

**SUBSTITUTE FOR  
SENATE BILL NO. 288**

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 3101, 3104, 3107, 3114, 3115, 3157, and 3172  
(MCL 500.3101, 500.3104, 500.3107, 500.3114, 500.3115, 500.3157,  
and 500.3172), section 3101 as amended by 2014 PA 492, section 3104  
as amended by 2002 PA 662, section 3107 as amended by 2012 PA 542,  
section 3114 as amended by 2002 PA 38, and section 3172 as amended  
by 2012 PA 204, and by adding section 3101e.

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

1           Sec. 3101. (1) The owner or registrant of a motor vehicle  
2 required to be registered in this state shall maintain security for  
3 payment of benefits under personal protection insurance **AS REQUIRED**  
4 **UNDER SECTION 3107**, property protection insurance, and residual  
5 liability insurance **AS REQUIRED UNDER SECTION 3009**. Security is

1 only required to be in effect during the period the motor vehicle  
2 is driven or moved on a highway. Notwithstanding any other  
3 provision in this act, an insurer that has issued an automobile  
4 insurance policy on a motor vehicle that is not driven or moved on  
5 a highway may allow the insured owner or registrant of the motor  
6 vehicle to delete a portion of the coverages under the policy and  
7 maintain the comprehensive coverage portion of the policy in  
8 effect.

9 (2) As used in this chapter:

10 (a) "Automobile insurance" means that term as defined in  
11 section 2102.

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

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

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

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

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

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

24 (vi) The vehicle is operated by the owner of the vehicle or an  
25 employee of the owner of the vehicle.

26 (C) **"ELIGIBLE CITY" MEANS A CITY THAT MEETS EITHER OF THE**  
27 **FOLLOWING CRITERIA:**

1 (i) BOTH OF THE FOLLOWING APPLY:

2 (A) THE CITY HAS A POPULATION OF 500,000 OR MORE.

3 (B) THE CITY HAS A CHARTER PROVISION AUTHORIZING THE CITY TO  
4 PROVIDE INSURANCE TO ITS RESIDENTS UNDER THIS CHAPTER.

5 (ii) THE CITY PRESENTS CREDIBLE EVIDENCE TO THE DEPARTMENT  
6 DEMONSTRATING THAT 35% OR MORE OF THE CITY'S RESIDENTS WHO  
7 REGULARLY DRIVE A MOTOR VEHICLE DO SO WITHOUT THE SECURITY REQUIRED  
8 UNDER SUBSECTION (1).

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

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

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

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

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

27 (I) ~~(h)~~—"Motor vehicle" means a vehicle, including a trailer,

1 that is operated or designed for operation on a public highway by  
2 power other than muscular power and has more than 2 wheels. Motor  
3 vehicle does not include any of the following:

4 (i) A motorcycle.

5 (ii) A moped.

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

10 (iv) An ORV.

11 (v) A golf cart.

12 (vi) A power-driven mobility device.

13 (vii) A commercial quadricycle.

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

19 (K) ~~(j)~~—"ORV" means a motor-driven recreation vehicle designed  
20 for off-road use and capable of cross-country travel without  
21 benefit of road or trail, on or immediately over land, snow, ice,  
22 marsh, swampland, or other natural terrain. ORV includes, but is  
23 not limited to, a multitrack or multiwheel drive vehicle, a  
24 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an  
25 amphibious machine, a ground effect air cushion vehicle, an ATV as  
26 defined in section 81101 of the natural resources and environmental  
27 protection act, 1994 PA 451, MCL 324.81101, or other means of

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

6 (I) ~~(k)~~"Owner" means any of the following:

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

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

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

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

24 (M) ~~(l)~~"Power-driven mobility device" means a wheelchair or  
25 other mobility device powered by a battery, fuel, or other engine  
26 and designed to be used by an individual with a mobility disability  
27 for the purpose of locomotion.

1           (N) "QUALIFYING INSURER" MEANS AN INSURER AUTHORIZED TO  
2 PROVIDE THE INSURANCE COVERAGES REQUIRED UNDER THIS CHAPTER THAT  
3 CONTRACTS WITH AN ELIGIBLE CITY TO PROVIDE AUTOMOBILE INSURANCE TO  
4 INDIVIDUALS WHO ARE RESIDENTS OF THE CITY.

