SENATE BILL No. 326

April 23, 2013, Introduced by Senators SMITH and HUNE and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 102, 3101, 3104, 3113, 3114, 3115, 3135, 3301, and 3310 (MCL 500.102, 500.3101, 500.3104, 500.3113, 500.3114, 500.3115, 500.3135, 500.3301, and 500.3310), section 102 as amended by 2000 PA 252, section 3101 as amended by 2008 PA 241, section 3104 as amended by 2002 PA 662, section 3113 as amended by 1986 PA 93, section 3114 as amended by 2002 PA 38, section 3135 as amended by 2012 PA 158, and section 3310 as amended by 2001 PA 228, and by
adding chapter 32A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 102. AS USED IN THIS ACT:

(A) (1) "Commissioner" as used in this act means the commissioner of the office of financial and insurance services, DIRECTOR.
(B) (2) "Department" as used in this act means the office of INSURANCE AND financial and insurance services.

(C) "DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT.

Sec. 3101. (1) SUBJECT TO CHAPTER 32A, THE owner or registrant of a motor vehicle required to be registered in this state shall maintain security for payment of benefits under personal protection insurance, property protection insurance, and residual liability insurance. Security shall only be required BY THIS SUBSECTION IS ONLY REQUIRED to be in effect during the period the motor vehicle is driven or moved upon a highway.

Notwithstanding any other provision in this act, an insurer that has issued an automobile insurance policy on a motor vehicle that is not driven or moved a highway may allow the insured owner or registrant of the motor vehicle to delete a portion of the coverages under the policy and maintain the comprehensive coverage portion of the policy in effect.

(2) As used in this chapter:

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

(b) "Highway" means that term as defined in section 20 of the Michigan vehicle code, 1949 PA 300, MCL 257.20.

(c) "Motorcycle" means a vehicle having a saddle or seat for the use of the rider, IS designed to travel on not more than 3 wheels in contact with the ground, which AND is equipped with a motor that exceeds 50 cubic centimeters piston displacement. FOR PURPOSES OF THIS SUBDIVISION, THE wheels on any attachment to the vehicle shall not be considered as ARE NOT wheels in contact
with the ground. Motorcycle does not include a moped, as defined in section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b-
Motorcycle does not include OR an ORV.

(d) "Motorcycle accident" means a loss involving THAT INVOLVES the ownership, operation, maintenance, or use of a motorcycle as a motorcycle, but DOES not involving INVOLVE the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle.

(e) "Motor vehicle" means a vehicle, including a trailer, THAT IS operated or designed for operation upon a public highway by power other than muscular power which AND THAT has more than 2 wheels. Motor vehicle does not include a ANY OF THE FOLLOWING:

   (i) A motorcycle. or a
   (ii) A moped, as defined in section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b. Motor vehicle does not include a
   (iii) A farm tractor or other implement of husbandry which THAT is not subject to the registration requirements of the Michigan vehicle code pursuant to UNDER section 216 of the Michigan vehicle code, 1949 PA 300, MCL 257.216. Motor vehicle does not include an
   (iv) AN ORV.

(f) "Motor vehicle accident" means a loss involving THAT INVOLVES the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle, regardless of whether the accident also involves the ownership, operation, maintenance, or use of a motorcycle as a motorcycle.

(g) "ORV" means a motor-driven recreation vehicle designed for off-road use and capable of cross-country travel without benefit of
road or trail, on or immediately over land, snow, ice, marsh, swampland, or other natural terrain. ORV includes, but is not limited to, a multitrack or multiwheel drive vehicle, a motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious machine, a ground effect air cushion vehicle, an ATV as defined in section 81101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.81101, or other means of transportation deriving motive power from a source other than muscle or wind. ORV does not include a vehicle described in this subdivision that is registered for use upon a public highway and has the security described in THIS section, 3101 or SECTION 3103, OR CHAPTER 32A in effect.

(h) "Owner" means any of the following:

(i) A person WHO IS renting OR HAS THE USE OF a motor vehicle, or having the use thereof, under a lease or otherwise, for a period that is greater than 30 days.

(ii) A person who holds the legal title to a vehicle, other than a person engaged in the business of leasing motor vehicles who is the lessor of a motor vehicle pursuant to UNDER a lease providing THAT PROVIDES for the use of the motor vehicle by the lessee for a period that is greater than 30 days.

(iii) A person who has the immediate right of possession of a motor vehicle under an installment sale contract.

(i) "Registrant" does not include a person engaged in the business of leasing motor vehicles who is the lessor of a motor vehicle pursuant to UNDER a lease providing THAT PROVIDES for the use of the motor vehicle by the lessee for a period that is greater
than 30 days.

(3) Security **REQUIRED BY SUBSECTION (1)** may be provided under a policy issued by an insurer duly authorized to transact business in this state which affords insurance for the payment of benefits described in subsection (1). A policy of insurance represented or sold as providing **THE** security **REQUIRED BY SUBSECTION (1)** is considered to provide insurance for the payment of the benefits.

