

# HOUSE BILL No. 4202

February 19, 2019, Introduced by Reps. Schroeder, Marino, Mueller, Webber, Crawford, Iden and Yaroch and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending the title and sections 134, 3301, 3330, and 4501 (MCL 500.134, 500.3301, 500.3330, and 500.4501), the title as amended by 2002 PA 304, section 134 as amended by 1990 PA 256, section 3330 as amended by 2012 PA 204, and section 4501 as amended by 2012 PA 39, and by adding chapter 63.

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

TITLE

An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations

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

1 ~~the status, rights, powers, duties, and operations of the nonprofit~~  
 2 ~~malpractice insurance fund;~~ to provide for the departmental  
 3 supervision and regulation of the insurance and surety business  
 4 within this state; to provide for regulation ~~ever~~**OF** worker's  
 5 compensation self-insurers; to provide for the conservation,  
 6 rehabilitation, or liquidation of unsound or insolvent insurers; to  
 7 provide for the protection of policyholders, claimants, and  
 8 creditors of unsound or insolvent insurers; to provide for  
 9 associations of insurers to protect policyholders and claimants in  
 10 the event of insurer insolvencies; to prescribe educational  
 11 requirements for insurance agents and solicitors; to provide for  
 12 the regulation of multiple employer welfare arrangements; to create  
 13 ~~an automobile theft prevention authority~~**1 OR MORE AUTHORITIES** to  
 14 reduce **INSURANCE FRAUD AND** the number of automobile thefts in this  
 15 state ~~;~~**AND** to prescribe the powers and duties of the ~~automobile~~  
 16 ~~theft prevention authority;~~**AUTHORITIES;** to provide ~~certain~~**FOR THE**  
 17 powers and duties ~~upon~~**OF** certain officials, departments, and  
 18 authorities of this state; to provide for an appropriation; to  
 19 repeal acts and parts of acts; and to provide penalties for the  
 20 violation of this act.

21       Sec. 134. (1) Every certificate of authority or license in  
 22 force immediately ~~prior to~~**BEFORE** January 1, 1957 and existing  
 23 under any act repealed by this act is valid until its original  
 24 expiration date, unless earlier terminated in accordance with this  
 25 act.

26       (2) Any plan of operation adopted by an association or  
 27 facility, and any premium or assessment levied against an insurer

1 member of that association or facility, is hereby validated  
2 retroactively to the date of its original adoption or levy and  
3 ~~shall continue~~**CONTINUES** in force and effect according to the terms  
4 of the plan of operation, premium, or assessment until otherwise  
5 changed by the ~~commissioner~~**DIRECTOR** or the board of directors of  
6 the association or facility pursuant to this act.

7 (3) An association or facility or the board of directors of  
8 the association or facility is not a state agency and the money of  
9 an association or facility is not state money.

10 (4) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN SECTION 6302, A** record  
11 of an association or facility ~~shall be exempted~~**IS EXEMPT** from  
12 disclosure ~~pursuant to~~**UNDER** section 13 of the freedom of  
13 information act, ~~Act No. 442 of the Public Acts of 1976, being~~  
14 ~~section 15.243 of the Michigan Compiled Laws.~~**1976 PA 442, MCL**  
15 **15.243.**

16 (5) Any premium or assessment levied by an association or  
17 facility, or any premium or assessment of a similar association or  
18 facility formed under a law in force outside this state, is not a  
19 burden or special burden for purposes of a calculation under  
20 section 476a, and any premium or assessment paid to an association  
21 or facility shall not be included in determining the aggregate  
22 amount a foreign insurer pays to the ~~commissioner~~**DEPARTMENT OF**  
23 **TREASURY** under section 476a.

24 (6) As used in this section, "association or facility" means  
25 an association of insurers created under this act and any other  
26 association or facility formed under this act as a nonprofit  
27 organization of insurer members, including, but not limited to, the

1 following:

2 (a) The Michigan worker's compensation placement facility  
3 created under chapter 23.

4 (b) The Michigan basic property insurance association created  
5 under ~~section~~**CHAPTER** 29.

