMITTED TO THE ASSOCIATION. AN INSURER SHALL TREAT THE  
2 FAILURE TO PAY AN ASSESSMENT UNDER THIS SUBSECTION IN THE SAME  
3 MANNER AS THE FAILURE TO PAY AN INSURANCE PREMIUM. AN INSURER THAT  
4 RECEIVES FROM AN INCORPORATED ASSOCIATION A REFUND OF A PORTION OF  
5 AN ASSESSMENT PAID BECAUSE OF THE CANCELLATION OF A POLICY SHALL  
6 REFUND THAT PORTION TO THE OWNER OR REGISTRANT.

7 (32) ~~(21) The AN~~ association is subject to all the reporting,  
8 loss reserve, and investment requirements of the ~~commissioner~~  
9 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member of~~  
10 ~~the association.~~ **IS AN INSURER.**

11 (33) ~~(22)~~ Premiums charged members by the **UNINCORPORATED**  
12 association shall be recognized in the rate-making procedures for  
13 insurance rates in the same manner that expenses and premium taxes  
14 are recognized.

15 (34) ~~(23) The commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an  
16 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**  
17 **DEPARTMENT** may visit ~~the AN~~ association at any time and examine any  
18 and all **OF** the association's affairs **AND RECORDS RELATING TO THE**  
19 **BUSINESS OF THE ASSOCIATION. AN ASSOCIATION SHALL PAY EXPENSES**  
20 **INCURRED BY THE DIRECTOR OF THE DEPARTMENT FOR THE EXAMINATION OF**  
21 **THE ASSOCIATION. AN ASSOCIATION IS SUBJECT TO FEES IMPOSED UNDER**  
22 **SECTION 224(4) TO (11) IN THE SAME MANNER AS ANY OTHER TYPE OF**  
23 **ENTITY UNDER THIS ACT.**

24 (35) ~~(24) The UNINCORPORATED~~ association ~~does not have~~  
25 ~~liability~~ **IS NOT LIABLE** for losses occurring before July 1, 1978.  
26 **THE UNINCORPORATED ASSOCIATION IS NOT LIABLE FOR LOSSES OCCURRING**  
27 **UNDER POLICIES ISSUED OR RENEWED AFTER THE FIRST JUNE 30 AFTER THE**

1 DIRECTOR OF THE DEPARTMENT ISSUES A CERTIFICATE OF AUTHORITY UNDER  
2 SUBSECTION (5).

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

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

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

24 (37) THE UNINCORPORATED ASSOCIATION SHALL CONTINUE IN  
25 EXISTENCE UNTIL ALL LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH  
26 THE UNINCORPORATED ASSOCIATION HAS LIABILITY UNDER THIS SECTION ARE  
27 PAID. ON PAYMENT OF THE UNINCORPORATED ASSOCIATION'S FINAL

1 LIABILITY UNDER THIS SECTION, THE UNINCORPORATED ASSOCIATION SHALL  
2 NOTIFY THE DIRECTOR OF THE DEPARTMENT, WIND UP THE AFFAIRS OF THE  
3 UNINCORPORATED ASSOCIATION, TRANSMIT ANY REMAINING MONEY OF THE  
4 UNINCORPORATED ASSOCIATION TO AN INCORPORATED ASSOCIATION, AND  
5 DISSOLVE THE UNINCORPORATED ASSOCIATION.

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

27 (39) FOR PURPOSES OF THIS SECTION, THE DATE THAT A POLICY IS

1 ISSUED OR RENEWED IS THE EFFECTIVE DATE OF COVERAGE UNDER THE  
2 POLICY.

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

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

18 (42) ~~(25)~~ As used in this section:

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

26 (A) "ASSOCIATION" MEANS THE UNINCORPORATED ASSOCIATION CREATED  
27 UNDER SUBSECTION (1) OR AN INCORPORATED ASSOCIATION FORMED UNDER

1 SUBSECTIONS (2) TO (7).

2 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE UNINCORPORATED  
3 ASSOCIATION OR OF AN INCORPORATED ASSOCIATION.