(4) Security required by subsection (1) may be provided by any other method approved by the secretary of state as affording security equivalent to that afforded by a policy of insurance, if proof of the security is filed and continuously maintained with the secretary of state throughout the period the motor vehicle is driven or moved upon a highway. The person filing **WHO FILES** the security has all the obligations and rights of an insurer under this chapter. When **IF** the context permits, "insurer", as used in this chapter, includes any person filing **WHO FILES** the security as provided in this section **SUBSECTION.** **THIS SUBSECTION DOES NOT APPLY TO A POLICY UNDER CHAPTER 32A.**

Sec. 3104. (1) **THE CATASTROPHIC CLAIMS ASSOCIATION IS CREATED** as an unincorporated, nonprofit association, to be known as the catastrophic claims association, hereinafter referred to as the association, **IS created.** Each insurer engaged in writing insurance coverages that provide the security required by section 3101(1) within this state, as a condition of its authority to transact insurance in this state, shall be a member of the association and shall be bound by the plan of operation of the association. Each
insurer engaged in writing insurance coverages that provide the
security required by section 3103(1) within this state, as a
condition of its authority to transact insurance in this state,
shall be considered a member of the association, but only for
purposes of premiums under subsection (7)(d). Except as expressly
provided in this section, the association is not subject to any
laws of this state with respect to insurers, but in all other
respects the association is subject to the laws of this state to
the extent that the association would be if it were an insurer
organized and subsisting under chapter 50.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) An unsatisfied net liability to the association of an
insolvent member shall be assumed by and apportioned among the
remaining members of the association as provided in the plan of
operation. The association has all rights allowed by law on behalf of the remaining members against the estate or funds of the insolvent member for 

MONEY due the association.

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

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

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

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

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

(d) In a manner provided for in the plan of operation,
calculate and charge to members of the association a total premium sufficient to cover the expected losses and expenses of the association that the association will likely incur during the period for which the premium is applicable. The premium shall include an amount to cover incurred but not reported losses for the period and may be adjusted for any excess or deficient premiums from previous periods. Excesses or deficiencies from previous periods may be fully adjusted in a single period or may be adjusted over several periods in a manner provided for in the plan of operation. Each member shall be charged an amount equal to that member's total written car years of insurance providing the security required by section 3101(1) or 3103(1), or both, written in this state during the period to which the premium applies, multiplied by the average premium per car. The average premium per car shall be the total premium calculated divided by the total written car years of insurance providing the security required by section 3101(1) or 3103(1) written in this state of all members during the period to which the premium applies. A member shall be charged a premium for a historic vehicle that is insured with the member of 20% of the premium charged for a car insured with the member. A MEMBER SHALL NOT BE CHARGED A PREMIUM FOR A CAR INSURED WITH THE MEMBER UNDER A POLICY ISSUED UNDER CHAPTER 32A. As used in this subdivision:

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

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

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

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

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

(f) Receive and distribute all sums required by the operation of the association.

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

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

(a) Sue and be sued in the name of the association. A judgment against the association shall not create any direct liability against the individual members of the association. The association may provide for the indemnification of its members, members of the board of directors of the association, and officers, employees, and other persons lawfully acting on behalf of the association.
(b) Reinsure all or any portion of its potential liability with reinsurers licensed to transact insurance in this state or approved by the commissioner, DIRECTOR.

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

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

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

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

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

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

(10) The plan of operation shall provide for all of the following:
(a) The establishment of necessary facilities.
(b) The management and operation of the association.
(c) Procedures to be utilized in charging premiums, including adjustments from excess or deficient premiums from prior periods.
(d) Procedures governing the actual payment of premiums to the association.
(e) Reimbursement of each member of the board by the association for actual and necessary expenses incurred on association business.
(f) The investment policy of the association.
(g) Any other matters required by or necessary to effectively implement this section.

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

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

(13) The board shall consist of 5 directors—and the commissioner—DIRECTOR, WHO shall be an ex officio member of the board without vote.

(14) Each director shall be appointed by the commissioner.
DIRECTOR and shall serve until that member's successor is selected and qualified. The chairperson of the board shall be elected by the board. A vacancy on the board shall be filled by the commissioner consistent with the plan of operation.

(15) After the board is appointed, the board shall meet as often as the chairperson, the commissioner, DIRECTOR, or the plan of operation shall require, or at the request of any 3 members of the board. The chairperson shall retain the right to vote on all issues. Four members of the board constitute a quorum.

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

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

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

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

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

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

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

(21) (23) The commissioner or an authorized representative of the commissioner may visit the association at any time and examine any and all OF the association's affairs.

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

(23) (25) As used in this section:

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

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

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

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

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

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

(a) The person was using a motor vehicle or motorcycle which he or she had taken unlawfully, unless the person reasonably believed that he or she was entitled to take and use the vehicle.

