February 6, 2018, Introduced by Reps. Sheppard, LaFave, Bellino, Kahle, Theis and Miller and referred to the Committee on Insurance.

section 3103 as amended by 1986 PA 173, section 3104 as amended by 2002 PA 662, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, section 3303 as amended by 1980 PA 461, and section 6107 as amended by 2017 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1833. (1) A risk retention group chartered or doing business in this state shall not join or contribute financially to the property and casualty guaranty association created under chapter 79 or other similar association or mechanism in this state. A risk retention group, its insureds, or claimants against its insureds, shall not receive any benefit from the property and casualty guaranty association or other similar association or mechanism for claims arising under the insurance policies issued by the risk retention group.

(2) A purchasing group obtaining insurance covering its members' risks from an UNAUTHORIZED insurer not authorized in this state or a risk retention group shall not be covered by the property and casualty guaranty association or similar association or mechanism in this state.

(3) If a purchasing group obtains insurance covering its members' risks from an AUTHORIZED insurer, authorized in this state, only risks resident or located in this state shall be covered by the property and casualty guaranty association under chapter 79.

(4) A risk retention group chartered or doing business in this state which offers coverage for the security required under chapter 31, shall be offered coverage for the security on
DECEMBER 31, 2019, IS a participating member in the Michigan automobile insurance placement facility established under chapter 33 for the purpose of sharing in the equitable apportionment among insurers of liability insurance losses and expenses incurred on policies written through that facility. The risk retention group shall submit sufficient information to the commissioner, DIRECTOR, or to whomever the commissioner-DIRECTOR may designate, to enable the apportionment on a nondiscriminatory basis of the risk retention group's proportionate share of the losses and expenses.

Sec. 1910. (1) Insurance A LICENSEE shall not be placed by a licensee PLACE INSURANCE with an unauthorized insurer if coverage is available from an authorized insurer.

(2) There is a rebuttable presumption that the following coverages are available from an authorized insurer:

(a) No-fault BEFORE JANUARY 1, 2020, NO-FAULT automobile insurance, as required by section 3101, which THAT is not written for a person who is self-insuring motor vehicles under section 3101d.

(B) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE THAT COMPLIES WITH SECTION 3009.

(C) (b) Private passenger automobile physical damage coverage.

(D) (c) Homeowners and property insurance on owner-occupied dwellings, the value of which is less than the maximum limits of coverage that are available for the property under the general rules of the Michigan basic property insurance association.

(E) (d) Any coverage readily available from 3 or more authorized insurers, unless the authorized insurers quote a premium
and terms not competitive with the premium and terms quoted by an unauthorized insurer.

(F) (e) Worker's compensation insurance that is not written for an employer that is partially self-insured under section 611 of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.611.

(3) There is a rebuttable presumption that the following coverages are unavailable from an authorized insurer:

(a) Coverages with respect to which 1 portion of the risk is acceptable to authorized insurers, but another portion of the same risk is not acceptable. The entire coverage may be placed with eligible unauthorized insurers if it can be shown that eligible unauthorized insurers will accept the entire coverage but not the rejected portion alone.

(b) Any coverage that the licensee is unable to procure after diligent search among authorized insurers.

(4) The commissioner DIRECTOR shall maintain, on a current basis, a list of those lines of insurance for which coverages are determined by the commissioner DIRECTOR to be generally unavailable in the authorized insurance market. Any person may request in writing that the commissioner DIRECTOR add or remove a coverage from the current list. The commissioner DIRECTOR shall grant or deny a request within 30 days after receiving the written request. The commissioner DIRECTOR shall encourage dissemination of information regarding the availability of coverages for which the public interest necessitates additions to or deletions from the list. The list shall MUST be published at least quarterly and shall
be revised as required. The commissioner—DIRECTOR—shall make the
list available to all licensees and other members of the public,
upon—ON—request.

Sec. 2102. (1) "Affiliate of", or an insurer "affiliated with"
an insurer, means an insurer that directly, or indirectly through 1
or more intermediaries, controls, or is controlled by, or is under
common control with the insurer specified.

(2) "Automobile insurance" means insurance for private
passenger nonfleet automobiles which provides any of the following:

(A) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE
THAT COMPLIES WITH SECTION 3009.

(B) (a) Security required pursuant to—UNDER—section 3101.

(C) (b) Personal protection, property protection, and residual
liability insurance for amounts in excess of the amounts required
under chapter 31.

(D) (c) Insurance coverages customarily known as comprehensive
and collision.

(E) (d) Other insurance coverages for a private passenger
nonfleet automobile as prescribed by rule promulgated by the
commissioner pursuant to Act No. 306 of the Public Acts of 1969, as
amended, being sections—DIRECTOR—UNDER—THE—ADMINISTRATIVE
PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 to 24.315 of the
Michigan Compiled Laws. A—24.328. THE DIRECTOR SHALL TRANSMIT IN
ADVANCE A rule proposed for promulgation by the commissioner
pursuant to—UNDER—this section shall be transmitted in advance to
each member of the standing committee—COMMITTEES—in the house and
in the senate which has—WITH—jurisdiction over insurance.
(3) "Automobile insurance package policy" means a policy that includes more than 1 of the automobile insurance coverages described in subsection (2)(a), (b), (c), or (d), in any combination.

(4) "Declination" means any of the following:

(a) Refusal by an agent to submit an application on behalf of an applicant to any of the insurers represented by the agent.

(b) Refusal by an insurer to issue insurance to a person upon receipt of an application for insurance.

(c) Offering insurance at higher rates with a different insurer than that requested by a person.

(d) Offering coverage with less favorable terms or conditions than those requested by a person.

Sec. 2103. (1) "Eligible person", for automobile insurance, means a person who is an owner or registrant of an automobile registered or to be registered in this state or who holds a valid license to operate a motor vehicle issued by this state, but does not include any of the following:

(a) A person who is not required to maintain security under section 3101, LIABILITY INSURANCE ON THE VEHICLE INSURED OR TO BE INSURED UNDER THE POLICY, unless the person intends to reside in this state for 30 days or more and makes a written statement of that intention on a form approved by the director.

(b) A person whose license to operate a vehicle is under suspension or revocation.

