

**SUBSTITUTE FOR
SENATE BILL NO. 1**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 150, 2118, 2120, 3101, 3101a, 3104, 3107,
3111, 3112, 3113, 3114, 3115, 3135, 3142, 3148, 3157, 3163, 3172,
3173a, 3174, 3175, and 3177 (MCL 500.150, 500.2118, 500.2120,
500.3101, 500.3101a, 500.3104, 500.3107, 500.3111, 500.3112,
500.3113, 500.3114, 500.3115, 500.3135, 500.3142, 500.3148,
500.3157, 500.3163, 500.3172, 500.3173a, 500.3174, 500.3175, and
500.3177), section 150 as amended by 1992 PA 182, sections 2118 and
2120 as amended by 2007 PA 35, section 3101 as amended by 2017 PA
140, section 3101a as amended by 2018 PA 510, section 3104 as
amended by 2002 PA 662, section 3107 as amended by 2012 PA 542,
section 3113 as amended by 2016 PA 346, section 3114 as amended by



2016 PA 347, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, sections 3172, 3173a, 3174, and 3175 as amended by 2012 PA 204, and section 3177 as amended by 1984 PA 426, and by adding sections 261, 1245, 2116b, 3107c, 3107d, 3107e, 3157a, and 3157b and chapter 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 150. (1) Any person who violates any provision of this
 2 act for which a specific penalty is not provided under any other
 3 provision of this act or of other laws applicable to the violation
 4 ~~shall~~**must** be afforded an opportunity for a hearing before the
 5 ~~commissioner pursuant to~~**director under** the administrative
 6 procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969,~~
 7 ~~being sections 1969 PA 306, MCL 24.201 to 24.328. of the Michigan~~
 8 ~~Compiled Laws.~~ If the ~~commissioner~~**director** finds that a violation
 9 has occurred, the ~~commissioner~~**director** shall reduce the findings
 10 and decision to writing and ~~shall~~ issue and cause to be served ~~upon~~
 11 **on** the person charged with the violation a copy of the findings and
 12 an order requiring the person to cease and desist from the
 13 violation. In addition, the ~~commissioner~~**director** may order any of
 14 the following:

15 (a) Payment of a civil fine of not more than \$500.00 for each
 16 violation. However, if the person knew or reasonably should have
 17 known that he or she was in violation of this act, the ~~commissioner~~
 18 **director** may order the payment of a civil fine of not more than
 19 \$2,500.00 for each violation. With respect to filings made under
 20 chapters 21, 22, 23, 24, and 26, "violation" means a filing not in
 21 compliance with ~~the provisions of~~ those chapters and does not
 22 include an action with respect to an individual policy based ~~upon~~
 23 **on** a noncomplying filing. **With respect to an act or omission**



1 **described in section 4503, a fine under this section may be ordered**
 2 **in addition to and not instead of a penalty or restitution under**
 3 **section 4511.** An order of the ~~commissioner~~**director** under this
 4 subdivision ~~shall~~**must** not require the payment of civil fines
 5 exceeding ~~\$25,000.00.~~**\$50,000.00.** A fine collected under this
 6 subdivision ~~shall~~**must** be turned over to the state treasurer and
 7 credited to the general fund, **except that a fine collected for an**
 8 **act or omission under section 4503 must be credited to the**
 9 **automobile insurance fraud fund created in section 6304.**

10 (b) The suspension, limitation, or revocation of the person's
 11 license or certificate of authority.

12 (2) After notice and opportunity for hearing, the ~~commissioner~~
 13 **director** may by order reopen and alter, modify, or set aside, in
 14 whole or in part, an order issued under this section if, in the
 15 ~~commissioner's~~**director's** opinion, conditions of fact or law have
 16 changed to require that action or the public interest requires that
 17 action.

18 (3) If a person knowingly violates a cease and desist order
 19 under this section and has been given notice and an opportunity for
 20 a hearing held ~~pursuant to Act No. 306 of the Public Acts under the~~
 21 **administrative procedures act** of 1969, **1969 PA 306, MCL 24.201 to**
 22 **24.328,** the ~~commissioner~~**director** may order a civil fine of
 23 \$10,000.00 for each violation, or a suspension, limitation, or
 24 revocation of ~~a~~**the** person's license, or both. A fine collected
 25 under this subsection ~~shall~~**must** be turned over to the state
 26 treasurer and credited to the general fund, **except that if the**
 27 **cease and desist order related to an act or omission under section**
 28 **4503, the fine must be credited to the automobile insurance fraud**
 29 **fund created in section 6304.**



1 (4) The ~~commissioner~~**director** may apply to the Ingham ~~county~~
2 **County** circuit court for an order of the court enjoining a
3 violation of this act.

4 **Sec. 261. (1) The department shall maintain on its internet**
5 **website a page that does all of the following:**

6 (a) Advises that the department may be able to assist a person
7 who believes that an automobile insurer is not paying benefits, not
8 making timely payments, or otherwise not performing as it is
9 obligated to do under an insurance policy.

10 (b) Advises the person of selected important rights that the
11 person has under chapter 20 that specifically relate to automobile
12 insurers and the payment of benefits by automobile insurers.

13 (c) Allows the person to submit an explanation of the facts of
14 the person's problems with the automobile insurer.

15 (d) Allows the person to submit electronically, or instructs
16 the person how to provide paper copies of, any documentation to
17 support the facts submitted under subdivision (c).

18 (e) Explains to the person the steps that the department will
19 take and that may be taken after information is submitted under
20 this section.

21 (f) Anything else that the director determines to be important
22 in relation to subdivisions (a) to (e).

23 (2) The department shall maintain on its internet website a
24 page that advises consumers about the changes to automobile
25 insurance in this state that were made by the amendatory act that
26 added this section, including, among any other information that the
27 director determines to be important, ways to shop competitively for
28 insurance.

29 (3) The department shall maintain on its internet website a



1 page that allows a person to report insurance fraud and unfair
2 settlement and claims practices to the department.

3 Sec. 1245. (1) An insurance producer, including, but not
4 limited to, a producing agency, or an employee or agent of an
5 insurance producer is not liable for damages caused by the conduct
6 of the producer, employee, or agent related to obtaining or
7 providing information, or the choice of or election not to maintain
8 personal protection insurance benefits, under sections 3107c to
9 3107e.

10 (2) This section does not apply with respect to a policy
11 issued or renewed after 18 months after the effective date of the
12 amendatory act that added this section.

13 Sec. 2116b. (1) Subject to subsection (2), an automobile
14 insurer shall not refuse to insure, refuse to continue to insure,
15 limit coverage available to, charge a reinstatement fee for, or
16 increase the premiums for automobile insurance for an eligible
17 person solely because the person previously failed to maintain
18 insurance required by section 3101 for a vehicle owned by the
19 person.

20 (2) This section only applies to an eligible person that
21 applies for automobile insurance within 1 year after the effective
22 date of this section.

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

29 (2) The underwriting rules that an insurer may establish for



1 automobile insurance ~~shall~~**must** be based only on the following:

2 (a) Criteria identical to the standards set forth in section
3 2103(1).

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

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

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

27 (e) Type of vehicle insured or to be insured, based on 1 of
28 the following, without regard to the age of the vehicle:

29 (i) The vehicle is of limited production or of custom



1 manufacture.

2 (ii) The insurer does not have a rate lawfully in effect for
3 the type of vehicle.

4 (iii) The vehicle represents exposure to extraordinary expense
5 for repair or replacement under comprehensive or collision
6 coverage.

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

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

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

21 (i) Total abstinence from the consumption of alcoholic
22 beverages except if such beverages are consumed as part of a
23 religious ceremony. However, an insurer shall not ~~utilize~~**use** an
24 underwriting rule based on this subdivision unless the insurer ~~has~~
25 ~~been~~**was** authorized to transact automobile insurance in this state
26 ~~prior to~~**before** January 1, 1981, and has consistently ~~utilized~~**used**
27 such an underwriting rule as part of the insurer's automobile
28 insurance underwriting since being authorized to transact
29 automobile insurance in this state.



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

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

12 (2) An insurer may establish separate rating plans so that
13 certain eligible persons are provided automobile insurance under 1
14 rating plan and other eligible persons are provided automobile
15 insurance under another rating plan. This subsection ~~shall apply~~
16 **applies** only if all eligible persons can obtain automobile
17 insurance under a rating plan of the insurer. Underwriting rules
18 consistent with this section and sections 2118 and 2119 ~~shall~~ **must**
19 be established to define the rating plan applicable to each
20 eligible person.

21 (3) Underwriting rules under this section ~~shall~~ **must** be based
22 only on the following:

23 (a) With respect to a vehicle insured or to be insured,
24 substantial modifications from the vehicle's original manufactured
25 state for purposes of increasing the speed or acceleration
26 capabilities of the vehicle.

27 (b) Except as otherwise provided in section 2116a **or 2116b**,
28 failure of the person to provide proof that insurance required by
29 section 3101 was maintained in force with respect to any vehicle



1 owned and operated by the person or by a member of the household of
 2 the person during the 6-month period immediately preceding
 3 application or renewal of the policy. ~~Such~~**The** proof ~~shall~~**must**
 4 take the form of a certification by the person that the required
 5 insurance was maintained in force for the 6-month period with
 6 respect to ~~such~~**the** vehicle.

7 (c) For purposes of insuring persons who have refused a
 8 deductible lawfully required under section 2118(2) (h), the claim
 9 experience of the person with respect to comprehensive coverage.

10 (d) Refusal of the person to pay a minimum deposit required
 11 under section 2118(2) (g).

12 (e) A person's insurance eligibility point accumulation under
 13 section 2103(1) (h), or the total insurance eligibility point
 14 accumulation of all persons who account for 10% or more of the use
 15 of 1 or more vehicles insured or to be insured under the policy.

16 (f) The type of vehicle insured or to be insured as provided
 17 in section 2118(2) (e).

18 Sec. 3101. (1) ~~The~~**Except as provided in section 3107d, the**
 19 owner or registrant of a motor vehicle required to be registered in
 20 this state shall maintain security for payment of benefits under
 21 personal protection insurance ~~and~~ property protection insurance
 22 **as required under this chapter**, and residual liability insurance.
 23 Security is only required to be in effect during the period the
 24 motor vehicle is driven or moved on a highway. Notwithstanding any
 25 other provision in this act, an insurer that has issued an
 26 automobile insurance policy on a motor vehicle that is not driven
 27 or moved on a highway may allow the insured owner or registrant of
 28 the motor vehicle to delete a portion of the coverages under the
 29 policy and maintain the comprehensive coverage portion of the



1 policy in effect.

