

SENATE BILL No. 818

February 25, 2014, Introduced by Senator PAPPAGEORGE 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 102, 3101, 3104, 3107, 3157,
3301, 3330, 4501, and 6107 (MCL 500.102, 500.3101, 500.3104,
500.3107, 500.3157, 500.3301, 500.3330, 500.4501, and 500.6107),
the title as amended by 2002 PA 304, section 102 as amended by 2000
PA 252, section 3101 as amended by 2008 PA 241, section 3104 as
amended by 2002 PA 662, section 3107 as amended by 2012 PA 542,
section 3330 as amended by 2012 PA 204, section 4501 as amended by
2012 PA 39, and section 6107 as added by 1992 PA 174, and by adding
sections 3104a, 3107c, and 3181 and chapter 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to revise, consolidate, and classify the laws relating

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

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

27 Sec. 102. **AS USED IN THIS ACT:**

1 (A) ~~(1) "Commissioner" as used in this act means the~~
2 ~~commissioner of the office of financial and insurance~~
3 ~~services.~~ **DIRECTOR.**

4 (B) ~~(2) "Department" as used in this act means the office~~
5 **DEPARTMENT of INSURANCE AND** ~~financial and insurance services.~~

6 (C) **"DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT.**

7 Sec. 3101. (1) The owner or registrant of a motor vehicle
8 required to be registered in this state shall maintain security for
9 payment of benefits under personal protection insurance ~~—~~ **AS**

10 **REQUIRED UNDER SECTION 3107,** property protection insurance, and
11 residual liability insurance **AS REQUIRED UNDER SECTION 3009.**

12 Security shall only be required to be in effect during the period
13 the motor vehicle is driven or moved upon a highway.

14 Notwithstanding any other provision in this act, an insurer that
15 has issued an automobile insurance policy on a motor vehicle that
16 is not driven or moved upon a highway may allow the insured owner
17 or registrant of the motor vehicle to delete a portion of the
18 coverages under the policy and maintain the comprehensive coverage
19 portion of the policy in effect.

20 (2) As used in this chapter:

21 (a) "Automobile insurance" means that term as defined in
22 section 2102.

23 (B) **"CONSUMER PRICE INDEX" MEANS THE PERCENTAGE OF CHANGE IN**
24 **THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS IN THE UNITED**
25 **STATES CITY AVERAGE FOR ALL ITEMS, AS REPORTED BY THE UNITED STATES**
26 **DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, AND AS CERTIFIED**
27 **BY THE DIRECTOR.**

1 (C) ~~(b)~~—"Highway" means that term as defined in section 20 of
2 the Michigan vehicle code, 1949 PA 300, MCL 257.20.

3 (D) ~~(c)~~—"Motorcycle" means a vehicle ~~having~~**THAT HAS** a saddle
4 or seat for the use of the rider, **IS** designed to travel on not more
5 than 3 wheels in contact with the ground, ~~which~~**AND** is equipped
6 with a motor that exceeds 50 cubic centimeters piston displacement.
7 The wheels on any attachment to the vehicle shall not be considered
8 as wheels in contact with the ground. Motorcycle does not include a
9 moped, as defined in section 32b of the Michigan vehicle code, 1949
10 PA 300, MCL 257.32b. Motorcycle does not include an ORV.

11 (E) ~~(d)~~—"Motorcycle accident" means a loss involving the
12 ownership, operation, maintenance, or use of a motorcycle as a
13 motorcycle, but not involving the ownership, operation,
14 maintenance, or use of a motor vehicle as a motor vehicle.

15 (F) ~~(e)~~—"Motor vehicle" means a vehicle, including a trailer,
16 operated or designed for operation upon a public highway by power
17 other than muscular power ~~which~~**THAT** has more than 2 wheels. Motor
18 vehicle does not include a motorcycle or a moped, as defined in
19 section 32b of the Michigan vehicle code, 1949 PA 300, MCL 257.32b.
20 Motor vehicle does not include a farm tractor or other implement of
21 husbandry ~~which~~**THAT** is not subject to the registration
22 requirements of the Michigan vehicle code pursuant to section 216
23 of the Michigan vehicle code, 1949 PA 300, MCL 257.216. Motor
24 vehicle does not include an ORV.

25 (G) ~~(f)~~—"Motor vehicle accident" means a loss involving the
26 ownership, operation, maintenance, or use of a motor vehicle as a
27 motor vehicle regardless of whether the accident also involves the

1 ownership, operation, maintenance, or use of a motorcycle as a
2 motorcycle.

3 (H) ~~(g)~~—"ORV" means a motor-driven recreation vehicle designed
4 for off-road use and capable of cross-country travel without
5 benefit of road or trail, on or immediately over land, snow, ice,
6 marsh, swampland, or other natural terrain. ORV includes, but is
7 not limited to, a multitrack or multiwheel drive vehicle, a
8 motorcycle or related 2-wheel, 3-wheel, or 4-wheel vehicle, an
9 amphibious machine, a ground effect air cushion vehicle, an ATV as
10 defined in section 81101 of the natural resources and environmental
11 protection act, 1994 PA 451, MCL 324.81101, or other means of
12 transportation deriving motive power from a source other than
13 muscle or wind. ORV does not include a vehicle described in this
14 subdivision that is registered for use upon a public highway and
15 has the security ~~described in section 3101~~ **REQUIRED UNDER**
16 **SUBSECTION (1) or SECTION 3103** in effect.

17 (I) ~~(h)~~—"Owner" means any of the following:

18 (i) A person renting a motor vehicle or having the use ~~thereof,~~
19 **OF A MOTOR VEHICLE**, under a lease or otherwise, for a period that
20 is greater than 30 days.

21 (ii) A person who holds the legal title to a vehicle, other
22 than a person engaged in the business of leasing motor vehicles who
23 is the lessor of a motor vehicle pursuant to a lease providing for
24 the use of the motor vehicle by the lessee for a period that is
25 greater than 30 days.

26 (iii) A person who has the immediate right of possession of a
27 motor vehicle under an installment sale contract.

1 (J) ~~(i)~~ "Registrant" does not include a person engaged in the
2 business of leasing motor vehicles who is the lessor of a motor
3 vehicle pursuant to a lease providing for the use of the motor
4 vehicle by the lessee for a period that is greater than 30 days.

5 (3) Security **REQUIRED BY SUBSECTION (1)** may be provided under
6 a policy issued by an insurer duly authorized to transact business
7 in this state ~~which~~ **THAT** affords insurance for the payment of
8 benefits described in subsection (1). A policy of insurance
9 represented or sold as providing security is considered to provide
10 insurance for the payment of the benefits.

11 (4) Security required by subsection (1) may be provided by any
12 other method approved by the secretary of state as affording
13 security equivalent to that afforded by a policy of insurance, if
14 proof of the security is filed and continuously maintained with the
15 secretary of state throughout the period the motor vehicle is
16 driven or moved upon a highway. The person filing the security has
17 all the obligations and rights of an insurer under this chapter.
18 When the context permits, "insurer" as used in this chapter,
19 includes any person filing the security as provided in this
20 section.

21 Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**
22 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
23 ~~the catastrophic claims association, hereinafter referred to as the~~
24 ~~association, is created.~~ Each insurer engaged in writing insurance
25 coverages that provide the security required by section 3101(1)
26 within this state, as a condition of its authority to transact
27 insurance in this state, shall be a member of the association and

1 ~~shall be~~ **IS** bound by the plan of operation of the association **UNTIL**
2 **THE AFFAIRS OF THE ASSOCIATION ARE WOUND UP UNDER SUBSECTION (23)**.

3 Each insurer engaged in writing insurance coverages that provide
4 the security required by section 3103(1) within this state, as a
5 condition of its authority to transact insurance in this state,
6 shall be considered a member of the association **UNTIL THE AFFAIRS**
7 **OF THE ASSOCIATION ARE WOUND UP UNDER SUBSECTION (23)**, but only for
8 purposes of premiums under subsection (7)(d). Except as expressly
9 provided in this section, the association is not subject to any
10 laws of this state with respect to insurers, but in all other
11 respects the association is subject to the laws of this state to
12 the extent that the association would be if it were an insurer
13 organized and subsisting under chapter 50.

14 (2) ~~The~~ **FOR LOSS OCCURRENCES FOR WHICH THE ASSOCIATION HAS**
15 **LIABILITY UNDER SUBSECTION (22), THE** association shall provide and
16 each member shall accept indemnification for 100% of the amount of
17 ultimate loss sustained under personal protection insurance
18 coverages in excess of the following amounts in each loss
19 occurrence:

20 (a) For a motor vehicle accident policy issued or renewed
21 before July 1, 2002, \$250,000.00.

22 (b) For a motor vehicle accident policy issued or renewed
23 during the period July 1, 2002 to June 30, 2003, \$300,000.00.

24 (c) For a motor vehicle accident policy issued or renewed
25 during the period July 1, 2003 to June 30, 2004, \$325,000.00.

26 (d) For a motor vehicle accident policy issued or renewed
27 during the period July 1, 2004 to June 30, 2005, \$350,000.00.

1 (e) For a motor vehicle accident policy issued or renewed
2 during the period July 1, 2005 to June 30, 2006, \$375,000.00.

3 (f) For a motor vehicle accident policy issued or renewed
4 during the period July 1, 2006 to June 30, 2007, \$400,000.00.

5 (g) For a motor vehicle accident policy issued or renewed
6 during the period July 1, 2007 to June 30, 2008, \$420,000.00.

7 (h) For a motor vehicle accident policy issued or renewed
8 during the period July 1, 2008 to June 30, 2009, \$440,000.00.

9 (i) For a motor vehicle accident policy issued or renewed
10 during the period July 1, 2009 to June 30, 2010, \$460,000.00.

11 (j) For a motor vehicle accident policy issued or renewed
12 during the period July 1, 2010 to June 30, 2011, \$480,000.00.

13 (k) For a motor vehicle accident policy issued or renewed
14 during the period July 1, 2011 to June 30, 2013, \$500,000.00.

