A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending the title and sections 134, 2105, 2106, 2108, 2109, 2110a, 2111, 2111a, 2118, 2119, 2120, 2151, 3009, 3104, 3107, 3109a, 3112, 3135, 3145, 3148, 3151, 3153, 3157, 3301, 3330, and 4501 (MCL 500.134, 500.2105, 500.2106, 500.2108, 500.2109, 500.2110a, 500.2111, 500.2111a, 500.2118, 500.2119, 500.2120, 500.2151, 500.3009, 500.3104, 500.3107, 500.3109a, 500.3112, 500.3135, 500.3145, 500.3148, 500.3151, 500.3153, 500.3157, 500.3301, 500.3330, and 500.4501), the title as amended by 2002 PA 304, section 134 as amended by 1990 PA 256, section 2108 as amended by 2015 PA 141, sections 2110a, 2111, and 2119 as amended by 2012 PA 441, section 2111a as added by 2006 PA 610, sections 2118 and 2120 as amended by 2007 PA 35, section 2151 as added by 2012 PA
165, section 3009 as amended by 2016 PA 346, section 3104 as amended by 2002 PA 662, section 3107 as amended by 2012 PA 542, section 3109a as amended by 2012 PA 454, section 3135 as amended by 2012 PA 158, section 3330 as amended by 2012 PA 204, and section 4501 as amended by 2012 PA 39, and by adding sections 485, 2111f, 2116b, 3113a, 3113b, 3151a, 3156, 3157a and 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 organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations; and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees
on certain health maintenance organizations; to modify tort
liability arising out of certain accidents; to provide for limited
actions with respect to that modified tort liability and to
 prescribe certain procedures for maintaining those actions; to
require security for losses arising out of certain accidents; to
provide for the continued availability and affordability of
automobile insurance and homeowners insurance in this state and to
facilitate the purchase of that insurance by all residents of this
state at fair and reasonable rates; to provide for certain
reporting with respect to insurance and with respect to certain
claims against uninsured or self-insured persons; to prescribe
duties for certain state departments and officers with respect to
that reporting; to provide for certain assessments; to establish
and continue certain state insurance funds; to modify and clarify
the status, rights, powers, duties, and operations of the nonprofit
malpractice insurance fund; to provide for the departmental
supervision and regulation of the insurance and surety business
within this state; to provide for regulation of worker's
compensation self-insurers; to provide for the conservation,
rehabilitation, or liquidation of unsound or insolvent insurers; to
provide for the protection of policyholders, claimants, and
creditors of unsound or insolvent insurers; to provide for
associations of insurers to protect policyholders and claimants in
the event of insurer insolvencies; to prescribe educational
requirements for insurance agents and solicitors; to provide for
the regulation of multiple employer welfare arrangements; to create
an automobile theft prevention authority to
reduce INSURANCE FRAUD AND the number of automobile thefts in this state AND to prescribe the powers and duties of the automobile thief prevention authority, AUTHORITIES; to provide certain FOR THE powers and duties OF certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act.

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

(2) Any plan of operation adopted by an association or facility, and any premium or assessment levied against an insurer member of that association or facility, is hereby validated retroactively to the date of its original adoption or levy and shall continue CONTINUES in force and effect according to the terms of the plan of operation, premium, or assessment until otherwise changed by the commissioner DIRECTOR or the board of directors of the association or facility pursuant to this act.

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

(4) A record of an association or facility shall be exempted IS EXEMPT from disclosure pursuant to UNDER section 13 of the freedom of information act, Act No. 442 of the Public Acts of 1976, being
section 15.243 of the Michigan Compiled Laws, 1976 PA 442, MCL

15.243.

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

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

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

(b) The Michigan basic property insurance association created under section CHAPTER 29.

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

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

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

(f) The property and casualty guaranty association created under chapter 79.
(g) The assigned claims facility created under section 3171.