(b) The person was the owner or registrant of a motor vehicle or motorcycle involved in the accident with respect to which the security required by section 3101 or 3103 was not in effect.

(c) The person was not a resident of this state, was an occupant of a motor vehicle or motorcycle not registered in this state, and was not insured by an insurer which has filed a certification in compliance with section 3163.

(D) THE PERSON WAS THE OWNER OR REGISTRANT OF A MOTOR VEHICLE INSURED UNDER A POLICY ISSUED UNDER CHAPTER 32A.

Sec. 3114. (1) Except as provided in subsections (2), (3), and (5), (7), AND (8), a personal protection insurance policy described in section 3101(1) applies to accidental bodily injury to the person named in the policy, the person's spouse, and a relative of either domiciled in the same household, if the injury arises from a motor vehicle accident. A personal injury insurance policy described in section 3103(2) applies to accidental bodily injury to the person named in the policy, the person's spouse, and a relative of either domiciled in the same household, if the injury arises from a motorcycle accident. When IF personal protection insurance benefits DESCRIBED IN SECTION 3107(1) or personal injury benefits described in section 3103(2) are payable to or for the benefit of an injured person under his or her own policy and would also be
payable under the policy of his or her spouse, relative, or
relative's spouse, the injured person's insurer shall pay all of
the benefits and is not entitled to recoupment from the other
insurer.

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

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

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

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

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

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

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

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

(4) Except as provided in subsections (1) to (3), (7), AND (8), a person suffering accidental bodily injury arising from a motor vehicle accident while an occupant of a motor vehicle shall claim personal protection insurance benefits from insurers in the following order of priority:

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

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

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

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

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

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

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

(6) If 2 or more insurers are in the same order of priority to provide personal protection insurance benefits under subsection (5), an insurer paying benefits due is entitled to partial
recoupment from the other insurers in the same order of priority,

together with a reasonable amount of partial recoupment of the
expense of processing the claim, in order to accomplish equitable
distribution of the loss among all of the insurers.

(7) AN AUTOMOBILE INSURANCE POLICY ISSUED UNDER CHAPTER 32A
APPLIES ONLY TO THE OWNER OR REGISTRANT OF THE MOTOR VEHICLE
INSURED UNDER THE POLICY, NOT TO THE OWNER'S OR REGISTRANT'S SPOUSE
OR A RELATIVE OF EITHER DOMICILED IN THE SAME HOUSEHOLD. AN OWNER
OR REGISTRANT OF A MOTOR VEHICLE INSURED UNDER AN AUTOMOBILE
INSURANCE POLICY ISSUED UNDER CHAPTER 32A IS NOT ENTITLED TO
BENEFITS DESCRIBED IN THIS SECTION UNDER AN AUTOMOBILE INSURANCE
POLICY ISSUED TO ANY OF THE FOLLOWING:

(A) THE OWNER'S OR REGISTRANT'S SPOUSE, RELATIVE, OR
RELATIVE'S SPOUSE.

(B) THE OWNER, REGISTRANT, OR OPERATOR OF ANOTHER VEHICLE
OCCUPIED BY THE OWNER OR REGISTRANT OF THE MOTOR VEHICLE INSURED
UNDER THE POLICY ISSUED UNDER CHAPTER 32A.

(8) OTHER THAN RESIDUAL LIABILITY BENEFITS DESCRIBED IN
SECTION 3009, AN INDIVIDUAL OTHER THAN THE OWNER OR REGISTRANT OF A
MOTOR VEHICLE INSURED UNDER AN AUTOMOBILE INSURANCE POLICY ISSUED
UNDER CHAPTER 32A IS NOT ENTITLED TO BENEFITS UNDER THE POLICY. THE
INDIVIDUAL, IF INJURED WHILE AN OCCUPANT OF THE MOTOR VEHICLE OR IN
A MOTOR VEHICLE ACCIDENT THAT SHOWS EVIDENCE OF THE INVOLVEMENT OF
THE MOTOR VEHICLE, IS ONLY ENTITLED TO PERSONAL PROTECTION BENEFITS
THAT ARE OTHERWISE AVAILABLE TO THE INDIVIDUAL UNDER THIS CHAPTER.