6 (c) The catastrophic claims association created under chapter  
7 31.

8 (d) The Michigan automobile insurance placement facility  
9 created under chapter 33.

10 (e) The Michigan life and health insurance guaranty  
11 association created under chapter 77.

12 (f) The property and casualty guaranty association created  
13 under chapter 79.

14 (g) The assigned claims facility created under section 3171.

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

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

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

23 **(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE**  
24 **FRAUD AUTHORITY.**

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

27 Sec. 3330. (1) The board of governors has the power to direct

1 the operation of the facility, including, at a minimum, the power  
2 to do all of the following:

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

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

8 (c) To assess participating members on the basis of  
9 participation ratios ~~pursuant to section 3303~~ to cover anticipated  
10 costs of operation and administration of the facility, to provide  
11 for equitable servicing fees, and to share losses, profits, and  
12 expenses pursuant to the plan of operation.

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

16 (e) To provide for a limited number of participating members  
17 to receive equitable distribution of applicants; or to provide for  
18 a limited number of participating members to service applicants in  
19 a plan of sharing of losses in accordance with section 3320(1)(c)  
20 and the plan of operation.

21 (f) To provide for standards of performance of service for the  
22 participating members designated under subdivision (e).

23 (g) To adopt a plan of operation and any amendments to the  
24 plan, consistent with this chapter, necessary to assure the fair,  
25 reasonable, equitable, and nondiscriminatory manner of  
26 administering the facility, including compliance with chapter 21,  
27 and to provide for any other matters necessary or advisable to

1 implement this chapter, including matters necessary to comply with  
2 the requirements of chapter 21.

3 (h) To assess self-insurers and insurers consistent with  
4 chapter 31 and the assigned claims plan approved under section  
5 3171.

6 **(I) UNTIL DECEMBER 31, 2024, TO COLLECT FROM PARTICIPATING**  
7 **MEMBERS AND SELF-INSURERS MONEY PAID AT THE DISCRETION OF THE**  
8 **MEMBERS AND SELF-INSURERS TO COVER ANTICIPATED COSTS OF OPERATION**  
9 **AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD**  
10 **AUTHORITY. A MEMBER OR SELF-INSURER THAT PAYS MONEY FOR THE COSTS**  
11 **AND ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD**  
12 **AUTHORITY SHALL NOT PAY THE MONEY FROM PREMIUM REVENUE, BUT SHALL**  
13 **PAY THE MONEY FROM OTHER EARNINGS OR INVESTMENTS. NOTWITHSTANDING**  
14 **ANY OTHER PROVISION OF THIS ACT TO THE CONTRARY, AN INSURER, THE**  
15 **DIRECTOR OR DEPARTMENT, OR ANY OTHER PERSON SHALL NOT INCLUDE OR**  
16 **CONSIDER THE PAYMENT OF MONEY AS DESCRIBED IN THIS SUBSECTION WITH**  
17 **RESPECT TO ESTABLISHING A RATE.**

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

27 **(3) BEFORE MARCH 1, 2020, THE BOARD OF GOVERNORS SHALL AMEND**

1 **THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY**  
2 **TO COLLECT MONEY AND CARRY OUT THE ADMINISTRATIVE DUTIES AND**  
3 **FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.**

4 Sec. 4501. As used in this chapter:

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

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

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

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

24 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**  
25 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**  
26 **6302.**

27 **(F)** ~~(e)~~—"Organization" means an organization or internal



1 department of an insurer established to detect and prevent  
2 insurance fraud.

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

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

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

25 (J) ~~(i)~~—"Statement" includes, but is not limited to, any  
26 notice statement, proof of loss, bill of lading, receipt for  
27 payment, invoice, account, estimate of property damages, bill for

1 services, claim form, diagnosis, prescription, hospital or doctor  
2 record, X-rays, test result, or other evidence of loss, injury, or  
3 expense.

4 CHAPTER 63

5 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

6 SEC. 6301. AS USED IN THIS CHAPTER:

7 (A) "AUTHORITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
8 AUTHORITY CREATED IN SECTION 6302.