SEC. 485. (1) AN AUTOMOBILE INSURER SHALL NOT IN ANY YEAR EXPEND MORE THAN 20% OF ITS PREMIUM REVENUE RECEIVED IN THE YEAR FROM WRITING NO-FAULT INSURANCE FOR THE PAYMENT OF NONCLAIMS COSTS.

(2) AS USED IN THIS SECTION:

(A) "NO-FAULT INSURANCE" MEANS INSURANCE COVERAGE THAT PROVIDE THE SECURITY REQUIRED BY SECTION 3101(1).

(B) "NONCLAIMS COSTS" INCLUDES SUCH EXPENSES AS THE FOLLOWING:

(i) MARKETING.

(ii) PROFITS.

(iii) SALARIES.

(iv) ADMINISTRATIVE COSTS.

(v) COMMISSIONS OF INSURANCE PRODUCERS.

Sec. 2105. (1) No-A policy of automobile insurance or home insurance shall be offered, bound, made, issued, delivered, or renewed in this state on and after January 1, 1981, except in conformity MUST COMPLY with this chapter. This chapter shall not apply to policies of automobile insurance or home insurance offered, bound, made, issued, delivered or renewed in this state before January 1, 1981.

(2) This EXCEPT AS PROVIDED IN SUBSECTION (3), THIS chapter shall DOES not apply to insurance written on a group, franchise, blanket policy, or similar basis which THAT offers home insurance or automobile insurance to all members of the group, franchise plan, or blanket coverage who are eligible persons. HOWEVER, SECTION 2111F APPLIES TO AUTOMOBILE INSURANCE WRITTEN ON A GROUP, FRANCHISE, BLANKET POLICY, OR SIMILAR BASIS.
(3) An insurer, including, but not limited to, an insurer that writes insurance as described in subsection (2) and an insurer that is exempted from any of the requirements of this chapter for any reason, including an exemption under Section 2129, shall not establish or maintain rates or rating classifications for automobile insurance based on any factors other than as required under Section 2111.

Sec. 2106. (1) Except as specifically provided in this chapter, the provisions of chapter 24 and chapter 26 shall not apply to automobile insurance and home insurance.

(2) An insurer shall file and use rates for automobile insurance in accordance with chapter 24.

(3) An insurer may use rates for automobile insurance or home insurance as soon as those rates are filed.

(4) To the extent that other provisions of this code are inconsistent with the provisions of this chapter, this chapter shall govern with respect to automobile insurance and home insurance.

Sec. 2108. (1) On the effective date of a manual of classification, manual of rules and rates, rating plan, or modification of a manual of classification, manual of rules and rates, or rating plan that an insurer proposes to use for automobile insurance or home insurance, the insurer shall file the manual or plan with the director. For automobile insurance, an insurer shall file a manual or plan described in this subsection in accordance with chapter 24. Each filing under this subsection must state the character and extent of the coverage contemplated. An
insurer that is subject to this chapter and that maintains rates in any part of this state shall at all times maintain rates in effect for all eligible persons meeting the underwriting criteria of the insurer.

(2) An insurer may satisfy its obligation to make filings under subsection (1) by becoming a member of, or a subscriber to, a rating organization licensed under chapter 24 or chapter 26 that makes the filings, and by filing with the director a copy of its authorization of the rating organization to make the filings on its behalf. This chapter does not require an insurer to become a member of or a subscriber to a rating organization. An insurer may file and use deviations from filings made on its behalf. The deviations are subject to this chapter.

(3) A filing under this section must be accompanied by a certification by or on behalf of the insurer that, to the best of the insurer's information and belief, the filing conforms to the requirements of this chapter.

(4) A filing under this section must include information that supports the filing with respect to the requirements of section 2109. The information may include 1 or more of the following:

(a) The experience or judgment of the insurer or rating organization making the filing.

(b) The interpretation of the insurer or rating organization of any statistical data it relies on.

(c) The experience of other insurers or rating organizations.