(c) A person who has been convicted within the immediately preceding 5-year period of fraud or intent to defraud involving an
insurance claim or an application for insurance; or an individual
who has been successfully denied, within the immediately preceding
5-year period, payment by an insurer of a claim in excess of
$1,000.00 under an automobile insurance policy, if there is
evidence of fraud or intent to defraud involving an insurance claim
or application.

(d) A person who, during the immediately preceding 3-year
period, has been convicted under, or who has been subject to an
order of disposition of the family division of circuit court for a
violation of, any of the following:

(i) Section 601d of the Michigan vehicle code, 1949 PA 300,
MCL 257.601d, or any other law of this state the violation of which
constitutes a felony resulting from the operation of a motor
vehicle.

(ii) Section 625 of the Michigan vehicle code, 1949 PA 300,
MCL 257.625.

(iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

(iv) Section 626 of the Michigan vehicle code, 1949 PA 300,
MCL 257.626; or a similar violation under the laws of any other
state or a municipality in or outside of this state.

(e) A person whose vehicle insured or to be insured under the
policy fails to meet the motor vehicle safety requirements of
sections 683 to 711 of the Michigan vehicle code, 1949 PA 300, MCL
257.683 to 257.711.

(f) A person whose policy of automobile insurance has been
canceled because of nonpayment of premium or financed premium
within the immediately preceding 2-year period, unless the premium
due on a policy for which application has been made is paid in full
before issuance or renewal of the policy.

(g) A person who fails to obtain or maintain membership in a
club, group, or organization, if membership is a uniform
requirement of the insurer as a condition of providing insurance,
and if the dues, charges, or other conditions for membership are
applied uniformly throughout this state, are not expressed as a
percentage of premium, and do not vary with respect to the rating
classification of the member except for the purpose of offering a
membership fee to family units. Membership fees may vary in
accordance with the amount or type of coverage if the purchase of
additional coverage, either as to type or amount, is not a
condition for reduction of dues or fees.

(h) A person whose driving record for the 3-year period
immediately preceding application for or renewal of a policy, has,
under section 2119a, an accumulation of more than 6 insurance
eligibility points.

(2) "Eligible person", for home insurance, means a person who
is the owner-occupant or tenant of a dwelling of any of the
following types: a house, a condominium unit, a cooperative unit, a
room, or an apartment; or a person who is the owner-occupant of a
multiple unit dwelling of not more than 4 residential units.
Eligible person does not include any of the following:

(a) A person who has been convicted, in the immediately
preceding 5-year period, of 1 or more of the following:

(i) Arson, or conspiracy to commit arson.
(ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b, or 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

(iii) A crime under section 92, 151, 157b, or 218 of the Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b, and 750.218, based on a crime described in subparagraph (ii) committed by or on behalf of the person.

(b) A person who has been successfully denied, within the immediately preceding 5-year period, payment by an insurer of a claim under a home insurance policy based on evidence of arson, conspiracy to commit arson, fraud, or conspiracy to commit fraud, committed by or on behalf of the person.

(c) A person who insures or seeks to insure a dwelling that is being used for an illegal or demonstrably hazardous purpose.

(d) A person who refuses to purchase an amount of insurance equal to at least 80% of the replacement cost of the property insured or to be insured under a replacement cost policy.

(e) A person who refuses to purchase an amount of insurance equal to at least 100% of the market value of the property insured or to be insured under a repair cost policy.

(f) A person who refuses to purchase an amount of insurance equal to at least 100% of the actual cash value of the property insured or to be insured under a tenant or renter's home insurance policy.

(g) A person whose policy of home insurance has been canceled because of nonpayment of premium within the immediately preceding 2-year period, unless the premium due on the policy is paid in full
before issuance or renewal of the policy.

(h) A person who insures or seeks to insure a dwelling, if the
insured value is not any of the following:

(i) For a repair cost policy, at least $15,000.00.

(ii) For a replacement policy, at least $35,000.00 or another
amount established by the director. The director may establish an
amount under this subparagraph biennially by a rule promulgated
under the administrative procedures act of 1969, 1969 PA 306, MCL
24.201 to 24.328, and based on changes in applicable construction
cost indices.

(i) A person who insures or seeks to insure a dwelling that
has physical conditions that clearly present an extreme likelihood
of a significant loss under a home insurance policy.

(j) A person whose real property taxes with respect to the
dwelling insured or to be insured have been and are delinquent for
2 or more years at the time of renewal of, or application for, home
insurance.

(k) A person who has failed to procure or maintain membership
in a club, group, or organization, if membership is a uniform
requirement of the insurer, and if the dues, charges, or other
conditions for membership are applied uniformly throughout this
state, are not expressed as a percentage of premium, and do not
vary with respect to the rating classification of the member except
for the purpose of offering a membership fee to family units.
Membership fees may vary in accordance with the amount or type of
coverage if the purchase of additional coverage, either as to type
or amount, is not a condition for reduction of dues or fees.
(3) "Home insurance" means any of the following, but does not include insurance intended to insure commercial, industrial, professional, or business property, obligations, or liabilities:

(a) Fire insurance for an insured's dwelling of a type described in subsection (2).

(b) If contained in or indorsed to a fire insurance policy providing insurance for the insured's residence, other insurance intended primarily to insure nonbusiness property, obligations, and liabilities.

(c) Other insurance coverages for an insured's residence as prescribed by rule promulgated by the director under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The director shall transmit a rule proposed for promulgation under this section in advance to each member of the standing committees in the house of representatives and the senate that have jurisdiction over insurance.

(4) "Insurance eligibility points" means all of the following:

(a) Points calculated, according to the following schedule, for convictions, determinations of responsibility for civil infractions, or findings of responsibility in probate court:

(i) For a violation of any lawful speed limit by more than 15 miles per hour, or careless driving, 4 points.

(ii) For a violation of any lawful speed limit by more than 10 miles per hour but less than 16 miles per hour, 3 points.

(iii) For a violation of any lawful speed limit by more than 5 miles per hour but less than 11 miles per hour, 2 points.