2 (2) As used in this chapter:

3 (a) "Automobile insurance" means that term as defined in
4 section 2102.

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

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

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

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

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

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

17 (vi) The vehicle is operated by the owner of the vehicle or an
18 employee of the owner of the vehicle.

19 (c) "Electric bicycle" means that term as defined in section
20 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

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

23 (e) "Highway" means highway or street as that term is defined
24 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
25 257.20.

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

28 (g) "Motorcycle" means a vehicle that has a saddle or seat for
29 the use of the rider, is designed to travel on not more than 3



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

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

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

14 (i) A motorcycle.

15 (ii) A moped.

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

20 (iv) An ORV.

21 (v) A golf cart.

22 (vi) A power-driven mobility device.

23 (vii) A commercial quadricycle.

24 (viii) An electric bicycle.

25 (j) "Motor vehicle accident" means a loss that involves the
26 ownership, operation, maintenance, or use of a motor vehicle as a
27 motor vehicle regardless of whether the accident also involves the
28 ownership, operation, maintenance, or use of a motorcycle as a
29 motorcycle.



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

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

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

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

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



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

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

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

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

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

27 (5) An insurer that issues a policy that provides the security
28 required under subsection (1) may exclude coverage under the policy
29 as provided in section 3017.



1 Sec. 3101a. (1) An insurer, in conjunction with the issuance
 2 of an automobile insurance policy, shall provide to the insured 1
 3 certificate of insurance for each insured vehicle and for private
 4 passenger nonfleet automobiles listed on the policy shall supply to
 5 the secretary of state the automobile insurer's name, the name of
 6 the named insured, the named insured's address, the vehicle
 7 identification number for each vehicle listed on the policy, and
 8 the policy number. The insurer shall transmit the information
 9 required under this subsection in a format as required by the
 10 secretary of state. The secretary of state shall not require the
 11 information to be transmitted more frequently than every 14 days.

12 **(2) The secretary of state shall provide policy information**
 13 **received under subsection (1) to the Michigan automobile insurance**
 14 **placement facility as required for the Michigan automobile**
 15 **insurance placement facility to comply with this act. Information**
 16 **received by the Michigan automobile insurance placement facility**
 17 **under this subsection is confidential and is not subject to the**
 18 **freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The**
 19 **Michigan automobile insurance placement facility shall only use the**
 20 **information for purposes of administering the assigned claims plan**
 21 **under this chapter and shall not disclose the information to any**
 22 **person unless it is for the purpose of administering the assigned**
 23 **claims plan or in compliance with an order by a court of competent**
 24 **jurisdiction in connection with a fraud investigation or**
 25 **prosecution.**

26 **(3) ~~(2)~~**The secretary of state shall provide policy
 27 information received under subsection (1) to the department of
 28 health and human services as required for the department of health
 29 and human services to comply with 2006 PA 593, MCL 550.281 to



1 550.289.

2 (4) ~~(3)~~—The secretary of state shall accept as proof of
 3 vehicle insurance a transmission of the insured vehicle's vehicle
 4 identification number. Policy information submitted by an insurer
 5 and received by the secretary of state under this section is
 6 confidential, is not subject to the freedom of information act,
 7 1976 PA 442, MCL 15.231 to 15.246, and ~~shall~~**must** not be disclosed
 8 to any person except the department of health and human services
 9 for purposes of 2006 PA 593, MCL 550.281 to 550.289, or pursuant to
 10 an order by a court of competent jurisdiction in connection with a
 11 claim or fraud investigation or prosecution. The transmission to
 12 the secretary of state of a vehicle identification number is proof
 13 of insurance to the secretary of state for motor vehicle
 14 registration purposes only and is not evidence that a policy of
 15 insurance actually exists between an insurer and an individual.

16 (5) ~~(4)~~—A person who supplies false information to the
 17 secretary of state under this section or who issues or uses an
 18 altered, fraudulent, or counterfeit certificate of insurance is
 19 guilty of a misdemeanor punishable by imprisonment for not more
 20 than 1 year or a fine of not more than \$1,000.00, or both.

21 (6) ~~(5)~~—The department of health and human services shall
 22 report to the senate and house of representatives appropriations
 23 committees and standing committees concerning insurance issues on
 24 the number of claims and total dollar amount recovered from
 25 automobile insurers under 2006 PA 593, MCL 550.281 to 550.289. The
 26 reports required by this subsection must be given to the
 27 appropriations committees and standing committees concerning
 28 insurance issues by December 30 of each year and must cover the
 29 preceding 12-month period.



1 (7) ~~(6)~~ As used in this section:

2 (a) "Automobile insurance" means that term as defined in
3 section 3303.

4 (b) "Private passenger nonfleet automobile" means that term as
5 defined in section 3303.

6 Sec. 3104. (1) ~~An~~ **The catastrophic claims association is**
7 **created as an** unincorporated, nonprofit association. ~~to be known as~~
8 ~~the catastrophic claims association, hereinafter referred to as the~~
9 ~~association, is created.~~ Each insurer engaged in writing insurance
10 coverages that provide the security required by section 3101(1)
11 ~~within~~ **in** this state **6 months after the effective date of the**
12 **amendatory act that added section 3107c**, as a condition of its
13 authority to transact insurance in this state, shall be a member of
14 the association and ~~shall be~~ **is** bound by the plan of operation of
15 the association. ~~Each~~ **An** insurer engaged in writing insurance
16 coverages that provide the security required by section 3103(1)
17 ~~within~~ **in** this state **6 months after the effective date of the**
18 **amendatory act that added section 3107c**, as a condition of its
19 authority to transact insurance in this state, ~~shall be~~ **is**
20 considered **to be** a member of the association, but only for purposes
21 of premiums under subsection (7) (d). Except as expressly provided
22 in this section, the association is not subject to any laws of this
23 state with respect to insurers, but in all other respects the
24 association is subject to the laws of this state to the extent that
25 the association would be if it were an insurer organized and
26 subsisting under chapter 50.

27 (2) ~~The~~ **For a motor vehicle accident policy issued or renewed**
28 **before 6 months after the effective date of the amendatory act that**
29 **added section 3107c**, the association shall provide and each member



1 shall accept indemnification for 100% of the amount of ultimate
 2 loss sustained under personal protection insurance coverages in
 3 excess of the following amounts in each loss occurrence:

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

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

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

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

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

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

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

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

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

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

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

26 ~~Beginning July 1, 2013, this \$500,000.00 amount shall be increased~~
 27 ~~biennially on July 1 of each odd-numbered year, for policies issued~~
 28 ~~or renewed before July 1 of the following odd-numbered year, by the~~
 29 ~~lesser of 6% or the consumer price index, and rounded to the~~



1 nearest ~~\$5,000.00~~. This biennial adjustment shall be calculated by
 2 the association by January 1 of the year of its July 1 effective
 3 date.

4 (l) For a motor vehicle accident policy issued or renewed
 5 during the period July 1, 2013 to June 30, 2015, \$530,000.00.

6 (m) For a motor vehicle accident policy issued or renewed
 7 during the period July 1, 2015 to June 30, 2017, \$545,000.00.

8 (n) For a motor vehicle accident policy issued or renewed
 9 during the period July 1, 2017 to June 30, 2019, \$555,000.00.

10 (o) For a motor vehicle accident policy issued or renewed
 11 during the period July 1, 2019 to 6 months after the effective date
 12 of the amendatory act that added section 3107c, \$580,000.00.

13 (3) An insurer may withdraw from the association only ~~upon~~ **on**
 14 ceasing to write insurance that provides the security required by
 15 section 3101(1) in this state.

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

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

27 (6) If a member has been merged or consolidated into another
 28 insurer or another insurer has reinsured a member's entire business
 29 that provides the security required by section 3101(1) in this



1 state, the member and successors in interest of the member remain
2 liable for the member's obligations.

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

5 (a) Assume 100% of all liability as provided in subsection
6 (2).

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

16 (c) Maintain relevant loss and expense data ~~relative~~**relating**
17 to all liabilities of the association and require each member to
18 furnish statistics, in connection with liabilities of the
19 association, at the times and in the form and detail as ~~may be~~
20 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 association that the association will likely incur during the
25 period for which the premium is applicable, **less any money payable**
26 **by insurers under subsection (21)**. The **total** premium ~~shall~~**must**
27 include an amount to cover incurred but not reported losses for the
28 period and ~~may~~**must** be adjusted for any excess or deficient
29 premiums from previous periods, **including any period previous to**



1 **the dissolution of the association under subsection (10) (h) .**

2 Excesses or deficiencies from previous periods ~~may~~**must either** be
 3 fully adjusted in a single period or ~~may~~be adjusted over several
 4 periods in a manner provided for in the plan of operation. Each
 5 member ~~shall~~**must** be charged an amount equal to that member's total
 6 written car years of insurance providing the security required by
 7 section 3101(1) or 3103(1), or both, written in this state during
 8 the period to which the premium applies, **with the total written car**
 9 **years of insurance** multiplied by the **applicable** average premium per
 10 car. The average premium per car ~~shall be~~**is** the total premium,
 11 ~~calculated as adjusted for any excesses or deficiencies,~~ divided by
 12 the total written car years of insurance providing the security
 13 required by section 3101(1) or 3103(1) , **or both,** written in this
 14 state of all members **and insurers described in subsection (21)**
 15 during the period to which the premium applies. A member ~~shall~~**must**
 16 be charged a premium for a historic vehicle that is insured with
 17 the member of 20% of the premium charged for a car insured with the
 18 member. ~~As used in this subdivision:~~

19 ~~(i) "Car" includes a motorcycle but does not include a historic~~
 20 ~~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 association shall do either of the following:

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

29 (ii) Require payment of the premiums to be made periodically to



1 cover the actual cash obligations of the association.

2 (f) Receive and distribute all ~~sums~~**money** required by the
3 operation of the association.

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

13 (h) **Provide any records necessary or requested by the director**
14 **for the actuarial examination under subsection (22).**

15 (i) **Subject to subsection (24), obey an order of the director**
16 **for a rebate under subsection (23).**

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

19 (a) Sue and be sued in the name of the association. A judgment
20 against the association ~~shall~~**does** not create any direct liability
21 against the individual members of the association. The association
22 may provide for the indemnification of its members, members of the
23 board of directors of the association, and officers, employees, and
24 other persons lawfully acting on behalf of the association.

25 (b) Reinsure all or any portion of its potential liability
26 with reinsurers licensed to transact insurance in this state or
27 approved by the ~~commissioner~~**director**.

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



1 association.

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

7 (e) Contract for goods and services, including independent
8 claims management, actuarial, investment, and legal services, from
9 others ~~within~~ **in** or ~~without~~ **outside of** this state to assure the
10 efficient operation of the association.