4 (C) "INCORPORATED ASSOCIATION" MEANS AN INCORPORATED  
5 ASSOCIATION FORMED AS A NONPROFIT ASSOCIATION UNDER SUBSECTIONS (2)  
6 TO (7).

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

9 (E) ~~(e)~~ "Ultimate loss" means the actual loss amounts that a  
10 ~~member~~ **AN INSURER** is obligated to pay and that are paid or payable  
11 by the ~~member~~, **INSURER**, and ~~do~~ **DOES** not include claim expenses. An  
12 ultimate loss is incurred by ~~the~~ **AN** association on the date that  
13 the loss occurs.

14 (F) "UNINCORPORATED ASSOCIATION" MEANS THE UNINCORPORATED  
15 NONPROFIT ASSOCIATION CREATED UNDER SUBSECTION (1) AND INCLUDES THE  
16 UNINCORPORATED NONPROFIT ASSOCIATION WHEN IT IS KNOWN AS THE  
17 CATASTROPHIC CLAIMS ASSOCIATION AND THE UNINCORPORATED NONPROFIT  
18 ASSOCIATION WHEN IT IS KNOWN AS THE MICHIGAN LEGACY CLAIMS  
19 ASSOCIATION.

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

23 (a) Allowable expenses consisting of all reasonable charges  
24 incurred for reasonably necessary products, services, and  
25 accommodations for an injured person's care, recovery, or  
26 rehabilitation. ~~Allowable expenses within personal protection~~  
27 ~~insurance coverage shall not include~~ **PAYMENT TO PROVIDERS FOR THOSE**



1 PRODUCTS, SERVICES, AND ACCOMMODATIONS ARE SUBJECT TO THE LIMITS IN  
2 SECTION 3107C. HOWEVER, PERSONAL PROTECTION INSURANCE BENEFITS ARE  
3 NOT PAYABLE FOR either of the following:

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

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

10 (b) Work loss consisting of loss of income from work an  
11 injured person would have performed during the first 3 years after  
12 the date of the accident if he or she had not been injured. Work  
13 loss does not include any loss after the date on which the injured  
14 person dies. Because the benefits received from personal protection  
15 insurance for loss of income are not taxable income, the benefits  
16 payable for such loss of income shall be reduced 15% unless the  
17 claimant presents to the insurer **OR AN INCORPORATED ASSOCIATION**  
18 **FORMED UNDER SECTION 3104** in support of his or her claim reasonable  
19 proof of a lower value of the income tax advantage in his or her  
20 case, in which case the lower value shall apply. For the period  
21 beginning October 1, 2012 through September 30, 2013, the benefits  
22 payable for work loss sustained in a single 30-day period and the  
23 income earned by an injured person for work during the same period  
24 together shall not exceed \$5,189.00, which maximum shall apply pro  
25 rata to any lesser period of work loss. Beginning October 1, 2013,  
26 the maximum shall be adjusted annually to reflect changes in the  
27 cost of living under rules prescribed by the ~~commissioner~~ **DIRECTOR**

1 but any change in the maximum shall apply only to benefits arising  
2 out of accidents occurring subsequent to the date of change in the  
3 maximum.

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

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

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

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

25 **SEC. 3107C. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**  
26 **ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION**  
27 **3107(1)(A) FOR ATTENDANT CARE PROVIDED IN THE HOME BY A FAMILY OR**

1 HOUSEHOLD MEMBER:

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

8 (B) THE LIMITATION IN SUBDIVISION (A) APPLIES REGARDLESS OF  
9 WHETHER THE FAMILY OR HOUSEHOLD MEMBER IS LICENSED OR OTHERWISE  
10 AUTHORIZED TO RENDER THE ATTENDANT CARE UNDER ARTICLE 15 OF THE  
11 PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16101 TO 333.18838, OR IS  
12 EMPLOYED BY, UNDER CONTRACT WITH, OR IN ANY WAY CONNECTED WITH AN  
13 INDIVIDUAL OR AGENCY WHO IS LICENSED OR AUTHORIZED TO RENDER THE  
14 CARE.