(iv) For a violation of any speed limit by more than 5 miles
per hour but less than 16 miles per hour on a roadway that had a
lawfully posted maximum speed of 70 miles per hour or greater as of
January 1, 1974, 2 points.

(v) For a violation of a speed limit by less than 6 miles per
hour, 1 point.

(vi) For all other moving violations pertaining to the
operation of motor vehicles, 2 points.

(b) Points calculated, according to the following schedule,
for determinations that the person was substantially at-fault:

(i) For the first substantially at-fault accident, 3 points.

(ii) For the second and each subsequent substantially at-fault
accident, 4 points.

(5) "Insurer" means an insurer authorized to transact in this
state the kind or combination of kinds of insurance constituting
automobile insurance or home insurance.

Sec. 2116a. An automobile insurer shall not refuse to insure,
refuse to continue to insure, limit coverage available to, charge a
reinstatement fee for, or increase the premiums for automobile
insurance solely because a person failed to maintain insurance THAT
WAS required by section 3101 OR THAT COMPLIED WITH SECTION 3009 for
a vehicle owned by the person during the 6-month period immediately
preceding application if the person certifies on a form provided by
the insurer that the lapse in coverage was because the person was
on active duty in the armed forces of the United States for at
least 30 consecutive days and that the vehicle was not driven or
moved during the 6-month period immediately preceding application
or during the period of time the insurance was not maintained,
whichever period is shorter. This section applies only to an eligible person.

Sec. 2118. (1) As a condition of maintaining its certificate of authority, an insurer shall not refuse to insure, refuse to continue to insure, or limit coverage available to an eligible person for automobile insurance, except in accordance with underwriting rules established pursuant to AS PROVIDED IN this section and sections 2119 and 2120.

(2) The underwriting rules that an insurer may establish for automobile insurance MUST be based only on the following:

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

(b) The insurance eligibility point accumulation in excess of the amounts established by section 2103(1) of a member of the household of the eligible person insured or to be insured, if the member of the household usually accounts for 10% or more of the use of a vehicle insured or to be insured. For purposes of this subdivision, THERE IS A REBUTTABLE PRESUMPTION THAT a person who is the principal driver for 1 automobile insurance policy shall be rebuttably presumed DOES not to usually account for more than 10% of the use of another vehicle of the household THAT IS not insured under the policy of the person.

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

(d) Except as otherwise provided in section 2116a, failure by
the person to provide proof that insurance **THAT WAS** required by section 3101 **OR THAT COMPLIED WITH SECTION 3009** was maintained in force **EFFECT** with respect to any vehicle that was both owned by the person and driven or moved by the person or by a member of the household of the person during the 6-month period immediately preceding application. **Such THE** proof **shall take the form of MUST BE** a certification by the person on a form provided by the insurer that the vehicle was not driven or moved without maintaining the insurance **THAT WAS** required by section 3101 **OR THAT COMPLIED WITH SECTION 3009, AS APPLICABLE,** during the 6-month period immediately preceding application.

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

(i) The vehicle is **BEING** of limited production or of custom manufacture.

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

(iii) The vehicle represents **REPRESENTING** exposure to extraordinary expense for repair or replacement under comprehensive or collision coverage.

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

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

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

(i) Total abstinence from the consumption of alcoholic beverages except if such beverages are consumed as part of a religious ceremony. However, an insurer shall not utilize an underwriting rule based on this subdivision unless the insurer has been authorized to transact automobile insurance in this state prior to January 1, 1981, and has consistently utilized such an underwriting rule as part of the insurer's automobile insurance underwriting since being authorized to transact automobile insurance in this state.

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

Sec. 2120. (1) Affiliated insurers may establish underwriting rules so that each affiliate will provide automobile insurance only to certain eligible persons. This subsection shall apply only if an eligible person can obtain automobile insurance from 1 of the affiliates. The underwriting rules shall be in compliance with this section and sections 2118 and 2119.
(2) An insurer may establish separate rating plans so that certain eligible persons are provided automobile insurance under one rating plan and other eligible persons are provided automobile insurance under another rating plan. This subsection applies only if all eligible persons can obtain automobile insurance under a rating plan of the insurer. The insurer shall establish underwriting rules consistent with this section and sections 2118 and 2119 shall be established to define the rating plan applicable to each eligible person.

(3) Underwriting rules under this section must be based only on the following:

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

(b) Except as otherwise provided in section 2116a, failure of the person to provide proof that insurance required by section 3101 or that complied with section 3009, as applicable, was maintained in force with respect to any vehicle owned and operated by the person or by a member of the household of the person during the 6-month period immediately preceding application or renewal of the policy. Such proof shall take the form of a certification by the person that the required insurance was maintained in force for the 6-month period with respect to such vehicle.

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

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

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

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

Sec. 3009. (1) An INSURER SHALL NOT DELIVER OR ISSUE FOR DELIVERY IN THIS STATE WITH RESPECT TO A MOTOR VEHICLE REGISTERED OR PRINCIPALLY GARAGED IN THIS STATE AN automobile liability or motor vehicle liability policy insuring against loss resulting from liability imposed by law for property damage, bodily injury, or death suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle shall not be delivered or issued for delivery in this state with respect to any motor vehicle registered or principally garaged in this state unless the liability coverage is subject to all of the following limits:

(a) A limit, exclusive of interest and costs, of not less than $20,000.00 because of bodily injury to or death of 1 person in any 1 accident.

(b) Subject to the limit for 1 person in subdivision (a), a limit of not less than $40,000.00 because of bodily injury to or death of 2 or more persons in any 1 accident.

(c) A limit of not less than $10,000.00 because of injury to or destruction of property of others in any accident.
(2) If authorized by the insured, automobile liability or motor vehicle liability coverage may be excluded when a vehicle is operated by a named person. An exclusion under this subsection is not valid unless the following notice is on the face of the policy or the declaration page or certificate of the policy and on the certificate of insurance:

Warning—when a named excluded person operates a vehicle all liability coverage is void—no one is insured. Owners of the vehicle and others legally responsible for the acts of the named excluded person remain fully personally liable.

(3) A liability policy described in subsection (1) may exclude coverage for liability as provided in section 3017.