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

13 (g) Perform other acts not specifically enumerated in this
14 section that are necessary or proper to accomplish the purposes of
15 the association and that are not inconsistent with this section or
16 the plan of operation.

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

21 (10) The plan of operation ~~shall~~ **must** provide for all of the
22 following:

23 (a) The establishment of necessary facilities.

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

25 (c) Procedures to be utilized in charging premiums, including
26 adjustments from excess or deficient premiums from prior periods.
27 **The plan must require that any deficiency from a prior period be**
28 **amortized over not fewer than 15 years.**

29 (d) **Procedures for a rebate to members of the association, for**



1 distribution to insureds as provided in subsection (25), as ordered
 2 by the director under subsection (23). The procedures must provide
 3 for a distribution of a rebate attributable to a historic vehicle
 4 equal to 20% of the rebate for a car that is not a historic
 5 vehicle.

6 (e) ~~(d)~~—Procedures governing the actual payment of premiums to
 7 the association.

8 (f) ~~(e)~~—Reimbursement of each member of the board by the
 9 association for actual and necessary expenses incurred on
 10 association business.

11 (g) ~~(f)~~—The investment policy of the association.

12 (h) **A dissolution plan for the eventual payment of all claims**
 13 **remaining against the association, the dissolution of the**
 14 **association, and the distribution of any proceeds from the**
 15 **dissolution, including money held by the association.**

16 (i) ~~(g)~~—Any other matters required by or necessary to
 17 effectively implement this section.

18 (11) ~~Each~~ **The** board shall ~~must~~ include members that would
 19 contribute a total of not less than 40% of the total premium
 20 calculated pursuant to ~~under~~ subsection (7) (d). Each ~~director shall~~
 21 ~~be~~ **board member is** entitled to 1 vote. The initial term of office
 22 of a ~~director shall be~~ **board member is** 2 years.

23 (12) As part of the plan of operation, the board shall adopt
 24 rules providing for the composition ~~and term of successor boards to~~
 25 the ~~initial~~ board **and the terms of board members**, consistent with
 26 the membership composition requirements in subsections (11) and
 27 (13). Terms of the ~~directors shall~~ **board members must** be staggered
 28 so that the terms of all the ~~directors~~ **board members** do not expire
 29 at the same time and so that a ~~director~~ **board member** does not serve



1 a term of more than 4 years.

2 (13) The board ~~shall~~ **must** consist of 5 ~~directors,~~ **board**
3 **members** and the ~~commissioner~~ **director, who** shall ~~be~~ **serve as** an ex
4 officio member of the board without vote.

5 (14) ~~Each director~~ **The director** shall ~~be appointed by the~~
6 ~~commissioner and~~ **appoint the board members. A board member** shall
7 serve until ~~that member's~~ **his or her** successor is selected and
8 qualified. The **board shall elect the** chairperson of the board.
9 ~~shall be elected by the board. A~~ **The director shall fill any**
10 vacancy on the board ~~shall be filled by the commissioner consistent~~
11 ~~with~~ **as provided in** the plan of operation.

12 (15) ~~After the board is appointed, the~~ **The** board shall meet as
13 often as the chairperson, the ~~commissioner,~~ **director,** or the plan
14 of operation ~~shall require,~~ **requires,** or at the request of any 3
15 ~~members of the board.~~ **board members.** The chairperson ~~shall retain~~
16 ~~the right to~~ **may** vote on all issues. Four ~~members of the board~~
17 **board members** constitute a quorum.

18 (16) ~~An~~ **The board shall furnish to each member of the**
19 **association an** annual report of the operations of the association
20 in a form and detail as ~~may be determined by the board.~~ ~~shall be~~
21 ~~furnished to each member.~~

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



1 ~~formulate and place into effect a plan consistent with this~~
 2 ~~section.~~

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

15 ~~(17) (19) The proposed plan of operation or~~ **Any** amendments to
 16 the plan of operation are subject to majority approval by the
 17 board, ~~ratified~~ **ratification** by a majority of the membership **of the**
 18 **association** having a vote, with voting rights being apportioned
 19 according to the premiums charged in subsection (7) (d), and ~~are~~
 20 ~~subject to approval by the commissioner.~~ **director.**

21 ~~(18) (20) Upon approval by the commissioner and ratification~~
 22 ~~by the members of the plan submitted, or upon the promulgation of a~~
 23 ~~plan by the commissioner, each~~ **An** insurer authorized to write
 24 insurance providing the security required by section 3101(1) in
 25 this state **6 months after the effective date of the amendatory act**
 26 **that added section 3107c**, as provided in this section, is bound by
 27 and shall formally subscribe to and participate in the plan
 28 ~~approved~~ **of operation** as a condition of maintaining its authority
 29 to transact insurance in this state.



1 (19) ~~(21)~~—The association is subject to all the reporting,
2 loss reserve, and investment requirements of the ~~commissioner~~
3 **director** to the same extent as ~~would~~**is** a member of the
4 association.

5 (20) ~~(22)~~—Premiums charged members by the association ~~shall~~
6 **must** be recognized in the rate-making procedures for insurance
7 rates in the same manner that expenses and premium taxes are
8 recognized.

9 (21) **The rate-making procedures for insurance rates for an**
10 **insurer engaged in writing insurance coverages that provide the**
11 **security required by section 3101(1) or 3103(1) in this state that**
12 **did not write those coverages before 6 months after the effective**
13 **date of the amendatory act that added section 3107c must recognize**
14 **a portion of the expected losses and expenses of the association**
15 **that the association will likely incur during the applicable**
16 **period, adjusted for any excesses or deficiencies from any previous**
17 **periods in the manner provided in subsection (7) (d). The portion to**
18 **be recognized in rates for an insurer under this subsection must be**
19 **determined by multiplying the insurer's total written car years of**
20 **insurance providing the security required by section 3101(1) or**
21 **3103(1), or both, by the average premium per car determined under**
22 **subsection (7) (d). An insurer described in this subsection shall**
23 **pay to the association all money received from its insureds under**
24 **this subsection.**

25 (22) ~~(23)~~—The ~~commissioner~~**director** or an authorized
26 representative of the ~~commissioner~~**director** may visit the
27 association at any time and examine any and all **of** the
28 association's affairs. **Beginning July 1, 2019, and every third year**
29 **after 2019, the director shall engage 1 or more independent**



1 actuaries to examine the affairs and records of the association for
2 the previous 3 years. The actuarial examination must be conducted
3 using sound actuarial principles consistent with the applicable
4 statements of principles and the code of professional conduct
5 adopted by the Casualty Actuarial Society. By September 1, 2019 and
6 by September 1 of every third year after 2019, the director shall
7 provide a report to the legislature on the results of the audit
8 conducted under this subsection.

9 (23) If the actuarial examination under subsection (22) shows
10 that the assets of the association exceed 120% of its liabilities,
11 including incurred but not reported liabilities, and if the rebate
12 will not threaten the association's ongoing ability to provide
13 reimbursements for personal protection insurance benefits based on
14 sound actuarial principles consistent with the applicable
15 statements of principles and the code of professional conduct
16 adopted by the Casualty Actuarial Society, the director shall order
17 the association to rebate an amount equal to the difference between
18 the total excess and 120% of the liabilities of the association,
19 including incurred but not reported liabilities, under subsection
20 (10) (d) and order the members of the association to distribute the
21 rebates under subsection (25).

22 (24) Within 30 days after receiving an order from the director
23 under subsection (23), the association may request a hearing to
24 review the order by filing a written request with the director. The
25 department shall conduct the review as a contested case under the
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
27 24.328.

28 (25) A member of the association shall distribute any rebate
29 it receives under subsection (10) (d) to the persons that it insures



1 under policies that provide the security required under section
2 3101(1) or 3103(1), or both, and that are subject to a premium
3 under this section on a uniform basis per car and historic vehicle
4 in a manner and on the date or dates provided by the director in
5 accordance with an order issued by the director. A rebate
6 attributable to a historic vehicle must be equal to 20% of the
7 rebate for a car that is not a historic vehicle.

8 (26) By September 1 of each year, the association shall
9 prepare, submit to the committees of the senate and house of
10 representatives with jurisdiction over insurance matters, and post
11 on the association website an annual consumer statement, written in
12 a manner intended for the general public. The statement must
13 include all of the following:

14 (a) The number of claims opened during the preceding 12
15 months, the amount expended on the claims, and the future
16 anticipated costs of the claims.

17 (b) For each of the preceding 10 years, the total number of
18 open claims, the amount expended on the claims, and the anticipated
19 future costs of the claims.

20 (c) For each of the preceding 10 years, the total number of
21 claims closed and the amount expended on the claims.

22 (d) For each of the preceding 10 years, the ratio of claims
23 opened to claims closed.

24 (e) For each of the preceding 10 years, the average length of
25 open claims.

26 (f) A statement of the current financial condition of the
27 association and the reasons for any deficit or surplus in collected
28 assessments compared to losses.

29 (g) A statement of the assumptions, methodology, and data used



1 to make revenue projections. As used in this subdivision, "revenue"
2 means return on investments.

3 (h) A statement of the assumptions, methodology, and data used
4 to make cost projections.

5 (i) A list of the association's assets sorted by category or
6 type of asset, such as stocks, bonds, or mutual funds, and the
7 expected return on each asset.

8 (j) The total amount of the association's discounted and
9 undiscounted liabilities and a description and explanation of the
10 liabilities, including an explanation of the association's
11 definition of the terms discounted and undiscounted.

12 (k) Measures taken by the association to contain costs.

13 (l) A statement explaining what portion of the assessment to
14 insureds as recognized in rates under subsections (20) and (21) is
15 attributable to claims occurring in the previous 12 months,
16 administrative costs, and the amount, if any, to adjust for past
17 deficits.

18 (m) A statement explaining any qualifications identified by
19 the independent auditors in the most recent audit report prepared
20 under subsection (22).

21 (n) A loss payment summary for each of the preceding years by
22 category.

23 (o) For each of the preceding 10 years, an injury type
24 summary, categorizing the injuries suffered by claimants the
25 payment of whose claims are being reimbursed by the association, by
26 brain injuries, injuries resulting in quadriplegia, injuries
27 resulting in paraplegia, burn injuries, and other injuries.

28 (p) A summary of investment returns over the preceding 10
29 years showing the investment balance, the investment gain, and the



1 percentage return on the investment balance.

2 (q) A summary of the mortality assumptions used in making cost
3 projections.

4 (r) A summary of any financial practices that differ from
5 those found in the National Association of Insurance Commissioners
6 Accounting Practices and Procedures Manual.