5           (O) "QUALIFYING NO-FAULT POLICY" MEANS A POLICY OF INSURANCE  
6 THAT PROVIDES THE SECURITY REQUIRED UNDER SUBSECTION (1) ISSUED  
7 UNDER SECTION 3101E.

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

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

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

1           SEC. 3101E. (1) AN ELIGIBLE CITY MAY CONTRACT WITH 1 OR MORE  
2 INSURERS AUTHORIZED TO PROVIDE THE COVERAGES REQUIRED UNDER SECTION  
3 3101(1) TO PROVIDE QUALIFYING NO-FAULT POLICIES TO INDIVIDUALS WHO  
4 ARE RESIDENTS OF THE CITY.

5           (2) AN INDIVIDUAL INSURED UNDER A QUALIFYING NO-FAULT POLICY,  
6 THE INDIVIDUAL'S SPOUSE, AND A RELATIVE OF EITHER DOMICILED IN THE  
7 SAME HOUSEHOLD ARE LIMITED TO RIGHTS UNDER THE QUALIFYING NO-FAULT  
8 POLICY AND ARE NOT ENTITLED TO BENEFITS FROM THE ASSIGNED CLAIMS  
9 PLAN ADOPTED UNDER SECTION 3171.

10           (3) A QUALIFYING NO-FAULT POLICY MUST CONTAIN LANGUAGE THAT  
11 PROMINENTLY DISCLOSES THAT IT IS A "QUALIFYING NO-FAULT POLICY WITH  
12 LIMITED BENEFITS ISSUED UNDER 20\_\_ PA \_\_\_\_.", INDICATING THE YEAR  
13 OF PASSAGE AND NUMBER ASSIGNED TO THE PUBLIC ACT THAT ADDED THIS  
14 SECTION.

15           (4) A QUALIFYING INSURER SHALL NOT ISSUE A QUALIFYING NO-FAULT  
16 POLICY UNLESS THE INDIVIDUAL INSURED UNDER THE POLICY HAS SIGNED A  
17 WRITTEN WAIVER STATING THAT THE INDIVIDUAL UNDERSTANDS THAT THE  
18 QUALIFYING NO-FAULT POLICY OFFERS ONLY LIMITED BENEFITS AND NOT  
19 FULL, UNLIMITED NO-FAULT BENEFITS.

20           Sec. 3104. (1) ~~An~~ THE CATASTROPHIC CLAIMS ASSOCIATION IS  
21 CREATED AS AN unincorporated, nonprofit association. ~~to be known as~~  
22 ~~the catastrophic claims association, hereinafter referred to as the~~  
23 ~~association, is created.~~ Each insurer engaged in writing insurance  
24 coverages that provide the security required by section 3101(1)  
25 within this state, as a condition of its authority to transact  
26 insurance in this state, shall be a member of the association and  
27 ~~shall be~~ IS bound by the plan of operation of the association. Each

1 insurer engaged in writing insurance coverages that provide the  
2 security required by section 3103(1) within this state, as a  
3 condition of its authority to transact insurance in this state,  
4 ~~shall be~~ **IS** considered **TO BE** a member of the association, but only  
5 for purposes of premiums under subsection (7)(d). Except as  
6 expressly provided in this section, the association is not subject  
7 to any laws of this state with respect to insurers, but in all  
8 other respects the association is subject to the laws of this state  
9 to the extent that the association would be if it were an insurer  
10 organized and subsisting under chapter 50.

11 (2) The association shall provide and each member shall accept  
12 indemnification for 100% of the amount of ultimate loss sustained  
13 under personal protection insurance coverages **UNDER THIS CHAPTER** in  
14 excess of the following amounts in each loss occurrence:

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

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

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

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

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

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

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



1 during the period July 1, 2007 to June 30, 2008, \$420,000.00.

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

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

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

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

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

17 (3) An insurer may withdraw from the association only upon  
18 ceasing to write insurance that provides the security required by  
19 section 3101(1) in this state.

20 (4) An insurer whose membership in the association has been  
21 terminated by withdrawal shall continue to be bound by the plan of  
22 operation, and upon withdrawal, all unpaid premiums that have been  
23 charged to the withdrawing member are payable as of the effective  
24 date of the withdrawal.

25 (5) An unsatisfied net liability to the association of an  
26 insolvent member shall be assumed by and apportioned among the  
27 remaining members of the association as provided in the plan of

1 operation. The association has all rights allowed by law on behalf  
2 of the remaining members against the estate or funds of the  
3 insolvent member for ~~sums~~**MONEY** due the association.