15 ~~Beginning July 1, 2013, this \$500,000.00 amount shall be increased~~
16 ~~biennially on July 1 of each odd numbered year, for policies issued~~
17 ~~or renewed before July 1 of the following odd numbered year, by the~~
18 ~~lesser of 6% or the consumer price index, and rounded to the~~
19 ~~nearest \$5,000.00. This biennial adjustment shall be calculated by~~
20 ~~the association by January 1 of the year of its July 1 effective~~
21 ~~date.~~

22 **(l) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED**
23 **DURING THE PERIOD JULY 1, 2013 TO THE DATE ON WHICH THE ASSOCIATION**
24 **HAS PAID ITS FINAL LIABILITY AS DESCRIBED IN SUBSECTION (23),**
25 **\$530,000.00.**

26 (3) An insurer may withdraw from the association only upon
27 ceasing to write insurance that provides the security required by

1 section 3101(1) in this state.

2 (4) An insurer whose membership in the association has been
3 terminated by withdrawal shall continue to be bound by the plan of
4 operation, and upon withdrawal, all unpaid premiums that have been
5 charged to the withdrawing member are payable as of the effective
6 date of the withdrawal.

7 (5) An unsatisfied net liability to the association of an
8 insolvent member shall be assumed by and apportioned among the
9 remaining members of the association as provided in the plan of
10 operation. The association has all rights allowed by law on behalf
11 of the remaining members against the estate or funds of the
12 insolvent member for ~~sums~~**MONEY** due the association.

13 (6) If a member has been merged or consolidated into another
14 insurer or another insurer has reinsured a member's entire business
15 that provides the security required by section 3101(1) in this
16 state, the member and successors in interest of the member remain
17 liable for the member's obligations.

18 (7) The association shall do all of the following on behalf of
19 the members of the association:

20 (a) Assume 100% of all liability as provided in subsection
21 (2).

22 (b) Establish procedures by which members shall promptly
23 report to the association each claim that, on the basis of the
24 injuries or damages sustained, may reasonably be anticipated to
25 involve the association if the member is ultimately held legally
26 liable for the injuries or damages. Solely for the purpose of
27 reporting claims, the member shall in all instances consider itself

1 legally liable for the injuries or damages. The member shall also
2 advise the association of subsequent developments likely to
3 materially affect the interest of the association in the claim.

4 (c) Maintain relevant loss and expense data relative to all
5 liabilities of the association and require each member to furnish
6 statistics, in connection with liabilities of the association, at
7 the times and in the form and detail as may be required by the plan
8 of operation.

9 (d) In a manner provided for in the plan of operation,
10 calculate and charge to members of the association a total premium
11 sufficient to cover the expected losses and expenses of the
12 association that the association will likely incur during the
13 period for which the premium is applicable. The premium shall
14 include an amount to cover incurred but not reported losses for the
15 period and may be adjusted, **SUBJECT TO SUBSECTION (24)**, for any
16 excess or deficient premiums from previous periods. Excesses or
17 deficiencies from previous periods may be fully adjusted in a
18 single period or may be adjusted over several periods in a manner
19 provided for in the plan of operation. Each member shall be charged
20 an amount equal to that member's total written car years of
21 insurance providing the security required by section 3101(1) or
22 3103(1), or both, written in this state during the period to which
23 the premium applies, multiplied by the average premium per car. The
24 average premium per car shall be the total premium calculated
25 divided by the total written car years of insurance providing the
26 security required by section 3101(1) or 3103(1) written in this
27 state of all members during the period to which the premium

1 applies. A member shall be charged a premium for a historic vehicle
2 that is insured with the member of 20% of the premium charged for a
3 car insured with the member. As used in this subdivision:

4 (i) "Car" includes a motorcycle but does not include a historic
5 vehicle.

6 (ii) "Historic vehicle" means a vehicle that is a registered
7 historic vehicle under section 803a or 803p of the Michigan vehicle
8 code, 1949 PA 300, MCL 257.803a and 257.803p.

9 (e) Require and accept the payment of premiums from members of
10 the association as provided for in the plan of operation. The
11 association shall do either of the following:

12 (i) Require payment of the premium in full within 45 days after
13 the premium charge.

14 (ii) Require payment of the premiums to be made periodically to
15 cover the actual cash obligations of the association.

16 (f) Receive and distribute all ~~sums~~ **MONEY** required by the
17 operation of the association.

18 (g) Establish procedures for reviewing claims procedures and
19 practices of members of the association. If the claims procedures
20 or practices of a member are considered inadequate to properly
21 service the liabilities of the association, the association may
22 undertake or may contract with another person, including another
23 member, to adjust or assist in the adjustment of claims for the
24 member on claims that create a potential liability to the
25 association and may charge the cost of the adjustment to the
26 member.

27 **(H) PROVIDE SERVICES TO A CORPORATION FORMED UNDER SECTION**

1 **3104A AS REQUIRED BY LAW OR REQUESTED BY THE CORPORATION.**

2 (8) In addition to other powers granted to it by this section,
3 the association may do all of the following:

4 (a) Sue and be sued in the name of the association. A judgment
5 against the association shall not create any direct liability
6 against the individual members of the association. The association
7 may provide for the indemnification of its members, members of the
8 board of directors of the association, and officers, employees, and
9 other persons lawfully acting on behalf of the association.

10 (b) Reinsure all or any portion of its potential liability
11 with reinsurers licensed to transact insurance in this state or
12 approved by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT.**

13 (c) Provide for appropriate housing, equipment, and personnel
14 as may be necessary to assure the efficient operation of the
15 association.

16 (d) Pursuant to the plan of operation, adopt reasonable rules
17 for the administration of the association, enforce those rules, and
18 delegate authority, as the board considers necessary to assure the
19 proper administration and operation of the association consistent
20 with the plan of operation.

21 (e) Contract for goods and services, including independent
22 claims management, actuarial, investment, and legal services, from
23 others within or without this state to assure the efficient
24 operation of the association.

25 (f) Hear and determine complaints of a company or other
26 interested party concerning the operation of the association.

27 (g) Perform other acts not specifically enumerated in this

1 section that are necessary or proper to accomplish the purposes of
2 the association and that are not inconsistent with this section or
3 the plan of operation.

4 (9) A board of directors is created ~~, hereinafter referred to~~
5 ~~as the board, which shall be responsible for the operation of~~ **AND**
6 **SHALL OPERATE** the association consistent with the plan of operation
7 and this section.

8 (10) The plan of operation shall provide for all of the
9 following:

10 (a) The establishment of necessary facilities.

11 (b) The management and operation of the association.

12 (c) Procedures to be utilized in charging premiums, including
13 adjustments from excess or deficient premiums from prior periods.

14 (d) Procedures governing the actual payment of premiums to the
15 association.

16 (e) Reimbursement of each member of the board by the
17 association for actual and necessary expenses incurred on
18 association business.

19 (f) The investment policy of the association.

20 (g) Any other matters required by or necessary to effectively
21 implement this section.

22 (11) Each board shall include members that would contribute a
23 total of not less than 40% of the total premium calculated pursuant
24 to subsection (7)(d). Each director ~~shall be~~ **IS** entitled to 1 vote.
25 The initial term of office of a director ~~shall be~~ **IS** 2 years.

26 (12) As part of the plan of operation, the board shall adopt
27 rules providing for the composition and term of successor boards to

1 the initial board, consistent with the membership composition
2 requirements in subsections (11) and (13). Terms of the directors
3 shall be staggered so that the terms of all the directors do not
4 expire at the same time and so that a director does not serve a
5 term of more than 4 years.

6 (13) The board shall consist of 5 directors, and the
7 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** shall be an ex officio
8 member of the board without vote.

9 (14) Each director shall be appointed by the ~~commissioner~~
10 **DIRECTOR OF THE DEPARTMENT** and shall serve until that member's
11 successor is selected and qualified. The chairperson of the board
12 shall be elected by the board. A vacancy on the board shall be
13 filled by the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** consistent
14 with the plan of operation.

15 (15) ~~After the board is appointed, the~~ **THE** board shall meet as
16 often as the chairperson, the ~~commissioner~~, **DIRECTOR OF THE**
17 **DEPARTMENT**, or the plan of operation ~~shall require,~~ **REQUIRES**, or at
18 the request of any 3 members of the board. The chairperson ~~shall~~
19 ~~retain the right to~~ **MAY** vote on all issues. Four members of the
20 board constitute a quorum.

21 (16) An annual report of the operations of the association in
22 a form and detail as ~~may be~~ determined by the board shall be
23 furnished to each member.

24 ~~—— (17) Not more than 60 days after the initial organizational~~
25 ~~meeting of the board, the board shall submit to the commissioner~~
26 ~~for approval a proposed plan of operation consistent with the~~
27 ~~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) (19) 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) (20) 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 AN~~ insurer authorized to write

1 insurance providing the security required by section 3101(1) in
2 this state, as provided in this section, is bound by and shall
3 formally subscribe to and participate in the plan ~~approved OF~~
4 **OPERATION** as a condition of maintaining its authority to transact
5 insurance in this state.

6 (19) ~~(21)~~ The association is subject to all the reporting,
7 loss reserve, and investment requirements of the ~~commissioner~~
8 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member ARE~~
9 **THE MEMBERS** of the association.

10 (20) ~~(22)~~ Premiums charged members by the association shall be
11 recognized in the rate-making procedures for insurance rates in the
12 same manner that expenses and premium taxes are recognized.

13 (21) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
14 authorized representative of the ~~commissioner~~ **DIRECTOR** may visit
15 the association at any time and examine any and all **OF** the
16 association's affairs.

17 (22) ~~(24)~~ The association does not have liability for losses
18 occurring before July 1, 1978 **OR FOR LOSSES UNDER MOTOR VEHICLE**
19 **ACCIDENT POLICIES ISSUED OR RENEWED AFTER DECEMBER 31, 2013.**

20 (23) **THE ASSOCIATION SHALL CONTINUE IN EXISTENCE UNTIL ALL**
21 **LIABILITIES DUE TO LOSS OCCURRENCES FOR WHICH IT HAS LIABILITY**
22 **UNDER SUBSECTION (22) ARE PAID. ON PAYMENT OF THE FINAL LIABILITY,**
23 **THE ASSOCIATION SHALL NOTIFY THE DIRECTOR OF THE DEPARTMENT AND**
24 **SHALL WIND UP THE AFFAIRS OF THE ASSOCIATION AND TRANSMIT ANY**
25 **REMAINING MONEY HELD BY THE ASSOCIATION TO A CORPORATION FORMED**
26 **UNDER SECTION 3104A.**

27 (24) **WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY**

1 ACT THAT ADDED THIS SUBSECTION, THE ASSOCIATION SHALL ADJUST THE
2 PREMIUM CHARGE TO MEMBERS UNDER SUBSECTION (7) (D) BY AN AMOUNT
3 SUFFICIENT TO REFLECT CHANGES MADE TO THIS ACT BY THE AMENDATORY
4 ACT THAT ADDED THIS SUBSECTION.