9 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE  
10 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION  
11 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE  
12 INSURANCE.

13 (C) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

14 (D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND  
15 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE  
16 SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE  
17 SECOND PREVIOUS CALENDAR YEAR AS REPORTED TO THE STATISTICAL AGENT  
18 OF EACH INSURER.

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

21 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD  
22 AUTHORITY IS CREATED WITHIN THE FACILITY. THE FACILITY SHALL  
23 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE  
24 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

25 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE  
26 AUTHORITY IS NOT STATE MONEY. HOWEVER, THE AUTHORITY SHALL COMPLY  
27 WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO

1 15.246, AS IF THE AUTHORITY WERE A PUBLIC BODY. A RECORD OR PORTION  
2 OF A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED,  
3 PREPARED, USED, OR RETAINED BY THE AUTHORITY IN CONNECTION WITH THE  
4 INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO FINANCIAL OR  
5 PROPRIETARY INFORMATION AND IS CONSIDERED BY THE PERSON OR INSURER  
6 PROVIDING THE AUTHORITY WITH THE RECORD, MATERIAL, DATA, OR  
7 INFORMATION AS CONFIDENTIAL AND ACKNOWLEDGED BY THE AUTHORITY AS  
8 CONFIDENTIAL IS NOT SUBJECT TO DISCLOSURE BY THE AUTHORITY. AS USED  
9 IN THIS SUBSECTION:

10 (A) "FINANCIAL OR PROPRIETARY INFORMATION" MEANS INFORMATION  
11 THAT HAS NOT BEEN PUBLICLY DISSEMINATED OR THAT IS UNAVAILABLE FROM  
12 OTHER SOURCES, THE RELEASE OF WHICH MIGHT CAUSE THE PERSON  
13 PROVIDING THE INFORMATION TO THE AUTHORITY SIGNIFICANT COMPETITIVE  
14 HARM. FINANCIAL OR PROPRIETARY INFORMATION INCLUDES, BUT IS NOT  
15 LIMITED TO, FINANCIAL PERFORMANCE DATA AND PROJECTIONS, FINANCIAL  
16 STATEMENTS, AND PRODUCT AND MARKET DATA.

17 (B) "PUBLIC BODY" MEANS THAT TERM AS DEFINED IN SECTION 2 OF  
18 THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.232.

19 (3) THE AUTHORITY SHALL DO ALL OF THE FOLLOWING:

20 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW  
21 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE  
22 OF AUTOMOBILE INSURANCE FRAUD.

23 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL  
24 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
25 AUTOMOBILE INSURANCE FRAUD.

26 (C) PROVIDE FINANCIAL SUPPORT TO AN INDEPENDENT ENTITY, FORMED  
27 BY THE DIRECTOR, TO INVESTIGATE THE CLAIMS PRACTICES OF INSURANCE

1 COMPANIES AND TO EVALUATE IF THOSE CLAIMS PRACTICES CREATE  
2 UNNECESSARY DISPUTES, TREAT PATIENTS OR MEDICAL PROVIDERS UNFAIRLY,  
3 INCREASE LITIGATION, OR CAUSE UNNECESSARY DELAYS IN THE PAYMENT OF  
4 CLAIMS.

5 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW  
6 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING  
7 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
8 AUTOMOBILE INSURANCE FRAUD.

9 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE  
10 VESTED IN AND SHALL BE EXERCISED BY A BOARD OF DIRECTORS. THE BOARD  
11 OF DIRECTORS CONSISTS OF 25 MEMBERS AS FOLLOWS:

12 (A) EIGHT MEMBERS WHO REPRESENT AUTOMOBILE INSURERS IN THIS  
13 STATE, INCLUDING THE FOLLOWING:

14 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH  
15 350,000 OR MORE CAR YEARS.

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

18 (iii) AT LEAST 1 MEMBER WHO REPRESENTS INSURER GROUPS WITH  
19 FEWER THAN 100,000 CAR YEARS.

20 (B) THE DIRECTOR OR HIS OR HER DESIGNEE.

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

22 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR  
23 HER DESIGNEE.