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

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

24 (4) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN  
25 INSURER OR AN INCORPORATED ASSOCIATION INCORPORATED UNDER SECTION  
26 3104 MAY CONTRACT TO PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE  
27 AT ANY RATE AND FOR ANY NUMBER OF HOURS PER WEEK.

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

7           Sec. 3157. (1) A physician, hospital, clinic, or other person  
8 or institution lawfully rendering treatment to an injured person  
9 for an accidental bodily injury covered by personal protection  
10 insurance, and a person or institution providing rehabilitative  
11 occupational training following the injury, may charge a reasonable  
12 amount for the products, services, and accommodations rendered. The  
13 charge shall not exceed the amount the person or institution  
14 customarily charges for like products, services, and accommodations  
15 in cases not involving insurance.

16           (2) IF AN INSURER OR A CORPORATION FORMED UNDER 3104 DOES NOT  
17 AGREE WITH THE AMOUNT CHARGED UNDER SUBSECTION (1), THE PERSON OR  
18 INSTITUTION AND THE INSURER OR CORPORATION SHALL NEGOTIATE TO  
19 ATTEMPT TO AGREE ON A REASONABLE PAYMENT. IF THE PARTIES ARE UNABLE  
20 TO REACH AN AGREEMENT, THE INSURER OR CORPORATION FORMED UNDER  
21 SECTION 3104 IS NOT REQUIRED TO PAY AN AMOUNT THAT EXCEEDS THE  
22 AVERAGE AMOUNT THE PERSON OR INSTITUTION CUSTOMARILY ACCEPTS FROM  
23 ALL SOURCES FOR LIKE PRODUCTS, SERVICES, AND ACCOMMODATIONS IN  
24 CASES NOT INVOLVING PERSONAL PROTECTION INSURANCE, THE PROGRAM FOR  
25 MEDICAL ASSISTANCE FOR THE MEDICALLY INDIGENT UNDER THE SOCIAL  
26 WELFARE ACT, 1939 PA 280, MCL 400.1 TO 400.119B, OR THE FEDERAL  
27 MEDICARE PROGRAM ESTABLISHED UNDER SUBCHAPTER XVIII OF THE SOCIAL

1 SECURITY ACT, 42 USC 1395 TO 1395///.

2 SEC. 3178A. (1) BEFORE JULY 1, 2019, THE DIRECTOR SHALL REPORT  
3 TO THE STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF  
4 REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE MATTERS ON  
5 THE EFFECT OF THE CHANGES TO THIS CHAPTER MADE BY THE AMENDATORY  
6 ACT THAT ADDED THIS SECTION. THE REPORT SHALL CONTAIN ANY  
7 RECOMMENDATIONS OF THE DIRECTOR FOR CHANGES TO THIS CHAPTER.

8 (2) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017, \$150,000.00  
9 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT TO BE USED  
10 BY THE DEPARTMENT TO IMPLEMENT THIS SECTION. FROM THE MONEY  
11 APPROPRIATED, THE DEPARTMENT SHALL EMPLOY AN ADDITIONAL FULL-TIME  
12 EQUIVALENT EMPLOYEE TO PERFORM FUNCTIONS RELATED TO PREPARING THE  
13 REPORT REQUIRED UNDER SUBSECTION (1).

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

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

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

22 (C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE  
23 FRAUD AUTHORITY.

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

26 Sec. 3330. (1) The board of governors has the power to direct  
27 the operation of the facility, including, at a minimum, the power

1 to do all of the following:

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

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

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

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

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

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

22 (g) To adopt a plan of operation and any amendments to the  
23 plan, consistent with this chapter, necessary to assure the fair,  
24 reasonable, equitable, and nondiscriminatory manner of  
25 administering the facility, including compliance with chapter 21,  
26 and to provide for any other matters necessary or advisable to  
27 implement this chapter, including matters necessary to comply with

1 the requirements of chapter 21.

