

**SUBSTITUTE FOR
HOUSE BILL NO. 5701**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending the title, the heading of chapter 61, and sections
3301, 3330, 4501, 6101, 6105, 6107, 6110, and 6111 (MCL 500.3301,
500.3330, 500.4501, 500.6101, 500.6105, 500.6107, 500.6110, and
500.6111), the title as amended by 2002 PA 304, section 4501 as
amended by 2012 PA 39, sections 6101, 6105, 6107, and 6110 as added
by 1992 PA 174, and section 6111 as amended by 2004 PA 316, and by
adding sections 6104, 6104a, 6104b, and 6108; and to repeal acts
and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to revise, consolidate, and classify the laws relating
3 to the insurance and surety business; to regulate the incorporation

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

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

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

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

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

6 **(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE**
7 **FRAUD AND THEFT PREVENTION AUTHORITY.**

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

10 Sec. 3330. (1) The board of governors shall have all power to
11 direct the operation of the facility, including, at a minimum, all
12 of the following:

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

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

18 (c) To assess participating members on the basis of
19 participation ratios pursuant to section 3303 to cover anticipated
20 costs of operation and administration of the facility, to provide
21 for equitable servicing fees, and to share losses, profits, and
22 expenses pursuant to the plan of operation.

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

26 (e) To provide for a limited number of participating members
27 to receive equitable distribution of applicants; or to provide for

1 a limited number of participating members to service applicants in
2 a plan of sharing of losses in accordance with the subsection
3 3320(1)(c) and the plan operation.

4 (f) To provide for standards of performance of service for the
5 participating members designated pursuant to subdivision (e).

6 (g) To adopt a plan of operation and any amendments to the
7 plan, not inconsistent with this chapter, necessary to assure the
8 fair, reasonable, equitable, and nondiscriminatory manner of
9 administering the facility, including compliance with chapter 21,
10 and to provide for such other matters as are necessary or advisable
11 to implement this chapter, including matters necessary to comply
12 with the requirements of chapter 21.

13 **(H) TO ANNUALLY ASSESS PARTICIPATING MEMBERS AND SELF-INSURERS**
14 **AN AGGREGATE AMOUNT NOT TO EXCEED \$21,000,000.00 TO COVER**
15 **ANTICIPATED COSTS OF OPERATION AND ADMINISTRATION OF THE MICHIGAN**
16 **AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY.**

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

26 **(3) ON OR BEFORE JANUARY 1, 2013, THE BOARD OF GOVERNORS SHALL**
27 **AMEND THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES**

1 NECESSARY TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE
2 ADMINISTRATIVE DUTIES AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE
3 INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY AS PROVIDED IN
4 CHAPTER 61.

5 Sec. 4501. As used in this chapter:

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

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

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

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

25 (E) **"MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION**
26 **AUTHORITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT**
27 **PREVENTION AUTHORITY CREATED UNDER SECTION 6104.**

1 (F) ~~(e)~~—"Organization" means an organization or internal
2 department of an insurer established to detect and prevent
3 insurance fraud.

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

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

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

26 (J) ~~(i)~~—"Statement" includes, but is not limited to, any
27 notice statement, proof of loss, bill of lading, receipt for

1 payment, invoice, account, estimate of property damages, bill for
2 services, claim form, diagnosis, prescription, hospital or doctor
3 record, X-rays, test result, or other evidence of loss, injury, or
4 expense.

5 CHAPTER 61

6 AUTOMOBILE **INSURANCE FRAUD AND THEFT** PREVENTION AUTHORITY

7 Sec. 6101. As used in this chapter:

8 (a) "Authority" means the ~~automobile theft prevention~~
9 ~~authority~~ **MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION**
10 **AUTHORITY**.

11 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
12 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
13 WITH AN APPLICATION FOR OR A POLICY OF AUTOMOBILE INSURANCE.

14 (C) ~~(b)~~ "Board" means the board of directors of the **MICHIGAN**
15 automobile **INSURANCE FRAUD AND** theft prevention authority.

16 ~~—— (c) "Economic automobile theft" means automobile theft~~
17 ~~perpetrated for financial gain.~~

18 (D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND
19 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE
20 SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE
21 CALENDAR YEAR ENDING THE DECEMBER 31 OF THE SECOND PRIOR YEAR AS
22 REPORTED TO THE STATISTICAL AGENT OF EACH INSURER.