(d) Any other relevant information.

(5) Except as otherwise provided in this subsection, the
department shall make a filing under this section and any accompanying information open to public inspection on filing. An insurer or a rating organization filing on the insurer's behalf may designate information included in the filing or any accompanying information as a trade secret. The insurer or the rating organization filing on behalf of the insurer shall demonstrate to the director that the designated information is a trade secret. If the director determines that the information is a trade secret, the information is not subject to public inspection and is exempt from the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this subsection, "trade secret" means that term as defined in section 2 of the uniform trade secrets act, 1998 PA 448, MCL 445.1902. However, trade secret does not include filings and information accompanying filings under this section that were subject to public inspection before the effective date of the amendatory act that added this sentence. JANUARY 11, 2016. (6) An insurer shall not make, issue, or renew a contract or policy except in accordance with filings that are in effect for the insurer under this chapter.

Sec. 2109. (1) All rates for automobile insurance and home insurance shall MUST be made in accordance with the following provisions:

(a) Rates shall A RATE MUST not be excessive, inadequate, or unfairly discriminatory. A rate shall MUST not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist for the insurance to which the rate is applicable.
(b) A rate \textbf{MUST} not be held to be inadequate unless the rate is unreasonably low for the insurance coverage provided and the continued use of the rate endangers the solvency of the insurer; or unless the rate is unreasonably low for the insurance provided and the use of the rate has or will have the effect of destroying competition among insurers, creating a monopoly, or causing a kind of insurance to be unavailable to a significant number of applicants who are in good faith entitled to procure that insurance through ordinary methods.

(c) A rate for a coverage is unfairly discriminatory in relation to another rate for the same coverage if the differential between the rates is not reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss, for the individuals or risks to which the rates apply. \textbf{A TO BE HELD reasonable UNDER THIS SUBDIVISION, A justification shall MUST be supported by a reasonable classification system; by sound actuarial principles when \textbf{IF applicable; and by actual and credible loss and expense statistics or, in the case of \textbf{FOR new coverages and classifications, by reasonably anticipated loss and expense experience. A SUBJECT TO THIS SUBDIVISION, A rate is not unfairly discriminatory \textbf{UNDER THIS SUBDIVISION because it reflects differences in expenses for individuals or risks with similar anticipated losses, or because it reflects differences in losses for individuals or risks with similar expenses. A RATE IS UNFAIRLY DISCRIMINATORY AS TO THE PREMIUM CHARGED TO THE RISK IF THE RATE IS ESTABLISHED THROUGH OR IMPACTED BY PRICE OPTIMIZATION.}}}

(2) A determination concerning the existence of a reasonable
degree of competition with respect to subsection (1)(a) shall MUST take into account a reasonable spectrum of relevant economic tests, including the number of insurers actively engaged in writing the insurance in question, the present availability of such THE insurance compared to its availability in comparable past periods, the underwriting return of that THE insurance over a period of time sufficient to assure reliability in relation to the risk associated with that THE insurance, and the difficulty encountered by new insurers in entering the market in order to compete for the writing of that THE insurance.

(3) BY JUNE 1, 2020, THE DIRECTOR SHALL REPORT TO THE STANDING COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH PRIMARY JURISDICTION OVER INSURANCE MATTERS ON THE PREVALENCE OF THE USE OF PRICE OPTIMIZATION IN THE ESTABLISHMENT OF RATES TO WHICH THIS CHAPTER APPLIES. THE REPORT MUST ALSO INCLUDE THE STEPS THE DIRECTOR HAS TAKEN TO ENFORCE THIS SECTION.

(4) AS USED IN THIS SECTION:

(A) "ENGAGE IN ACTIVITIES THAT RESULT IN INSURANCE POLICY TURNOVER" INCLUDES, BUT IS NOT LIMITED TO, ANY OF THE FOLLOWING:

(i) SHOPPING WITH OTHER INSURERS FOR A LOWER PREMIUM.