4 (6) If a member has been merged or consolidated into another  
5 insurer or another insurer has reinsured a member's entire business  
6 that provides the security required by section 3101(1) in this  
7 state, the member and successors in interest of the member remain  
8 liable for the member's obligations.

9 (7) The association shall do all of the following on behalf of  
10 the members of the association:

11 (a) Assume 100% of all liability as provided in subsection  
12 (2).

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

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

27 (d) In a manner provided for in the plan of operation,

1 calculate and charge to members of the association a total premium  
2 sufficient to cover the expected losses and expenses of the  
3 association that the association will likely incur during the  
4 period for which the premium is applicable. The premium shall  
5 include an amount to cover incurred but not reported losses for the  
6 period and may be adjusted for any excess or deficient premiums  
7 from previous periods. Excesses or deficiencies from previous  
8 periods may be fully adjusted in a single period or may be adjusted  
9 over several periods in a manner provided for in the plan of  
10 operation. Each member shall be charged an amount equal to that  
11 member's total written car years of insurance providing the  
12 security required by section 3101(1) or 3103(1), or both, written  
13 in this state during the period to which the premium applies,  
14 multiplied by the average premium per car. The average premium per  
15 car shall be the total premium calculated divided by the total  
16 written car years of insurance providing the security required by  
17 section 3101(1) or 3103(1) written in this state of all members  
18 during the period to which the premium applies. A member shall be  
19 charged a premium for a historic vehicle that is insured with the  
20 member of 20% of the premium charged for a car insured with the  
21 member. **THE ASSOCIATION SHALL NOT CHARGE A MEMBER A PREMIUM FOR A**  
22 **CAR INSURED WITH THE MEMBER UNDER A QUALIFYING NO-FAULT POLICY.** As  
23 used in this subdivision:

24 (i) "Car" includes a motorcycle but does not include a  
25 historic vehicle.

26 (ii) "Historic vehicle" means a vehicle that is a registered  
27 historic vehicle under section 803a or 803p of the Michigan vehicle

1 code, 1949 PA 300, MCL 257.803a and 257.803p.

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

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

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

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

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

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

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

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

4 (c) Provide for appropriate housing, equipment, and personnel  
5 as may be necessary to assure the efficient operation of the  
6 association.

7 (d) Pursuant to the plan of operation, adopt reasonable rules  
8 for the administration of the association, enforce those rules, and  
9 delegate authority, as the board considers necessary to assure the  
10 proper administration and operation of the association consistent  
11 with the plan of operation.

12 (e) Contract for goods and services, including independent  
13 claims management, actuarial, investment, and legal services, from  
14 others within or without this state to assure the efficient  
15 operation of the association.

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

18 (g) Perform other acts not specifically enumerated in this  
19 section that are necessary or proper to accomplish the purposes of  
20 the association and that are not inconsistent with this section or  
21 the plan of operation.

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

26 (10) The plan of operation shall provide for all of the  
27 following:

1 (a) The establishment of necessary facilities.

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

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

5 (d) Procedures governing the actual payment of premiums to the  
6 association.

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

10 (f) The investment policy of the association.

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

13 (11) Each board ~~shall~~**MUST** include members that would  
14 contribute a total of not less than 40% of the total premium  
15 calculated pursuant to subsection (7) (d). Each director ~~shall be~~**IS**  
16 entitled to 1 vote. The initial term of office of a director ~~shall~~  
17 ~~be~~**IS** 2 years.

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

25 (13) The board ~~shall consist~~**CONSISTS** of 5 directors ~~and the~~  
26 ~~commissioner shall be~~**DIRECTOR OF THE DEPARTMENT, WHO IS** an ex  
27 officio member of the board without vote.

1           (14) Each director shall be appointed by the ~~commissioner~~  
2     **DIRECTOR OF THE DEPARTMENT** and shall serve until that member's  
3     successor is selected and qualified. The chairperson of the board  
4     shall be elected by the board. A vacancy on the board shall be  
5     filled by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** consistent  
6     with the plan of operation.