Sec. 3115. (1) Except as provided in subsection (1) of section
3114–3114(1), a person suffering accidental bodily injury while not
an occupant of a motor vehicle shall claim personal protection
insurance benefits from insurers in the following order of
priority:
(a) Insurers of owners or registrants of motor vehicles
involved in the accident.
(b) Insurers of operators of motor vehicles involved in the
accident.
(2) When 2 or more insurers are in the same order of priority
to provide personal protection insurance benefits an insurer paying
benefits due is entitled to partial recoupment from the other
insurers in the same order of priority, together with a reasonable
amount of partial recoupment of the expense of processing the
claim, in order to accomplish equitable distribution of the loss
among such insurers.
(3) A limit upon the amount of personal protection insurance
benefits available because of accidental bodily injury to 1 person
arising from 1 motor vehicle accident shall be determined without
regard to the number of policies applicable to the accident.
(4) THE LIMIT OF LIABILITY FOR 2 OR MORE MOTOR VEHICLES UNDER
1 POLICY OR FOR 2 OR MORE POLICIES SHALL NOT BE ADDED TOGETHER,
COMBINED, OR STACKED TO DETERMINE THE LIMIT OF INSURANCE COVERAGE
AVAILABLE FOR EACH INJURED PERSON COVERED UNDER THE POLICY.
Sec. 3135. (1) A person remains subject to tort liability for
noneconomic loss caused by his or her ownership, maintenance, or
use of a motor vehicle only if the injured person has suffered
death, serious impairment of body function, or permanent serious
disfigurement.
(2) For a cause of action for damages pursuant to subsection (1) filed on or after July 26, 1996, all of the following apply:

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

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

(ii) There is a factual dispute concerning the nature and extent of the person's injuries, but the dispute is not material to the determination whether the person has suffered a serious impairment of body function or permanent serious disfigurement.

However, for a closed-head injury, a question of fact for the jury is created if a licensed allopathic or osteopathic physician who regularly diagnoses or treats closed-head injuries testifies under oath that there may be a serious neurological injury.

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

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

(D) IF THE INJURED PERSON WAS THE OWNER OR REGISTRANT OF A MOTOR VEHICLE INSURED UNDER A POLICY ISSUED UNDER CHAPTER 32A, THE INJURED PERSON IS LIMITED TO A RECOVERY OF $20,000.00 IN THE AGGREGATE FROM ALL PERSONS WHO ARE LIABLE UNDER SUBSECTION (1).
(3) Notwithstanding any other provision of law, tort liability arising from the ownership, maintenance, or use within this state of a motor vehicle with respect to which the security required by section 3101 was in effect is abolished except as to:

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

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

(c) Damages for allowable expenses, work loss, and survivor's loss as defined in sections 3107 to 3110 in excess of the daily, monthly, and 3-year limitations contained in those sections. The party liable for damages is entitled to an exemption reducing his or her liability by the amount of taxes that would have been payable on account of income the injured person would have received if he or she had not been injured. THIS SUBDIVISION DOES NOT APPLY TO AN OWNER OR REGISTRANT OF A MOTOR VEHICLE INSURED UNDER A POLICY ISSUED UNDER CHAPTER 32A.

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

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

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

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

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

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

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

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

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

CHAPTER 32A
LOW-COST AUTOMOBILE INSURANCE PILOT PROGRAM

SEC. 3275. AS USED IN THIS CHAPTER:

(A) "AUTOMOBILE INSURANCE" MEANS THAT TERM AS DEFINED IN SECTION 2102.

(B) "FACILITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY CREATED UNDER CHAPTER 33.

(C) "FEDERAL POVERTY GUIDELINES" MEANS THE POVERTY GUIDELINES PUBLISHED ANNUALLY IN THE FEDERAL REGISTER BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES UNDER ITS AUTHORITY TO REVISE THE POVERTY LINE UNDER 42 USC 9902.

(D) "INSURANCE AGENCY" MEANS AN AGENCY AS THAT TERM IS DEFINED IN SECTION 1243.

(E) "INSURANCE PRODUCER" MEANS THAT TERM AS DEFINED IN SECTION 1201.

(F) "LCAP APPLICANT" MEANS AN INDIVIDUAL WHO MEETS ALL OF THE QUALIFICATIONS OF SECTION 3277.

(G) "LOW-COST AUTOMOBILE INSURANCE POLICY" MEANS AN AUTOMOBILE INSURANCE POLICY THAT SATISFIES THE REQUIREMENTS OF SECTION 3278.

SEC. 3276. AN OWNER OR REGISTRANT OF A MOTOR VEHICLE REQUIRED TO BE REGISTERED IN THIS STATE WHO IS AN LCAP APPLICANT MAY COMPLY WITH SECTION 3101 BY MAINTAINING A LOW-COST AUTOMOBILE INSURANCE POLICY.

SEC. 3277. (1) TO QUALIFY FOR A LOW-COST AUTOMOBILE INSURANCE POLICY, AN INDIVIDUAL MUST MEET ALL OF THE FOLLOWING QUALIFICATIONS:
(A) RESIDE IN A HOUSEHOLD WITH A GROSS ANNUAL HOUSEHOLD INCOME THAT IS EQUAL TO 300% OF THE FEDERAL POVERTY GUIDELINES OR LESS.

(B) HAVE BEEN CONTINUOUSLY LICENSED TO DRIVE AN AUTOMOBILE FOR A PERIOD OF 3 YEARS.