(4) An insurer that has issued an insurance policy on a motor vehicle that is not driven or moved on 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. If an insurer deletes coverages from an automobile insurance policy pursuant to section 3101, under this section, the insurer shall send documentary evidence of the deletion to the insured.

(5) After December 31, 2019, an insurer shall not issue or renew with respect to a motor vehicle registered or principally garaged in this state an automobile insurance policy that provides security for payment of benefits under personal protection insurance or property protection insurance under chapter 31.

Sec. 3020. (1) An authorized insurer shall not issue or deliver in this state a policy of casualty insurance, except not...
INCLUDING worker's compensation and mortgage guaranty insurance, but including all classes of motor vehicle coverage, shall not be issued or delivered in this state by an insurer authorized to do business in this state for which a premium or advance assessment is charged, unless the policy contains the following provisions:

(a) That EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2), (3), AND (4), THAT the policy may be canceled at any time at the request of the insured, in which case the insurer shall WILL refund the excess of paid premium or assessment above the pro rata rates for the expired time, except as otherwise provided in subsections (2), (3), and (4).

(b) Except as otherwise provided in subdivision (d), that the policy may be canceled at any time by the insurer by mailing to the insured at the insured's address last known to the insurer or an authorized agent of the insurer, with postage fully prepaid, a not less than 10 days' written notice of cancellation with or without tender of the excess of paid premium or assessment above the pro rata premium for the expired time.

(c) That the minimum earned premium on any policy canceled pursuant to UNDER this subsection, other than automobile insurance as defined in section 2102(2)(a), and (b), shall AND (C), WILL not be less than the pro rata premium for the expired time or $25.00, whichever is greater.

(d) That an insurer may refuse to renew a malpractice insurance policy only by mailing to the insured at the insured's address last known to the insurer or an authorized agent of the insurer, with postage fully prepaid, a not less than 60 days'
written notice of refusal to renew. As used in this subdivision, "malpractice insurance" means malpractice insurance as described in section 624(1)(h).

(2) An insurer may file a rule with the commissioner providing for a minimum retention of premium for automobile insurance as defined in section 2102(2)(a), and (b), AND (C). The rule shall describe the circumstances under which the retention is applied and set forth the amount to be retained, which is subject to the approval of the commissioner. The rule shall include, but need not be limited to, the following provisions:

(a) That a minimum retention shall be applied only when the amount exceeds the amount that would have been retained had the policy been canceled on a pro rata basis.

(b) That a minimum retention does not apply to renewal policies.

(c) That a minimum retention does not apply when a policy is canceled for the following reasons:

   (i) The insured is no longer required to maintain security pursuant to section 3101(1) OR AN INSURANCE POLICY THAT COMPLIES WITH SECTION 3009.

   (ii) The insured has replaced the automobile insurance policy being canceled with an automobile insurance policy from another insurer and provides proof of the replacement coverage to the canceling insurer.

(3) Notwithstanding subsection (1), an insurer may issue a noncancelable, nonrefundable, 6-month prepaid automobile insurance
policy in order for THE insured to meet the registration requirements of section 227a of the Michigan vehicle code, 1949 PA 300, MCL 257.227a.

(4) An insurer may provide for a short rate premium for insurance on a motorcycle, watercraft, off-road vehicle, or snowmobile. As used in this subsection:

(a) "Motorcycle" means that term as defined in section 3101.

(b) "Off-road vehicle" means an ORV as defined in section 81101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.81101.

(c) "Snowmobile" means that term as defined in section 82101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.82101.

(d) "Watercraft" means that term as defined in section 80301 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.80301.

(5) Cancellation as prescribed in this section is without prejudice to any claim originating before the cancellation. The mailing of notice is prima facie proof of notice. Delivery of written notice is equivalent to mailing.

(6) A notice of cancellation, including a cancellation notice under section 3224, shall MUST be accompanied by a statement that the insured MAY not operate or permit the operation of the vehicle to which THE notice of cancellation is applicable, or operate any other vehicle, unless the vehicle is insured as required by law.

(7) An insurer who wishes to provide for a short rate premium
under subsection (4) shall file with the commissioner pursuant to DIRECTOR AS PROVIDED IN chapter 24 or 26 a rule establishing a short rate premium. The rule shall MUST describe the circumstances under which the short rate is applied and shall set forth the amount or percentage to be retained.

Sec. 3037. (1) At the time a new applicant for the insurance required by section 3101 OR INSURANCE THAT COMPLIES WITH SECTION 3009 for a private passenger nonfleets automobile makes an initial written application to the AN insurer, THE insurer shall offer both of the following collision coverages to the applicant:

(a) Limited collision coverage, which must pay for collision damage to the insured vehicle without a deductible amount if the operator of the vehicle is not substantially at fault in the accident from which the damage arose.

(b) Broad form collision coverage, which must pay for collision damage to the insured vehicle regardless of fault, with deductibles in the amounts as approved by the director, which deductibles must be waived if the operator of the vehicle is not substantially at fault in the accident from which the damage arose.

(2) In addition to the coverages offered under subsection (1), AN INSURER MAY OFFER standard and limited collision coverage may be offered with deductibles as approved by the director.

(3) An insurer may limit collision coverage offered under this section as provided in section 3017.

(4) If the AN applicant is required by the AN insurer to sign the A written application form described in subsection (1), and if the applicant chooses to reject both of the collision coverages, or
limited collision without a deductible, offered under subsection (1), the rejection must be made in writing, either on a separate form, as part of the application, or in some combination of these, as approved by the director. The rejection statement must inform the applicant of his or her rights if there is damage to the insured vehicle under the alternative coverage option selected.

(5) If a written application is made by mail, and if the applicant fails to sign or return a written rejection statement as required by subsection (4), the requirements of subsection (4) are considered to be satisfied with respect to the insurer if all of the following occur:

(a) The application provides the applicant with an opportunity to select the coverages required to be offered under subsection (1).

(b) The applicant is requested to sign the rejection statement, either as part of the application or as a separate form issued with the application, if the applicant fails to select either of the coverages specified in subsection (1).

(c) The applicant signed the application as otherwise required by the insurer.

(6) At the time of the initial written application described in subsection (1), an agent or insurer shall provide the applicant with a written explanation of collision coverage options in easily understandable language, if that information is not contained in the application form.