7 (27) By September 1 of each year, the association shall
8 prepare and provide to the committees of the senate and house of
9 representatives with jurisdiction over insurance matters an annual
10 report of the association. The report must contain all of the
11 following:

12 (a) An executive summary.

13 (b) A discussion of the mortality assumptions used by the
14 association in making cost projections.

15 (c) An evaluation of the accuracy of the association's
16 actuarial assumptions over the preceding 5 years.

17 (d) A discussion of the progress made by the association in
18 developing a dissolution plan as required under subsection (10) (h)
19 and, when it is developed, the plan of dissolution. The discussion
20 must include any anticipated dissolution date for the association.

21 (e) The annual consumer statement prepared under subsection
22 (26).

23 (f) Anything else the association determines is necessary to
24 advise the legislature about the operations of the association.

25 (28) ~~(24)~~—The association does not have liability for losses
26 occurring before July 1, 1978. The association does not have
27 liability for an ultimate loss under personal protection insurance
28 coverage for a motor vehicle accident policy issued or renewed
29 after ____.



1 (29) ~~(25)~~ As used in this section:

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

9 (a) "Association" means the catastrophic claims association
 10 created in subsection (1).

11 (b) "Board" means the board of directors of the association
 12 created in subsection (9).

13 (c) "Car" includes a motorcycle but does not include a
 14 historic vehicle.

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

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

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

24 Sec. 3107. (1) ~~Except as provided in subsection (2), Subject~~
 25 **to the exceptions and limitations in this chapter**, personal
 26 protection insurance benefits are payable for the following:

27 (a) Allowable expenses consisting of ~~all~~ reasonable charges
 28 incurred for reasonably necessary products, services and
 29 accommodations for an injured person's care, recovery, or



1 rehabilitation. Allowable expenses ~~within personal protection~~
 2 ~~insurance coverage shall do~~ not include either of the following:

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

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

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



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

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

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

18 (b) An insurer ~~shall~~**is** not ~~be~~ required to provide coverage
 19 for the medical use of marihuana or for expenses related to the
 20 medical use of marihuana.

21 **Sec. 3107c. (1) Except as provided in section 3107d, and**
 22 **subject to subsections (5) and (8), for an insurance policy that**
 23 **provides the security required under section 3101(1) and is issued**
 24 **or renewed after the effective date of the amendatory act that**
 25 **added this section, the person named or to be named in the policy**
 26 **shall, in a way required under section 3107e and on a form approved**
 27 **by the director, select 1 of the following coverage levels for**
 28 **personal protection insurance benefits under section 3107(1)(a):**

29 (a) A limit per person per loss occurrence, consisting of both



1 of the following:

2 (i) A \$50,000.00 limit for any personal protection insurance
3 benefits under section 3107(1)(a).

4 (ii) An additional \$200,000.00 for medically necessary
5 treatment rendered at an acute care unit or trauma center of a
6 hospital immediately after the accidental bodily injury and until
7 the patient is stable.

8 (b) A limit of \$250,000.00 per individual per loss occurrence
9 for any personal protection insurance benefits under section
10 3107(1)(a).

11 (2) The form required under subsection (1) must do all of the
12 following:

13 (a) State, in a conspicuous manner, the benefits and risks
14 associated with each coverage option.

15 (b) Provide a way for the person to mark the form to
16 acknowledge that he or she has read the form and understands the
17 options available.

18 (c) Allow the insured person to mark the form to make the
19 selection of coverage level under subsection (1).

20 (d) Require the person to sign the form.

21 (3) If an insurance policy is issued or renewed as described
22 in subsection (1) and the person named in the policy has not made
23 an effective selection under subsection (1) but a premium or
24 portion of a premium has been paid, there is a rebuttable
25 presumption that the amount of the premium accurately reflects the
26 level of coverage applicable to the policy under subsection (1).

27 (4) If an insurance policy is issued or renewed as described
28 in subsection (1), the person named in the policy has not made an
29 effective selection under subsection (1), and a presumption under



1 subsection (3) does not apply, the limit under subsection (1) (a)
2 applies to the policy.

3 (5) The coverage level selected under subsection (1) applies
4 to the person named in the policy, the person's spouse, and a
5 relative of either domiciled in the same household, and any other
6 person with a right to claim personal protection insurance benefits
7 under the policy.

8 (6) If benefits are payable under section 3107(1) (a) under 2
9 or more insurance policies, the benefits are only payable up to an
10 aggregate coverage limit for both or all of the policies that
11 equals the highest available coverage limit under any 1 of the
12 policies.

13 (7) An insurer shall offer, for a policy that provides the
14 security required under section 3101(1), a rider that will provide
15 coverage for attendant care in excess of the limits applicable to
16 the policy under subsection (1).

17 (8) After the effective date of the amendatory act that added
18 this section, an insurer may offer an insurance policy that
19 provides the security required under section 3101(1) that provides
20 coverage for personal protection insurance benefits under section
21 3107(1) (a) without any limit under subsection (1).

22 Sec. 3107d. (1) For an insurance policy that provides the
23 security required under section 3101(1) and is issued or renewed
24 after the effective date of the amendatory act that added this
25 section, the person named or to be named in the policy who is a
26 qualified person may, in a way required under section 3107e and on
27 a form approved by the director, elect to not maintain coverage for
28 personal protection insurance benefits payable under section
29 3107(1) (a). The person named in the policy shall, when requesting



1 issuance or renewal of the policy, provide to the insurer a
 2 document from the person that provides the qualified health
 3 coverage stating that the person named in the policy has qualified
 4 health coverage.

5 (2) The form required under subsection (1) must do all of the
 6 following:

7 (a) Require the person named or to be named in the policy to
 8 mark the form to certify whether he or she is a qualified person.

9 (b) Disclose in a conspicuous manner that a qualified person
 10 is not obligated to but may purchase coverage for personal
 11 protection insurance coverage benefits payable under section
 12 3107(1) (a) .

13 (c) State, in a conspicuous manner, the coverage levels
 14 available under section 3107c.

15 (d) State, in a conspicuous manner, the benefits and risks
 16 associated with not maintaining the coverage.

17 (e) State, in a conspicuous manner, that if during the term of
 18 the policy the person ceases to have qualified health insurance,
 19 the person has 14 days to notify the insurer or the person will be
 20 excluded from all personal protection insurance coverage benefits
 21 under section 3107(1) (a) .

22 (f) Provide a way for the person named or to be named in the
 23 policy to mark the form to acknowledge that he or she has read the
 24 form and understands it and that he or she understands the options
 25 available to him or her.

26 (g) If the person named or to be named in the policy is a
 27 qualified person, provide the person a way to mark the form to
 28 elect not to maintain the coverage.

29 (h) Require the person to sign the form.



1 (3) If an insurance policy is issued or renewed as described
2 in subsection (1) and the person named in the policy has not made
3 an effective election under subsection (1) but a premium or portion
4 of a premium has been paid, there is a rebuttable presumption that
5 the amount of the premium accurately reflects whether the person
6 elected to maintain coverage for personal protection benefits under
7 section 3107(1) (a) .

8 (4) If an insurance policy is issued or renewed as described
9 in subsection (1), the person named in the policy has not made an
10 effective election under subsection (1), and a presumption under
11 subsection (3) does not apply, the policy is considered to provide
12 personal protection benefits under section 3107(1) (a) .

13 (5) An election under this section applies to the person named
14 in the policy, the person's spouse, a relative of either domiciled
15 in the same household, and any other person who would have had a
16 right to claim personal protection insurance benefits under the
17 policy but for the election.

18 (6) If a person named in an insurance policy under which
19 coverage for personal protection insurance benefits payable under
20 section 3107(1) (a) are not maintained under this section ceases,
21 during the term of the policy, to be covered under qualified health
22 coverage, the person shall, within 14 days, notify the insurer that
23 the person is no longer a qualified person. All of the following
24 apply under this subsection:

25 (a) During the 14-day period, if a person to whom the election
26 under this section applies as described in subsection (5) suffers
27 accidental bodily injury arising from a motor vehicle accident, the
28 person is entitled to claim benefits under the assigned claims
29 plan.



1 (b) If the person named in the insurance policy notifies the
2 insurer within the 14-day period, the person shall obtain insurance
3 that provides the security required under section 3101(1) that
4 includes the coverage that was not maintained under this section.

5 (c) If the person named in the insurance policy does not
6 notify the insurer within the 14-day period and a person to whom
7 the election under this section applies as described in subsection
8 (5) suffers accidental bodily injury arising from a motor vehicle
9 accident, unless the injured person is entitled to coverage under
10 some other policy, the injured person is not entitled to be paid
11 personal protection insurance benefits under section 3107(1) (a) for
12 the injury.

13 (7) As used in this section:

14 (a) "Qualified health coverage" means either of the following:

15 (i) Other health or accident coverage that does not exclude or
16 limit coverage for injuries related to motor vehicle accidents.

17 (ii) Coverage under the federal Medicare program established
18 under subchapter XVIII of the social security act, 42 USC 1395 to
19 1395III.

20 (iii) Medicaid coverage under a program for medical assistance
21 established under subchapter XIX of the social security act, 42 USC
22 1396 to 1396w-5.

23 (b) "Qualified person" means a person who has qualified health
24 coverage.

25 Sec. 3107e. (1) A form under section 3107c or 3107d must be
26 delivered to the person insured or to be insured under the policy
27 using 1 of the following methods:

28 (a) Personal delivery.

29 (b) First-class mail, postage prepaid.



1 (c) Electronic means in accordance with section 2266.

2 (2) A person must make a selection under section 3107c or an
3 election under section 3107d in 1 of the following ways:

4 (a) Marking and signing a paper form.

5 (b) Giving verbal instructions, in person or telephonically,
6 that the form be marked and signed in behalf of the person.

7 (c) Electronically marking the form and providing an
8 electronic signature as provided in the uniform electronic
9 transactions act, 2000 PA 305, MCL 450.831 to 450.849.

10 Sec. 3111. Personal protection insurance benefits are payable
11 for accidental bodily injury suffered in an accident occurring out
12 of this state, if the accident occurs within the United States, its
13 territories and possessions, or ~~in~~ Canada, and the person whose
14 injury is the basis of the claim was at the time of the accident a
15 named insured under a personal protection insurance policy, ~~his~~**the**
16 spouse **of a named insured**, a relative of either domiciled in the
17 same household, or an occupant of a vehicle involved in the
18 accident, ~~whose~~**if the occupant was a resident of this state or if**
19 **the** owner or registrant **of the vehicle** was insured under a personal
20 protection insurance policy or ~~has~~ provided security approved by
21 the secretary of state under ~~subsection (4) of section~~
22 ~~3101-3101(4)~~ .