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

5 (I) UNTIL DECEMBER 31, 2022, TO COLLECT FROM PARTICIPATING  
6 MEMBERS AND SELF-INSURERS MONEY PAID AT THE DISCRETION OF THE  
7 MEMBERS AND SELF-INSURERS TO COVER ANTICIPATED COSTS OF OPERATION  
8 AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
9 AUTHORITY. A MEMBER OR SELF-INSURER THAT PAYS MONEY FOR THE COSTS  
10 AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
11 AUTHORITY SHALL NOT PAY THE MONEY FROM PREMIUM REVENUE, BUT SHALL  
12 PAY THE MONEY FROM OTHER EARNINGS OR INVESTMENTS. NOTWITHSTANDING  
13 ANY OTHER PROVISION OF THIS ACT TO THE CONTRARY, AN INSURER, THE  
14 DIRECTOR OR DEPARTMENT, OR ANY OTHER PERSON SHALL NOT INCLUDE OR  
15 CONSIDER THE PAYMENT OF MONEY AS DESCRIBED IN THIS SUBSECTION WITH  
16 RESPECT TO ESTABLISHING A RATE.

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

26 (3) BEFORE MARCH 1, 2018, THE BOARD OF GOVERNORS SHALL AMEND  
27 THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY

1 TO COLLECT MONEY AND CARRY OUT THE ADMINISTRATIVE DUTIES AND  
2 FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

3 Sec. 4501. As used in this chapter:

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

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

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

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

23 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**  
24 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**  
25 **6302.**

26 **(F)** ~~(e)~~ "Organization" means an organization or internal  
27 department of an insurer established to detect and prevent



1 insurance fraud.

2 (G) ~~(f)~~—"Person" includes an individual, insurer, company,  
3 association, organization, Lloyds, society, reciprocal or inter-  
4 insurance exchange, partnership, syndicate, business trust,  
5 corporation, and any other legal entity.

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

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

24 (J) ~~(i)~~—"Statement" includes, but is not limited to, any  
25 notice statement, proof of loss, bill of lading, receipt for  
26 payment, invoice, account, estimate of property damages, bill for  
27 services, claim form, diagnosis, prescription, hospital or doctor

1 record, X-rays, test result, or other evidence of loss, injury, or  
2 expense.

3 CHAPTER 63

4 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

5 SEC. 6301. AS USED IN THIS CHAPTER:

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

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

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

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

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

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

24 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE  
25 AUTHORITY IS NOT STATE MONEY. HOWEVER, THE AUTHORITY SHALL COMPLY  
26 WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO  
27 15.246, AS IF THE AUTHORITY WERE A PUBLIC BODY. A RECORD OR PORTION

1 OF A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED,  
2 PREPARED, USED, OR RETAINED BY THE AUTHORITY IN CONNECTION WITH THE  
3 INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO FINANCIAL OR  
4 PROPRIETARY INFORMATION AND IS CONSIDERED BY THE PERSON OR INSURER  
5 PROVIDING THE AUTHORITY WITH THE RECORD, MATERIAL, DATA, OR  
6 INFORMATION AS CONFIDENTIAL AND ACKNOWLEDGED BY THE AUTHORITY AS  
7 CONFIDENTIAL IS NOT SUBJECT TO DISCLOSURE BY THE AUTHORITY. AS USED  
8 IN THIS SUBSECTION:

9 (A) "FINANCIAL OR PROPRIETARY INFORMATION" MEANS INFORMATION  
10 THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM  
11 OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE THE PERSON  
12 PROVIDING THE INFORMATION TO THE AUTHORITY SIGNIFICANT COMPETITIVE  
13 HARM. FINANCIAL OR PROPRIETARY INFORMATION INCLUDES, BUT IS NOT  
14 LIMITED TO, FINANCIAL PERFORMANCE DATA AND PROJECTIONS, FINANCIAL  
15 STATEMENTS, AND PRODUCT AND MARKET DATA.

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

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

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

23 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL  
24 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
25 AUTOMOBILE INSURANCE FRAUD.

26 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW  
27 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING

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

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

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

8 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH  
9 350,000 OR MORE CAR YEARS.

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

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

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

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

16 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR  
17 HER DESIGNEE.

18 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES  
19 IN THIS STATE.

20 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS  
21 STATE.