7           (15) ~~After the board is appointed, the~~ **THE** board shall meet as  
8     often as the chairperson, the ~~commissioner,~~ **DIRECTOR OF THE**  
9     **DEPARTMENT,** or the plan of operation ~~shall require,~~ **REQUIRES,** or at  
10    the request of any 3 members of the board. The chairperson ~~shall~~  
11    ~~retain the right to~~ **MAY** vote on all issues. Four members of the  
12    board constitute a quorum.

13          (16) An annual report of the operations of the association in  
14    a form and detail as ~~may be~~ determined by the board shall be  
15    furnished to each member.

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

26    ~~—— (18) The plan of operation, unless approved sooner in writing,~~  
27    ~~shall be considered to meet the requirements of this section if it~~

1 ~~is not disapproved by written order of the commissioner within 30~~  
 2 ~~days after the date of its submission. Before disapproval of all or~~  
 3 ~~any part of the proposed plan of operation, the commissioner shall~~  
 4 ~~notify the board in what respect the plan of operation fails to~~  
 5 ~~meet the requirements and objectives of this section. If the board~~  
 6 ~~fails to submit a revised plan of operation that meets the~~  
 7 ~~requirements and objectives of this section within the 30 day~~  
 8 ~~period, the commissioner shall enter an order accordingly and shall~~  
 9 ~~immediately formulate and place into effect a plan consistent with~~  
 10 ~~the requirements and objectives of this section.~~

11 (17) ~~(19) The proposed plan of operation or ANY~~ amendments to  
 12 the plan of operation **OF THE ASSOCIATION** are subject to majority  
 13 approval by the board, ~~ratified~~ **AND RATIFICATION** by a majority of  
 14 the membership having a vote, with voting rights being apportioned  
 15 according to the premiums charged in subsection (7) (d) and are  
 16 subject to approval by the ~~commissioner.~~ **DIRECTOR OF THE DEPARTMENT.**

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

25 (19) ~~(21) The association is subject to all the reporting,~~  
 26 ~~loss reserve, and investment requirements of the commissioner~~  
 27 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member~~ **ARE**



1 **THE MEMBERS** of the association.

2 (20) ~~(22)~~—Premiums charged members by the association shall be  
3 recognized in the rate-making procedures for insurance rates in the  
4 same manner that expenses and premium taxes are recognized.

5 (21) ~~(23)~~—The ~~commissioner~~**DIRECTOR OF THE DEPARTMENT** or an  
6 authorized representative of the ~~commissioner~~**DIRECTOR** may visit  
7 the association at any time and examine any and all **OF** the  
8 association's affairs.

9 (22) ~~(24)~~—The association does not have liability for losses  
10 occurring before July 1, 1978.

11 (23) ~~(25)~~—As used in this section:

12 (A) **"ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION**  
13 **CREATED IN SUBSECTION (1).**

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

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

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

25 (E) ~~(c)~~—"Ultimate loss" means the actual loss amounts that a  
26 member is obligated to pay and that are paid or payable by the  
27 member, and do not include claim expenses. An ultimate loss is

1 incurred by the association on the date that the loss occurs.

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

5       (a) Allowable expenses consisting of all reasonable charges  
6 incurred for reasonably necessary products, services, and  
7 accommodations for an injured person's care, recovery, or  
8 rehabilitation. Allowable expenses within personal protection  
9 insurance coverage ~~shall~~**DO** not include either of the following:

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

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

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

1 and the income earned by an injured person for work during the same  
2 period together shall not exceed \$5,189.00, which maximum shall  
3 apply pro rata to any lesser period of work loss. Beginning October  
4 1, 2013, the maximum shall be adjusted annually to reflect changes  
5 in the cost of living under rules prescribed by the ~~commissioner~~  
6 **DIRECTOR** but any change in the maximum shall apply only to benefits  
7 arising out of accidents occurring subsequent to the date of change  
8 in the maximum.

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

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

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

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

1 medical use of marihuana.

2 (3) A QUALIFYING NO-FAULT POLICY MAY LIMIT THE TOTAL AMOUNT OF  
3 BENEFITS PAYABLE UNDER THE POLICY UNDER THIS SECTION TO BOTH OF THE  
4 FOLLOWING:

5 (A) SUBJECT TO SUBDIVISION (B), AN AMOUNT THAT IS NOT LESS  
6 THAN \$25,000.00 FOR BENEFITS PAYABLE UNDER SUBSECTION (1).

