

**SUBSTITUTE FOR
HOUSE BILL NO. 5126**

A bill to amend 2016 PA 281, entitled
"Medical marihuana facilities licensing act,"
by amending section 408 (MCL 333.27408).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 408. (1) Before the ~~board~~**marijuana regulatory agency**
2 grants or renews any license under this act, the licensee or
3 applicant shall file with the ~~department~~**marijuana regulatory**
4 **agency** proof of financial responsibility for liability for bodily
5 injury to lawful users resulting from the manufacture,
6 distribution, transportation, or sale of adulterated marihuana or
7 adulterated marihuana-infused product in an amount not less than
8 \$100,000.00 **for each license**. The proof of financial responsibility
9 ~~may~~**must** be ~~in the form of cash, unencumbered securities, a~~



1 liability insurance policy ~~, or a constant value bond executed by a~~
2 ~~surety company authorized to do business in this state.~~that meets
3 all of the following requirements:

4 (a) Is issued by a licensed insurance company or licensed
5 captive insurance company in this state.

6 (b) Does not include a condition, provision, stipulation, or
7 limitation contained in the policy, or any other endorsement, that
8 relieves the insurer from liability for the payment of any claim
9 for which the insured may be held liable under this act.

10 (c) Covers bodily injuries to a qualifying patient including
11 injuries that are caused by the intentional conduct of the licensee
12 or its employee or agent. However, the proof of financial
13 responsibility is not required to cover bodily injuries to
14 qualifying patients caused by the licensee or its employee or agent
15 if the licensee or its employee or agent acted with the intent to
16 harm.

17 (2) A licensee or applicant must include with its filing under
18 subsection (1) an attestation of compliance with this section on a
19 form approved by the marijuana regulatory agency. An officer of the
20 licensed insurance company or licensed captive insurance company
21 that issues the policy described in subsection (1) must sign the
22 attestation of compliance that the licensee or applicant is
23 required to file under this subsection.

24 (3) A licensee or applicant may furnish proof of financial
25 responsibility that exceeds the requirements of this section.

26 (4) If at any time a licensee fails to maintain proof of
27 financial responsibility as required under this section, the
28 marijuana regulatory agency shall immediately suspend the
29 licensee's license until the licensee provides to the marijuana



1 **regulatory agency proof of financial responsibility as required**
 2 **under this section.**

3 (5) As used in this section:

4 (a) "Adulterated marihuana" means a product sold as marihuana
 5 that contains any unintended substance or chemical or biological
 6 matter other than marihuana that causes adverse reaction after
 7 ingestion or consumption.

8 (b) "Bodily injury" does not include expected or intended
 9 effect or long-term adverse effect of smoking, ingestion, or
 10 consumption of marihuana or marihuana-infused product.

11 (6) ~~(2)~~ An insured licensee shall not cancel liability
 12 insurance required under this section unless the licensee ~~complies~~
 13 ~~with~~ **does** both of the following:

14 (a) Gives 30 days' prior written notice to the
 15 ~~department~~ **marijuana regulatory agency.**

16 (b) Procures new proof of financial responsibility required
 17 under this section and delivers that proof to the ~~department~~
 18 **marijuana regulatory agency** within 30 days after giving the
 19 ~~department~~ **marijuana regulatory agency** the notice under subdivision
 20 (a).

21 Enacting section 1. This amendatory act does not take effect
 22 unless House Bill No. 5127 of the 101st Legislature is enacted into
 23 law.