(ii) CANCELING A POLICY BEFORE THE EXPIRATION OF THE POLICY TERM.

(iii) FAILING TO RENEW A POLICY AT THE RENEWAL OF THE POLICY TERM.

(iv) COMPLAINING TO THE INSURER OR THE INSURER'S AGENT OR REPRESENTATIVE.

(B) "PRICE OPTIMIZATION" MEANS ESTABLISHING RATES OR VARYING
PREMIUMS AT ANY TIME BASED ON FACTORS THAT ARE UNRELATED TO RISK OF
LOSS, INCLUDING, BUT NOT LIMITED TO, ANY OF THE FOLLOWING:

(i) CHARGING EACH INSURED THE HIGHEST PRICE THAT THE MARKET
WILL BEAR.

(ii) CONSIDERING THE LIKELIHOOD THAT THE INSURED WILL ENGAGE
IN ACTIVITIES THAT RESULT IN INSURANCE POLICY TURNOVER.

(iii) ESTIMATING THE WILLINGNESS OF THE INSURED TO PAY A
HIGHER PREMIUM COMPARED TO OTHER INSUREDS.

(iv) USING ANY MEASURE OF A CONSUMER'S OR GROUP OF CONSUMERS'
PRICE ELASTICITY OF DEMAND.

Sec. 2110a. If uniformly applied to all its insureds, an
insurer may use factors in addition to those permitted by section
2111 for HOME insurance if the plan is consistent with the purposes
of this act and reflects reasonably anticipated reductions or
increases in losses or expenses. This section does not affect
benefits or obligations required under chapter 31. This section
does not authorize an insurer to offer or prohibit an insurer from
offering premium discount plans concerning any of the following:

(a) Health care services, health care providers, or health
care facilities.

(b) Automobile repair providers.

(c) Materials used in the repair of an automobile.

Sec. 2111. (1) Notwithstanding any provision of this act or
this chapter to the contrary, classifications and territorial base
rates used by an insurer in this state with respect to automobile
insurance or home insurance shall MUST conform to the applicable
requirements of this section.
(2) Classifications established under this section for automobile insurance shall be based only on 1 or more of the following factors, which shall be applied by an insurer on a uniform basis throughout this state:

(a) With respect to all automobile insurance coverages:
   (i) Either the age of the driver; the length of driving experience; or the number of years licensed to operate a motor vehicle.
   (ii) Driver primacy, based on the proportionate use of each vehicle insured under the policy by individual drivers insured or to be insured under the policy.
   (iii) Average miles driven weekly, annually, or both.
   (iv) Type of use, such as business, farm, or pleasure use.
   (v) Vehicle characteristics, features, and options, such as engine displacement, ability of the vehicle and its equipment to protect passengers from injury, and other similar items, including vehicle make and model.
   (vi) Daily or weekly commuting mileage.
   (vii) Number of cars insured by the insurer or number of licensed operators in the household. However, number of licensed operators shall not be used as an indirect measure of marital status.
   (viii) Amount of insurance.

(b) In addition to the factors prescribed in subdivision (a), with respect to personal protection insurance coverage:
   (i) Earned income.
   (ii) Number of dependents of income earners insured under the
(iii) Coordination of benefits.
(iv) Use of a safety belt.
(c) In addition to the factors prescribed in subdivision (a), with respect to collision and comprehensive coverages:
(i) The anticipated cost of vehicle repairs or replacement, which may be measured by age, price, cost new, or value of the insured automobile, and other factors directly relating to that anticipated cost.
(ii) Vehicle make and model.
(iii) Vehicle design characteristics related to vehicle damageability.
(iv) Vehicle characteristics relating to automobile theft prevention devices.
(d) With respect to all automobile insurance coverage other than comprehensive, successful completion by the individual driver or drivers insured under the policy of an accident prevention education course that meets the following criteria:
(i) The course shall include a minimum of 8 hours of classroom instruction.
(ii) The course shall include, but not be limited to, a review of all of the following:
(A) The effects of aging on driving behavior.
(B) The shapes, colors, and types of road signs.
(C) The effects of alcohol and medication on driving.
(D) The laws relating to the proper use of a motor vehicle.
(E) Accident prevention measures.
(F) The benefits of safety belts and child restraints.