5 (25) As used in this section:

6 ~~— (a) "Consumer price index" means the percentage of change in~~
7 ~~the consumer price index for all urban consumers in the United~~
8 ~~States city average for all items for the 24 months prior to~~
9 ~~October 1 of the year prior to the July 1 effective date of the~~
10 ~~biennial adjustment under subsection (2) (k) as reported by the~~
11 ~~United States department of labor, bureau of labor statistics, and~~
12 ~~as certified by the commissioner.~~

13 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
14 CREATED IN SUBSECTION (1) .

15 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION
16 CREATED IN SUBSECTION (9) .

17 (C) ~~(b)~~ "Motor vehicle accident policy" means a policy
18 providing the coverages required under section 3101(1) .

19 (D) ~~(c)~~ "Ultimate loss" means the actual loss amounts that a
20 member is obligated to pay and that are paid or payable by the
21 member, and do not include claim expenses. An ultimate loss is
22 incurred by the association on the date that the loss occurs.

23 SEC. 3104A. (1) WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THE
24 AMENDATORY ACT THAT ADDED THIS SECTION, 2 OR MORE VOTING MEMBERS OF
25 THE ASSOCIATION MAY INCORPORATE A CATASTROPHIC CLAIMS CORPORATION
26 UNDER THIS SECTION. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A
27 CORPORATION IS SUBJECT TO THE NONPROFIT CORPORATION ACT, 1982 PA

1 162, MCL 450.2101 TO 450.3192. A CORPORATION IS A CHARITABLE AND
2 BENEVOLENT INSTITUTION FOR THE PUBLIC BENEFIT, AND THE
3 CORPORATION'S MONEY AND PROPERTY ARE EXEMPT FROM TAXATION BY THIS
4 STATE OR ANY POLITICAL SUBDIVISION OF THIS STATE.

5 (2) A CORPORATION IS SUBJECT TO SUPERVISION BY THE DIRECTOR AS
6 PROVIDED IN THIS SECTION. EXCEPT AS OTHERWISE PROVIDED IN THIS
7 SECTION, A CORPORATION IS NOT SUBJECT TO THE LAWS OF THIS STATE
8 APPLICABLE TO INSURERS AND IS NOT REQUIRED TO PARTICIPATE IN A POOL
9 OR FUND THAT AN INSURER IS REQUIRED TO PARTICIPATE IN. A
10 CORPORATION IS SUBJECT TO ALL OF THE SAME REPORTING, LOSS RESERVE,
11 AND INVESTMENT REQUIREMENTS AS AN INSURER AUTHORIZED TO TRANSACT
12 BUSINESS IN THIS STATE THAT AFFORDS INSURANCE FOR THE PAYMENT OF
13 BENEFITS DESCRIBED IN SECTION 3101(1).

14 (3) TO INCORPORATE A CORPORATION, 2 OR MORE VOTING MEMBERS OF
15 THE ASSOCIATION SHALL SUBSCRIBE TO AND FILE WITH THE DIRECTOR
16 ARTICLES OF INCORPORATION. THE ARTICLES OF INCORPORATION SHALL
17 INCLUDE ALL OF THE FOLLOWING:

18 (A) THE NAMES AND PLACES OF RESIDENCE OF THE INCORPORATORS.

19 (B) THE LOCATION OF THE PRINCIPAL OFFICE OF THE CORPORATION
20 FOR THE TRANSACTION OF BUSINESS IN THIS STATE.

21 (C) THE NAME BY WHICH THE CORPORATION SHALL BE KNOWN, WHICH
22 SHALL INCLUDE THE WORDS CATASTROPHIC, CLAIMS, AND CORPORATION, BUT
23 SHALL NOT INCLUDE THE WORDS ASSOCIATION, INSURANCE, CASUALTY,
24 SURETY, HEALTH AND ACCIDENT, MUTUAL, OR OTHER WORDS DESCRIPTIVE OF
25 THE INSURANCE OR SURETY BUSINESS. THE CORPORATION ALSO SHALL NOT
26 ASSUME ANY NAME LIKELY TO MISLEAD THE PUBLIC OR ANY NAME ALREADY IN
27 USE BY ANOTHER CORPORATION AUTHORIZED TO CONDUCT BUSINESS IN THIS

1 STATE.

2 (D) THE PURPOSES OF THE CORPORATION, WHICH SHALL BE LIMITED TO
3 PURPOSES AUTHORIZED UNDER THIS SECTION.

4 (E) A STATEMENT THAT THE CORPORATION IS ORGANIZED AS A
5 NONPROFIT CORPORATION ON A NONSTOCK, DIRECTORSHIP BASIS UNDER THIS
6 ACT AND THE NONPROFIT CORPORATION ACT, 1982 PA 162, MCL 450.2101 TO
7 450.3192.

8 (F) ANY OTHER TERMS AND CONDITIONS NOT INCONSISTENT WITH THIS
9 SECTION OR OTHER APPLICABLE LAW THAT THE INCORPORATORS CONSIDER TO
10 BE NECESSARY FOR THE CONDUCT OF THE AFFAIRS OF THE CORPORATION.

11 (4) AT LEAST 1 OF THE INCORPORATORS OF A CORPORATION SHALL
12 SIGN THE ARTICLES OF INCORPORATION OF THE CORPORATION BEFORE A
13 NOTARY PUBLIC APPOINTED UNDER THE MICHIGAN NOTARY PUBLIC ACT, 2003
14 PA 238, MCL 55.261 TO 55.315. THE ARTICLES SHALL BE FILED IN THE
15 FORM PRESCRIBED BY THE DIRECTOR. IF AT THE TIME OF SUBMISSION NO
16 OTHER CATASTROPHIC CLAIMS CORPORATION IS ACTIVE, THE DIRECTOR MAY
17 APPROVE THE ARTICLES OF INCORPORATION AS AUTHORIZED UNDER
18 APPLICABLE LAW. THE DIRECTOR SHALL NOT CERTIFY ARTICLES OF
19 INCORPORATION FOR MORE THAN 1 CATASTROPHIC CLAIMS CORPORATION TO BE
20 ACTIVE AND OPERATE AT THE SAME TIME. THE DIRECTOR SHALL RETAIN A
21 CERTIFIED COPY OF THE ARTICLES WITH THE RECORDS OF THE DEPARTMENT.

22 (5) BEFORE A CORPORATION CONDUCTS ACTIVITIES AUTHORIZED UNDER
23 THIS SECTION AND BEFORE JANUARY 1, 2014, THE CORPORATION SHALL FILE
24 WITH THE DIRECTOR IN THE FORM AND MANNER PRESCRIBED BY THE DIRECTOR
25 AN APPLICATION FOR A CERTIFICATE OF AUTHORITY DETAILING ALL OF THE
26 FOLLOWING:

27 (A) THE PLAN OF OPERATION UNDER WHICH THE CORPORATION PROPOSES

1 TO CONDUCT ITS AFFAIRS.

2 (B) A COPY OF THE CORPORATION'S BYLAWS.

3 (C) THE NAME AND PLACE OF RESIDENCE OF EACH MEMBER OF THE
4 BOARD OF DIRECTORS OF THE CORPORATION.

5 (D) OTHER INFORMATION AS PRESCRIBED BY THE DIRECTOR.

6 (6) AFTER REVIEWING AN APPLICATION FOR A CERTIFICATE OF
7 AUTHORITY FILED BY A CORPORATION UNDER SUBSECTION (5), IF THE
8 DIRECTOR IS SATISFIED THAT THE CORPORATION CAN COMPLY WITH THE
9 PROVISIONS OF THIS SECTION AND OTHER APPLICABLE LAW, THE DIRECTOR
10 SHALL ISSUE TO THE CORPORATION A CERTIFICATE OF AUTHORITY TO
11 COMMENCE BUSINESS.

12 (7) THE DIRECTOR MAY EXAMINE THE AFFAIRS OF A CORPORATION. A
13 DISSOLUTION OR LIQUIDATION OF A CORPORATION SHALL BE CONDUCTED
14 UNDER THE SUPERVISION OF THE DIRECTOR.

15 (8) A CORPORATION SHALL PROVIDE THE DIRECTOR WITH ACCESS TO
16 ALL RECORDS OF THE CORPORATION THAT RELATE TO THE BUSINESS OF THE
17 CORPORATION. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,
18 EXPENSES INCURRED BY THE DIRECTOR FOR THE EXAMINATION OF A
19 CORPORATION SHALL BE PAID BY THE CORPORATION. A CORPORATION IS
20 SUBJECT TO FEES IMPOSED UNDER SECTION 224(4) TO (11) IN THE SAME
21 MANNER AS ANY OTHER TYPE OF ENTITY UNDER THIS ACT.

22 (9) BEFORE MARCH 1 OF EACH YEAR AFTER IT IS INCORPORATED, A
23 CORPORATION SHALL FILE WITH THE DIRECTOR, IN THE FORM AND MANNER
24 PRESCRIBED BY THE DIRECTOR, AN ANNUAL REPORT OF ITS ACTIVITIES,
25 FINANCES, AND CONDITION DURING THE PREVIOUS CALENDAR YEAR.

26 (10) A CORPORATION SHALL HAVE A BOARD OF DIRECTORS. THE BOARD
27 SHALL OPERATE THE CORPORATION IN ACCORDANCE WITH THE PLAN OF

1 OPERATION AND THIS SECTION. ALL OF THE FOLLOWING APPLY TO THE
2 FORMATION AND OPERATION OF THE BOARD:

3 (A) THE BOARD SHALL CONSIST OF 7 MEMBERS APPOINTED BY THE
4 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE. THE GOVERNOR
5 SHALL APPOINT THE INITIAL MEMBERS WITHIN 60 DAYS AFTER THE
6 CORPORATION IS INCORPORATED.