(C) NOT HAVE HAD IN THE PRECEDING 3 YEARS MORE THAN 1 OF EITHER, BUT NOT BOTH, OF THE FOLLOWING:

(i) A PROPERTY-DAMAGE-ONLY ACCIDENT IN WHICH HE OR SHE WAS SUBSTANTIALLY AT FAULT.

(ii) AN INSURANCE ELIGIBILITY POINT FOR A MOVING VIOLATION, AS DESCRIBED IN SECTION 2103.

(D) NOT HAVE HAD IN THE PRECEDING 3 YEARS A SUBSTANTIALLY AT-FAULT ACCIDENT INVOLVING BODILY INJURY OR DEATH.

(E) NOT HAVE HAD A CONVICTION FOR 1 OR MORE OF THE FOLLOWING:

(i) A VIOLATION OF SECTION 625 OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.625.

(ii) A VIOLATION DESCRIBED IN SECTION 601B OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.601B.

(iii) A FELONY OR MISDEMEANOR CONVICTION RELATING TO THE OPERATION OF A MOTOR VEHICLE.

(2) AN INSURED UNDER A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL NOT PURCHASE OR MAINTAIN ANY AUTOMOBILE PERSONAL PROTECTION INSURANCE COVERAGE OTHER THAN UNDER A LOW-COST AUTOMOBILE INSURANCE POLICY FOR ANY ADDITIONAL VEHICLES IN THE INSURED'S HOUSEHOLD.

SEC. 3278. (1) AN INSURER THAT ISSUES A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL PROVIDE ALL OF THE FOLLOWING COVERAGE UNDER THE POLICY:

(A) SECURITY AGAINST LOSS RESULTING FROM LIABILITY IMPOSED BY
LAW FOR PROPERTY DAMAGE, BODILY INJURY, OR DEATH SUFFERED BY A
PERSON ARISING OUT OF THE OWNERSHIP, MAINTENANCE, OR USE OF THE
MOTOR VEHICLE THAT MEETS THE REQUIREMENTS OF SECTION 3009.

(B) SECURITY FOR THE PAYMENT OF FIRST-PARTY MEDICAL BENEFITS,
payable if the owner or registrant of the automobile is involved in
a motor vehicle accident, as that term is defined in section 3101.
ALL OF THE FOLLOWING APPLY TO BENEFITS UNDER THIS SUBDIVISION:

(i) THE BENEFITS ARE PAYABLE ONLY FOR MEDICAL EXPENSES INCURRED
BECAUSE OF INJURY TO THE OWNER OR REGISTRANT.

(ii) THE BENEFITS ARE PAYABLE ONLY IF THERE IS NO OTHER HEALTH
AND ACCIDENT COVERAGE AVAILABLE TO THE OWNER OR REGISTRANT FOR THE
MEDICAL EXPENSES INCURRED.

(iii) THE LIMIT FOR BENEFITS IS $50,000.00.

(iv) THE BENEFITS ARE PAYABLE ONLY FOR MEDICALLY APPROPRIATE
TREATMENT BY INDIVIDUALS LICENSED OR AUTHORIZED TO RENDER THE
TREATMENT UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368,
MCL 333.16101 TO 333.18838.

(2) AN INSURER ISSUING A LOW-COST AUTOMOBILE INSURANCE POLICY
SHALL NOT PROVIDE COVERAGE IN THE POLICY FOR THE PAYMENT OF
BENEFITS DESCRIBED IN CHAPTER 31 UNLESS THE BENEFITS ARE REQUIRED
UNDER THIS SECTION.

SEC. 3280. (1) THE FACILITY SHALL PROVIDE FOR ALL OF THE
FOLLOWING:

(A) THE EQUITABLE DISTRIBUTION OF LCAP APPLICANTS TO
DESIGNATED PARTICIPATING MEMBERS IN ACCORDANCE WITH THE PLAN OF
OPERATION AS AMENDED UNDER SECTION 3310(3).

(B) THE ISSUANCE OF LOW-COST AUTOMOBILE INSURANCE POLICIES TO
LCAP APPLICANTS AS PROVIDED IN THE AMENDED PLAN OF OPERATION.

(C) THE APPOINTMENT OF A NUMBER OF PARTICIPATING MEMBERS TO
ACT ON BEHALF OF THE FACILITY FOR THE DISTRIBUTION OF RISKS OR FOR
THE SERVICING OF INDIVIDUALS INSURED UNDER LOW-COST AUTOMOBILE
POLICIES, AS PROVIDED IN THE AMENDED PLAN OF OPERATION AND
CONSISTENT WITH THIS SECTION. THE FACILITY SHALL DO ALL OF THE
FOLLOWING:

(i) APPOINT THOSE MEMBERS HAVING THE 5 HIGHEST PARTICIPATION
RATIOS, AS DEFINED IN SECTION 3303(E)(i), TO ACT ON BEHALF OF THE
FACILITY.