(7) At least annually in conjunction with the renewal of a private passenger nonfleet automobile insurance policy, or at the
time of an addition, deletion, or substitution of a vehicle under an existing policy, other than a group policy, an insurer shall inform the policyholder, on a form approved by the director, of all of the following:

(a) The current status of collision coverage, if any, for the vehicle or vehicles affected by the renewal or change and the rights of the insured under the current coverage if the vehicle is damaged.

(b) The collision coverages available under the policy and the rights of the insured under each collision option if the vehicle is damaged.

(c) Procedures for the policyholder to follow if he or she wishes to change the current collision coverage.

(8) As used in this section:

(a) "Collision damage" does not include losses customarily insured under comprehensive coverages.

(b) "Substantially at fault" means a person's action or inaction was more than 50% of the cause of the accident.

Sec. 3101. (1) 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 UNDER THIS SUBSECTION is only required to be in effect during the period the motor vehicle is driven or moved on 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 on
a highway may allow the insured owner or registrant of the motor vehicle to delete a portion of the coverages **REQUIRED BY THIS SUBSECTION** 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) "Commercial quadricycle" means a vehicle to which all of the following apply:

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

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

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

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

(v) The vehicle is used for commercial purposes.

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

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

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

(e) "Highway" means highway or street as that term is defined in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
(f) "Moped" means that term as defined in section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b.

(g) "Motorcycle" means a vehicle that has 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, 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 are not considered as wheels in contact with the ground. Motorcycle does not include a moped or an ORV.

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

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

(i) A motorcycle.

(ii) A moped.

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

(iv) An ORV.

(v) A golf cart.

(vi) A power-driven mobility device.
(vii) A commercial quadricycle.

(viii) An electric bicycle.

(j) "Motor vehicle accident" means a loss 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.

(k) "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 on a public highway and has the security required under subsection (1) or section 3103 in effect.

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

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

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

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

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

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

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

(3) Security required by subsection (1) may be provided under a policy issued by an authorized insurer that affords insurance for the payment of benefits described in subsection (1). A policy of insurance represented or sold as providing security 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 on a highway. The person filing the security has
all the obligations and rights of an insurer under this chapter.
When the context permits, "insurer" as used in this chapter,
includes a person that files the security as provided in this
section.

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

Sec. 3102. (1) A nonresident owner
or registrant of a motor vehicle or motorcycle not registered in
this state shall not operate or permit the motor vehicle or
motorcycle to be operated in this state for an aggregate of more
than 30 days in any calendar year unless he or she continuously
maintains security for the payment of benefits pursuant to UNDER
this chapter.

(2) An owner or registrant of a motor vehicle or motorcycle
with respect to which security is required UNDER THIS CHAPTER, who
operates the motor vehicle or motorcycle or permits it to be
operated upon a public highway in this state, without having in
full force and effect security complying with this section or
section 3101 or 3103 is guilty of a misdemeanor. A person who
operates a motor vehicle or motorcycle upon a public highway in
this state with the knowledge that the owner or registrant does not
have security in full force and effect AS REQUIRED UNDER THIS
CHAPTER is guilty of a misdemeanor. A person convicted of a misdemeanor under this section shall be fined \textbf{PUNISHABLE BY A FINE OF} not less than $200.00 \textbf{nor AND NOT} more than $500.00, imprisoned OR IMPRISONMENT for not more than 1 year, or both.

(3) The failure of a person to produce evidence that a motor vehicle or motorcycle has \textbf{HAD} in full force and effect security complying with this section or section 3101 or 3103 on the date of the issuance of the citation, creates a rebuttable presumption in a prosecution under subsection (2) that the motor vehicle or motorcycle did not have in full force and effect security complying with this section or section 3101 or 3103 on the date of the issuance of the citation.

Sec. 3103. (1) An owner or registrant of a motorcycle shall provide 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 that motorcycle. The security \textbf{MUST MEET} the requirements of section 3009(1).

(2) Each insurer transacting insurance in this state \textbf{THAT} affords coverage for a motorcycle as described in subsection (1) also shall offer, to an owner or registrant of a motorcycle, security for the payment of first-party medical benefits only, in increments of $5,000.00, payable \textbf{IF} the owner or registrant is involved in a motorcycle accident. An insurer providing first-party medical benefits \textbf{UNDER THIS SUBSECTION} may offer, at appropriate premium rates, deductibles, provisions for the coordination of these benefits, and provisions for the
subtraction of other benefits provided or required to be provided under the laws of any state or the federal government, subject to the prior approval of the commissioner. These deductibles and provisions shall apply only to benefits payable to the person named in the policy, the spouse of the insured, and any relative of either domiciled in the same household.

(3) THIS SECTION DOES NOT APPLY AFTER DECEMBER 31, 2019.

Sec. 3104. (1) An 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, OR THAT WAS ENGAGED IN WRITING THOSE COVERAGES ON DECEMBER 31, 2019, 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 AN insurer engaged in writing insurance coverages that provide the security required by section 3103(1) within this state, OR THAT WAS ENGAGED IN WRITING THOSE COVERAGES ON DECEMBER 31, 2019, as a condition of its authority to transact insurance in this state, shall be considered TO BE 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 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.

(l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED DURING THE PERIOD JULY 1, 2013 TO JUNE 30, 2015, $530,000.00.

(m) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED DURING THE PERIOD JULY 1, 2015 TO JUNE 30, 2017, $545,000.00.

(n) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED DURING THE PERIOD JULY 1, 2017 TO DECEMBER 31, 2019, $555,000.00.

(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 some 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 **MUST** 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 **MUST** 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, **OR**, **AFTER** DECEMBER 31, 2019, INSURANCE THAT COMPLIES WITH SECTION 3009, 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 **IS** the total premium calculated divided by the total written car years of insurance providing the security required by section 3101(1) or 3103(1), **OR**, **AFTER DECEMBER 31, 2019, INSURANCE THAT COMPLIES WITH SECTION 3009**, written in this state of all members during the period to which the premium applies. A member shall **MUST** 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. 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 of money 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.