23 Sec. 3112. Personal protection insurance benefits are payable
24 to or for the benefit of an injured person or, in case of his **or**
25 **her** death, to or for the benefit of his **or her** dependents. **A health**
26 **care provider listed in section 3157 may make a claim and assert a**
27 **direct cause of action against an insurer, or under the assigned**
28 **claims plan under sections 3171 to 3175, to recover overdue**
29 **benefits payable for charges for products, services, or**



1 **accommodations provided to an injured person.** Payment by an insurer
 2 in good faith of personal protection insurance benefits, to or for
 3 the benefit of a person who it believes is entitled to the
 4 benefits, discharges the insurer's liability to the extent of the
 5 payments unless the insurer has been notified in writing of the
 6 claim of some other person. If there is doubt about the proper
 7 person to receive the benefits or the proper apportionment among
 8 the persons entitled ~~thereto,~~ **to the benefits,** the insurer, the
 9 claimant, or any other interested person may apply to the circuit
 10 court for an appropriate order. The court may designate the payees
 11 and make an equitable apportionment, taking into account the
 12 relationship of the payees to the injured person and other factors
 13 as the court considers appropriate. In the absence of a court order
 14 directing otherwise the insurer may pay:

15 (a) To the dependents of the injured person, the personal
 16 protection insurance benefits accrued before his **or her** death
 17 without appointment of an administrator or executor.

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

20 Sec. 3113. A person is not entitled to be paid personal
 21 protection insurance benefits for accidental bodily injury if at
 22 the time of the accident any of the following circumstances
 23 existed:

24 (a) The person was willingly operating or willingly using a
 25 motor vehicle or motorcycle that was taken unlawfully, and the
 26 person knew or should have known that the motor vehicle or
 27 motorcycle was taken unlawfully.

28 (b) The person was the owner or registrant of a motor vehicle
 29 or motorcycle involved in the accident with respect to which the



1 security required by section 3101 or 3103 was not in effect.

2 (c) The person was not a resident of this state. ~~7 was an~~
3 ~~occupant of a motor vehicle or motorcycle not registered in this~~
4 ~~state, and the motor vehicle or motorcycle was not insured by an~~
5 ~~insurer that has filed a certification in compliance with section~~
6 ~~3163.~~

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

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

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

29 (2) A person ~~suffering~~ **who suffers** accidental bodily injury



1 while an operator or a passenger of a motor vehicle operated in the
2 business of transporting passengers shall receive the personal
3 protection insurance benefits to which the person is entitled from
4 the insurer of the motor vehicle. This subsection does not apply to
5 a passenger in any of the following, unless the passenger is not
6 entitled to personal protection insurance benefits under any other
7 policy:

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

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

12 (c) A bus operating under a government sponsored
13 transportation program.

14 (d) A bus operated by or providing service to a nonprofit
15 organization.

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

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

20 (g) A transportation network company vehicle.

21 **(h) A motor vehicle insured under a policy for which the**
22 **person named in the policy has elected to not maintain coverage for**
23 **personal protection insurance benefits under section 3107d.**

24 (3) An employee, his or her spouse, or a relative of either
25 domiciled in the same household, who suffers accidental bodily
26 injury while an occupant of a motor vehicle owned or registered by
27 the employer, shall receive personal protection insurance benefits
28 to which the employee is entitled from the insurer of the furnished
29 vehicle. **This subsection does not apply to a motor vehicle insured**



1 under a policy for which the person named in the policy has elected
 2 to not maintain coverage for personal protection insurance benefits
 3 under section 3107d.

4 (4) Except as provided in subsections ~~(1) to~~ **(2) and (3)**, a
 5 person ~~suffering~~ **who suffers** accidental bodily injury arising from
 6 a motor vehicle accident while an occupant of a motor vehicle **who**
 7 **is not covered under a personal protection insurance policy as**
 8 **provided in subsection (1)** shall claim personal protection
 9 insurance benefits ~~from insurers in the following order of~~
 10 ~~priority:~~

11 ~~(a) The insurer of the owner or registrant of the vehicle~~
 12 ~~occupied.~~

13 ~~(b) The insurer of the operator of the vehicle occupied.~~ **under**
 14 **the assigned claims plan under sections 3171 to 3175.**

15 (5) ~~A~~ **Subject to subsections (6) and (7)**, a person ~~suffering~~
 16 **who suffers** accidental bodily injury arising from a motor vehicle
 17 accident that shows evidence of the involvement of a motor vehicle
 18 while an operator or passenger of a motorcycle shall claim personal
 19 protection insurance benefits from insurers in the following order
 20 of priority:

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

23 (b) The insurer of the operator of the motor vehicle involved
 24 in the accident.

25 (c) The motor vehicle insurer of the operator of the
 26 motorcycle involved in the accident.

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

29 **(6) If an applicable insurance policy in an order of priority**



1 under subsection (5) is a policy for which the person named in the
 2 policy has elected to not maintain coverage for personal protection
 3 insurance benefits under section 3107d, the injured person shall
 4 claim benefits only under other policies, subject to subsection
 5 (7), in the same order of priority for which no such election has
 6 been made. If there are no other policies for which no such
 7 election has been made, the injured person shall claim benefits
 8 under the next order of priority or, if there is not a next order
 9 of priority, under the assigned claims plan under sections 3171 to
 10 3175.

11 (7) If personal protection insurance benefits are payable
 12 under subsection (5) under 2 or more insurance policies in the same
 13 order of priority, the benefits are only payable up to an aggregate
 14 coverage limit for both or all of the policies that equals the
 15 highest available coverage limit under any 1 of the policies.

16 (8) ~~(6) If~~ Subject to subsections (6) and (7), if 2 or more
 17 insurers are in the same order of priority to provide personal
 18 protection insurance benefits under subsection (5), an insurer
 19 ~~paying that pays~~ benefits due is entitled to partial recoupment
 20 from the other insurers in the same order of priority, and a
 21 reasonable amount of partial recoupment of the expense of
 22 processing the claim, in order to accomplish equitable distribution
 23 of the loss among all of the insurers.

24 (9) ~~(7)~~ As used in this section:

25 (a) "Personal vehicle", "~~prearranged ride~~", and
 26 "transportation network company digital network", and
 27 "transportation network company prearranged ride" mean those terms
 28 as defined in section 2 of the limousine, taxicab, and
 29 transportation network company act, 2016 PA 345, MCL 257.2102.



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

5 Sec. 3115. ~~(1) Except as provided in subsection (1) of section~~
 6 ~~3114, 3114(1), a person suffering who suffers~~ accidental bodily
 7 injury while not an occupant of a motor vehicle shall claim
 8 personal protection insurance benefits ~~from insurers in the~~
 9 ~~following order of priority:~~

10 ~~(a) Insurers of owners or registrants of motor vehicles~~
 11 ~~involved in the accident.~~

12 ~~(b) Insurers of operators of motor vehicles involved in the~~
 13 ~~accident.~~ **under the assigned claims plan under sections 3171 to**
 14 **3175.**

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

22 ~~(3) A limit upon the amount of personal protection insurance~~
 23 ~~benefits available because of accidental bodily injury to 1 person~~
 24 ~~arising from 1 motor vehicle accident shall be determined without~~
 25 ~~regard to the number of policies applicable to the accident.~~

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



1 disfigurement.

2 (2) For a cause of action for damages ~~pursuant to~~**under**
3 subsection (1) ~~filed on or after July 26, 1996, or (3) (d)~~, all of
4 the following apply:

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

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

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

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

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

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



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

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

10 (c) Damages for allowable expenses, work loss, and survivor's
 11 loss as defined in sections 3107 to 3110 in excess of **any**
 12 **applicable limit under section 3107c or** the daily, monthly, and 3-
 13 year limitations contained in those sections, **or without limit for**
 14 **allowable expenses if an election to not maintain that coverage was**
 15 **made under section 3107d.** The party liable for damages is entitled
 16 to an exemption reducing his or her liability by the amount of
 17 taxes that would have been payable on account of income the injured
 18 person would have received if he or she had not been injured.

19 (d) Damages for economic loss by a nonresident. ~~in excess of~~
 20 ~~the personal protection insurance benefits provided under section~~
 21 ~~3163(4). Damages under this subdivision are not recoverable to the~~
 22 ~~extent that benefits covering the same loss are available from~~
 23 ~~other sources, regardless of the nature or number of benefit~~
 24 ~~sources available and regardless of the nature or form of the~~
 25 ~~benefits.~~ **However, to recover under this subdivision, the**
 26 **nonresident must have suffered death, serious impairment of body**
 27 **function, or permanent serious disfigurement.**

28 (e) Damages up to \$1,000.00 to a motor vehicle, to the extent
 29 that the damages are not covered by insurance. An action for



1 damages under this subdivision ~~shall~~**must** be conducted as provided
2 in subsection (4).

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

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

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

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

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

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

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

25 Sec. 3142. (1) Personal protection insurance benefits are
26 payable as loss accrues.

27 (2) ~~Personal~~**Subject to subsection (3), personal** protection
28 insurance benefits are overdue if not paid within 30 days after an
29 insurer receives reasonable proof of the fact and of the amount of



1 loss sustained. ~~If~~**Subject to subsection (3), if** reasonable proof
 2 is not supplied as to the entire claim, the amount supported by
 3 reasonable proof is overdue if not paid within 30 days after the
 4 proof is received by the insurer. ~~Any~~**Subject to subsection (3),**
 5 **any** part of the remainder of the claim that is later supported by
 6 reasonable proof is overdue if not paid within 30 days after the
 7 proof is received by the insurer. For the purpose of calculating
 8 the extent to which benefits are overdue, payment ~~shall~~**must** be
 9 treated as made on the date a draft or other valid instrument was
 10 placed in the United States mail in a properly addressed, postpaid
 11 envelope, or, if not so posted, on the date of delivery.

12 **(3) For personal protection insurance benefits under section**
 13 **3107(1) (a), payment for a product, service, or accommodations is**
 14 **not overdue if a bill for the product, service, or accommodations**
 15 **is not provided to the insurer within 90 days after the product,**
 16 **service, or accommodations is provided.**

17 **(4) ~~(3)~~**An overdue payment bears simple interest at the rate
 18 of 12% per annum.

19 Sec. 3148. (1) ~~An~~**Subject to subsections (3), (6), and (7), an**
 20 ~~attorney is entitled to~~**may be awarded** a reasonable fee for
 21 advising and representing a claimant in an action for personal or
 22 property protection insurance benefits ~~which~~**that** are overdue. The
 23 attorney's fee ~~shall be~~**is** a charge against the insurer in addition
 24 to the benefits recovered, if the court finds that the insurer
 25 unreasonably refused to pay the claim or unreasonably delayed in
 26 making proper payment. **An attorney advising or representing an**
 27 **injured person concerning a claim for payment of personal**
 28 **protection insurance benefits from an insurer shall not claim,**
 29 **file, or serve a lien for payment of a fee or fees until all of the**



1 following apply:

2 (a) A payment for the claim is authorized under this chapter.