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

25 SEC. 6104. (1) BEGINNING JANUARY 1, 2013, THE MICHIGAN
26 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY IS
27 CREATED WITHIN THE FACILITY. THE FACILITY SHALL PROVIDE STAFF FOR

1 THE AUTHORITY AND SHALL CARRY OUT THE ADMINISTRATIVE DUTIES AND
2 FUNCTIONS AS DIRECTED BY THE BOARD OF DIRECTORS.

3 (2) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT
4 PREVENTION AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE
5 AUTHORITY IS NOT STATE MONEY. A RECORD OF THE AUTHORITY IS EXEMPT
6 FROM DISCLOSURE UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT,
7 1976 PA 442, MCL 15.243.

8 (3) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT
9 PREVENTION AUTHORITY SHALL DO ALL OF THE FOLLOWING:

10 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW
11 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE
12 OF AUTOMOBILE INSURANCE FRAUD AND THEFT.

13 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL
14 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
15 AUTOMOBILE INSURANCE FRAUD AND THEFT.

16 (4) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT
17 PREVENTION AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW
18 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING
19 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
20 AUTOMOBILE INSURANCE FRAUD AND THEFT.

21 (5) THE PURPOSES, POWERS, AND DUTIES OF THE MICHIGAN
22 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY SHALL BE
23 VESTED IN AND EXERCISED BY A BOARD OF DIRECTORS. THE BOARD OF
24 DIRECTORS SHALL CONSIST OF 15 MEMBERS AS FOLLOWS:

25 (A) NINE MEMBERS WHO REPRESENT AUTOMOBILE INSURERS IN THIS
26 STATE SUBJECT TO THE FOLLOWING:

27 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH

1 350,000 OR MORE CAR YEARS.

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

4 (iii) AT LEAST 1 MEMBER WHO REPRESENTS INSURER GROUPS WITH LESS
5 THAN 100,000 CAR YEARS.

6 (B) THE COMMISSIONER OR HIS OR HER DESIGNEE.

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

8 (D) TWO MEMBERS WHO REPRESENT LAW ENFORCEMENT AGENCIES IN THIS
9 STATE.

10 (E) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS
11 STATE.

12 (F) ONE MEMBER WHO REPRESENTS THE GENERAL PUBLIC.

13 (6) THE INSURER MEMBERS ON THE BOARD UNDER SUBSECTION (5)
14 SHALL BE ELECTED BY AUTOMOBILE INSURERS DOING BUSINESS IN THIS
15 STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS OF
16 THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE INSURER
17 MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT
18 NOMINATIONS FROM AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE.

19 (7) THE LAW ENFORCEMENT MEMBERS ON THE BOARD UNDER SUBSECTION
20 (5) SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT
21 OF THE SENATE. IN APPOINTING THE LAW ENFORCEMENT MEMBERS, THE
22 GOVERNOR SHALL COMPLY WITH ALL OF THE FOLLOWING:

23 (A) HE OR SHE SHALL SOLICIT INPUT FROM VARIOUS LAW ENFORCEMENT
24 ASSOCIATIONS IN THIS STATE.

25 (B) HE OR SHE SHALL NOT APPOINT A MEMBER WHO REPRESENTS THE
26 SAME TYPE OF LAW ENFORCEMENT AGENCY AS THE OTHER MEMBER WHO
27 REPRESENTS LAW ENFORCEMENT AGENCIES ON THE BOARD.

1 (C) HE OR SHE SHALL NOT APPOINT A MEMBER REPRESENTING THE SAME
2 LAW ENFORCEMENT AGENCY TO THE BOARD FOR MORE THAN 2 CONSECUTIVE
3 TERMS.

4 (8) THE PROSECUTING ATTORNEY MEMBER ON THE BOARD UNDER
5 SUBSECTION (5) SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE
6 AND CONSENT OF THE SENATE. IN APPOINTING THE PROSECUTING ATTORNEY
7 MEMBER, THE GOVERNOR SHALL SOLICIT INPUT FROM VARIOUS PROSECUTING
8 ATTORNEY ASSOCIATIONS IN THIS STATE.