(h) 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 DIRECTOR OF THE DEPARTMENT.

(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 IN or without OUTSIDE OF 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 MUST 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 THE board shall MUST include members that would contribute a total of not less than 40% of the total premium calculated pursuant to UNDER subsection (7)(d). Each director shall be IS entitled to 1 vote. The initial term of office of a director shall be IS 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 MUST 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 MUST consist of 5 directors —and the commissioner —DIRECTOR OF THE DEPARTMENT, WHO shall be —SERVE AS an ex officio member of the board without vote.

(14) Each director shall be appointed by the commissioner and
THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS. A DIRECTOR shall serve until that member’s HIS OR HER successor is selected and qualified. The chairperson of the board shall be elected by the board. ELECT A CHAIRPERSON. THE DIRECTOR OF THE DEPARTMENT SHALL FILL ANY vacancy on the board shall be filled by the commissioner consistent with AS PROVIDED IN the plan of operation.

(15) After the board is appointed, the board shall meet as often as the chairperson, the commissioner, DIRECTOR OF THE DEPARTMENT, or the plan of operation REQUIRE, requires, or at the request of any 3 members of the board. The chairperson shall retain the right to MAY 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 MUST 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) 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 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 OF THE DEPARTMENT.

(18) 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 insurer authorized to write
insurance providing the security required by section 3101(1) in
this state, as provided in this section, A MEMBER OF THE
ASSOCIATION 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) The association is subject to all the reporting,
loss reserve, and investment requirements of the commissioner.
DIRECTOR OF THE DEPARTMENT to the same extent as would a member ARE THE MEMBERS of the association.

(20) (22) Premiums charged members by the association shall MUST 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 DIRECTOR OF THE DEPARTMENT or an authorized representative of the commissioner DIRECTOR OF THE DEPARTMENT 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 OR FOR LOSS OCCURRENCES UNDER MOTOR VEHICLE ACCIDENT POLICIES ISSUED OR RENEWED AFTER DECEMBER 31, 2019.

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

(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.

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

(D) (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. 3131. (1) Residual liability insurance shall MUST cover bodily injury and property damage which THAT occurs within IN the United States, its territories and possessions, or in Canada. This insurance shall MUST afford coverage equivalent to that required as evidence of automobile liability insurance under the financial responsibility laws of the place in which the injury or damage occurs. In this state, this insurance shall MUST afford coverage for automobile liability retained by section 3135.

(2) This section shall DOES not require coverage in this state other than that required by section 3009(1). This section shall apply APPLIES to all insurance contracts in force as of October 1, 1973, or entered into after that date OCTOBER 1, 1973 AND BEFORE JANUARY 1, 2020.

Sec. 3135. (1) A person WHOSE TORT LIABILITY IS ABOLISHED UNDER SUBSECTION (3) 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 **MUST** be assessed on the basis of comparative fault, except that damages shall **MUST** not be assessed in favor of a party who is more than 50% at fault.

(c) Damages shall **MUST** 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.

(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 THIS SUBSECTION APPLIES AFTER DECEMBER 31, 2019 ONLY IF THE INSURANCE POLICY THAT PROVIDES THE SECURITY WAS ISSUED OR MOST RECENTLY RENEWED BEFORE JANUARY 1, 2020. THIS SUBSECTION DOES NOT APPLY 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.

(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 MUST be assessed on the basis of comparative fault, except that damages shall MUST 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 MUST 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 MUST 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.

Sec. 3163. (1) An BEFEBEFORE JANUARY 1, 2020, AN insurer authorized to transact automobile liability insurance and personal and property protection insurance in this state shall file and maintain a written certification that any accidental bodily injury or property damage occurring in this state arising from the
ownership, operation, maintenance, or use of a motor vehicle as a
motor vehicle by an out-of-state resident who is insured under its
automobile liability insurance policies, is subject to the personal
and property protection insurance system under this act. CHAPTER.

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

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

(4) If an insurer of an out-of-state resident is required to
provide benefits under subsections (1) to (3) to that out-of-state
resident for accidental bodily injury for an accident in which the
out-of-state resident was not an occupant of a motor vehicle
registered in this state, the insurer is only liable for the amount
of ultimate loss sustained up to $500,000.00. Benefits under this
subsection 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.

Sec. 3171. (1) Until an assigned claims plan is approved under
subsection (3), the secretary of state shall organize and maintain an assigned claims facility and plan. A self-insurer and insurer writing insurance as provided by this chapter in this state, OR THAT WAS WRITING INSURANCE PROVIDED BY THIS CHAPTER ON DECEMBER 31, 2019, shall participate in the assigned claims plan. Costs incurred in the operation of the facility and the plan shall **MUST** be allocated fairly among insurers and self-insurers. The secretary of state shall promulgate rules to implement the facility and plan in accordance with and subject to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. After an assigned claims plan is approved under subsection (3), the secretary of state shall continue to maintain the assigned claims facility and plan organized under this subsection as required by the plan approved under subsection (3).

(2) The Michigan automobile insurance placement facility shall adopt and maintain an assigned claims plan. A self-insurer or insurer writing insurance as provided by this chapter in this state shall participate in the assigned claims plan. Costs incurred in the administration of the assigned claims plan shall **MUST** be allocated fairly among insurers and self-insurers. On approval under subsection (3), the Michigan automobile insurance placement facility shall implement the assigned claims plan.

(3) By August 1, 2012, the Michigan automobile insurance placement facility board of governors shall adopt an assigned claims plan by majority vote and shall submit it to the commissioner DIRECTOR for his or her approval. The commissioner DIRECTOR shall review the plan within 30 days and respond in
writing as provided in this subsection. If the commissioner
DIRECTOR finds that the plan meets the requirements of this
chapter, he or she shall approve it. If the commissioner—DIRECTOR
finds that the plan fails to meet the requirements of this chapter,
he or she shall state in what respects the plan is deficient and
shall afford the Michigan automobile insurance placement facility
board of governors 10 days within which to correct the deficiency.