24 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES  
25 IN THIS STATE.

26 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS  
27 STATE.

1 (G) TWO MEMBERS WHO REPRESENT THE GENERAL PUBLIC.

2 (H) THREE MEMBERS WHO REPRESENT CONSUMER RIGHTS AND PATIENT  
3 ADVOCACY GROUPS.

4 (I) ONE MEMBER OF THE MEDICAL COMMUNITY WHO CARES PRIMARILY  
5 FOR PATIENTS WITH ACUTE MEDICAL NEEDS.

6 (J) THREE MEMBERS OF THE MEDICAL COMMUNITY WHO CARE PRIMARILY  
7 FOR PATIENTS WITH SUBACUTE MEDICAL NEEDS.

8 (K) TWO LICENSED ATTORNEYS KNOWLEDGEABLE ABOUT CHAPTER 31.

9 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE  
10 ELECTED BY AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE INSURANCE IN  
11 THIS STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF  
12 GOVERNORS OF THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR  
13 THE MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT  
14 NOMINATIONS FROM AUTHORIZED INSURERS THAT PROVIDE AUTOMOBILE  
15 INSURANCE IN THIS STATE.

16 (7) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD  
17 REPRESENTING LAW ENFORCEMENT AGENCIES OTHER THAN THE DEPARTMENT OF  
18 STATE POLICE. IN APPOINTING THE MEMBERS, THE GOVERNOR SHALL SOLICIT  
19 INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN THIS STATE.

20 (8) THE GOVERNOR SHALL APPOINT THE MEMBER OF THE BOARD  
21 REPRESENTING PROSECUTING ATTORNEYS. IN APPOINTING THE MEMBER, THE  
22 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS  
23 ASSOCIATION OF MICHIGAN.

24 (9) THE GOVERNOR SHALL APPOINT THE MEMBERS OF THE BOARD  
25 REPRESENTING THE GENERAL PUBLIC. THE GOVERNOR SHALL APPOINT  
26 INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE AND NOT EMPLOYED BY OR  
27 UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN

1 INSURER.

2 (10) THE GOVERNOR SHALL APPOINT THE 4 MEDICAL COMMUNITY  
3 MEMBERS OF THE BOARD. IN APPOINTING THESE MEMBERS, THE GOVERNOR  
4 SHALL SOLICIT INPUT FROM THE MEDICAL COMMUNITY IN THIS STATE. THE  
5 GOVERNOR SHALL APPOINT INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE  
6 AND ARE NOT EMPLOYED BY OR UNDER CONTRACT WITH A STATE OR LOCAL  
7 UNIT OF GOVERNMENT OR AN INSURER.

8 (11) THE GOVERNOR SHALL APPOINT THE 3 CONSUMER RIGHTS AND  
9 PATIENT ADVOCACY MEMBERS OF THE BOARD. IN APPOINTING THESE MEMBERS,  
10 THE GOVERNOR SHALL SOLICIT INPUT FROM CONSUMER RIGHTS AND PATIENT  
11 ADVOCACY GROUPS IN THIS STATE. THE GOVERNOR SHALL APPOINT  
12 INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE AND ARE NOT EMPLOYED BY  
13 OR UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN  
14 INSURER.

15 (12) THE STATE BAR OF MICHIGAN SHALL ELECT THE 2 ATTORNEY  
16 MEMBERS OF THE BOARD.

17 (13) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER  
18 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS OR UNTIL HIS OR HER  
19 SUCCESSOR IS ELECTED, DESIGNATED, OR APPOINTED, WHICHEVER OCCURS  
20 LATER. OF THE MEMBERS FIRST ELECTED OR APPOINTED UNDER THIS  
21 SECTION, 2 MEMBERS REPRESENTING INSURERS, 1 MEMBER REPRESENTING LAW  
22 ENFORCEMENT AGENCIES, AND 1 MEMBER WHO REPRESENTS THE GENERAL  
23 PUBLIC SHALL SERVE FOR A TERM OF 2 YEARS, 3 MEMBERS REPRESENTING  
24 INSURERS, THE MEMBER REPRESENTING PROSECUTING ATTORNEYS, 1 MEMBER  
25 WHO REPRESENTS THE GENERAL PUBLIC, 2 MEMBERS WHO REPRESENT CONSUMER  
26 RIGHTS AND PATIENT ADVOCACY GROUPS, 2 MEMBERS OF THE MEDICAL  
27 COMMUNITY, AND 1 OF THE ATTORNEYS ELECTED BY THE STATE BAR OF