7 (B) OF THE MEMBERS INITIALLY APPOINTED, 2 SHALL BE APPOINTED
8 FOR A TERM OF 4 YEARS, 2 SHALL BE APPOINTED FOR A TERM OF 3 YEARS,
9 2 SHALL BE APPOINTED FOR A TERM OF 2 YEARS, AND 1 SHALL BE
10 APPOINTED FOR A TERM OF 1 YEAR. AFTER THE INITIAL APPOINTMENTS, A
11 MEMBER SHALL BE APPOINTED FOR A TERM OF 4 YEARS. IF THERE IS A
12 VACANCY ON THE BOARD, THE VACANCY SHALL BE FILLED BY THE GOVERNOR
13 IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE BALANCE OF
14 THE UNEXPIRED TERM. WITHIN 60 DAYS AFTER THE INITIAL MEMBERS ARE
15 APPOINTED, THE DIRECTOR SHALL CALL THE FIRST MEETING OF THE BOARD.
16 AT THE FIRST MEETING, THE BOARD SHALL ELECT A CHAIRPERSON FROM
17 AMONG ITS MEMBERS. FOUR MEMBERS OF A BOARD CONSTITUTE A QUORUM FOR
18 THE TRANSACTION OF BUSINESS AT A MEETING OF THE BOARD. AN
19 AFFIRMATIVE VOTE OF 4 BOARD MEMBERS IS NECESSARY FOR OFFICIAL
20 ACTION OF THE BOARD.

21 (C) THE BUSINESS OF THE BOARD SHALL BE CONDUCTED AT A MEETING
22 OF THE BOARD THAT IS HELD IN THIS STATE, IS OPEN TO THE PUBLIC, AND
23 IS HELD IN A PLACE THAT IS AVAILABLE TO THE GENERAL PUBLIC.
24 HOWEVER, THE BOARD MAY ESTABLISH REASONABLE RULES AND REGULATIONS
25 TO MINIMIZE DISRUPTION OF A MEETING OF THE BOARD. AT LEAST 10 DAYS
26 BUT NOT MORE THAN 60 DAYS BEFORE A MEETING, THE BOARD SHALL PROVIDE
27 PUBLIC NOTICE OF ITS MEETING AT ITS PRINCIPAL OFFICE AND ON AN

1 INTERNET WEBSITE ACCESSIBLE BY THE PUBLIC. THE BOARD SHALL INCLUDE
2 IN THE PUBLIC NOTICE OF ITS MEETING THE ADDRESS WHERE MINUTES OF
3 THE BOARD MAY BE INSPECTED BY THE PUBLIC. THE BOARD MAY MEET IN A
4 CLOSED SESSION FOR ANY OF THE FOLLOWING PURPOSES:

5 (i) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
6 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE
7 CORPORATION.

8 (ii) TO CONSULT WITH ITS ATTORNEY.

9 (iii) TO COMPLY WITH STATE OR FEDERAL LAW, RULES, OR REGULATIONS
10 REGARDING PRIVACY OR CONFIDENTIALITY.

11 (D) THE BOARD SHALL DISPLAY INFORMATION CONCERNING THE
12 CORPORATION'S OPERATIONS AND ACTIVITIES ON AN INTERNET WEBSITE
13 ACCESSIBLE BY THE PUBLIC.

14 (E) THE BOARD SHALL KEEP MINUTES OF EACH BOARD MEETING. THE
15 MINUTES SHALL BE OPEN TO PUBLIC INSPECTION, AND THE BOARD SHALL
16 MAKE THE MINUTES AVAILABLE AT THE ADDRESS DESIGNATED ON THE PUBLIC
17 NOTICE OF ITS MEETINGS. THE BOARD SHALL MAKE COPIES OF THE MINUTES
18 AVAILABLE TO THE PUBLIC AT THE REASONABLE ESTIMATED COST FOR
19 PRINTING AND COPYING. THE BOARD SHALL INCLUDE ALL OF THE FOLLOWING
20 IN THE MINUTES:

21 (i) THE DATE, TIME, AND PLACE OF THE MEETING.

22 (ii) BOARD MEMBERS WHO ARE PRESENT AND ABSENT.

23 (iii) BOARD DECISIONS MADE AT A MEETING OPEN TO THE PUBLIC.

24 (iv) ALL ROLL CALL VOTES TAKEN AT THE MEETING.

25 (E) A MEMBER OF THE BOARD IS NOT LIABLE FOR ANY LAWFUL ACTION
26 TAKEN BY THE MEMBER IN THE PERFORMANCE OF DUTIES UNDER THIS
27 SECTION.

1 (11) FOR A LOSS OCCURRENCE ATTRIBUTABLE TO A MOTOR VEHICLE
2 ACCIDENT FOR A POLICY ISSUED OR RENEWED AFTER DECEMBER 31, 2013, OR
3 AFTER THE DIRECTOR ISSUES THE CERTIFICATE OF AUTHORITY UNDER
4 SUBSECTION (6), WHICHEVER IS LATER, AN INJURED PERSON IS ENTITLED
5 TO PERSONAL PROTECTION INSURANCE BENEFITS AS FOLLOWS:

6 (A) THE INSURER SHALL PROVIDE PERSONAL PROTECTION INSURANCE
7 BENEFITS UP TO \$530,000.00 FOR THE ACCIDENT REGARDLESS OF THE
8 NUMBER OF PERSONS INJURED. THE LIMIT UNDER THIS SUBDIVISION
9 INCLUDES ALL DEDUCTIBLES AND COPAYS. BY JANUARY 1, 2015 AND BY
10 JANUARY 1 OF EACH SECOND YEAR AFTER 2015, A CORPORATION SHALL
11 CALCULATE AN ADJUSTED LIMIT, INCREASING THE EXISTING LIMIT UNDER
12 THIS SUBDIVISION BY 6% OR THE CONSUMER PRICE INDEX FOR THE 24-MONTH
13 PERIOD THAT ENDS ON THE PRECEDING SEPTEMBER 30, WHICHEVER IS LESS,
14 AND ROUNDING THE RESULT TO THE NEAREST \$5,000.00. AN ADJUSTED LIMIT
15 APPLIES TO LOSS OCCURRENCES THAT OCCUR AFTER JULY 1, 2015 FOR THE
16 FIRST ADJUSTMENT OR AFTER JULY 1 OF EACH SECOND YEAR AFTER 2015 FOR
17 THE FOLLOWING ADJUSTMENTS.

18 (B) A CORPORATION SHALL PROVIDE PERSONAL PROTECTION INSURANCE
19 BENEFITS IN EXCESS OF THE AMOUNT PAID BY THE INSURER UNDER
20 SUBDIVISION (A).

21 (12) A CORPORATION SHALL DO ALL OF THE FOLLOWING:

22 (A) ASSUME LIABILITY AS PROVIDED IN SUBSECTION (11).

23 (B) ESTABLISH PROCEDURES BY WHICH AN INSURER MAY REPORT TO THE
24 CORPORATION EACH CLAIM THAT ON THE BASIS OF THE INJURIES SUSTAINED
25 MAY BE REASONABLY ANTICIPATED TO EXCEED THE LIMIT IN SUBSECTION
26 (11) (A). AN INSURER SHALL REPORT EACH SUCH CLAIM TO THE CORPORATION
27 AND SHALL ALSO ADVISE THE CORPORATION OF SUBSEQUENT DEVELOPMENTS

1 THAT MAY REASONABLY BE EXPECTED TO AFFECT THE CORPORATION.

2 (C) MAINTAIN RELEVANT LOSS AND EXPENSE DATA RELATIVE TO ALL
3 LIABILITIES OF THE CORPORATION. AN INSURER SHALL FURNISH STATISTICS
4 REGARDING LOSSES AND EXPENSES AT THE TIMES AND IN THE FORM AND
5 DETAIL AS REQUIRED BY THE PLAN OF OPERATION FOR THE CORPORATION.

6 (D) BEFORE JANUARY 1, 2015 AND BEFORE JANUARY 1 OF EACH YEAR
7 AFTER 2015, DETERMINE THE ANNUAL PER-MOTOR-VEHICLE FEE TO BE
8 IMPOSED UNDER SUBSECTION (16). THE TOTAL FEES IMPOSED MUST BE
9 SUFFICIENT TO COVER THE EXPECTED LOSSES AND EXPENSES THAT THE
10 CORPORATION LIKELY WILL INCUR DURING THE PERIOD FOR WHICH THE FEES
11 ARE APPLICABLE. THE CORPORATION SHALL CALCULATE THE PER-MOTOR-
12 VEHICLE FEE UNDER THIS SUBDIVISION BY DIVIDING THE TOTAL EXPECTED
13 LOSSES AND EXPENSES OF THE CORPORATION FOR THE PERIOD BY THE TOTAL
14 WRITTEN CAR YEARS OF INSURANCE PROVIDING THE SECURITY REQUIRED BY
15 SECTION 3101(1) WRITTEN IN THIS STATE DURING THE PREVIOUS PERIOD.
16 TOTAL EXPECTED LOSSES AND EXPENSES SHALL INCLUDE AN AMOUNT TO COVER
17 INCURRED BUT NOT REPORTED LOSSES FOR THE PERIOD. THE FEE MAY BE
18 ADJUSTED FOR ANY EXCESS OR DEFICIENT AMOUNTS FROM PREVIOUS PERIODS.
19 EXCESSES OR DEFICIENCIES FROM A PREVIOUS PERIOD MAY BE FULLY
20 ADJUSTED IN A SINGLE PERIOD OR MAY BE ADJUSTED OVER SEVERAL PERIODS
21 AS PROVIDED IN THE PLAN OF OPERATION. THE CORPORATION SHALL
22 DETERMINE A SEPARATE FEE AMOUNT TO BE CHARGED TO AN OWNER OR
23 REGISTRANT OF AN INSURED HISTORICAL VEHICLE EQUAL TO 20% OF THE FEE
24 CHARGED FOR A MOTOR VEHICLE OTHER THAN AN HISTORIC VEHICLE. AS USED
25 IN THIS SUBDIVISION:

26 (i) "CAR" DOES NOT INCLUDE A HISTORIC VEHICLE.

27 (ii) "HISTORIC VEHICLE" MEANS A VEHICLE THAT IS A REGISTERED

1 HISTORIC VEHICLE UNDER SECTION 803A OR 803P OF THE MICHIGAN VEHICLE
2 CODE, 1949 PA 300, MCL 257.803A AND 257.803P.

3 (E) REQUIRE AND ACCEPT THE PAYMENT OF FEES.