3 (b) A payment for the claim is overdue under this chapter.

4 (c) The attorney notifies the resident agent of the insurer in
5 writing that the payment for the claim is overdue under this
6 chapter.

7 (d) Within 30 days after the insurer receives the notice under
8 subdivision (c), the insurer does not either provide reasonable
9 proof that the insurer is not responsible for the payment or take
10 remedial action.

11 (2) If an attorney claims, files, serves, or enforces a lien
12 in a manner prohibited by subsection (1), an insurer or other
13 person aggrieved by the lien is entitled to court costs and
14 reasonable attorney fees related to opposition of the imposition of
15 the lien.

16 (3) If an action involves a number of claims, the court shall
17 reduce an attorney's fee under subsection (1) in the proportion
18 that the number of claims that were not determined to have been
19 unreasonably refused or delayed bears to the total number of claims
20 presented in the action.

21 (4) ~~(2) An~~ **A court may award an insurer** ~~may be allowed by a~~
22 ~~court an award of a~~ reasonable ~~sum~~ **amount** against a claimant as an
23 ~~attorney's~~ **attorney** fee for the insurer's attorney in defense
24 **defending** against ~~a~~ **any of the following:**

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

27 (b) A claim for benefits for a treatment, product, service,
28 rehabilitative occupational training, or accommodation that was not
29 medically necessary or that was for an excessive amount.



1 (c) A claim for which the client was solicited by the attorney
 2 in violation of the law of this state or the Michigan rules of
 3 professional conduct.

4 (5) To the extent that personal or property protection
 5 insurance benefits are then due or thereafter come due to the
 6 claimant because of loss resulting from the injury on which the
 7 claim is based, ~~such a~~ **an attorney** fee **awarded in favor of the**
 8 **insurer** may be ~~treated~~ **taken** as an offset against ~~such the~~
 9 benefits. ~~; also, judgment~~ **Judgment** may **also** be entered against the
 10 claimant for any amount of ~~a~~ **an attorney** fee awarded ~~against him~~
 11 ~~and that is~~ not offset ~~in this way~~ **against benefits** or otherwise
 12 paid.

13 (6) For a dispute over payment for allowable expenses under
 14 section 3107(1) (a) for attendant care or nursing services, attorney
 15 fees may be awarded in relation to expenses recovered for the 12
 16 months preceding the date the insurer is notified of the dispute.
 17 Attorney fees must not be awarded in relation to expenses paid
 18 after the date the insurer is notified of the dispute, including
 19 any future payments ordered after the judgment is entered.

20 (7) A court shall not award a fee to an attorney for advising
 21 or representing a claimant in an action for personal or property
 22 protection insurance benefits for a treatment, product, service,
 23 rehabilitative occupational training, or accommodation provided to
 24 the claimant if the attorney or a related person of the attorney
 25 has, or had at the time the treatment, product, service,
 26 rehabilitative occupational training, or accommodation was
 27 provided, a direct or indirect financial interest in the person
 28 that provided the treatment, product, service, rehabilitative
 29 occupational training, or accommodation. For purposes of this



1 subsection, a direct or indirect financial interest exists if the
 2 person that provided the treatment, product, service,
 3 rehabilitative occupational training, or accommodation makes a
 4 direct or indirect payment or grants a financial incentive to the
 5 attorney or a related person of the attorney relating to the
 6 treatment, product, service, rehabilitative occupational training,
 7 or accommodation within 24 months before or after the treatment,
 8 product, service, rehabilitative occupational training, or
 9 accommodation is provided.

10 Sec. 3157. (1) ~~A~~ Subject to subsections (2), (3), and (5), a
 11 person, including, but not limited to, a physician, hospital,
 12 clinic, or other ~~person or~~ institution, ~~that~~ lawfully ~~rendering~~
 13 **renders** treatment, **products, services, or accommodations** to an
 14 injured person for an accidental bodily injury covered by personal
 15 protection insurance, ~~and a person or institution providing or that~~
 16 **provides** rehabilitative occupational training **to the injured person**
 17 following the injury, may charge a reasonable amount for the
 18 **treatment, training, products, services, and accommodations.**
 19 ~~rendered.~~ The charge ~~shall~~ **must** not exceed the amount the person ~~or~~
 20 ~~institution~~ customarily charges for like **treatment, training,**
 21 products, services, and accommodations in cases ~~not involving that~~
 22 **do not involve personal protection insurance.**

23 (2) A person that renders a treatment, training, product,
 24 service, or accommodation to an injured person for an accidental
 25 bodily injury is not eligible for payment or reimbursement under
 26 this chapter of more than the amount payable for the treatment,
 27 training, product, service, or accommodation under R 418.10101 to R
 28 418.101503 of the Michigan Administrative Code or schedules of
 29 maximum fees for worker's compensation developed under those rules,



1 in effect on the effective date of the amendatory act that added
2 this subsection. The director shall review any changes to R
3 418.10101 to R 418.101503 of the Michigan Administrative Code or
4 schedules of maximum fees for worker's compensation developed under
5 those rules. If the director determines that the changes are
6 reasonable and appropriate for purposes of assuring affordable
7 automobile insurance in this state, the changes apply for purposes
8 of this subsection and the director shall issue an order to that
9 effect.

10 (3) For attendant care rendered in the injured person's home,
11 an insurer is only required to pay benefits for attendant care up
12 to the hourly limitation in section 315 of the worker's disability
13 compensation act of 1969, 1969 PA 317, MCL 418.315. This subsection
14 applies if the attendant care is provided directly, or indirectly
15 through another person, by any of the following:

16 (a) An individual who is related to the injured person.

17 (b) An individual who is domiciled in the household of the
18 injured person.

19 (c) An individual with whom the injured person had a business
20 or social relationship before the injury.

21 (4) An insurer may contract to pay benefits for attendant care
22 for more than the hourly limitation under subsection (3).

23 (5) If R 418.10101 to R 418.101503 of the Michigan
24 Administrative Code or schedules of maximum fees for worker's
25 compensation developed under those rules, in effect on the
26 effective date of the amendatory act that added this subsection,
27 including any changes applicable under subsection (2), do not
28 provide an amount payable for treatment, training, product,
29 service, or accommodation rendered to an injured person for



1 accidental bodily injury covered by personal protection insurance
2 or rehabilitative occupational training to the injured person
3 following the injury, the person that renders the treatment,
4 product, service, or accommodation is not eligible for payment or
5 reimbursement under this chapter of more than the average amount
6 accepted by the person as payment or reimbursement in full for the
7 treatment, training, product, service, or accommodation during the
8 preceding calendar year in cases that do not involve personal
9 protection insurance.

10 (6) Subsections (2) to (5) apply to a treatment, training,
11 product, service, or accommodation rendered after the effective
12 date of the amendatory act that added this subsection, regardless
13 of when the accidental bodily injury occurred. Subsections (2) to
14 (5) apply regardless of whether indemnification for the charge is
15 being made by the catastrophic claims association under section
16 3104.

17 Sec. 3157a. (1) By rendering any treatment, products,
18 services, or accommodations to 1 or more injured persons for an
19 accidental bodily injury covered by personal protection insurance
20 under this chapter after the effective date of the amendatory act
21 that added this section, a physician, hospital, clinic, or other
22 person is considered to have agreed to do both of the following:

23 (a) Submit necessary records and other information concerning
24 treatment, products, services, or accommodations provided for
25 utilization review under this section.

26 (b) Comply with any decision of the department under this
27 section.

28 (2) A physician, hospital, clinic, or other person or
29 institution that knowingly submits false or misleading records or



1 other information to an insurer, the association created under
2 section 3104, or the department under this section is guilty of a
3 misdemeanor punishable by imprisonment for not more than 1 year or
4 a fine of not more than \$1,000.00, or both.

5 (3) The department shall promulgate rules under the
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
7 24.328, to do both of the following:

8 (a) Establish criteria or standards for utilization review
9 that identify utilization of treatment, products, services, or
10 accommodations under this chapter above the usual range of
11 utilization for the treatment, products, services, or
12 accommodations based on medically accepted standards.

13 (b) Provide procedures related to utilization review,
14 including procedures for all of the following:

15 (i) Acquiring necessary records, medical bills, and other
16 information concerning the treatment, products, services, or
17 accommodations provided.

18 (ii) Allowing an insurer to request an explanation for and
19 requiring a physician, hospital, clinic, or other person to explain
20 the necessity or indication for treatment, products, services, or
21 accommodations provided.

22 (iii) Appealing determinations.

23 (4) If a physician, hospital, clinic, or other person provides
24 treatment, products, services, or accommodations under this chapter
25 that are not usually associated with, are longer in duration than,
26 are more frequent than, or extend over a greater number of days
27 than the treatment, products, services, or accommodations usually
28 require for the diagnosis or condition for which the patient is
29 being treated, the insurer or the association created under section



1 3104 may require the physician, hospital, clinic, or other person
2 to explain the necessity or indication for the treatment, products,
3 services, or accommodations in writing under the procedures
4 provided under subsection (3).

5 (5) If an insurer or the association created under section
6 3104 determines that a physician, hospital, clinic, or other person
7 improperly overutilized or otherwise rendered or ordered
8 inappropriate treatment, products, services, or accommodations, or
9 that the cost of the treatment, products, services, or
10 accommodations was inappropriate under this chapter, the physician,
11 hospital, clinic, or other person may appeal the determination to
12 the department under the procedures provided under subsection (3).

13 (6) If the department determines that an insurer complies with
14 the criteria or standards for utilization review established under
15 subsection (3), the department shall certify the insurer.

16 (7) As used in this section, "utilization review" means the
17 initial evaluation by an insurer or the association created under
18 section 3104 of the appropriateness in terms of both the level and
19 the quality of treatment, products, services, or accommodations
20 provided under this chapter based on medically accepted standards.

21 Sec. 3157b. Any proprietary information or sensitive
22 personally identifiable information regarding a patient that is
23 submitted to the department under section 3157a is exempt from
24 disclosure under section 13(e) of the freedom of information act,
25 1976 PA 442, MCL 15.243, and the department shall exempt any such
26 information from disclosure under any other applicable exemptions
27 under section 13 of the freedom of information act, 1976 PA 442,
28 MCL 15.243.