(ii) APPOINT UP TO 5 ADDITIONAL MEMBERS TO ACT ON BEHALF OF THE
FACILITY FROM AMONG OTHER MEMBERS WHO VOLUNTEER TO SO ACT AND WHO
MEET REASONABLE SERVICING STANDARDS ESTABLISHED IN THE AMENDED PLAN
OF OPERATION.

(iii) APPOINT ADDITIONAL MEMBERS TO ACT ON BEHALF OF THE
FACILITY AS NECESSARY TO DO ALL OF THE FOLLOWING:

(A) ASSURE CONVENIENT ACCESS TO THE LOW-COST AUTOMOBILE
POLICIES FOR ALL LCAP APPLICANTS IN THIS STATE.

(B) ASSURE A REASONABLE QUALITY OF SERVICE FOR INDIVIDUALS
INSURED UNDER LOW-COST AUTOMOBILE INSURANCE POLICIES.

(C) ASSURE A REASONABLE REPRESENTATION OF THE VARIOUS
INSURANCE MARKETING SYSTEMS.

(D) ASSURE REASONABLE CLAIMS HANDLING.

(E) ASSURE A REASONABLE RANGE OF CHOICE OF INSURERS FOR
INDIVIDUALS INSURED UNDER LOW-COST AUTOMOBILE INSURANCE POLICIES.

(D) STANDARDS AND MONITORING PROCEDURES TO ASSURE THAT
PARTICIPATING MEMBERS ACTING ON BEHALF OF THE FACILITY WITH RESPECT
TO LOW-COST AUTOMOBILE INSURANCE POLICIES DO ALL OF THE FOLLOWING:

(i) PROVIDE SERVICE TO INDIVIDUALS INSURED THAT IS EQUIVALENT TO THE SERVICE PROVIDED TO PERSONS INSURED BY THE INSURER VOLUNTARILY.

(ii) HANDLE CLAIMS IN AN EFFICIENT AND REASONABLE MANNER.

(iii) PROVIDE INTERNAL REVIEW PROCEDURES FOR INDIVIDUALS INSURED IDENTICAL TO THOSE ESTABLISHED UNDER CHAPTER 21 FOR PERSONS INSURED VOLUNTARILY.

(E) THE ESTABLISHMENT OF PROCEDURES AND GUIDELINES FOR THE ISSUANCE OF BINDERS BY INSURANCE PRODUCERS ON RECEIPT OF THE APPLICATION FOR COVERAGE.

(2) SECTIONS 3330, 3340(1) TO (3), 3355, 3360, AND 3380 APPLY TO THE OFFERING OF LOW-COST AUTOMOBILE INSURANCE POLICIES THROUGH THE FACILITY.

(3) A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL BE ISSUED FOR AN INITIAL TERM OF 6 MONTHS, RENEWABLE FOR SUBSEQUENT 6-MONTH TERMS.

SEC. 3281. THE OTHER CHAPTERS OF THIS ACT APPLY TO THIS CHAPTER UNLESS THE APPLICATION OF A PROVISION IN ANOTHER CHAPTER WOULD BE INCONSISTENT WITH THIS CHAPTER.

SEC. 3282. (1) AN INSURANCE PRODUCER THAT OFFERS AUTOMOBILE INSURANCE UNDER CHAPTER 33 SHALL OFFER LOW-COST AUTOMOBILE INSURANCE POLICIES TO LCAP APPLICANTS.

(2) AN INSURANCE PRODUCER THAT OFFERS A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL PROVIDE TO AN LCAP APPLICANT A NOTICE RELATING TO COVERAGE UNDER THE POLICY. THE INSURANCE PRODUCER SHALL PROVIDE THE NOTICE IN A SEPARATE DOCUMENT AT THE TIME OF
APPLICATION AND INCLUDE THE FOLLOWING STATEMENT IN 14-POINT BOLDFACED TYPE OR FONT:

WARNING

INSURANCE COVERAGE UNDER THE POLICY YOU ARE BUYING PROVIDES ONLY LIMITED MEDICAL COVERAGE UP TO A MAXIMUM OF $50,000.00. THE MEDICAL INSURANCE COVERS ONLY YOU AS THE OWNER OF THE VEHICLE. THIS INSURANCE DOES NOT PROVIDE BENEFITS THAT ARE PROVIDED UNDER A POLICY OF NO-FAULT INSURANCE IN THIS STATE, INCLUDING, BUT NOT LIMITED TO, ANY OF THE FOLLOWING:

- WAGE-LOSS BENEFITS.
- SURVIVOR'S BENEFITS.
- FUNERAL EXPENSES.
- REPLACEMENT SERVICES.
- PERSONAL PROTECTION BENEFITS FOR PASSENGERS IN THE VEHICLE, PEDESTRIANS, OR ANY OTHER INDIVIDUAL.