4 (F) RECEIVE AND DISTRIBUTE ALL MONEY REQUIRED FOR THE
5 OPERATION OF THE CORPORATION.

6 (G) CONTRACT WITH AN INDEPENDENT AUDITOR FOR THE PREPARATION
7 OF AT LEAST 1 AUDIT OF THE FINANCIAL STATEMENTS OF THE CORPORATION
8 EACH YEAR AND MAKE THE AUDIT AVAILABLE TO THE PUBLIC.

9 (13) A CORPORATION ALSO MAY DO ALL OF THE FOLLOWING:

10 (A) CONTRACT FOR GOODS AND SERVICES WITH ANOTHER PERSON,
11 WHETHER PUBLIC OR PRIVATE, INCLUDING, BUT NOT LIMITED TO, THE
12 ASSOCIATION, RELATING TO ALL OR A PORTION OF SERVICES NECESSARY FOR
13 THE MANAGEMENT AND OPERATION OF THE CORPORATION AND IMPLEMENTATION
14 OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO, INDEPENDENT CLAIMS
15 MANAGEMENT, ACTUARIAL, INVESTMENT, AND LEGAL SERVICES.

16 (B) SUE AND BE SUED IN THE NAME OF THE CORPORATION.

17 (C) REINSURE ALL OR ANY PORTION OF ITS POTENTIAL LIABILITY
18 WITH REINSURERS LICENSED TO TRANSACT BUSINESS IN THIS STATE OR
19 APPROVED BY THE DIRECTOR.

20 (D) PROVIDE FOR APPROPRIATE HOUSING, EQUIPMENT, AND PERSONNEL
21 NECESSARY TO ASSURE THE EFFICIENT OPERATION OF THE CORPORATION.

22 (E) HEAR AND DETERMINE COMPLAINTS FROM INTERESTED PARTIES
23 CONCERNING THE OPERATION OF THE CORPORATION.

24 (F) BORROW MONEY NECESSARY TO EFFECT THE PURPOSES OF THE
25 CORPORATION AT RATES OF INTEREST DETERMINED BY THE CORPORATION, AND
26 ISSUE NOTES, BONDS, CERTIFICATES, OTHER EVIDENCES OF INDEBTEDNESS,
27 OR PLEDGES. INTEREST AND EARNINGS ON NOTES, BONDS, CERTIFICATES, OR

1 OTHER OBLIGATIONS OF A CORPORATION ARE EXEMPT FROM ANY TAXES
2 IMPOSED BY THIS STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

3 (G) TAKE ACTION NECESSARY TO FACILITATE AND MAINTAIN THE TAX-
4 EXEMPT STATUS OF THE CORPORATION AND ITS INCOME AND OPERATION, AND
5 TO FACILITATE THE TAX-EXEMPT STATUS OF ANY BONDS OR OTHER
6 INDEBTEDNESS ISSUED BY OR ON BEHALF OF THE CORPORATION.

7 (H) INVEST AND REINVEST MONEY OF THE CORPORATION.

8 (I) TAKE, HOLD, AND CONVEY INTERESTS IN PROPERTY.

9 (J) ACCEPT GIFTS, GRANTS, LOANS, OR OTHER AID FROM ANOTHER
10 PERSON.

11 (K) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
12 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
13 THE CORPORATION OR TO IMPLEMENT THIS SECTION AND THAT ARE NOT
14 INCONSISTENT WITH THIS SECTION.

15 (14) A BOARD SHALL OPERATE A CORPORATION ACCORDING TO THE PLAN
16 OF OPERATION AND THIS SECTION. THE PLAN OF OPERATION MUST PROVIDE
17 FOR ALL OF THE FOLLOWING:

18 (A) THE ESTABLISHMENT OF NECESSARY FACILITIES.

19 (B) THE MANAGEMENT AND OPERATION OF THE CORPORATION.

20 (C) PROCEDURES FOR CHARGING AND REFUNDING FEES, INCLUDING
21 ADJUSTMENTS FROM EXCESS OR DEFICIENT ASSESSMENTS FROM PRIOR
22 PERIODS.

23 (D) PROCEDURES GOVERNING THE PAYMENT OF FEES TO THE
24 CORPORATION.

25 (E) REIMBURSEMENT OF A MEMBER OF THE BOARD FOR ACTUAL AND
26 NECESSARY EXPENSES INCURRED ON CORPORATION BUSINESS.

27 (F) THE INVESTMENT POLICY OF THE CORPORATION.

1 (G) PROCEDURES GOVERNING THE USE OF MONEY TRANSMITTED FROM THE
2 ASSOCIATION UNDER SECTION 3104(23) TO OFFSET THE CORPORATION'S
3 LIABILITIES.

4 (H) ANY OTHER MATTERS NECESSARY TO IMPLEMENT THIS SECTION.

5 (15) TO ASSURE THE EFFICIENT OPERATION OF A CORPORATION, THE
6 CORPORATION MAY SEEK ASSISTANCE AND SUPPORT FROM APPROPRIATE STATE
7 DEPARTMENTS, AGENCIES, AND OFFICERS AS REQUIRED TO PERFORM THE
8 POWERS AND DUTIES OF THE CORPORATION. ON REQUEST OF THE
9 CORPORATION, A STATE DEPARTMENT, AGENCY, OR OFFICER SHALL PROVIDE
10 ASSISTANCE AND SUPPORT TO THE CORPORATION.

11 (16) AN ANNUAL CATASTROPHIC CLAIMS FEE IS IMPOSED ON THE OWNER
12 OR REGISTRANT OF EACH MOTOR VEHICLE THAT MAINTAINS THE SECURITY
13 REQUIRED UNDER SECTION 3101(1). THE OWNER OR REGISTRANT, NOT THE
14 INSURER, IS LIABLE FOR THE PAYMENT OF THE FEE. THE FEE IMPOSED BY
15 THIS SUBSECTION IS A CHARGE IMPOSED BY THE CORPORATION AND IS NOT
16 PART OF AN INSURER'S PREMIUM. UNTIL DECEMBER 31, 2014, THE ANNUAL
17 AMOUNT OF THE CATASTROPHIC CLAIMS FEE IS THE INITIAL FEE SET UNDER
18 SECTION 3181. AFTER DECEMBER 31, 2014, THE ANNUAL AMOUNT OF THE
19 CATASTROPHIC CLAIMS FEE IS THE PER-MOTOR-VEHICLE FEE DETERMINED BY
20 A CORPORATION UNDER SUBSECTION (12)(D). THE OWNER OR REGISTRANT
21 SHALL PAY THE PER-MOTOR-VEHICLE FEE FOR EACH MOTOR VEHICLE AT THE
22 TIME OF PAYMENT FOR A MOTOR VEHICLE POLICY ISSUED BY AN INSURER
23 AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE THAT AFFORDS
24 INSURANCE FOR THE PAYMENT OF BENEFITS DESCRIBED IN SECTION 3101(1).
25 THE INSURER SHALL COLLECT THE CATASTROPHIC CLAIMS FEE ON BEHALF OF
26 THE CORPORATION. THE INSURER SHALL INCLUDE THE CATASTROPHIC CLAIMS
27 FEE ON ITS POLICY INVOICE. THE INSURER SHALL COLLECT THE FEE WITH

1 THE INSURER'S USUAL CYCLE FOR COLLECTION OF INSURANCE PREMIUMS AND
2 SHALL PROMPTLY TRANSMIT ALL FEES COLLECTED TO THE CORPORATION ON
3 FORMS AND IN A MANNER PRESCRIBED BY THE CORPORATION AND SHALL HOLD
4 FEES COLLECTED IN TRUST FOR THE CORPORATION UNTIL REMITTED TO THE
5 CORPORATION. AN INSURER SHALL TREAT THE FAILURE TO PAY A FEE
6 IMPOSED UNDER THIS SUBSECTION IN THE SAME MANNER AS THE FAILURE TO
7 PAY AN INSURANCE PREMIUM. AN INSURER THAT RECEIVES A REFUND OF A
8 PORTION OF A FEE PAID FROM THE CORPORATION BECAUSE OF THE
9 CANCELLATION OF A POLICY SHALL REFUND THE PORTION REFUNDED TO THE
10 OWNER OR REGISTRANT.

11 (17) A CORPORATION MAY PROPOSE AMENDMENTS TO ITS ARTICLES OF
12 INCORPORATION, BYLAWS, OR THE PLAN OF OPERATION. THE CORPORATION
13 SHALL SUBMIT A PROPOSED AMENDMENT TO THE DIRECTOR FOR APPROVAL. AN
14 AMENDMENT IS NOT EFFECTIVE UNTIL IT HAS BEEN APPROVED BY THE
15 DIRECTOR.

16 (18) A PERSON SHALL NOT INCORPORATE A CATASTROPHIC CLAIMS
17 CORPORATION IN THIS STATE EXCEPT UNDER THIS SECTION. EXCEPT AS
18 PROVIDED IN THIS SECTION, A PERSON SHALL NOT INCORPORATE, FILE,
19 REGISTER, OR OTHERWISE FORM IN THIS STATE USING A NAME THAT IS THE
20 SAME AS OR DECEPTIVELY SIMILAR TO "MICHIGAN CATASTROPHIC CLAIMS
21 CORPORATION", "STATE CATASTROPHIC CLAIMS CORPORATION", OR
22 "CATASTROPHIC CLAIMS CORPORATION".

23 (19) A CORPORATION IS NOT LIABLE FOR LOSSES OCCURRING BEFORE
24 JANUARY 1, 2014.

25 (20) A PERSON, INCLUDING, BUT NOT LIMITED TO, AN AGENT OR
26 OFFICER OF A CORPORATION, WHO VIOLATES THIS SECTION OR WHO MAKES A
27 FALSE STATEMENT WITH RESPECT TO A REPORT OR STATEMENT REQUIRED BY

1 THIS SECTION IS GUILTY OF A MISDEMEANOR PUNISHABLE BY IMPRISONMENT
2 FOR NOT MORE THAN 90 DAYS OR A FINE OF NOT MORE THAN \$100.00, OR
3 BOTH.