9 (9) THE PUBLIC MEMBER ON THE BOARD UNDER SUBSECTION (5) SHALL
10 BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE
11 SENATE. THE PUBLIC MEMBER SHALL BE A RESIDENT OF THIS STATE AND
12 SHALL NOT BE EMPLOYED BY OR UNDER CONTRACT WITH ANY STATE OR LOCAL
13 UNIT OF GOVERNMENT OR ANY INSURER.

14 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, MEMBERS
15 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS AND UNTIL THEIR
16 SUCCESSORS ARE APPOINTED AND QUALIFIED. FOR THE MEMBERS FIRST
17 ELECTED OR APPOINTED UNDER THIS SECTION, 3 INSURER MEMBERS AND 1
18 LAW ENFORCEMENT MEMBER SHALL SERVE FOR A TERM OF 2 YEARS; 3 INSURER
19 MEMBERS, THE PROSECUTING ATTORNEY MEMBER, AND THE GENERAL PUBLIC
20 MEMBER SHALL SERVE FOR A TERM OF 3 YEARS; AND 3 INSURER MEMBERS AND
21 1 LAW ENFORCEMENT MEMBER SHALL SERVE FOR A TERM OF 4 YEARS.

22 SEC. 6104A. (1) MEMBERS OF THE BOARD SHALL SERVE WITHOUT
23 COMPENSATION FOR THEIR MEMBERSHIP ON THE BOARD, EXCEPT THAT MEMBERS
24 OF THE BOARD SHALL RECEIVE REASONABLE REIMBURSEMENT FOR NECESSARY
25 TRAVEL AND EXPENSES.

26 (2) A MAJORITY OF THE MEMBERS OF THE BOARD SHALL CONSTITUTE A
27 QUORUM FOR THE TRANSACTION OF BUSINESS AT A MEETING, OR THE

1 EXERCISE OF A POWER OR FUNCTION OF THE AUTHORITY, NOTWITHSTANDING
2 THE EXISTENCE OF 1 OR MORE VACANCIES. NOTWITHSTANDING ANY OTHER
3 PROVISION OF LAW, ACTION MAY BE TAKEN BY THE AUTHORITY AT A MEETING
4 UPON A VOTE OF THE MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR
5 THROUGH THE USE OF AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY
6 THE BYLAWS OR PLAN OF OPERATION OF THE BOARD. THE AUTHORITY SHALL
7 MEET AT THE CALL OF THE CHAIR OR AS MAY BE PROVIDED IN THE BYLAWS
8 OF THE AUTHORITY. MEETINGS OF THE AUTHORITY MAY BE HELD ANYWHERE
9 WITHIN THE STATE OF MICHIGAN.

10 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY
11 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN
12 ACCORDANCE WITH THE PLAN OF OPERATION.

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

24 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION, OR
25 DISCIPLINING OF OFFICERS OR EMPLOYEES OF THE AUTHORITY.

26 (B) TO CONSULT WITH ITS ATTORNEY.

27 (C) TO COMPLY WITH STATE OR FEDERAL LAW, RULES, OR REGULATIONS

1 REGARDING PRIVACY OR CONFIDENTIALITY.

2 (5) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE
3 AUTHORITY'S OPERATIONS AND ACTIVITIES, INCLUDING, BUT NOT LIMITED
4 TO, THE ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 6110, ON A
5 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

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

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

14 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD
15 MEMBERS WHO ARE ABSENT.

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

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

19 SEC. 6104B. ON OR BEFORE JANUARY 1, 2013, THE DEPARTMENT OF
20 STATE POLICE SHALL TRANSFER ALL ASSETS OF THE AUTOMOBILE THEFT
21 PREVENTION AUTHORITY TO THE FACILITY FOR THE BENEFIT OF THE
22 MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY.

23 Sec. 6105. The ~~authority~~ BOARD shall have the powers necessary
24 ~~or convenient to carry out and effectuate the purposes and~~
25 ~~provisions of this chapter and the purposes of the authority and~~
26 ~~the powers delegated by other laws~~ ITS DUTIES UNDER THIS ACT,
27 including, but not limited to, the power to DO THE FOLLOWING:

1 (a) Sue and be sued ~~, to have a seal and alter the same at~~
2 ~~pleasure, to have perpetual succession, to make, execute, and~~
3 ~~deliver contracts, conveyances, and other instruments necessary or~~
4 ~~convenient to the exercise of its powers, and to make and amend~~
5 ~~bylaws~~ **IN THE NAME OF THE AUTHORITY.**

6 (b) Solicit and accept gifts, grants, loans, ~~funds collected~~
7 ~~and placed in the automobile theft prevention fund, and other aids~~
8 from any person or the federal, state, or a local government or any
9 agency thereof.