7 (B) SUBJECT TO SUBSECTION (5), \$250,000.00 IN THE AGGREGATE,  
8 PAYABLE ONLY FOR CRITICAL CARE FOR AN INDIVIDUAL NAMED IN THE  
9 QUALIFYING NO-FAULT POLICY, THE INDIVIDUAL'S SPOUSE, OR A RELATIVE  
10 OF EITHER DOMICILED IN THE SAME HOUSEHOLD, WHO IS INJURED IN A  
11 SINGLE MOTOR VEHICLE ACCIDENT DURING THE POLICY TERM. AS USED IN  
12 THIS SUBDIVISION, "CRITICAL CARE" MEANS TREATMENT RENDERED AT AN  
13 ACUTE CARE HOSPITAL OR TRAUMA CENTER IMMEDIATELY FOLLOWING THE  
14 MOTOR VEHICLE ACCIDENT, NECESSARY TO SAVE THE INDIVIDUAL'S LIFE OR  
15 TREAT LIFE-THREATENING OR PERMANENTLY DISABLING INJURIES, UNTIL THE  
16 INDIVIDUAL IS STABILIZED. AN INDIVIDUAL IS STABILIZED WHEN THE  
17 INDIVIDUAL CAN SAFELY BE DISCHARGED OR TRANSFERRED TO ANOTHER ACUTE  
18 CARE HOSPITAL OR TRAUMA CENTER OR TO A REHABILITATION OR OTHER  
19 FACILITY, REGARDLESS OF WHETHER THE INDIVIDUAL IS, IN FACT,  
20 DISCHARGED OR TRANSFERRED AT THAT TIME.

21 (4) A QUALIFYING INSURER MAY CONTEST THE CHARGES OF AN ACUTE-  
22 CARE HOSPITAL OR TRAUMA CENTER UNDER SUBSECTION (3) (B) IF THE  
23 INSURER CAN PRESENT COMPETENT EVIDENCE SHOWING THAT THE HOSPITAL OR  
24 TRAUMA CENTER CHARGES RELATE TO POSTSTABILIZATION SERVICES.

25 (5) IF A QUALIFYING NO-FAULT POLICY PROVIDES A CAP ON BENEFITS  
26 UNDER SUBSECTION (3) (A) THAT IS MORE THAN \$25,000.00, THE BENEFITS  
27 UNDER SUBSECTION (3) (B) MAY BE REDUCED ACCORDINGLY, IF THE TOTAL

1 **BENEFITS AVAILABLE UNDER SUBSECTION (3) (A) AND (B) ARE NOT LESS**  
2 **THAN \$275,000.00.**

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

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

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

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

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

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

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

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

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

17 (4) Except as provided in subsections (1) to (3) **AND (7)**, a  
18 person suffering accidental bodily injury arising from a motor  
19 vehicle accident while an occupant of a motor vehicle shall claim  
20 personal protection insurance benefits from insurers in the  
21 following order of priority:

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

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

25 (5) ~~A~~ **EXCEPT AS PROVIDED IN SUBSECTION (7)**, A person suffering  
26 accidental bodily injury arising from a motor vehicle accident  
27 ~~which~~ **THAT** shows evidence of the involvement of a motor vehicle

1 while an operator or passenger of a motorcycle shall claim personal  
2 protection insurance benefits from insurers in the following order  
3 of priority:

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

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

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

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

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

19 **(7) SUBSECTION (4) DOES NOT APPLY IF THE MOTOR VEHICLE**  
20 **OCCUPIED, AND SUBSECTION (5) DOES NOT APPLY IF THE MOTOR VEHICLE**  
21 **INVOLVED, WAS INSURED UNDER A QUALIFYING NO-FAULT POLICY. IF THE**  
22 **MOTOR VEHICLE OCCUPIED OR INVOLVED WAS INSURED UNDER A QUALIFYING**  
23 **NO-FAULT POLICY, THE INJURED PERSON IS ONLY ENTITLED TO THE**  
24 **BENEFITS AVAILABLE UNDER THE QUALIFYING NO-FAULT POLICY AND, UNLESS**  
25 **THE PERSON IS DESCRIBED IN SECTION 3101E(2), AFTER THOSE BENEFITS**  
26 **ARE EXHAUSTED, TO BENEFITS UNDER THE ASSIGNED CLAIMS PLAN ADOPTED**  
27 **UNDER SECTION 3171.**

1           Sec. 3115. (1) Except as provided in ~~subsection (1) of section~~  
2 ~~3114, 3114~~ **(1) AND SUBSECTION (4)**, a person suffering accidental  
3 bodily injury while not an occupant of a motor vehicle shall claim  
4 personal protection insurance benefits from insurers in the  
5 following order of priority:

6           (a) Insurers of owners or registrants of motor vehicles  
7 involved in the accident.