If the commissioner—DIRECTOR and the Michigan automobile insurance
placement facility board of governors fail to agree that the plan
submitted, with any corrections, meets the requirements of this
chapter, either party to the controversy may submit the issue to
the circuit court for Ingham county—COUNTY for a determination. If
the commissioner—DIRECTOR fails to render a written decision on the
assigned claims plan within 30 days after receipt of the plan, the
plan shall be IS considered approved. The Michigan automobile
insurance placement facility shall forward a plan approved under
this subsection to the secretary of state. The plan takes effect on
approval by the commissioner—DIRECTOR.

(4) Amendments to the assigned claims plan approved under
subsection (3) shall MUST be adopted by the board of governors and
approved by the commissioner—DIRECTOR as provided in subsection
(3). Until the date established in the plan under subsection
(5)(c), the board of governors shall give the secretary of state
advance notice of any proposed amendments to the plan.

(5) The plan adopted under subsection (3) shall MUST include
all of the following:

(a) The date on and after which all claims for benefits
through the assigned claims plan under section 3172 must be filed with the Michigan automobile insurance placement facility.

(b) The date by which existing claims that have been assigned under the plan maintained by the secretary of state under subsection (1) will be transferred to the Michigan automobile insurance placement facility to be included in and administered under the adopted plan.

(c) A date by which all functions of the assigned claims plan maintained by the secretary of state, with the exception of driver license and vehicle sanctions, will be transferred to the Michigan automobile insurance placement facility.

(d) Requirements for the transfer of records relating to assigned claims from the secretary of state to the Michigan automobile insurance placement facility and the disposition by the secretary of state of records relating to assigned claims.

(e) Reimbursement of the secretary of state by the Michigan automobile insurance placement facility for all of the following:

(i) Expenses of developing the plan under subsection (6).

(ii) Expenses of transferring operations from the assigned claims facility to the Michigan automobile insurance placement facility.

(iii) Expenses incurred by the secretary of state after the transfer of operations from the assigned claims facility to the Michigan automobile insurance placement facility for operations performed by the secretary of state on behalf of the Michigan automobile insurance placement facility.

(6) The secretary of state and the Michigan automobile
insurance placement facility shall cooperate and mutually develop
the aspects of the plan to be adopted under subsection (3) that are
required under subsection (5).

(7) The secretary of state shall provide the Michigan
automobile insurance placement facility with all information
necessary for the operation of the assigned claims fund.

(8) One year after the date established under subsection
(5)(c), the commissioner DIRECTOR shall report in writing to the
senate and house of representatives standing committees on
insurance issues on the cost of the transfer of the assigned claims
plan to the Michigan automobile insurance placement facility and
the effectiveness of operations under the new plan.

(9) As used in this section:

(a) "Michigan automobile insurance placement facility" means
the Michigan automobile insurance placement facility created under
chapter 33.

(b) "Michigan automobile insurance placement facility board of
governors" means the board of governors created under section 3310.

Sec. 3172. (1) A person entitled to claim because of
accidental bodily injury arising out of the ownership, operation,
maintenance, or use of a motor vehicle as a motor vehicle in this
state may obtain personal protection insurance benefits through the
assigned claims plan UNDER 1 OR MORE OF THE FOLLOWING
CIRCUMSTANCES:

(A) FOR ACCIDENTAL BODILY INJURY THAT OCCURS BEFORE JANUARY 1,
2020, if no personal protection insurance is applicable to the
injury.
(B) FOR ACCIDENTAL BODILY INJURY THAT OCCURS BEFORE JANUARY 1, 2020, IF no personal protection insurance applicable to the injury can be identified.

(C) FOR ACCIDENTAL BODILY INJURY REGARDLESS OF WHEN IT OCCURS, if the personal protection insurance applicable to the injury cannot be ascertained because of a dispute between 2 or more automobile insurers concerning their obligation to provide coverage or the equitable distribution of the loss.

(D) FOR ACCIDENTAL BODILY INJURY REGARDLESS OF WHEN IT OCCURS, IF the only identifiable personal protection insurance applicable to the injury is, because of financial inability of 1 or more insurers to fulfill their obligations, inadequate to provide benefits up to the maximum prescribed. In that case, IF THIS SUBDIVISION APPLIES, unpaid benefits due or coming due may be collected under the assigned claims plan and the insurer to which the claim is assigned is entitled to reimbursement from the defaulting insurers to the extent of their financial responsibility.

(2) Except as otherwise provided in this subsection, personal protection insurance benefits, including benefits arising from accidents occurring before March 29, 1985, payable through the assigned claims plan shall MUST be reduced 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, to a person claiming personal protection insurance benefits through the assigned claims plan. This subsection only applies if the personal
protection insurance benefits are payable through the assigned claims plan because no personal protection insurance is applicable to the injury, no personal protection insurance applicable to the injury can be identified, or the only identifiable personal protection insurance applicable to the injury is, because of financial inability of 1 or more insurers to fulfill their obligations, inadequate to provide benefits up to the maximum prescribed. As used in this subsection, "sources" and "benefit sources" do not include the program for medical assistance for the medically indigent under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or insurance under the health insurance for the aged act, title 18 of the social security act, 42 USC 1395 to 1395lll.

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

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

(b) The claim shall MUST be assigned by the Michigan automobile insurance placement facility to an insurer and the insurer shall immediately provide personal protection insurance benefits to the claimant or claimants entitled to benefits.
(c) An action shall MUST be immediately commenced on behalf of the Michigan automobile insurance placement facility by the insurer to whom the claim is assigned in circuit court to declare the rights and duties of any interested party.

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

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

(f) After hearing the action, the circuit court shall determine the insurer or insurers, if any, obligated to provide the applicable personal protection insurance benefits and the equitable distribution, if any, among the insurers obligated, and shall order reimbursement to the Michigan automobile insurance placement facility from the insurer or insurers to the extent of the responsibility as determined by the court. The reimbursement ordered under this subdivision MUST include all benefits and costs paid or incurred by the Michigan automobile insurance placement facility and all benefits and costs paid or incurred by insurers determined not to be obligated to provide applicable personal protection insurance benefits, including reasonable, actually incurred attorney fees and interest at the rate prescribed in section 3175 as of December 31 of the year preceding the determination of the circuit court.
Sec. 3179. (1) This act SUBJECT TO SUBSECTION (2), THIS 
CHAPTER applies to motor vehicle accidents occurring on or after  
October 1, 1973. 