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

23 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE  
24 ELECTED BY AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE INSURANCE IN  
25 THIS STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF  
26 GOVERNORS OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR  
27 THE MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT

1 NOMINATIONS FROM AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE  
2 INSURANCE IN THIS STATE.

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

7 (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD  
8 REPRESENTING PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE  
9 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS  
10 ASSOCIATION OF MICHIGAN.

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

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

27 (11) THE BOARD IS DISSOLVED ON JANUARY 1, 2023.

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

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

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

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

1 PURPOSES:

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

5 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

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

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

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

25 SEC. 6304. ON JANUARY 1, 2023, THE AUTHORITY IS DISSOLVED.

26 SEC. 6305. THE BOARD HAS THE POWERS NECESSARY TO CARRY OUT ITS  
27 DUTIES UNDER THIS ACT, INCLUDING, BUT NOT LIMITED TO, THE POWER TO

1 DO THE FOLLOWING:

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

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

7 (C) MAKE GRANTS AND INVESTMENTS.

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

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

13 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS  
14 NECESSARY.

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

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

22 SEC. 6307. (1) AN INSURER OR SELF-INSURER ENGAGED IN WRITING  
23 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION  
24 3101(1) IN THIS STATE MAY PAY TO THE FACILITY, FOR DEPOSIT INTO THE  
25 ACCOUNT OF THE AUTHORITY, MONEY TO BE USED BY THE AUTHORITY TO  
26 CARRY OUT ITS DUTIES UNDER THIS CHAPTER.

27 (2) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER



1 SUBSECTION (1), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY FOR  
2 THE PURPOSE, FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE  
3 FACILITY SHALL ONLY EXPEND THE MONEY RECEIVED UNDER SUBSECTION (1)  
4 AS DIRECTED BY THE BOARD.

5 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE  
6 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO  
7 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE  
8 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED  
9 BY THE BOARD.

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

13 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE  
14 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD  
15 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS  
16 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR  
17 EXISTING PROGRAMS.

18 SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE  
19 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE  
20 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND  
21 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE  
22 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE  
23 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S  
24 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD AND COST SAVINGS THAT  
25 HAVE RESULTED FROM THOSE EFFORTS.

26 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED UNDER  
27 SUBSECTION (1) MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD OCCURRING

1 IN THIS STATE FOR THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD  
2 ON RATES CHARGED FOR AUTOMOBILE INSURANCE, SUMMARIZE PREVENTION  
3 PROGRAMS, AND OUTLINE ALLOCATIONS MADE BY THE AUTHORITY. THE  
4 MEMBERS OF THE BOARD, INSURERS, AND THE DIRECTOR SHALL COOPERATE IN  
5 DEVELOPING THE REPORT AS REQUESTED BY THE AUTHORITY AND SHALL MAKE  
6 AVAILABLE TO THE AUTHORITY RECORDS AND STATISTICS CONCERNING  
7 AUTOMOBILE INSURANCE FRAUD, INCLUDING THE NUMBER OF INSTANCES OF  
8 SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS AND  
9 CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AND AUTOMOBILE  
10 INSURANCE FRAUD RECIDIVISM. THE AUTHORITY SHALL EVALUATE THE IMPACT  
11 AUTOMOBILE INSURANCE FRAUD HAS ON THE CITIZENS OF THIS STATE AND  
12 THE COSTS INCURRED BY THE CITIZENS THROUGH INSURANCE, POLICE  
13 ENFORCEMENT, PROSECUTION, AND INCARCERATION BECAUSE OF AUTOMOBILE  
14 INSURANCE FRAUD. THE AUTHORITY SHALL SUBMIT THE REPORT TO THE  
15 LEGISLATURE REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF  
16 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER  
17 INSURANCE ISSUES AND THE DIRECTOR.

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

21 Enacting section 2. The title and sections 3301, 3330, and  
22 4501 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,  
23 500.3330, and 500.4501, as amended by this amendatory act, and  
24 chapter 63 of the insurance code of 1956, 1956 PA 218, as added by  
25 this amendatory act, take effect January 1, 2018.