

# SENATE BILL NO. 1

January 15, 2019, Introduced by Senator NESBITT and referred to the Committee on Insurance and Banking.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 3148 and 3157 (MCL 500.3148 and 500.3157), and  
by adding sections 3100, 3107c, 3109b, and 3157a.

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

1           **Sec. 3100. It is the intent of the legislature in making**  
2 **changes to this act relating to the purchase of automobile**  
3 **insurance in this state to bring much needed cost controls to the**  
4 **no-fault system, thereby providing rate relief for consumers,**  
5 **reducing the number of uninsured drivers in this state, and**

1 incentivizing more automobile insurers to write business in this  
2 state. The legislature recognizes that drivers in this state pay  
3 car insurance rates that are, on average, 83% higher than the  
4 national average.

5       Sec. 3107c. It is the intent of the legislature to allow  
6 seniors and other individuals over 62 years of age with lifetime  
7 health care benefits to enjoy savings on their automobile insurance  
8 premiums by choosing to not carry personal injury protection  
9 insurance when they effectively already have coverage for injuries  
10 in automobile accidents.

11       Sec. 3109b. It is the intent of the legislature that an  
12 individual who purchases an automobile insurance policy in this  
13 state have the ability to choose an amount of personal injury  
14 protection coverage that suits the individual's needs, lifestyle,  
15 and budget. The legislature further intends when an individual  
16 selects a coverage level for personal injury protection benefits  
17 from those enumerated in statute, the individual will enjoy a  
18 corresponding savings on his or her automobile insurance premium  
19 that corresponds with the chosen benefit level.

20       Sec. 3157. (1) A physician, hospital, clinic or other person  
21 or institution lawfully rendering treatment to an injured person  
22 for an accidental bodily injury covered by personal protection  
23 insurance, and a person or institution providing rehabilitative  
24 occupational training following the injury, may charge a reasonable  
25 amount for the products, services and accommodations rendered. The  
26 charge ~~shall~~**must** not exceed the amount the person or institution  
27 customarily charges for like products, services and accommodations  
28 in cases not involving insurance.

29       (2) It is the intent of the legislature, in seeking to reduce

1 medical cost inflation in this state related to no-fault insurance  
 2 claims that is 90% higher than normal health care inflation, that a  
 3 physician, hospital, clinic, or other person or institution that  
 4 renders a treatment, training, product, service, or accommodation  
 5 to an injured person for an accidental bodily injury not be  
 6 eligible for payment or reimbursement under this chapter of more  
 7 than a statutorily determined amount that is a reasonable payment  
 8 for the treatment or service rendered.

9       Sec. 3157a. It is the intent of the legislature, in seeking to  
 10 reduce overutilization of medical treatments, products, and  
 11 services related to no-fault insurance claims in this state, that  
 12 an annual utilization review be conducted by an independent party  
 13 to identify utilization above the usual range for the treatment  
 14 based on medically accepted standards, with consequences for  
 15 providers that knowingly provide false or misleading information.

16       Sec. 3148. (1) An attorney is entitled to a reasonable fee for  
 17 advising and representing a claimant in an action for personal or  
 18 property protection insurance benefits which are overdue. The  
 19 attorney's fee ~~shall~~**must** be a charge against the insurer in  
 20 addition to the benefits recovered, if the court finds that the  
 21 insurer unreasonably refused to pay the claim or unreasonably  
 22 delayed in making proper payment.

23       (2) An insurer may be allowed by a court an award of a  
 24 reasonable sum against a claimant as an attorney's fee for the  
 25 insurer's attorney in defense against a claim that was in some  
 26 respect fraudulent or so excessive as to have no reasonable  
 27 foundation. To the extent that personal or property protection  
 28 insurance benefits are then due or thereafter come due to the  
 29 claimant because of loss resulting from the injury on which the

1 claim is based, such a fee may be treated as an offset against such  
2 benefits; also, judgment may be entered against the claimant for  
3 any amount of a fee awarded against him and not offset in this way  
4 or otherwise paid.

5 **(3) It is the intent of the legislature to reduce fraud and**  
6 **conflicts of interest in the no-fault system by providing for**  
7 **restrictions on the common ownership of, and referrals between and**  
8 **among, entities that provide legal, medical, and transportation**  
9 **services.**

10 Enacting section 1. This bill may be known as the "auto  
11 insurance rate reduction plan".