(2) UNLESS EXPRESSLY PROVIDED OTHERWISE IN THIS CHAPTER, THIS 
CHAPTER DOES NOT APPLY TO A MOTOR VEHICLE ACCIDENT IF LOSS 
RESULTING FROM THE ACCIDENT IS INSURED AGAINST UNDER AN AUTOMOBILE 
INSURANCE POLICY ISSUED OR RENEWED AFTER DECEMBER 31, 2019. 

Sec. 3303. As used in this chapter: 

(a) "Automobile insurance" means insurance for automobiles 
which provides any of the following: 

(i) Security required pursuant to UNDER section 3101. 

(ii) Personal protection, property protection, and residual 
liability insurance for amounts in excess of the amounts required 
under chapter 31. 

(iii) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY 
INSURANCE THAT COMPLIES WITH SECTION 3009. 

(iv) (iii)—Insurance coverage customarily known as 
comprehensive and collision. 

(v) (iv)—Other insurance coverages for a private passenger 
nonfleet automobile as prescribed by rule promulgated by the 
commissioner-DIRECTOR. 

(b) "Qualified applicant", for automobile insurance, means a 
person who is an owner or registrant of an automobile registered or 
to be registered in this state or who holds a valid license to 
operate a motor vehicle, but does not include any of the following: 

(i) A person who is not required to maintain security pursuant 
to UNDER section 3101 OR MAINTAIN INSURANCE THAT COMPLIES WITH
SECTION 3009, unless the person intends to reside in this state for 30 days or more and makes a written statement of that intention on a form approved by the commissioner. DIRECTOR.

(ii) A person whose license to operate a vehicle is under suspension or revocation, unless the suspension was made pursuant to UNDER section 310, 310b, 310d, 315, 321a, 324, 328, 512, 515, 625, 625b, 625f, 748, 801c, or 907 of Act No. 300 of the Public Acts of 1949, as amended, being sections THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.310, 257.310b, 257.310d, 257.315, 257.321a, 257.324, 257.328, 257.512, 257.515, 257.625, 257.625b, 257.625f, 257.748, 257.801c, and 257.907. of the Michigan Compiled Laws.

(iii) A person whose policy of automobile insurance has been cancelled because of nonpayment of premium or finance premium within the immediately preceding 2-year period, unless the applicant or insured pays in full a premium installment developed under section 3350(a) before issuance, continuation, or renewal of the policy.

(c) "Facility" means the automobile insurance placement facility created pursuant to UNDER this chapter.

(d) "Participating member" means an insurer who is required by this chapter to be a member of the facility and who in any given A calendar year has a participation ratio greater than zero in the facility for that year.

(e) "Participation ratio" means the ratio of the participating member's Michigan premiums or exposure units to the comparable statewide totals for all participating members, as follows:

(i) For private passenger nonfleet automobile insurance, for
distribution of risk or distribution of loss, the ratio shall be based on voluntary net direct automobile insurance car years written in this state for the calendar year ending December 31 of the second prior year as reported to the statistical agent of each participating member as private passenger nonfleet exposure.

(ii) For all other automobile insurance, including insurance for fleets, commercial vehicles, public vehicles, and garages, the ratio for distribution of risks or distribution of loss shall be based on the total Michigan automobile insurance gross direct premiums written, including policy and membership fees, less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, reduced by the amount of premiums reported as private passenger nonfleet for the calendar year ending December 31 of the second prior year.

(iii) For expenses of operation of the facility and for voting rights, the ratio shall be based on the total Michigan automobile insurance gross direct premiums written, including policy and membership fees, less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded for the calendar year ending December 31 of the second prior year.

(f) "Private passenger nonfleet automobile" means a motorized vehicle designed for transporting passengers or goods, subject to specific contemporary definitions for insurance purposes as provided in the plan of operation.
engaged in writing insurance coverages that provide the security required by section 3101(1) or insurance policies that comply with section 3009 in this state, as a condition of its authority to transact insurance in this state, shall pay to the authority an assessment equal to $1.00 multiplied by the insurer's total written car years of insurance providing that provide the security required by section 3101(1) or under insurance policies that comply with section 3009 written in this state during the preceding year.

(2) The authority shall segregate and deposit money received under subsection (1), and all other money received by the authority, in a fund to be known as the automobile theft prevention fund. The authority shall administer the automobile theft prevention fund.

(3) The authority shall expend money in the automobile theft prevention fund in the following order of priority:

(a) To pay the costs of administration of the authority.

(b) To achieve the purposes and objectives of this chapter, which may include, but not be limited to, the following:

(i) Providing financial support to the department of state police and local law enforcement agencies for economic automobile theft enforcement teams.

(ii) Providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of economic automobile theft.

(iii) Providing financial support to local prosecutors for programs designed to reduce the incidence of economic automobile theft.
(iv) Providing financial support to judicial agencies for programs designed to reduce the incidence of economic automobile theft.

(v) Providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft.

(vi) Conducting educational programs designed to inform automobile owners of methods of preventing automobile theft and to provide equipment, for experimental purposes, to enable automobile owners to prevent automobile theft.

(4) Money in the automobile theft prevention fund must only be used for automobile theft prevention efforts and must be distributed based on need and efficacy as determined by the authority.

(5) Money in the automobile theft prevention fund is not state money.

(6) As used in this section, "written car year" means the portion of a year during which a vehicle is insured as determined by the catastrophic claims association and used to calculate premium charges under section 3104.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 99th Legislature are enacted into law:

(a) Senate Bill No. ____ or House Bill No. 5518 (request no. 04146'17 a).

(b) Senate Bill No. ____ or House Bill No. 5522 (request no. 04146'17 b).
(c) Senate Bill No. ____ or House Bill No. 5519 (request no. 04146'17 c).

(d) Senate Bill No. ____ or House Bill No. 5521 (request no. 04146'17 d).

(e) Senate Bill No. ____ or House Bill No. 5520 (request no. 04146'17 e).

(f) Senate Bill No. ____ or House Bill No. 5523 (request no. 04146'17 f).