(3) IN APPLYING FOR A LOW-COST AUTOMOBILE INSURANCE POLICY, AN LCAP APPLICANT SHALL CERTIFY, TO THE BEST OF THE APPLICANT'S KNOWLEDGE AND BELIEF, WHETHER REPRESENTATIONS MADE IN THE APPLICATION AND IN DOCUMENTS SUBMITTED TO DEMONSTRATE ELIGIBILITY FOR THE LOW-COST AUTOMOBILE INSURANCE POLICY ARE TRUE AND CORRECT AND WHETHER THEY CONTAIN ANY MATERIAL MISREPRESENTATIONS OR OMISSIONS OF FACT.

(4) A CERTIFICATION OF THE APPLICANT UNDER SUBSECTION (3) THAT THE REPRESENTATIONS IN THE APPLICATION ARE TRUE AND CORRECT IS PROOF THAT THE APPLICANT MEETS THE QUALIFICATIONS.

(5) AN INSURANCE PRODUCER OR AGENCY OR AN AUTHORIZED
REPRESENTATIVE OR EMPLOYEE OF AN INSURANCE PRODUCER OR AGENCY INVOLVED IN THE SALE OF AUTOMOBILE INSURANCE UNDER THIS CHAPTER IS NOT LIABLE TO ANY PERSON FOR DAMAGES ARISING FROM THE REDUCTION OR INADEQUACY OF AUTOMOBILE INSURANCE BENEFITS AND DOES NOT HAVE ANY OTHER LIABILITY FOR DAMAGES CAUSED BY, ARISING OUT OF, OR RELATED TO ANY ACTUAL OR ALLEGED ACT, ERROR, OR OMISSION CONCERNING THE CHOICE OF AUTOMOBILE INSURANCE BENEFITS UNDER THIS CHAPTER.

SEC. 3283. AN INSURER MAY OFFER AN INSURED UNDER A LOW-COST AUTOMOBILE INSURANCE POLICY A PREMIUM INSTALLMENT OPTION UNDER WHICH THE INSURED MAY PAY A SPECIFIED PORTION OR PORTIONS OF THE PREMIUM FOR THE LOW-COST AUTOMOBILE INSURANCE POLICY ON A PERIODIC BASIS. A PREMIUM FOR A LOW-COST AUTOMOBILE INSURANCE POLICY SHALL NOT BE FINANCED IN ANY OTHER MANNER.

SEC. 3284. (1) AN INSURER THAT ISSUES A LOW-COST AUTOMOBILE INSURANCE POLICY UNDER THE PILOT PROGRAM MAY OFFER THE INSURED ANY OTHER ADDITIONAL TYPE OF AUTOMOBILE INSURANCE COVERAGE SUCH AS UNINSURED MOTORISTS COVERAGE OR COLLISION COVERAGE THAT IS NOT AVAILABLE UNDER THE LOW-COST AUTOMOBILE INSURANCE POLICY.

(2) AN INSURER SHALL NOT CONDITION THE SALE OF A LOW-COST AUTOMOBILE INSURANCE POLICY ON THE PURCHASE OF ANY OTHER PRODUCT OR SERVICE.

SEC. 3285. (1) A PERSON WHO LAWFULLY RENDERS TREATMENT TO AN INJURED INDIVIDUAL FOR AN ACCIDENTAL BODILY INJURY COVERED BY A LOW-COST AUTOMOBILE INSURANCE POLICY MAY CHARGE A REASONABLE AMOUNT FOR THE PRODUCTS, SERVICES, AND ACCOMMODATIONS RENDERED. THE CHARGE SHALL NOT EXCEED THE AMOUNT THE PERSON CUSTOMARILY RECEIVES FOR LIKE PRODUCTS, SERVICES, AND ACCOMMODATIONS IN CASES THAT DO NOT
INVOLVE AUTOMOBILE INSURANCE, THE PROGRAM FOR MEDICAL ASSISTANCE
FOR THE MEDICALLY INDIGENT UNDER THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.1 TO 400.119B, OR THE FEDERAL MEDICARE PROGRAM
ESTABLISHED UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO 1395KKK-1.

(2) ANY INFORMATION NEEDED BY AN INSURER TO DETERMINE THE APPROPRIATE REIMBURSEMENT UNDER THIS SECTION SHALL BE PROVIDED BY THE PERSON PROVIDING THE TREATMENT OR REHABILITATIVE OR OCCUPATIONAL TRAINING.

(3) IF AN INSURER NEEDS INFORMATION TO DETERMINE THE APPROPRIATE REIMBURSEMENT UNDER THIS SECTION AND THE INFORMATION IS UNAVAILABLE OR NOT PROVIDED OR THE INFORMATION PROVIDED IS NOT SUFFICIENT TO DETERMINE THE APPROPRIATE REIMBURSEMENT, THE INSURER SHALL PAY THE AMOUNT THAT WOULD BE PAID UNDER R 418.10101 TO R 418.101503 OF THE MICHIGAN ADMINISTRATIVE CODE OR SCHEDULES OF MAXIMUM FEES FOR WORKER'S DISABILITY COMPENSATION DEVELOPED UNDER THOSE RULES.

