

THIRD PARTY ADMINISTRATOR ACT (EXCERPT)
Act 218 of 1984

550.950 Violation; probable cause; notice; conference; disposition of matter upon agreement of parties; action for damages; hearing; findings and decision; cease and desist order; additional order.

Sec. 50.

(1) When the commissioner has probable cause to believe that a TPA or manager is violating, or has violated section 40, indicating a persistent tendency to engage in conduct prohibited by that section, or has probable cause to believe that a TPA or manager is violating, or has violated other provisions of this act, he or she shall give written notice to the TPA or manager, pursuant to the administrative procedures act, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.315 of the Michigan Compiled Laws, setting forth the general nature of the complaint against the TPA or manager and the proceedings contemplated under this section. Before the issuance of a notice of hearing, the staff of the bureau of insurance responsible for the matters which would be at issue in the hearing shall give the TPA or manager an opportunity to confer and discuss the possible complaint and proceedings in person with the commissioner or a representative of the commissioner, and the matter may be disposed of summarily upon agreement of the parties. This subsection shall not be construed to create or diminish any right of a person to bring an action for damages under this section.

(2) A hearing held pursuant to subsection (1) shall be held pursuant to the administrative procedures act, Act No. 306 of the Public Acts of 1969. If, after the hearing, the commissioner determines that the TPA or manager is violating, or has violated section 40, indicating a persistent tendency to engage in conduct prohibited by that section, or has violated or is violating other provisions of this act, the commissioner shall reduce his or her findings and decision to writing, and shall issue and cause to be served upon the TPA or manager a copy of the findings and an order requiring the TPA or manager to cease and desist from engaging in the prohibited activity, and the commissioner may order any of the following:

(a) Payment of a monetary penalty of not more than \$500.00 for each violation but not to exceed an aggregate penalty of \$5,000.00, unless the TPA or manager knew or reasonably should have known it was in violation of this act, in which case the penalty shall not be more than \$2,500.00 for each violation and shall not exceed an aggregate penalty of \$25,000.00 for all violations committed in a 6-month period.

(b) Suspension or revocation of the TPA's certificate of authority or the manager's license if the TPA or manager knowingly and persistently violated this act.

(c) Restitution or refund to an aggrieved person.

History: 1984, Act 218, Eff. Jan. 1, 1985