29 Sec. 3163. ~~(1)~~—An insurer authorized to transact automobile



1 liability insurance and personal and property protection insurance
 2 in this state ~~shall file and maintain a written certification that~~
 3 ~~any~~ **is not required to provide personal protection insurance or**
 4 **property protection insurance benefits under this chapter for**
 5 accidental bodily injury or property damage occurring in this state
 6 arising from the ownership, operation, maintenance, or use of a
 7 motor vehicle as a motor vehicle by an out-of-state resident who is
 8 insured under ~~its~~ **the insurer's** automobile liability insurance
 9 policies. ~~, is subject to the personal and property protection~~
 10 ~~insurance system under this act.~~

11 ~~(2) A nonadmitted insurer may voluntarily file the~~
 12 ~~certification described in subsection (1).~~

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

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



1 ~~the same loss are available from other sources, regardless of the~~
 2 ~~nature or number of benefit sources available and regardless of the~~
 3 ~~nature or form of the benefits.~~

4 Sec. 3172. (1) A person entitled to claim because of
 5 accidental bodily injury arising out of the ownership, operation,
 6 maintenance, or use of a motor vehicle as a motor vehicle in this
 7 state may ~~obtain-claim~~ personal protection insurance benefits
 8 through the assigned claims plan if ~~no~~ **any of the following apply:**

9 (a) **No** personal protection insurance is applicable to the
 10 injury. ~~no~~

11 (b) **No** personal protection insurance applicable to the injury
 12 can be identified. ~~the~~

13 (c) **No** personal protection insurance applicable to the injury
 14 ~~cannot-can~~ be ascertained because of a dispute between 2 or more
 15 automobile insurers concerning their obligation to provide coverage
 16 or the equitable distribution of the loss. ~~or the~~

17 (d) **The** only identifiable personal protection insurance
 18 applicable to the injury is, because of financial inability of 1 or
 19 more insurers to fulfill their obligations, inadequate to provide
 20 benefits up to the maximum prescribed. ~~In that case, unpaid~~

21 (2) **Unpaid** benefits due or coming due **as described in**
 22 **subsection (1)** may be collected under the assigned claims plan, and
 23 the insurer to which the claim is assigned is entitled to
 24 reimbursement from the defaulting insurers to the extent of their
 25 financial responsibility.

26 (3) **A person entitled to claim personal protection insurance**
 27 **benefits through the assigned claims plan under subsection (1)**
 28 **shall file a completed application on a claim form provided by the**
 29 **Michigan automobile insurance placement facility and provide**



1 reasonable proof of loss to the Michigan automobile insurance
 2 placement facility. The Michigan automobile insurance placement
 3 facility or an insurer assigned to administer a claim on behalf of
 4 the Michigan automobile insurance placement facility under the
 5 assigned claims plan shall specify in writing the materials that
 6 constitute a reasonable proof of loss within 60 days after receipt
 7 by the Michigan automobile insurance placement facility of an
 8 application that complies with this subsection.

9 (4) The Michigan automobile insurance placement facility or an
 10 insurer assigned to administer a claim on behalf of the Michigan
 11 automobile insurance placement facility under the assigned claims
 12 plan is not required to pay an interest penalty in connection with
 13 a claim for any period of time during which the claim is reasonably
 14 in dispute.

15 (5) ~~(2)~~ Except as otherwise provided in this subsection,
 16 personal protection insurance benefits, including benefits arising
 17 from accidents occurring before March 29, 1985, payable through the
 18 assigned claims plan ~~shall~~ **must** be reduced to the extent that
 19 benefits covering the same loss are available from other sources,
 20 regardless of the nature or number of benefit sources available and
 21 regardless of the nature or form of the benefits, to a person
 22 claiming personal protection insurance benefits through the
 23 assigned claims plan. This subsection only applies if the personal
 24 protection insurance benefits are payable through the assigned
 25 claims plan ~~because no personal protection insurance is applicable~~
 26 ~~to the injury, no personal protection insurance applicable to the~~
 27 ~~injury can be identified, or the only identifiable personal~~
 28 ~~protection insurance applicable to the injury is, because of~~
 29 ~~financial inability of 1 or more insurers to fulfill their~~



1 obligations, ~~inadequate to provide benefits up to the maximum~~
 2 ~~prescribed.~~ **under subsection (1) (a), (b), or (d).** As used in this
 3 subsection, "sources" and "benefit sources" do not include the
 4 program for medical assistance for the medically indigent under the
 5 social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or
 6 ~~insurance under the health insurance for the aged act, title and~~
 7 **disabled under subchapter XVIII** of the social security act, 42 USC
 8 1395 to ~~1395kkk-1.~~ **1395lll.**

9 (6) ~~(3)~~ If the obligation to provide personal protection
 10 insurance benefits cannot be ascertained because of a dispute
 11 between 2 or more automobile insurers concerning their obligation
 12 to provide coverage or the equitable distribution of the loss, and
 13 if a method of voluntary payment of benefits cannot be agreed upon
 14 among or between the disputing insurers, all of the following
 15 apply:

16 (a) The insurers who are parties to the dispute shall, or the
 17 claimant may, immediately notify the Michigan automobile insurance
 18 placement facility of their inability to determine their statutory
 19 obligations.

20 (b) ~~The claim shall be assigned by the Michigan automobile~~
 21 insurance placement facility **shall assign the claim** to an insurer
 22 and the insurer shall immediately provide personal protection
 23 insurance benefits to the claimant or claimants entitled to
 24 benefits.

25 (c) ~~An action~~ **The insurer assigned the claim by the Michigan**
 26 **automobile insurance placement facility** shall ~~be~~ immediately
 27 ~~commenced~~ **commence an action** on behalf of the Michigan automobile
 28 insurance placement facility ~~by the insurer to whom the claim is~~
 29 ~~assigned~~ in circuit court to declare the rights and duties of any



1 interested party.

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

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

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

25 **(7) The Michigan automobile insurance placement facility and**
26 **the insurer to whom a claim is assigned by the Michigan automobile**
27 **insurance placement facility are only required to provide personal**
28 **protection insurance benefits under section 3107(1)(a) up to the**
29 **limit provided in section 3107c(1)(a).**



1 Sec. 3173a. (1) The Michigan automobile insurance placement
 2 facility shall **review a claim for personal protection insurance**
 3 **benefits under the assigned claims plan, shall** make an initial
 4 determination of ~~a claimant's~~**the** eligibility for benefits under
 5 **this chapter and** the assigned claims plan, and shall deny ~~an~~
 6 ~~obviously ineligible a claim~~ ~~The~~ ~~that~~ **the Michigan automobile**
 7 **insurance placement facility determines is ineligible under this**
 8 **chapter or the assigned claims plan. If a claimant or person making**
 9 **a claim through or on behalf of a claimant fails to cooperate with**
 10 **the Michigan automobile insurance placement facility as required by**
 11 **subsection (2), the Michigan automobile insurance placement**
 12 **facility shall suspend benefits to the claimant under the assigned**
 13 **claims plan. A suspension under this subsection is not an**
 14 **irrevocable denial of benefits, and must continue only until the**
 15 **Michigan automobile insurance placement facility determines that**
 16 **the claimant or person making a claim through or on behalf of a**
 17 **claimant cooperates or resumes cooperation with the Michigan**
 18 **automobile insurance placement facility. The Michigan automobile**
 19 **insurance placement facility shall promptly notify in writing the**
 20 ~~claimant shall be notified promptly in writing and any person that~~
 21 **submitted a claim through or on behalf of a claimant of the a**
 22 **denial and the reasons for the denial.**

23 (2) A claimant or a person making a claim through or on behalf
 24 of a claimant shall cooperate with the Michigan automobile
 25 insurance placement facility in its determination of eligibility
 26 and the settlement or defense of any claim or suit, including, but
 27 not limited to, submitting to an examination under oath and
 28 compliance with sections 3151 to 3153. There is a rebuttable
 29 presumption that a person has satisfied the duty to cooperate under



1 this section if all of the following apply:

2 (a) The person submitted a claim for personal protection
3 insurance benefits under the assigned claims plan by submitting to
4 the Michigan automobile insurance placement facility a complete
5 application on a form provided by the Michigan automobile insurance
6 placement facility in accordance with the assigned claims plan.

7 (b) The person provided reasonable proof of loss under the
8 assigned claims plan as described in section 3172.

9 (c) If required under this subsection to submit to an
10 examination under oath, the person submitted to the examination,
11 subject to all of the following:

12 (i) The person was provided at least 21 days' notice of the
13 examination.

14 (ii) The examination was conducted in a location reasonably
15 convenient for the person.

16 (iii) Any reasonable request by the person to reschedule the
17 date, time, or location of the examination was accommodated.

18 (3) The Michigan automobile insurance placement facility may
19 perform its functions and responsibilities under this section and
20 the assigned claims plan directly or through an insurer assigned by
21 the Michigan automobile insurance placement facility to administer
22 the claim on behalf of the Michigan automobile insurance placement
23 facility. The assignment of a claim by the Michigan automobile
24 insurance placement facility to an insurer is not a determination
25 of eligibility under this chapter or the assigned claims plan, and
26 a claim assigned to an insurer by the Michigan automobile insurance
27 placement facility may later be denied if the claim is not eligible
28 under this chapter or the assigned claims plan.

29 (4) ~~(2)~~—A person who presents or causes to be presented an



1 oral or written statement, including computer-generated
 2 information, as part of or in support of a claim to the Michigan
 3 automobile insurance placement facility, **or to an insurer to which**
 4 **the claim is assigned under the assigned claims plan**, for payment
 5 or another benefit knowing that the statement contains false
 6 information concerning a fact or thing material to the claim
 7 commits a fraudulent insurance act under section 4503 that is
 8 subject to the penalties imposed under section 4511. A claim that
 9 contains or is supported by a fraudulent insurance act as described
 10 in this subsection is ineligible for payment ~~or of personal~~
 11 **protection insurance** benefits under the assigned claims plan.

12 **(5) The Michigan automobile insurance placement facility may**
 13 **contract with other persons for all or a portion of the goods and**
 14 **services necessary for operating and maintaining the assigned**
 15 **claims plan.**

16 Sec. 3174. A person claiming through the assigned claims plan
 17 shall notify the Michigan automobile insurance placement facility
 18 of his or her claim within ~~the time that would have been allowed~~
 19 ~~for filing an action for personal protection insurance benefits if~~
 20 ~~identifiable coverage applicable to the claim had been in effect.~~
 21 **The 1 year after the date of the accident. On an initial**
 22 **determination of a claimant's eligibility for benefits through the**
 23 **assigned claims plan, the Michigan automobile insurance placement**
 24 facility shall promptly assign the claim in accordance with the
 25 plan and notify the claimant of the identity and address of the
 26 insurer to which the claim is assigned. An action by ~~the a~~ claimant
 27 shall not be commenced more than 30 days after receipt of notice of
 28 the assignment or the last date on which the action could have been
 29 commenced against an insurer of identifiable coverage applicable to



1 ~~the claim, whichever is later.~~ **must be commenced as provided in**
 2 **section 3145.**

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

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

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



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

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

22 (3) An action to enforce rights to indemnity or reimbursement
 23 against a third party ~~shall~~ **must** not be commenced after the later
 24 of ~~2~~ **the following:**

25 (a) **Two** years after the assignment of the claim to the
 26 insurer. ~~or 1~~

27 (b) **One** year after the date of the last payment to the
 28 claimant.