(4) WHETHER A CHARGE IS REASONABLE OR WHETHER A PRODUCT, SERVICE, OR ACCOMMODATION IS MEDICALLY APPROPRIATE AND MEDICALLY NECESSARY IS A QUESTION OF LAW TO BE DECIDED BY THE COURT.

SEC. 3287. BY APRIL 1, 2014 AND BY APRIL 1 OF EACH SUBSEQUENT YEAR, THE AUTOMOBILE INSURERS WHO ARE PARTICIPATING IN THE LOW-COST AUTOMOBILE INSURANCE PROGRAM SHALL SUBMIT THE LOSS AND EXPENSE DATA FROM LOW-COST AUTOMOBILE INSURANCE POLICIES AND A PROPOSED RATE FOR THE LOW-COST AUTOMOBILE INSURANCE POLICY TO THE DIRECTOR.

SEC. 3288. BY AUGUST 1, 2016 AND BY AUGUST 1 OF EACH SUBSEQUENT YEAR, THE DIRECTOR SHALL REPORT TO THE LEGISLATURE ON
SALES OF LOW-COST AUTOMOBILE INSURANCE POLICIES AND THE RESULTS OF THOSE SALES.

SEC. 3289. THE DIRECTOR MAY ISSUE AN ORDER OR PROMULGATE RULES UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, TO IMPLEMENT THIS CHAPTER.

SEC. 3290. THIS CHAPTER DOES NOT APPLY AFTER JULY 31, 2019.

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

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

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

(C) ASSURING THAT LOW-COST AUTOMOBILE INSURANCE POLICIES ARE OFFERED AND ISSUED IN THIS STATE UNDER CHAPTER 32A.

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

Sec. 3310. (1) The board of governors of the facility shall consist of 11 governors. Seven of the governors shall be elected as provided in the plan of operation. Four governors shall be appointed by the commissioner, DIRECTOR, of which 2 shall represent insurance agents subject to section 1209(1) and 2 shall represent the general public. Each governor appointed by the commissioner pursuant to DIRECTOR UNDER this subsection shall serve an annual term. The 7 elected members of the board of governors of the facility shall be elected to serve annual terms commencing within
45 days after the annual determination of participation ratios.

Vacancies shall be filled as provided for in the plan of operation.

(2) AMENDMENTS TO THE PLAN OF OPERATION FOR THE FACILITY ARE SUBJECT TO MAJORITY APPROVAL BY THE BOARD OF GOVERNORS AND RATIFICATION BY A MAJORITY OF THE MEMBERSHIP. THE MEMBERSHIP VOTE SHALL BE DETERMINED BY PARTICIPATION RATIO AS DEFINED IN SECTION 3303(E)(iii). The facility committee shall adopt a plan of operation by majority vote of the committee and APPROVED AND RATIFIED AMENDMENTS shall submit it—BE SUBMITTED to the commissioner for his or her approval. If the commissioner—DIRECTOR finds that the AMENDMENTS TO THE plan meets—MEET the requirements of this chapter AND CHAPTER 32A, AS APPLICABLE, he or she shall approve it. THEM. If the commissioner—DIRECTOR finds that the AMENDMENTS TO THE plan fails—FAIL to meet the requirements of this chapter OR CHAPTER 32A, AS APPLICABLE, he or she shall state in what respects the plan is—AMENDMENTS ARE deficient and shall afford the facility committee—BOARD OF GOVERNORS 10 days within which to correct the deficiency. If the commissioner—DIRECTOR and the facility committee—BOARD OF GOVERNORS fail to agree that the provisions of—CORRECTED AMENDMENTS TO the plan so submitted meet the requirements of this chapter OR CHAPTER 32A, AS APPLICABLE, either party to the controversy may submit the issue to the circuit court for Ingham county for a determination. If the commissioner—DIRECTOR fails to render a written decision on the AMENDMENTS TO THE plan of operation within 30 days after receipt of the plan—AMENDMENTS, the plan—AMENDMENTS shall be considered approved.

(3) Amendments to the plan of operation shall be subject to
majority approval by the board of governors and ratified by majority of the membership vote. The membership vote shall be determined as defined in section 3303(e)(iii). Amendments to the plan of operation shall be subject to the approval of the commissioner, as provided in subsection (2).

(3) By September 1, 2013, the Board of Governors shall approve amendments to the plan of operation to assure that low-cost automobile insurance policies under Chapter 32A are offered to residents of this state. The amendments shall be submitted to the members for ratification and to the director for approval, as required by subsection (2), so that the amendments will be in place and low-cost automobile insurance policies offered in this state by January 1, 2014.

(4) Every insurer authorized to write automobile insurance in this state shall adhere to the plan of operation.