(G) Major driving hazards.

(H) Interaction with other highway users, such as motorists, bicyclists, and pedestrians.

(3) Each insurer shall establish a secondary or merit rating plan for automobile insurance, other than comprehensive coverage. A secondary or merit rating plan required under this subsection shall provide for premium surcharges for any or all coverages for automobile insurance, other than comprehensive coverage, based upon any or all of the following, when that information becomes available to the insurer:

(a) Substantially at-fault accidents.

(b) Convictions for, determinations of responsibility for civil infractions for, or findings of responsibility in probate court for civil infractions for violations under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.

However, an insured shall not be merit rated for a civil infraction under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750, for a period of time longer than that which the secretary of state's office carries points for that infraction on the insured's motor vehicle record.

(2) RATES AND PREMIUMS FOR AUTOMOBILE INSURANCE MUST BE DETERMINED BY APPLICATION OF THE FOLLOWING FACTORS AS PROVIDED IN SUBSECTION (3):

(A) THE TYPE OF VEHICLE INSURED.

(B) THE NUMBER OF MILES THE INSURED DRIVES ANNUALLY.

(C) THE INSURED'S DRIVING SAFETY RECORD.
(D) ANY OTHER FACTORS THAT THE DIRECTOR ADOPTS BY RULE, AS PROVIDED IN SUBSECTION (4).

(3) IN APPLYING FACTORS UNDER SUBSECTION (2), AN INSURER SHALL BASE 80% OF THE RATE CALCULATION ON THE FACTORS IN SUBSECTION (2)(A) TO (C), GIVING THE GREATEST WEIGHT TO THE FACTOR IN SUBSECTION (2)(A), THE SECOND GREATEST WEIGHT TO THE FACTOR IN SUBSECTION (2)(B), AND THE THIRD GREATEST WEIGHT TO THE FACTOR IN SUBSECTION (2)(C).

(4) SUBJECT TO SUBSECTION (5), AND SUBJECT TO THE RESTRICTIONS IN THIS SUBSECTION, THE FACTORS ADOPTED BY THE DIRECTOR UNDER SUBSECTION (2)(D) MAY INCLUDE ANY FACTOR THAT IS EXPRESSLY ALLOWED FOR ESTABLISHING RATES FOR AUTOMOBILE INSURANCE UNDER ANOTHER SECTION OF THIS CHAPTER OR ANY OTHER FACTOR THAT HAS A SUBSTANTIAL RELATIONSHIP TO THE RISK OF LOSS. THE RULES PROMULGATED UNDER SUBSECTION (2)(D) MUST PRESCRIBE THE METHOD FOR MEASURING THE RESPECTIVE WEIGHT TO BE GIVEN TO EACH FACTOR IN DETERMINING AUTOMOBILE INSURANCE RATES AND PREMIUMS. THE FACTORS ADOPTED UNDER SUBSECTION (2)(D) SHALL NOT INCLUDE ANY NONDRIVING FACTORS, INCLUDING, BUT NOT LIMITED TO, ANY OF THE FOLLOWING:

(A) GENDER.
(B) CREDIT SCORE.
(C) EDUCATIONAL LEVEL ATTAINED.
(D) OCCUPATION.
(E) MARITAL STATUS.
(F) HOME OWNERSHIP.
(G) THE POSTAL ZONE IN WHICH THE INSURED RESIDES.

(5) An insurer shall not establish or maintain...
rates or rating classifications AND PREMIUMS for automobile insurance based IN ANY WAY on sex or marital status.