8           (b) Insurers of operators of motor vehicles involved in the  
9 accident.

10           (2) When 2 or more insurers are in the same order of priority  
11 to provide personal protection insurance benefits an insurer paying  
12 benefits due is entitled to partial recoupment from the other  
13 insurers in the same order of priority, ~~together with~~ **AND** a  
14 reasonable amount of partial recoupment of the expense of  
15 processing the claim, in order to accomplish equitable distribution  
16 of the loss among ~~such~~ **THE** insurers. **HOWEVER, IF 1 OF THE MOTOR**  
17 **VEHICLES INVOLVED WAS INSURED UNDER A QUALIFYING NO-FAULT POLICY,**  
18 **ANOTHER INSURER OR OTHER INSURERS ENTITLED TO RECOUPMENT UNDER THIS**  
19 **SUBSECTION ARE ONLY ENTITLED TO RECOUP THE AMOUNT OF THE QUALIFYING**  
20 **NO-FAULT POLICY LIMITS THAT ARE NOT OTHERWISE PAYABLE BECAUSE OF**  
21 **THE ACCIDENT.**

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

27           **(4) SUBSECTION (1) DOES NOT APPLY IF NO INSURANCE IS AVAILABLE**



1 TO THE INJURED PERSON UNDER SECTION 3114(1) AND THE MOTOR VEHICLE  
2 INVOLVED IN THE ACCIDENT WAS INSURED UNDER A QUALIFYING NO-FAULT  
3 POLICY. IF NO INSURANCE IS AVAILABLE TO THE INJURED PERSON UNDER  
4 SECTION 3114(1) AND THE MOTOR VEHICLE INVOLVED WAS INSURED UNDER A  
5 QUALIFYING NO-FAULT POLICY, THE INJURED PERSON IS ONLY ENTITLED TO  
6 THE BENEFITS AVAILABLE UNDER THE QUALIFYING NO-FAULT POLICY AND,  
7 UNLESS THE PERSON IS DESCRIBED IN SECTION 3101E(2), AFTER THOSE  
8 BENEFITS ARE EXHAUSTED, TO BENEFITS UNDER THE ASSIGNED CLAIMS PLAN  
9 ADOPTED UNDER SECTION 3171.

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

19       (2) A QUALIFYING INSURER MAY CREATE A LIMITED PROVIDER  
20 NETWORK. EXCEPT FOR EMERGENCY SERVICES AND TREATMENT RENDERED  
21 IMMEDIATELY AFTER A MOTOR VEHICLE ACCIDENT AND UNTIL THE TIME THE  
22 INJURED INDIVIDUAL IS STABLE AND CAN BE TRANSFERRED TO AN IN-  
23 NETWORK PROVIDER, THE INSURER MAY REQUIRE AN INJURED INDIVIDUAL  
24 UNDER A QUALIFYING NO-FAULT POLICY TO OBTAIN PRODUCTS, TREATMENT,  
25 SERVICES, ACCOMMODATIONS, OR REHABILITATIVE OR OCCUPATIONAL THERAPY  
26 OR TRAINING PROVIDED FOR UNDER THIS CHAPTER FROM A PROVIDER OR  
27 SUPPLIER THAT IS PART OF THE LIMITED PROVIDER NETWORK. THERE IS NO

1 PRIVATE RIGHT OF ACTION FOR CLAIMS ARISING UNDER OR RELATING TO  
 2 THIS SUBSECTION. IF THE QUALIFYING INSURER EXHIBITS A PATTERN OR  
 3 PRACTICE OF PROVIDING AN INADEQUATE NETWORK OF PROVIDERS, THE  
 4 DIRECTOR MAY INITIATE AN APPROPRIATE ADMINISTRATIVE OR CIVIL ACTION  
 5 AGAINST THE INSURER TO SEEK APPROPRIATE RELIEF.