4 (21) THE LEGISLATURE FINDS THAT THERE IS A COMPELLING STATE
5 INTEREST IN PROTECTING PUBLIC HEALTH AND MAINTAINING A VIABLE,
6 ORDERLY, AND COST-EFFECTIVE PRIVATE SECTOR MARKET FOR AUTOMOBILE
7 INSURANCE IN THIS STATE AND ALSO FINDS THAT A CORPORATION CREATED
8 AND POWERS CONFERRED BY THIS SECTION CONSTITUTE A NECESSARY PROGRAM
9 AND SERVE A NECESSARY PUBLIC PURPOSE. THE LEGISLATURE DETERMINES
10 THAT IT IS ESSENTIAL FOR THE PUBLIC PURPOSES OF THIS SECTION THAT
11 REVENUES RECEIVED BY A CORPORATION BE EXEMPT FROM FEDERAL TAXATION
12 AND IT IS THE INTENT OF THE LEGISLATURE THAT A CORPORATION AND
13 ACTIVITIES AUTHORIZED UNDER THIS SECTION ARE FOR THE PURPOSE OF
14 PROTECTING AND ADVANCING THE PUBLIC INTEREST IN MAINTAINING A
15 VIABLE, ORDERLY, AND COST-EFFECTIVE PRIVATE SECTOR MARKET FOR
16 AUTOMOBILE INSURANCE IN THIS STATE AND PROTECTING PUBLIC HEALTH. IT
17 IS THE INTENT OF THE LEGISLATURE THAT A CORPORATION IS AUTHORIZED
18 UNDER THIS SECTION TO BE ESTABLISHED AND OPERATE IN A MANNER
19 ALLOWING THE CORPORATION TO QUALIFY AS AN ENTITY RECOGNIZED BY THE
20 INTERNAL REVENUE SERVICE AS AUTHORIZED TO ISSUE TAX-EXEMPT BONDS.
21 THIS SECTION, BEING NECESSARY FOR AND TO SECURE THE PUBLIC HEALTH,
22 SAFETY, CONVENIENCE, AND WELFARE OF THE CITIZENS OF THIS STATE,
23 SHALL BE LIBERALLY CONSTRUED TO EFFECT ITS PUBLIC PURPOSES.

24 (22) AS USED IN THIS SECTION:

25 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
26 CREATED UNDER SECTION 3104.

27 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF A CORPORATION.

1 (C) "CORPORATION" MEANS CATASTROPHIC CLAIMS CORPORATION
2 CREATED UNDER THIS SECTION.

3 (D) "ULTIMATE LOSS" MEANS THE ACTUAL LOSS AMOUNTS THAT AN
4 INSURER OR THE CORPORATION IS OBLIGATED TO PAY AND THAT ARE PAID OR
5 PAYABLE BY THE INSURER OR THE CORPORATION. ULTIMATE LOSS DOES NOT
6 INCLUDE CLAIM EXPENSES.

7 Sec. 3107. (1) Except as **OTHERWISE** provided in ~~subsection (2),~~
8 **THIS SECTION**, personal protection insurance benefits are payable
9 for the following:

10 (a) Allowable expenses consisting of all reasonable charges
11 incurred for reasonably necessary products, services, and
12 accommodations for an injured person's care, recovery, or
13 rehabilitation. Allowable expenses within personal protection
14 insurance coverage ~~shall~~ **DO** not include either of the following:

15 (i) Charges for a hospital room in excess of a reasonable and
16 customary charge for semiprivate accommodations ~~except if~~ **UNLESS**
17 the injured person requires special or intensive care.

18 (ii) Funeral and burial expenses in excess of the amount set
19 forth in the policy, which shall not be less than \$1,750.00 or more
20 than \$5,000.00.

21 (b) Work loss consisting of loss of income from work an
22 injured person would have performed during the first 3 years after
23 the date of the accident if he or she had not been injured. Work
24 loss does not include any loss after the date on which the injured
25 person dies. Because the benefits received from personal protection
26 insurance for loss of income are not taxable income, the benefits
27 payable for such loss of income shall be reduced 15% unless the

1 claimant presents to the insurer in support of his or her claim
2 reasonable proof of a lower value of the income tax advantage in
3 his or her case, in which case the lower value shall apply. For the
4 period beginning October 1, 2012 through September 30, 2013, the
5 benefits payable for work loss sustained in a single 30-day period
6 and the income earned by an injured person for work during the same
7 period together shall not exceed \$5,189.00, which maximum shall
8 apply pro rata to any lesser period of work loss. Beginning October
9 1, 2013, the maximum shall be adjusted annually to reflect changes
10 in the cost of living under rules prescribed by the ~~commissioner~~
11 **DIRECTOR** but any change in the maximum shall apply only to benefits
12 arising out of accidents occurring subsequent to the date of change
13 in the maximum.

14 (c) Expenses not exceeding \$20.00 per day, reasonably incurred
15 in obtaining ordinary and necessary services in lieu of those that,
16 if he or she had not been injured, an injured person would have
17 performed during the first 3 years after the date of the accident,
18 not for income but for the benefit of himself or herself or of his
19 or her dependent.

20 (2) Both of the following apply to personal protection
21 insurance benefits payable under subsection (1):

22 (a) A person who is 60 years of age or older and in the event
23 of an accidental bodily injury would not be eligible to receive
24 work loss benefits under subsection (1)(b) may waive coverage for
25 work loss benefits by signing a waiver on a form provided by the
26 insurer. An insurer shall offer a reduced premium rate to a person
27 who waives coverage under this subsection for work loss benefits.

1 Waiver of coverage for work loss benefits applies only to work loss
2 benefits payable to the person or persons who have signed the
3 waiver form.

4 (b) An insurer shall not be required to provide coverage for
5 the medical use of marihuana or for expenses related to the medical
6 use of marihuana.

7 (3) ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER
8 SUBSECTION (1) (A) :

9 (A) REGARDLESS OF THE NUMBER OF MOTOR VEHICLES INSURED OR
10 INSURERS PROVIDING SECURITY IN ACCORDANCE WITH THIS CHAPTER OR ANY
11 OTHER LAW PROVIDING FOR DIRECT BENEFITS WITHOUT REGARD TO FAULT FOR
12 MOTOR OR ANY OTHER VEHICLE ACCIDENTS, A PERSON IS NOT ENTITLED TO
13 RECOVER DUPLICATE BENEFITS FOR THE SAME EXPENSES OR LOSSES
14 INCURRED.

15 (B) A CHARGE FOR A PRODUCT, SERVICE, OR ACCOMMODATION FOR AN
16 INJURED PERSON'S CARE, RECOVERY, OR REHABILITATION IS REASONABLE IF
17 THE CHARGE IS IN ACCORDANCE WITH SECTION 3157.

18 (C) ALLOWABLE EXPENSES DO NOT INCLUDE EXPERIMENTAL TREATMENT
19 OR PARTICIPATION IN RESEARCH PROJECTS.

20 (4) AT LEAST ANNUALLY AFTER AN INSURER HAS MADE A PAYMENT TO
21 OR FOR AN INJURED INDIVIDUAL UNDER A CLAIM FOR PERSONAL PROTECTION
22 INSURANCE BENEFITS THAT HAS BEEN REPORTED TO A CORPORATION UNDER
23 SECTION 3104A(12) (B) , THE INSURER SHALL PROVIDE THE INDIVIDUAL WITH
24 A STATEMENT OF CUMULATIVE BENEFITS PAID AND THE AMOUNT OF BENEFITS
25 THAT REMAIN AVAILABLE FOR THE CLAIM UNDER SECTION 3104A(11) (A) .

26 SEC. 3107C. (1) EXCEPT AS PROVIDED IN SUBSECTIONS (2) AND (3) ,
27 ALL OF THE FOLLOWING APPLY TO ALLOWABLE EXPENSES UNDER SECTION

1 3107(1) (A) AND (B) FOR ATTENDANT CARE PROVIDED IN THE HOME BY A
2 FAMILY OR HOUSEHOLD MEMBER:

3 (A) PAYMENT IS LIMITED TO A TOTAL OF 56 HOURS PER WEEK,
4 REGARDLESS OF THE LEVEL OF CARE PROVIDED.

5 (B) PAYMENT IS LIMITED TO \$15.00 PER HOUR, REGARDLESS OF THE
6 LEVEL OF CARE PROVIDED. BEGINNING 3 YEARS AFTER THE EFFECTIVE DATE
7 OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND EVERY 3 YEARS
8 AFTER THAT DATE, THE DIRECTOR SHALL ADJUST THIS AMOUNT TO REFLECT
9 THE AGGREGATE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX,
10 ROUNDED TO THE NEAREST 10 CENTS.

11 (C) THE LIMITATIONS IN SUBDIVISIONS (A) AND (B) APPLY
12 REGARDLESS OF WHETHER THE FAMILY OR HOUSEHOLD MEMBER IS LICENSED OR
13 OTHERWISE AUTHORIZED TO RENDER THE ATTENDANT CARE UNDER ARTICLE 15
14 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16101 TO 333.18838,
15 OR IS EMPLOYED BY, UNDER CONTRACT WITH, OR IN ANY WAY CONNECTED
16 WITH AN INDIVIDUAL OR AGENCY WHO IS LICENSED OR AUTHORIZED TO
17 RENDER THE CARE.

18 (2) EXCEPT AS PROVIDED IN SUBSECTION (3), PAYMENT FOR
19 ATTENDANT CARE PROVIDED BY A FAMILY OR HOUSEHOLD MEMBER AND SOMEONE
20 OTHER THAN A FAMILY OR HOUSEHOLD MEMBER IS CUMULATIVELY LIMITED TO
21 24 HOURS PER DAY.

22 (3) NOTWITHSTANDING THE LIMITATIONS IN THIS SECTION, AN
23 INSURER OR A CORPORATION FORMED UNDER SECTION 3104A MAY CONTRACT TO
24 PROVIDE ATTENDANT CARE AS AN ALLOWABLE EXPENSE AT ANY RATE AND FOR
25 ANY NUMBER OF HOURS PER WEEK.