10 (c) Make grants and investments.

11 (d) Procure insurance against any loss in connection with its
12 property, assets, or activities.

13 (e) Invest any money held in reserve or sinking funds, or any
14 money not required for immediate use or disbursement, at its
15 discretion and to name and use depositories for its money.

16 (f) Contract for goods and services and engage personnel as is
17 necessary. ~~, including the services of private consultants,~~
18 ~~managers, counsel, auditors, and others for rendering professional,~~
19 ~~management, and technical assistance and advice, payable out of any~~
20 ~~money of the fund legally available for this purpose.~~

21 (g) Indemnify and procure insurance indemnifying any member of
22 the board from personal loss or accountability from liability
23 resulting from a member's action or inaction as a member of the
24 board.

25 (h) ~~Do all other things necessary or convenient to achieve the~~
26 ~~objectives and purposes of the authority, this chapter, or other~~
27 ~~laws~~ **PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS SECTION**

1 THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF THE
 2 AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR THE
 3 PLAN OF OPERATION.

4 Sec. 6107. (1) ~~Prior to~~ **BEFORE** April 1 of each year, each
 5 insurer **AND EACH SELF-INSURER** engaged in writing insurance
 6 coverages ~~which~~ **THAT** provide the security required by section
 7 3101(1) within this state, as a condition of its authority to
 8 transact insurance in this state, shall pay to the ~~authority~~
 9 **FACILITY, FOR DEPOSIT INTO THE ACCOUNT OF THE AUTHORITY,** an
 10 assessment ~~equal to \$1.00 multiplied by the insurer's total earned~~
 11 ~~ear years of insurance providing the security required by section~~
 12 ~~3101(1) written in this state during the immediately preceding~~
 13 ~~calendar year.~~ **DETERMINED BY THE FACILITY AS PROVIDED IN THE PLAN OF**
 14 **OPERATION. THE ASSESSMENT TO EACH INSURER AND SELF-INSURER SHALL BE**
 15 **BASED ON THE RATIO OF ITS CAR YEARS WRITTEN TO THE STATEWIDE TOTAL**
 16 **CAR YEARS FOR ALL INSURERS AND SELF-INSURERS.**

17 (2) Money received pursuant to subsection (1), and all other
 18 money received by the authority, shall be segregated ~~and placed in~~
 19 ~~a fund to be known as the automobile theft prevention fund. The~~
 20 ~~automobile theft prevention fund shall be administered by the~~
 21 ~~authority~~ **FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE, AND**
 22 **SHALL ONLY BE EXPENDED AS DIRECTED BY THE BOARD.**

23 ~~—— (3) Money in the automobile theft prevention fund shall be~~
 24 ~~expended in the following order of priority:~~

25 ~~—— (a) To pay the costs of administration of the authority.~~

26 ~~—— (b) To achieve the purposes and objectives of this chapter,~~

27 ~~which may include, but not be limited to, the following:~~

~~1 (i) Provide financial support to the department of state police
2 and local law enforcement agencies for economic automobile theft
3 enforcement teams.~~

~~4 (ii) Provide financial support to state or local law
5 enforcement agencies for programs designed to reduce the incidence
6 of economic automobile theft.~~

~~7 (iii) Provide financial support to local prosecutors for
8 programs designed to reduce the incidence of economic automobile
9 theft.~~

~~10 (iv) Provide financial support to judicial agencies for
11 programs designed to reduce the incidence of economic automobile
12 theft.~~

~~13 (v) Provide financial support for neighborhood or community
14 organizations or business organizations for programs designed to
15 reduce the incidence of automobile theft.~~

~~16 (vi) Conduct educational programs designed to inform automobile
17 owners of methods of preventing automobile theft and to provide
18 equipment, for experimental purposes, to enable automobile owners
19 to prevent automobile theft.~~