(5) Notwithstanding other provisions of this chapter, automobile insurance risks may be grouped by territory.

(6) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE USE OF ANY FACTOR TO DETERMINE RATES AND PREMIUMS FOR AUTOMOBILE INSURANCE OTHER THAN A FACTOR LISTED IN SUBSECTION (2)(A) TO (C) OR A FACTOR CONTAINED IN RULES PROMULGATED UNDER SUBSECTION (2)(D) IS UNFAIR DISCRIMINATION FOR PURPOSES OF CHAPTER 20.

(7) This section does not limit insurers or rating organizations from establishing and maintaining statistical reporting territories. This section does not prohibit an insurer from establishing or maintaining, for automobile insurance, a premium discount plan for senior citizens in this state who are 65 years of age or older, IF THE PLAN IS APPLIED IN ACCORDANCE WITH SUBSECTIONS (2) TO (4) AND if the plan is uniformly applied by the insurer throughout this state. If an insurer has not established and maintained a premium discount plan for senior citizens, the insurer shall offer reduced premium rates to senior citizens in this state who are 65 years of age or older and who drive less than 3,000 miles per year, regardless of statistical data. IN ACCORDANCE WITH SUBSECTIONS (2) TO (4).

(8) Classifications established under this section for home insurance other than inland marine insurance provided by policy floaters or endorsements MUST be based only on 1 or more of the following factors:

(a) Amount and types of coverage.
(b) Security and safety devices, including locks, smoke
detectors, and similar, related devices.
(c) Repairable structural defects reasonably related to risk.
(d) Fire protection class.
(e) Construction of structure, based on structure size,
building material components, and number of units.
(f) Loss experience of the insured, based on prior claims
attributable to factors under the control of the insured that have
been paid by an insurer. An insured's failure, after written notice
from the insurer, to correct a physical condition that presents a
risk of repeated loss shall be considered a factor under the
control of the insured for purposes of this subdivision.
(g) Use of smoking materials within the structure.
(h) Distance of the structure from a fire hydrant.
(i) Availability of law enforcement or crime prevention
services.

(9) (8) Notwithstanding other provisions of this chapter, home
insurance risks may be grouped by territory.

(10) (9) An insurer may use factors in addition to those
permitted by this section for home insurance if the plan is
consistent with the purposes of this act and reflects reasonably
anticipated reductions or increases in losses or expenses.

Sec. 2111a. (1) Notwithstanding IF THE DISCOUNT IS APPLIED IN
ACCORDANCE WITH section 2111, an automobile insurer may offer a
premium discount to insureds 50 years of age and older who
successfully complete a traffic accident prevention course that
the automobile insurer determines meets all of the criteria listed
(2) An automobile insurer may provide the discount under subsection (1) for 3 years after successful completion of an initial or refresher traffic accident prevention course.

(3) A TO QUALIFY UNDER SUBSECTION (1), A traffic accident prevention course shall provide for MUST MEET all of the following REQUIREMENTS:

(a) For an initial traffic accident prevention course, includes INCLUDE not less than 8 hours of classroom instruction taught by an instructor certified by the entity PERSON offering the course. For a refresher traffic accident prevention course, includes INCLUDE not less than 4 hours of classroom instruction taught by an instructor certified by the entity PERSON offering the course.

(b) Includes, INCLUDE, but is not BE limited to, instruction in all of the following areas:

(i) The effects of aging on driving behavior.
(ii) The shapes, colors, and types of road signs.
(iii) The effects of alcohol and other drugs, including medications, on older drivers.
(iv) Laws relating to the proper use of a motor vehicle and safe driving behavior.
(v) Traffic crash avoidance and prevention measures.
(vi) The benefits and proper use of motor vehicle occupant protection systems.
(vii) Major driving hazards and risk factors associated with traffic crash prevention.
(viii) Interaction with other highway users, such as emergency vehicles, trucks, motorcyclists, bicyclists, and pedestrians.