1 MICHIGAN SHALL SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS  
2 REPRESENTING INSURERS, 1 MEMBER REPRESENTING LAW ENFORCEMENT  
3 AGENCIES, 1 MEMBER WHO REPRESENTS CONSUMER RIGHTS AND PATIENT  
4 ADVOCACY GROUPS, 2 MEMBERS OF THE MEDICAL COMMUNITY, AND 1 OF THE  
5 ATTORNEYS ELECTED BY THE STATE BAR OF MICHIGAN SHALL SERVE FOR A  
6 TERM OF 4 YEARS.

7 (14) THE BOARD IS DISSOLVED ON JANUARY 1, 2025.

8 SEC. 6303. (1) A MEMBER OF THE BOARD SHALL SERVE WITHOUT  
9 COMPENSATION, EXCEPT THAT THE BOARD SHALL REIMBURSE A MEMBER IN A  
10 REASONABLE AMOUNT FOR NECESSARY TRAVEL AND EXPENSES.

11 (2) A MAJORITY OF THE MEMBERS OF THE BOARD CONSTITUTE A QUORUM  
12 FOR THE TRANSACTION OF BUSINESS AT A MEETING OR THE EXERCISE OF A  
13 POWER OR FUNCTION OF THE AUTHORITY, NOTWITHSTANDING THE EXISTENCE  
14 OF 1 OR MORE VACANCIES. NOTWITHSTANDING ANY OTHER PROVISION OF LAW  
15 TO THE CONTRARY, ACTION MAY BE TAKEN BY THE AUTHORITY AT A MEETING  
16 ON A VOTE OF THE MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR  
17 THROUGH THE USE OF AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY  
18 THE BYLAWS OR PLAN OF OPERATION OF THE BOARD. THE AUTHORITY SHALL  
19 MEET AT THE CALL OF THE CHAIR OR AS MAY BE PROVIDED IN THE BYLAWS  
20 OF THE AUTHORITY. MEETINGS OF THE AUTHORITY MAY BE HELD ANYWHERE IN  
21 THIS STATE.

22 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY  
23 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN  
24 ACCORDANCE WITH THE PLAN OF OPERATION.

25 (4) THE BOARD SHALL CONDUCT ITS BUSINESS AT MEETINGS THAT ARE  
26 HELD IN THIS STATE, OPEN TO THE PUBLIC, AND HELD IN A PLACE THAT IS  
27 AVAILABLE TO THE GENERAL PUBLIC. HOWEVER, THE BOARD MAY ESTABLISH

1 REASONABLE RULES TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD.  
2 AT LEAST 10 DAYS BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE  
3 BOARD SHALL PROVIDE PUBLIC NOTICE OF THE MEETING AT THE BOARD'S  
4 PRINCIPAL OFFICE AND ON A PUBLICLY ACCESSIBLE INTERNET WEBSITE. THE  
5 BOARD SHALL INCLUDE IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS  
6 WHERE MINUTES OF THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE  
7 BOARD MAY MEET IN A CLOSED SESSION FOR ANY OF THE FOLLOWING  
8 PURPOSES:

9 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,  
10 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE  
11 AUTHORITY.

12 (B) TO CONSULT WITH ITS ATTORNEY.

13 (C) TO COMPLY WITH STATE OR FEDERAL LAW, RULES, OR REGULATIONS  
14 REGARDING PRIVACY OR CONFIDENTIALITY.