6 (3) EXCEPT FOR EMERGENCY SERVICES RENDERED IMMEDIATELY AFTER A  
 7 MOTOR VEHICLE ACCIDENT AND UNTIL THE TIME THE INJURED INDIVIDUAL IS  
 8 STABLE AND CAN BE TRANSFERRED TO AN IN-NETWORK PROVIDER, A  
 9 QUALIFYING INSURER MAY REQUIRE AN INJURED INDIVIDUAL TO OBTAIN  
 10 PREAUTHORIZATION FROM THE INSURER FOR PRODUCTS, TREATMENT,  
 11 SERVICES, ACCOMMODATIONS, OR REHABILITATIVE OR OCCUPATIONAL THERAPY  
 12 OR TRAINING PROVIDED FOR UNDER THIS CHAPTER. AN INSURER THAT  
 13 REQUIRES PREAUTHORIZATION UNDER THIS SUBSECTION SHALL ONLY GRANT  
 14 PREAUTHORIZATION IF MEDICAL NECESSITY HAS BEEN DEMONSTRATED. IF AN  
 15 INSURER REQUIRES PREAUTHORIZATION UNDER THIS SUBSECTION, THE  
 16 FAILURE OF AN INJURED INDIVIDUAL, PROVIDER, OR VENDOR TO OBTAIN  
 17 WRITTEN PREAUTHORIZATION RENDERS A CLAIM FOR PAYMENT FOR THE  
 18 PRODUCTS, TREATMENT, SERVICES, OR ACCOMMODATIONS VOID.

19 Sec. 3172. (1) A person entitled to claim because of  
 20 accidental bodily injury arising out of the ownership, operation,  
 21 maintenance, or use of a motor vehicle as a motor vehicle in this  
 22 state may obtain personal protection insurance benefits through the  
 23 assigned claims plan if ~~no~~ **ANY OF THE FOLLOWING APPLY:**

24 (A) **NO** personal protection insurance is applicable to the  
 25 injury. ~~no~~

26 (B) **NO** personal protection insurance applicable to the injury  
 27 can be identified. ~~the~~

1           (C) **THE** personal protection insurance applicable to the injury  
2 cannot be ascertained because of a dispute between 2 or more  
3 automobile insurers concerning their obligation to provide coverage  
4 or the equitable distribution of the loss. ~~or the~~

5           (D) **THE** only identifiable personal protection insurance  
6 applicable to the injury is, because of financial inability of 1 or  
7 more insurers to fulfill their obligations, inadequate to provide  
8 benefits up to the maximum prescribed. ~~In that case,~~

9           **(E) PERSONAL PROTECTION INSURANCE IS AVAILABLE TO THE INJURED**  
10 **PERSON ONLY UNDER A QUALIFYING NO-FAULT POLICY AND THE LIMITS OF**  
11 **THE POLICY HAVE BEEN EXHAUSTED.**

12           **(2) IF A PERSON IS ENTITLED TO OBTAIN PERSONAL PROTECTION**  
13 **INSURANCE BENEFITS THROUGH THE ASSIGNED CLAIMS PLAN UNDER**  
14 **SUBSECTION (1),** unpaid benefits due or coming due may be collected  
15 under the assigned claims plan and the insurer to which the claim  
16 is assigned is entitled to reimbursement from the defaulting  
17 insurers to the extent of their financial responsibility.

18           **(3) ~~(2)~~**—Except as otherwise provided in this subsection,  
19 personal protection insurance benefits, including benefits arising  
20 from accidents occurring before March 29, 1985, payable through the  
21 assigned claims plan shall be reduced to the extent that benefits  
22 covering the same loss are available from other sources, regardless  
23 of the nature or number of benefit sources available and regardless  
24 of the nature or form of the benefits, to a person claiming  
25 personal protection insurance benefits through the assigned claims  
26 plan. This subsection only applies if the personal protection  
27 insurance benefits are payable through the assigned claims plan

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

13 (4) ~~(3)~~—If the obligation to provide personal protection  
14 insurance benefits cannot be ascertained because of a dispute  
15 between 2 or more automobile insurers concerning their obligation  
16 to provide coverage or the equitable distribution of the loss, and  
17 if a method of voluntary payment of benefits cannot be agreed upon  
18 among or between the disputing insurers, all of the following  
19 apply:

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

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

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

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

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

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

1           (5) AN INDIVIDUAL DESCRIBED IN SECTION 3101E(2) IS NOT  
2 ENTITLED TO CLAIM BENEFITS FROM THE ASSIGNED CLAIMS PLAN.