29 (c) **One year after the date the responsible third party is**



1 **identified.**

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

5 (5) The Michigan automobile insurance placement facility may
6 enter into a written agreement with the debtor permitting the
7 payment of the judgment or acknowledgment of debt in installments
8 payable to the Michigan automobile insurance placement facility. A
9 default in payment of installments under a judgment as agreed
10 subjects the debtor to suspension or revocation of his or her motor
11 vehicle license or registration in the same manner as for the
12 failure by an uninsured motorist to pay a judgment by installments
13 under section 3177, **including responsibility for expenses as**
14 **provided in section 3177(4).**

15 Sec. 3177. (1) ~~An~~**The** insurer obligated to pay personal
16 protection insurance benefits for accidental bodily injury to a
17 person arising out of the ownership, maintenance, or use of an
18 uninsured motor vehicle as a motor vehicle may recover ~~such~~**all**
19 benefits paid, ~~and appropriate~~**incurred** loss adjustment costs **and**
20 **expenses, and** incurred **attorney fees** from the owner or registrant
21 of the uninsured motor vehicle or from his or her estate. Failure
22 of ~~such a person~~**the owner or registrant** to make payment within 30
23 days after **a judgment is entered in an action for recovery under**
24 **this subsection** is a ground for suspension or revocation of his or
25 her motor vehicle registration and license as defined in section 25
26 of the Michigan vehicle code, ~~Act No. 300 of the Public Acts of~~
27 ~~1949, being section 257.25 of the Michigan Compiled Laws. An~~ **1949**
28 **PA 300, MCL 257.25. For purposes of this section, an** uninsured
29 motor vehicle ~~for the purpose of this section~~ is a motor vehicle



1 with respect to which security as required by sections 3101 and
2 3102 is not in effect at the time of the accident.

3 (2) **The Michigan automobile insurance placement facility may**
4 **make a written agreement with the owner or registrant of an**
5 **uninsured vehicle or his or her estate permitting the payment of a**
6 **judgment described in subsection (1) in installments payable to the**
7 **Michigan automobile insurance placement facility.** The motor vehicle
8 registration and license ~~shall of an owner or registrant who makes~~
9 **a written agreement under this subsection must** not be suspended or
10 revoked and, ~~the motor vehicle registration and license shall if~~
11 **already suspended or revoked under subsection (1), must** be restored
12 ~~if the debtor enters into a written agreement with the secretary of~~
13 ~~state permitting the payment of the judgment in installments, if~~
14 the payment of any installments is not in default.

15 (3) The secretary of state, ~~upon~~ **on** receipt of a certified
16 abstract of court record of a judgment **described in subsection (1)**
17 or notice from ~~the~~ **an insurer or the Michigan automobile insurance**
18 **placement facility or its designee** of an acknowledgment of a debt
19 **described in subsection (1),** shall notify the owner or registrant
20 ~~of an uninsured vehicle~~ of the provisions of subsection (1) at ~~that~~
21 ~~person's~~ **the owner or registrant's** last ~~recorded~~ **recorded**
22 with the secretary of state and inform ~~that person~~ **the owner or**
23 **registrant** of the right to enter into a written agreement **under**
24 **this section** with the ~~secretary of state~~ **Michigan automobile**
25 **insurance placement facility or its designee** for the payment of the
26 judgment or debt in installments.

27 (4) **Expenses for the suspension, revocation, or reinstatement**
28 **of a motor vehicle registration or license under this section are**
29 **the responsibility of the owner or registrant or of his or her**



1 estate. An owner or registrant whose registration or license is
2 suspended under this section shall pay any reinstatement fee as
3 required under section 320e of the Michigan vehicle code, 1949 PA
4 300, MCL 257.320e.

5 CHAPTER 63

6 AUTOMOBILE INSURANCE FRAUD TASK FORCE

7 Sec. 6301. As used in this chapter:

8 (a) "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, regardless of whether the act constitutes a crime or
12 another violation of law.

13 (b) "Fund" means the automobile insurance fraud fund created
14 in section 6304.

15 (c) "Task force" means the automobile insurance fraud task
16 force created under section 6302.

17 Sec. 6302. (1) The automobile insurance fraud task force is
18 created in the department of state police. Members of the task
19 force shall perform their duties on the task force under the
20 direction of the director of the department of state police.

21 (2) The task force consists of the following members,
22 appointed as follows:

23 (a) Five officers of the department of state police as
24 described under section 6 of 1935 PA 59, MCL 28.6, appointed by the
25 director of the department of state police.

26 (b) One employee of the department, appointed by the director.

27 (c) One representative of the catastrophic claims association
28 created under section 3104, appointed by the catastrophic claims
29 association board.



1 (d) One employee of the Michigan automobile insurance
2 placement facility who is involved in the operation of the assigned
3 claims plan created under section 3171, appointed by the Michigan
4 automobile insurance placement facility.

5 (e) One employee of the department of attorney general,
6 appointed by the attorney general.

7 (3) A member of the task force shall serve at the pleasure of
8 the person that appointed the member. If a vacancy occurs on the
9 task force, the person with the power to appoint a member to the
10 vacant position shall make an appointment in the same manner as the
11 original appointment.

12 (4) The task force shall do all of the following:

13 (a) Receive records from the anti-fraud unit created under
14 Executive Order No. 2018-9.

15 (b) Collect and maintain claims of automobile insurance fraud.

16 (c) Investigate claims of automobile insurance fraud.

17 (d) Maintain records of its investigations.

18 (e) Pursue the prosecution, whether criminal or civil, of
19 persons that commit automobile insurance fraud.

20 (5) The task force may do 1 or more of the following:

21 (a) Share records of its investigations with other law
22 enforcement agencies and departments and agencies of this state.

23 (b) Review records of other law enforcement agencies and
24 departments and agencies of this state to assist in the
25 investigation of automobile insurance fraud and enforcement of laws
26 relating to automobile insurance fraud.

27 (c) Conduct outreach and coordination efforts with local and
28 state law enforcement agencies and departments and agencies of this
29 state to promote investigation and prosecution of automobile



1 insurance fraud.

2 (d) Anything else that it determines is necessary to
3 investigate and prosecute automobile insurance fraud in this state.

4 Sec. 6303. (1) Within 60 days after the effective date of this
5 chapter, the anti-fraud unit created as provided in Executive Order
6 No. 2018-9 shall transfer all records regarding claims of
7 automobile insurance fraud and investigation of claims of
8 automobile insurance fraud in its possession to the task force.

9 (2) After the anti-fraud unit has transferred the records as
10 required by subsection (1), the anti-fraud unit is dissolved.

11 Sec. 6304. (1) The automobile insurance fraud fund is created
12 within the state treasury.

13 (2) The state treasurer may receive money or other assets from
14 any source for deposit into the fund. The state treasurer shall
15 direct the investment of the fund. The state treasurer shall credit
16 to the fund interest and earnings from fund investments.

17 (3) Money in the fund at the close of the fiscal year must
18 remain in the fund and not lapse to the general fund.

19 (4) The department of state police is the administrator of the
20 fund for auditing purposes.

21 (5) The department of state police shall disburse money from
22 the fund, upon appropriation, as follows:

23 (a) Until 5 years after the effective date of this section,
24 money in the fund must be disbursed to the department of state
25 police, the department, the catastrophic claims association, the
26 Michigan automobile insurance placement facility, and the
27 department of the attorney general, in proportion to the number of
28 officers, employees, or representatives each of these has on the
29 task force. Money disbursed under this subdivision must be used for



1 the operation of the task force.

2 (b) Beginning 5 years after the effective date of this
3 section, the department of state police shall expend money from the
4 fund, upon appropriation for the operation of the task force.

5 Sec. 6305. (1) An insurer authorized to transact automobile
6 insurance in this state shall report data regarding automobile
7 insurance fraud by medical providers, attorneys, or other persons
8 to the task force.

9 (2) The department shall cooperate with the task force and
10 shall provide all available statistics on automobile fraud and
11 unfair claims practices to the task force on request.

12 Sec. 6307. (1) Beginning July 1 of the year after the
13 effective date of the amendatory act that added this section, the
14 task force shall prepare and publish an annual report to the
15 legislature on the task force's efforts to prevent automobile
16 insurance fraud by medical providers, attorneys, or other persons,
17 unfair claims practices of insurance companies, and cost savings
18 that have resulted from those efforts.

19 (2) The annual report to the legislature required by this
20 section must detail the automobile insurance fraud by medical
21 providers, attorneys, or other persons and unfair claims practices
22 of insurance companies occurring in this state for the previous
23 year, assess the impact of the fraud and unfair claims practices on
24 rates charged for automobile insurance, and outline any
25 expenditures made by the task force. The director shall cooperate
26 in developing the report as requested by the task force and shall
27 make available to the task force records and statistics concerning
28 automobile insurance fraud by medical providers, attorneys, or
29 other persons and unfair claims practices, including the number of



1 instances of suspected and confirmed automobile insurance fraud,
2 number of prosecutions and convictions involving automobile
3 insurance fraud, automobile insurance fraud recidivism, unfair
4 settlement practices and claims practices, including those reported
5 to the department under section 261, reimbursement rate practices,
6 timeliness of claims practices, and the use of independent medical
7 examiners. The task force shall evaluate the impact automobile
8 insurance fraud by medical providers, attorneys, or other persons
9 has on the citizens of this state and the costs incurred by the
10 citizens through insurance, police enforcement, prosecution, and
11 incarceration because of automobile insurance fraud. The task force
12 shall evaluate the impact unfair claims practices by insurers have
13 on the citizens of this state and shall determine the costs
14 incurred by the citizens through unnecessary litigation and bad-
15 faith practices.

16 (3) The task force shall submit the annual report to the
17 legislature required by this section to the standing committees of
18 the senate and house of representatives with primary jurisdiction
19 over insurance issues and the director.

20 Enacting section 1. Section 3112 of the insurance code of
21 1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act,
22 applies to products, services, or accommodations provided after the
23 effective date of this amendatory act.