15 (5) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE  
16 AUTHORITY'S OPERATIONS AND ACTIVITIES, INCLUDING, BUT NOT LIMITED  
17 TO, THE ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 6310, ON A  
18 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

19 (6) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE  
20 BOARD SHALL MAKE THE MINUTES OPEN TO PUBLIC INSPECTION AND  
21 AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC NOTICE OF ITS  
22 MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES AVAILABLE TO  
23 THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR PRINTING AND  
24 COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING IN THE  
25 MINUTES:

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

27 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD



1 MEMBERS WHO ARE ABSENT.

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

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

5 SEC. 6304. ON JANUARY 1, 2025, THE AUTHORITY IS DISSOLVED.

6 SEC. 6305. THE BOARD HAS THE POWERS NECESSARY TO CARRY OUT ITS  
7 DUTIES UNDER THIS ACT, INCLUDING, BUT NOT LIMITED TO, THE POWER TO  
8 DO THE FOLLOWING:

9 (A) SUE AND BE SUED IN THE NAME OF THE AUTHORITY.

10 (B) SOLICIT AND ACCEPT GIFTS, GRANTS, LOANS, AND OTHER AID  
11 FROM ANY PERSON, THE FEDERAL GOVERNMENT, THIS STATE, A LOCAL UNIT  
12 OF GOVERNMENT, OR AN AGENCY OF THE FEDERAL GOVERNMENT, THIS STATE,  
13 OR A LOCAL UNIT OF GOVERNMENT.

14 (C) MAKE GRANTS AND INVESTMENTS.

15 (D) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH ITS  
16 PROPERTY, ASSETS, OR ACTIVITIES.

17 (E) INVEST AT ITS DISCRETION ANY MONEY HELD IN RESERVE OR  
18 SINKING FUNDS OR ANY MONEY NOT REQUIRED FOR IMMEDIATE USE OR  
19 DISBURSEMENT AND TO SELECT AND USE DEPOSITORIES FOR ITS MONEY.

20 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS  
21 NECESSARY.

22 (G) INDEMNIFY AND PROCURE INSURANCE INDEMNIFYING ANY MEMBER OF  
23 THE BOARD FOR PERSONAL LOSS OR ACCOUNTABILITY RESULTING FROM THE  
24 MEMBER'S ACTION OR INACTION AS A MEMBER OF THE BOARD.

25 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS  
26 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF  
27 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR

1 THE PLAN OF OPERATION.

2 SEC. 6307. (1) AN INSURER OR SELF-INSURER ENGAGED IN WRITING  
3 INSURANCE COVERAGES THAT PROVIDE THE SECURITY REQUIRED BY SECTION  
4 3101(1) IN THIS STATE MAY PAY TO THE FACILITY, FOR DEPOSIT INTO THE  
5 ACCOUNT OF THE AUTHORITY, MONEY TO BE USED BY THE AUTHORITY TO  
6 CARRY OUT ITS DUTIES UNDER THIS CHAPTER.

7 (2) THE FACILITY SHALL SEGREGATE ALL MONEY RECEIVED UNDER  
8 SUBSECTION (1), AND ALL OTHER MONEY RECEIVED BY THE AUTHORITY FOR  
9 THE PURPOSE, FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE. THE  
10 FACILITY SHALL ONLY EXPEND THE MONEY RECEIVED UNDER SUBSECTION (1)  
11 AS DIRECTED BY THE BOARD.

12 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE  
13 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO  
14 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE  
15 FRAUD DATA AND CLAIMS PRACTICES INFORMATION TO THE AUTHORITY USING  
16 THE FORMAT AND PROCEDURES ADOPTED BY THE BOARD.

17 (2) THE DEPARTMENT OF STATE POLICE SHALL COOPERATE WITH THE  
18 AUTHORITY AND SHALL PROVIDE AVAILABLE MOTOR VEHICLE FRAUD AND THEFT  
19 STATISTICS TO THE AUTHORITY ON REQUEST.

20 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE  
21 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD  
22 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS  
23 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR  
24 EXISTING PROGRAMS.

25 SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE  
26 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE  
27 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND

1 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE  
2 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE  
3 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S  
4 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD, UNFAIR CLAIMS  
5 PRACTICES OF INSURANCE COMPANIES, AND COST SAVINGS THAT HAVE  
6 RESULTED FROM THOSE EFFORTS.