26 Sec. 3157. (1) ~~A~~SUBJECT TO SUBSECTION (2), AN INSURER SHALL
27 PAY A physician, hospital, clinic or other person or institution

1 lawfully rendering treatment to an injured person for an accidental
2 bodily injury covered by personal protection insurance, ~~and OR~~ a
3 person or institution providing rehabilitative occupational
4 training following the injury, ~~may charge~~ a reasonable amount for
5 the products, services, and accommodations rendered. The ~~charge~~
6 **INSURER** shall not ~~exceed~~ **PAY AN AMOUNT THAT EXCEEDS** the amount the
7 person or institution customarily ~~charges~~ **RECEIVES** for like
8 products, services, and accommodations in cases **THAT DO** not
9 ~~involving~~ **INVOLVE PERSONAL PROTECTION** insurance.

10 (2) SUBJECT TO SUBSECTION (3), AN INSURER SHALL PAY A
11 PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR INSTITUTION
12 LAWFULLY RENDERING TREATMENT TO AN INJURED PERSON FOR AN ACCIDENTAL
13 BODILY INJURY COVERED BY PERSONAL PROTECTION INSURANCE, OR A PERSON
14 OR INSTITUTION PROVIDING REHABILITATIVE OCCUPATIONAL TRAINING
15 FOLLOWING THE INJURY, A REASONABLE AMOUNT FOR TREATMENT, TRAINING,
16 PRODUCTS, SERVICES, OR ACCOMMODATIONS RENDERED THAT IS NOT MORE
17 THAN THE AMOUNT ALLOWED FOR THE TREATMENT, TRAINING, PRODUCTS,
18 SERVICES, OR ACCOMMODATIONS, UNDER R 418.10101 TO R 418.101503 OF
19 THE MICHIGAN ADMINISTRATIVE CODE OR SCHEDULES OF MAXIMUM FEES FOR
20 WORKER'S COMPENSATION DEVELOPED UNDER THOSE RULES. THE DIRECTOR
21 SHALL EXAMINE CHANGES TO R 418.10101 TO R 418.101503 OF THE
22 MICHIGAN ADMINISTRATIVE CODE MADE AFTER THE EFFECTIVE DATE OF THE
23 AMENDATORY ACT THAT ADDED THIS SUBSECTION. IF THE DIRECTOR
24 DETERMINES THAT THE CHANGES ARE REASONABLE AND APPROPRIATE FOR THE
25 PURPOSES OF PERSONAL PROTECTION INSURANCE, THE CHANGES APPLY TO
26 THIS SECTION AND THE DIRECTOR SHALL ISSUE AN ORDER TO THAT EFFECT.

27 (3) SUBSECTION (2) DOES NOT APPLY TO A CLAIM IN WHICH THE

1 ULTIMATE LOSS, AS THAT TERM IS DEFINED IN SECTIONS 3104 AND 3104A,
2 AS APPLICABLE, HAS EXCEEDED THE APPLICABLE LIMIT UNDER SECTION
3 3104(2) OR 3104A(11)(A).

4 (4) SUBSECTION (2) APPLIES TO TREATMENT, TRAINING, PRODUCTS,
5 SERVICES, AND ACCOMMODATIONS RENDERED AFTER THE EFFECTIVE DATE OF
6 THE AMENDATORY ACT THAT ADDED SUBSECTION (2), REGARDLESS OF THE
7 DATE OF THE INJURY.

8 SEC. 3181. WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THE
9 AMENDATORY ACT THAT ADDED THIS SECTION, THE DIRECTOR SHALL SET AN
10 INITIAL ANNUAL CATASTROPHIC CLAIMS FEE TO BE IMPOSED UNDER SECTION
11 3104A(16) FOR INSURANCE POLICIES THAT PROVIDE THE COVERAGE REQUIRED
12 BY SECTION 3101(1) ISSUED AFTER DECEMBER 31, 2013 AND BEFORE
13 JANUARY 1, 2015.

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

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

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

22 (C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE
23 FRAUD AUTHORITY AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.

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

26 Sec. 3330. (1) The board of governors has the power to direct
27 the operation of the facility, including, at a minimum, the power

1 to do all of the following:

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

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

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

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

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

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

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

1 the requirements of chapter 21.

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

5 (I) UNTIL DECEMBER 31, 2018, TO ANNUALLY ASSESS PARTICIPATING
6 MEMBERS AND SELF-INSURERS AN AGGREGATE AMOUNT NOT TO EXCEED
7 \$21,000,000.00 TO COVER ANTICIPATED COSTS OF OPERATION AND
8 ADMINISTRATION OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY
9 AND THE AUTOMOBILE THEFT PREVENTION AUTHORITY.

10 (2) The board of governors shall institute or cause to be
11 instituted by the facility or on its behalf an automatic data
12 processing system for recording and compiling data relative to
13 individuals insured through the facility. An automatic data
14 processing system established under this subsection shall, to the
15 greatest extent possible, be made compatible with the automatic
16 data processing system maintained by the secretary of state, to
17 provide for the identification and review of individuals insured
18 through the facility.

19 (3) BEFORE JANUARY 2, 2014, THE BOARD OF GOVERNORS SHALL AMEND
20 THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY
21 TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE ADMINISTRATIVE DUTIES
22 AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

23 Sec. 4501. As used in this chapter:

24 (a) "Authorized agency" means the department of state police;
25 a city, village, or township police department; a county sheriff's
26 department; a United States criminal investigative department or
27 agency; the prosecuting authority of a city, village, township,

1 county, or state or of the United States; the ~~office of financial~~
 2 ~~and insurance regulation; DEPARTMENT; THE MICHIGAN AUTOMOBILE~~
 3 **INSURANCE FRAUD AUTHORITY**; or the department of state.

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

7 (c) "Insurance policy" or "policy" means an insurance policy,
 8 benefit contract of a self-funded plan, health maintenance
 9 organization contract, nonprofit dental care corporation
 10 certificate, or health care corporation certificate.

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

16 (E) **"MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY" MEANS THE**
 17 **MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED UNDER SECTION**
 18 **6302.**

19 (F) ~~(e)~~ "Organization" means an organization or internal
 20 department of an insurer established to detect and prevent
 21 insurance fraud.

22 (G) ~~(f)~~ "Person" includes an individual, insurer, company,
 23 association, organization, Lloyds, society, reciprocal or inter-
 24 insurance exchange, partnership, syndicate, business trust,
 25 corporation, and any other legal entity.

26 (H) ~~(g)~~ "Practitioner" means a licensee of this state
 27 authorized to practice medicine and surgery, psychology,

1 chiropractic, or law, any other licensee of the state, or an
 2 unlicensed health care provider whose services are compensated,
 3 directly or indirectly, by insurance proceeds, or a licensee
 4 similarly licensed in other states and nations, or the practitioner
 5 of any nonmedical treatment rendered in accordance with a
 6 recognized religious method of healing.

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

17 (J) ~~(i)~~ "Statement" includes, but is not limited to, any
 18 notice statement, proof of loss, bill of lading, receipt for
 19 payment, invoice, account, estimate of property damages, bill for
 20 services, claim form, diagnosis, prescription, hospital or doctor
 21 record, X-rays, test result, or other evidence of loss, injury, or
 22 expense.

23 Sec. 6107. (1) ~~Prior to~~ **SUBJECT TO SECTION 6307(1), BEFORE**
 24 April 1 of each year, each insurer engaged in writing insurance
 25 coverages ~~which~~ **THAT** provide the security required by section
 26 3101(1) ~~within~~ **IN** this state, as a condition of its authority to
 27 transact insurance in this state, shall pay to the authority an

1 assessment equal to \$1.00 multiplied by the insurer's total ~~earned~~
2 **WRITTEN** car years of insurance providing the security required by
3 section 3101(1) written in this state during the ~~immediately~~
4 preceding calendar year.

5 (2) Money received ~~pursuant to~~ **UNDER** subsection (1), and all
6 other money received by the authority, shall be segregated and
7 placed in a fund to be known as the automobile theft prevention
8 fund. The **AUTHORITY SHALL ADMINISTER THE** automobile theft
9 prevention fund. ~~shall be administered by the authority.~~

10 (3) Money in the automobile theft prevention fund shall be
11 expended in the following order of priority:

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

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

15 (i) Provide financial support to the department of state police
16 and local law enforcement agencies for ~~economic~~-automobile theft
17 enforcement teams.

18 (ii) Provide financial support to state or local law
19 enforcement agencies for programs designed to reduce the incidence
20 of ~~economic~~-automobile theft.

21 (iii) Provide financial support to local prosecutors for
22 programs designed to reduce the incidence of ~~economic~~-automobile
23 theft.

24 (iv) Provide financial support to judicial agencies for
25 programs designed to reduce the incidence of ~~economic~~-automobile
26 theft.

27 (v) Provide financial support for neighborhood or community

1 organizations or business organizations for programs designed to
2 reduce the incidence of automobile theft.

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

7 (4) Money in the automobile theft prevention fund shall only
8 be used for automobile theft prevention efforts. ~~and shall be~~
9 ~~distributed based on need and efficacy as determined by the~~

10 ~~authority.~~ **THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE**
11 **CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD**
12 **SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS**
13 **SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR**
14 **EXISTING PROGRAMS.**

15 (5) Money in the automobile theft prevention fund shall not be
16 considered state money.

17 CHAPTER 63

18 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

19 SEC. 6301. AS USED IN THIS CHAPTER:

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

22 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE
23 ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION
24 WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE
25 INSURANCE.

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

27 (D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND

1 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE
2 SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE
3 SECOND PREVIOUS CALENDAR YEAR AS REPORTED TO THE STATISTICAL AGENT
4 OF EACH INSURER.

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

7 SEC. 6302. (1) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD
8 AUTHORITY IS CREATED WITHIN THE FACILITY. THE FACILITY SHALL
9 PROVIDE STAFF FOR THE AUTHORITY AND SHALL CARRY OUT THE
10 ADMINISTRATIVE DUTIES AND FUNCTIONS AS DIRECTED BY THE BOARD.

11 (2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE
12 AUTHORITY IS NOT STATE MONEY. THE AUTHORITY IS NOT A PUBLIC BODY
13 UNDER, AND A RECORD OF THE AUTHORITY IS NOT SUBJECT TO DISCLOSURE
14 UNDER, THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
15 15.246.

16 (3) WITH THE DISCRETION TO APPROVE OR DISAPPROVE PROGRAMS TO
17 BE SUPPORTED, THE AUTHORITY SHALL DO BOTH OF THE FOLLOWING:

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

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

24 (4) THE AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW
25 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING
26 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF
27 AUTOMOBILE INSURANCE FRAUD.