~~20 (4) Money in the automobile theft prevention fund shall only
21 be used for automobile theft prevention efforts and shall be
22 distributed based on need and efficacy as determined by the
23 authority.~~

~~24 (5) Money in the automobile theft prevention fund shall not be
25 considered state money.~~

**26 (3) FROM THE MONEY RECEIVED ANNUALLY UNDER SUBSECTION (1), THE
27 BOARD SHALL NOT REDUCE THE AMOUNT OF MONEY AVAILABLE TO PROVIDE**

1 FINANCIAL SUPPORT FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
2 AUTOMOBILE THEFT BELOW \$6,000,000.00.

3 SEC. 6108. (1) EACH INSURER AUTHORIZED TO TRANSACT AUTOMOBILE
4 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO
5 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE
6 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES SET
7 FORTH BY THE BOARD.

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

11 ~~Sec. 6110. (1) The authority shall develop and implement a~~
12 ~~plan of operation.~~

13 ~~—— (2) The plan of operation shall include an assessment of the~~
14 ~~scope of the problem of automobile theft, including particular~~
15 ~~areas of the state where the problem is greatest; an analysis of~~
16 ~~various methods of combating the problem of automobile theft and~~
17 ~~economic automobile theft; a plan for providing financial support~~
18 ~~to combat automobile theft and economic automobile theft; and an~~
19 ~~estimate of the funds required to implement the plan.~~

20 ~~—— (3) The authority shall report annually on or before February~~
21 ~~1 to the governor and the legislature on its activities in the~~
22 ~~preceding year.~~ BEGINNING JANUARY 1 OF THE YEAR AFTER THE EFFECTIVE
23 DATE OF THE AMENDATORY ACT THAT ADDED SECTION 6104, THE AUTHORITY
24 SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT AND AN ANNUAL
25 REPORT TO THE LEGISLATURE ON ITS EFFORTS TO PREVENT AUTOMOBILE
26 INSURANCE FRAUD AND COST SAVINGS THAT HAVE RESULTED FROM ITS
27 EFFORTS.

1 Sec. 6111. By July 1 of every ~~odd~~**EVEN** numbered year, the
2 ~~automobile theft prevention~~ authority shall prepare a report that
3 details the theft of automobiles **AND AUTOMOBILE INSURANCE FRAUD**
4 occurring in this state for the previous 2 years, assesses the
5 impact of the thefts **AND FRAUD** on rates charged for automobile
6 insurance, summarizes prevention programs, and outlines allocations
7 made by the authority. The ~~director of the department of state~~
8 ~~police,~~ **MEMBERS OF THE BOARD**, insurers, and the commissioner shall
9 cooperate in the development of the report as requested by the
10 ~~automobile theft prevention~~ authority and shall make available
11 records and statistics concerning automobile thefts, including the
12 number of automobile thefts, number of prosecutions and convictions
13 involving automobile thefts, and automobile theft recidivism, **AND**
14 **AUTOMOBILE INSURANCE FRAUD, INCLUDING THE NUMBER OF INSTANCES OF**
15 **SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS AND**
16 **CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AND AUTOMOBILE**
17 **INSURANCE FRAUD RECIDIVISM.** The ~~automobile theft prevention~~
18 authority shall evaluate the impact automobile theft **AND AUTOMOBILE**
19 **INSURANCE FRAUD** has on the citizens of this state and the costs
20 incurred by the citizens through insurance, police enforcement,
21 prosecution, and incarceration due to automobile thefts **AND**
22 **AUTOMOBILE INSURANCE FRAUD.** The report required by this section
23 shall be submitted to the senate and house of representatives
24 standing committees on insurance issues and the commissioner.

25 Enacting section 1. Section 6103 of the insurance code of
26 1956, 1956 PA 218, MCL 500.6103, is repealed effective January 1,
27 2013.

1 Enacting section 2. The title and sections 4501, 6101, 6105,
2 6107, 6110, and 6111 of the insurance code of 1956, 1956 PA 218,
3 MCL 500.4501, 500.6101, 500.6105, 500.6107, 500.6110, and 500.6111,
4 as amended by this amendatory act, and sections 6104a and 6108 of
5 the insurance code of 1956, 1956 PA 218, as added by this
6 amendatory act, take effect January 1, 2013.