7 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED BY THIS  
8 SECTION MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD AND UNFAIR  
9 CLAIMS PRACTICES OF INSURANCE COMPANIES OCCURRING IN THIS STATE FOR  
10 THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD AND UNFAIR CLAIMS  
11 PRACTICES OF INSURANCE COMPANIES ON RATES CHARGED FOR AUTOMOBILE  
12 INSURANCE, SUMMARIZE PREVENTION PROGRAMS, AND OUTLINE ALLOCATIONS  
13 MADE BY THE AUTHORITY. THE MEMBERS OF THE BOARD, INSURERS, AND THE  
14 DIRECTOR SHALL COOPERATE IN DEVELOPING THE REPORT AS REQUESTED BY  
15 THE AUTHORITY AND SHALL MAKE AVAILABLE TO THE AUTHORITY RECORDS AND  
16 STATISTICS CONCERNING AUTOMOBILE INSURANCE FRAUD AND UNFAIR CLAIMS  
17 PRACTICES OF INSURANCE COMPANIES, INCLUDING THE NUMBER OF INSTANCES  
18 OF SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS  
19 AND CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AUTOMOBILE  
20 INSURANCE FRAUD RECIDIVISM, UNFAIR SETTLEMENT PRACTICES AND CLAIMS  
21 PRACTICES, INCLUDING THE CLAIMS PRACTICES OF THE CATASTROPHIC  
22 CLAIMS ASSOCIATION UNDER SECTION 3104, REIMBURSEMENT RATE  
23 PRACTICES, TIMELINESS OF CLAIMS PRACTICES, AND THE USE OF  
24 INDEPENDENT MEDICAL EXAMINERS AND SPECIAL INVESTIGATION UNITS. THE  
25 AUTHORITY SHALL EVALUATE THE IMPACT AUTOMOBILE INSURANCE FRAUD HAS  
26 ON THE CITIZENS OF THIS STATE AND THE COSTS INCURRED BY THE  
27 CITIZENS THROUGH INSURANCE, POLICE ENFORCEMENT, PROSECUTION, AND

1 INCARCERATION BECAUSE OF AUTOMOBILE INSURANCE FRAUD. THE AUTHORITY  
2 SHALL EVALUATE THE IMPACT UNFAIR CLAIMS PRACTICES BY INSURERS HAVE  
3 ON THE CITIZENS OF THIS STATE AND SHALL DETERMINE THE COSTS  
4 INCURRED BY THE CITIZENS THROUGH UNNECESSARY LITIGATION AND BAD-  
5 FAITH PRACTICES THAT DELAY, WITHHOLD, OR DENY POLICYHOLDER BENEFITS  
6 THAT ARE BASED ON LEGITIMATE CLAIMS, INCLUDING SPECIAL  
7 INVESTIGATION UNITS THAT REPORT SUSPECTED FRAUD AND ABUSE CASES  
8 THAT ARE NOT BASED ON INDEPENDENT, APPROPRIATE, AND GOOD-FAITH  
9 INVESTIGATION. THE AUTHORITY SHALL ALSO REPORT ON ALL OF THE  
10 FOLLOWING:

11 (A) PROCESSING, SUBMISSION, AND BILLING PRACTICES, AND SHALL  
12 RECOMMEND APPROPRIATE STANDARDIZATION PRACTICES.

13 (B) THE COSTS OF UNNECESSARY LITIGATION AND BAD-FAITH  
14 PRACTICES THAT DELAY, WITHHOLD, OR DENY POLICYHOLDER BENEFITS, AND  
15 SHALL RECOMMEND ANY CHANGES TO EXISTING LAWS TO REDUCE THESE COSTS.

16 (3) THE AUTHORITY SHALL SUBMIT THE ANNUAL REPORT TO THE  
17 LEGISLATURE REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF  
18 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER  
19 INSURANCE ISSUES AND THE DIRECTOR.

20 Enacting section 1. This amendatory act takes effect January  
21 1, 2020.