1 (5) THE PURPOSES, POWERS, AND DUTIES OF THE AUTHORITY ARE
2 VESTED IN AND SHALL BE EXERCISED BY A BOARD OF DIRECTORS. THE BOARD
3 OF DIRECTORS SHALL CONSIST OF 15 MEMBERS AS FOLLOWS:

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

6 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH
7 350,000 OR MORE CAR YEARS.

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

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

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

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

14 (D) THE DIRECTOR OF THE DEPARTMENT OF STATE POLICE OR HIS OR
15 HER DESIGNEE.

16 (E) TWO MEMBERS WHO REPRESENT OTHER LAW ENFORCEMENT AGENCIES
17 IN THIS STATE.

18 (F) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS
19 STATE.

20 (G) ONE MEMBER WHO REPRESENTS THE GENERAL PUBLIC.

21 (6) THE MEMBERS OF THE BOARD REPRESENTING INSURERS SHALL BE
22 ELECTED BY AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE FROM A
23 LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS OF THE
24 FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE MEMBERS, THE
25 BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT NOMINATIONS FROM
26 AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE.

27 (7) THE MEMBERS OF THE BOARD REPRESENTING LAW ENFORCEMENT

1 AGENCIES OTHER THAN THE DEPARTMENT OF STATE POLICE SHALL BE
2 APPOINTED BY THE GOVERNOR. IN APPOINTING THE MEMBERS, THE GOVERNOR
3 SHALL SOLICIT INPUT FROM VARIOUS LAW ENFORCEMENT ASSOCIATIONS IN
4 THIS STATE.

5 (8) THE MEMBER OF THE BOARD REPRESENTING PROSECUTING ATTORNEYS
6 SHALL BE APPOINTED BY THE GOVERNOR. IN APPOINTING THE MEMBER, THE
7 GOVERNOR SHALL SOLICIT INPUT FROM THE PROSECUTING ATTORNEYS
8 ASSOCIATION OF MICHIGAN.

9 (9) THE MEMBER OF THE BOARD REPRESENTING THE GENERAL PUBLIC
10 SHALL BE APPOINTED BY THE GOVERNOR. THE GOVERNOR SHALL APPOINT AN
11 INDIVIDUAL WHO IS A RESIDENT OF THIS STATE AND IS NOT EMPLOYED BY
12 OR UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN
13 INSURER.

14 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER
15 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS OR UNTIL HIS OR HER
16 SUCCESSOR IS ELECTED, DESIGNATED, OR APPOINTED, WHICHEVER OCCURS
17 LATER. OF THE MEMBERS FIRST ELECTED OR APPOINTED UNDER THIS
18 SECTION, 2 MEMBERS REPRESENTING INSURERS AND 1 MEMBER REPRESENTING
19 LAW ENFORCEMENT AGENCIES SHALL SERVE FOR A TERM OF 2 YEARS, 3
20 MEMBERS REPRESENTING INSURERS, THE MEMBER REPRESENTING PROSECUTING
21 ATTORNEYS, AND THE MEMBER REPRESENTING THE GENERAL PUBLIC SHALL
22 SERVE FOR A TERM OF 3 YEARS, AND 3 MEMBERS REPRESENTING INSURERS
23 AND 1 MEMBER REPRESENTING LAW ENFORCEMENT AGENCIES SHALL SERVE FOR
24 A TERM OF 4 YEARS.

25 (11) THE BOARD IS DISSOLVED ON JANUARY 1, 2019.

26 SEC. 6303. (1) A MEMBER OF THE BOARD SHALL SERVE WITHOUT
27 COMPENSATION, EXCEPT THAT THE BOARD SHALL REIMBURSE A MEMBER IN A

1 REASONABLE AMOUNT FOR NECESSARY TRAVEL AND EXPENSES.

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

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

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

26 (A) TO CONSIDER THE HIRING, DISMISSAL, SUSPENSION,
27 DISCIPLINING, OR EVALUATION OF OFFICERS OR EMPLOYEES OF THE

1 AUTHORITY.

2 (B) TO CONSULT WITH ITS ATTORNEY.

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

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

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

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

17 (B) THE NAMES OF BOARD MEMBERS WHO ARE PRESENT AND BOARD
18 MEMBERS WHO ARE ABSENT.

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

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

22 SEC. 6304. (1) BEFORE JANUARY 1, 2019, THE AUTHORITY SHALL
23 TRANSFER ALL ASSETS OF THE AUTHORITY TO THE DEPARTMENT OF STATE
24 POLICE FOR THE BENEFIT OF THE AUTOMOBILE THEFT PREVENTION
25 AUTHORITY.

26 (2) ON JANUARY 1, 2019, THE AUTHORITY IS DISSOLVED.

27 SEC. 6305. THE BOARD HAS THE POWERS NECESSARY TO CARRY OUT ITS

1 DUTIES UNDER THIS ACT, INCLUDING, BUT NOT LIMITED TO, THE POWER TO
2 DO THE FOLLOWING:

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

4 (B) SOLICIT AND ACCEPT GIFTS, GRANTS, LOANS, AND OTHER AID
5 FROM ANY PERSON, THE FEDERAL GOVERNMENT, THIS STATE, A LOCAL UNIT
6 OF GOVERNMENT, OR AN AGENCY OF THE FEDERAL GOVERNMENT, THIS STATE,
7 OR A LOCAL UNIT OF GOVERNMENT.

8 (C) MAKE GRANTS AND INVESTMENTS.

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

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

14 (F) CONTRACT FOR GOODS AND SERVICES AND ENGAGE PERSONNEL AS
15 NECESSARY.

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

19 (H) PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS
20 SECTION THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF
21 THE AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR
22 THE PLAN OF OPERATION.

23 SEC. 6307. (1) SECTION 6107(1) DOES NOT APPLY FROM JANUARY 1,
24 2014 TO DECEMBER 31, 2018.

25 (2) BEFORE APRIL 1 OF EACH YEAR FROM 2014 TO 2018, AN INSURER
26 OR SELF-INSURER ENGAGED IN WRITING INSURANCE COVERAGES THAT PROVIDE
27 THE SECURITY REQUIRED BY SECTION 3101(1) IN THIS STATE, AS A

1 CONDITION OF ITS AUTHORITY TO TRANSACT INSURANCE IN THIS STATE,
2 SHALL PAY TO THE FACILITY, FOR DEPOSIT INTO THE ACCOUNT OF THE
3 AUTHORITY, AN ASSESSMENT DETERMINED BY THE FACILITY AS PROVIDED IN
4 THE PLAN OF OPERATION. THE ASSESSMENT SHALL BE BASED ON THE RATIO
5 OF THE CAR YEARS WRITTEN BY THE INSURER OR SELF-INSURER TO THE
6 TOTAL CAR YEARS WRITTEN IN THIS STATE BY ALL INSURERS AND SELF-
7 INSURERS.

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

13 (4) FROM THE MONEY RECEIVED EACH YEAR UNDER SUBSECTION (2),
14 THE BOARD SHALL PAY AT LEAST \$6,250,000.00 TO THE AUTOMOBILE THEFT
15 PREVENTION FUND CREATED IN SECTION 6107.

16 SEC. 6308. (1) AN INSURER AUTHORIZED TO TRANSACT AUTOMOBILE
17 INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO
18 TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE
19 FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES ADOPTED
20 BY THE BOARD.

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

24 (3) THE BOARD SHALL DEVELOP PERFORMANCE METRICS THAT ARE
25 CONSISTENT, CONTROLLABLE, MEASURABLE, AND ATTAINABLE. THE BOARD
26 SHALL USE THE METRICS EACH YEAR TO EVALUATE NEW APPLICATIONS
27 SUBMITTED FOR FUNDING CONSIDERATION AND TO RENEW FUNDING FOR

1 EXISTING PROGRAMS.

2 SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE
3 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE
4 AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND
5 BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE
6 AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE
7 AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S
8 EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD AND COST SAVINGS THAT
9 HAVE RESULTED FROM THOSE EFFORTS.

10 (2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED UNDER
11 SUBSECTION (1) SHALL DETAIL THE AUTOMOBILE INSURANCE FRAUD
12 OCCURRING IN THIS STATE FOR THE PREVIOUS YEAR, ASSESS THE IMPACT OF
13 THE FRAUD ON RATES CHARGED FOR AUTOMOBILE INSURANCE, SUMMARIZE
14 PREVENTION PROGRAMS, AND OUTLINE ALLOCATIONS MADE BY THE AUTHORITY.
15 THE MEMBERS OF THE BOARD, INSURERS, AND THE DIRECTOR SHALL
16 COOPERATE IN DEVELOPING THE REPORT AS REQUESTED BY THE AUTHORITY
17 AND SHALL MAKE AVAILABLE TO THE AUTHORITY RECORDS AND STATISTICS
18 CONCERNING AUTOMOBILE INSURANCE FRAUD, INCLUDING THE NUMBER OF
19 INSTANCES OF SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF
20 PROSECUTIONS AND CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD,
21 AND AUTOMOBILE INSURANCE FRAUD RECIDIVISM. THE AUTHORITY SHALL
22 EVALUATE THE IMPACT AUTOMOBILE INSURANCE FRAUD HAS ON THE CITIZENS
23 OF THIS STATE AND THE COSTS INCURRED BY THE CITIZENS THROUGH
24 INSURANCE, POLICE ENFORCEMENT, PROSECUTION, AND INCARCERATION
25 BECAUSE OF AUTOMOBILE INSURANCE FRAUD. THE REPORT TO THE
26 LEGISLATURE REQUIRED BY THIS SECTION SHALL BE SUBMITTED TO THE
27 SENATE AND HOUSE OF REPRESENTATIVES STANDING COMMITTEES WITH

1 **PRIMARY JURISDICTION OVER INSURANCE ISSUES AND THE DIRECTOR.**

2 Enacting section 1. The title and sections 3301, 3330, 4501,
3 and 6107 of the insurance code of 1956, 1956 PA 218, MCL 500.3301,
4 500.3330, 500.4501, and 500.6107, as amended by this amendatory
5 act, and sections 6301, 6302, 6303, 6304, 6305, 6307, 6308, and
6 6310 of the insurance code of 1956, 1956 PA 218, as added by this
7 amendatory act, take effect January 1, 2014.