(c) Provides, upon successful completion of the course, a certificate of completion that may be used in applying for an automobile insurance premium discount under subsection (1).

SEC. 2111F. (1) BEFORE 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, AN INSURER THAT OFFERS AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE PREMIUM RATES FOR ALL COVERAGES FOR AUTOMOBILE INSURANCE POLICIES EFFECTIVE AFTER 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND BEFORE 1 YEAR AND 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

(2) THE PREMIUM RATES FILED UNDER SUBSECTION (1), AND ANY SUBSEQUENT PREMIUM RATES FILED BY THE INSURER FOR ALL COVERAGES UNDER AUTOMOBILE INSURANCE POLICIES EFFECTIVE BEFORE 5 YEARS AND 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, MUST RESULT IN A REDUCTION PER VEHICLE FROM THE PREMIUM RATES FOR ALL COVERAGES THAT WERE IN EFFECT FOR THE INSURER ON MAY 1, 2019 OF 40%.

(3) NOTWITHSTANDING ANYTHING IN THIS ACT TO THE CONTRARY, AFTER 5 YEARS AND 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, AN INSURER THAT OFFERS AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE PREMIUM RATES FOR ALL COVERAGES UNDER AUTOMOBILE INSURANCE THAT DO NOT RESULT IN A PERCENTAGE INCREASE PER VEHICLE FOR THE ADJUSTMENT PERIOD THAT EXCEEDS THE CUMULATIVE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX FOR THE ADJUSTMENT PERIOD. AS USED IN THIS SUBSECTION:
(A) "ADJUSTMENT PERIOD" MEANS THE PERIOD FROM THE END OF THE
CALENDAR MONTH PRECEDED BY THE MONTH IN WHICH THE INSURER LAST FILED
PREMIUM RATES UNDER THIS SECTION TO THE END OF THE CALENDAR MONTH
PRECEDED BY THE MONTH IN WHICH THE INSURER WILL FILE THE SUBJECT
PREMIUM RATES.

(B) "CONSUMER PRICE INDEX" MEANS THE MOST COMPREHENSIVE INDEX
OF CONSUMER PRICES AVAILABLE FOR THIS STATE FROM THE UNITED STATES
DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

(4) THE DIRECTOR SHALL REVIEW PREMIUM RATES FILED BY AN
INSURER UNDER SUBSECTIONS (1) TO (3) FOR COMPLIANCE WITH
SUBSECTIONS (1) TO (3). THE DIRECTOR SHALL DISAPPROVE A FILING THAT
DOES NOT COMPLY WITH SUBSECTIONS (1) TO (3).

(5) IF THE DIRECTOR DISAPPROVES A PREMIUM RATE FILING UNDER
SUBSECTION (4), THE INSURER SHALL SUBMIT A REVISED PREMIUM RATE
FILING TO THE DIRECTOR WITHIN 15 DAYS OF THE DISAPPROVAL. THE
PREMIUM RATE FILING IS SUBJECT TO REVIEW IN THE SAME MANNER AS AN
ORIGINAL PREMIUM RATE FILING UNDER SUBSECTION (4).

(6) AFTER 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY
ACT THAT ADDED THIS SECTION, AN INSURER SHALL NOT ISSUE OR RENEW AN
AUTOMOBILE INSURANCE POLICY IN THIS STATE UNLESS THE PREMIUM RATES
FILED BY THE INSURER ARE APPROVED UNDER THIS SECTION.

(7) FOR PURPOSES OF CALCULATING A PREMIUM RATE UNDER THIS
SECTION, THE PREMIUM INCLUDES THE CATASTROPHIC CLAIMS ASSESSMENT
IMPOSED UNDER SECTION 3104.

SEC. 2116B. AN AUTOMOBILE INSURER SHALL NOT REFUSE TO INSURE,
REFUSE TO CONTINUE TO INSURE, LIMIT COVERAGE AVAILABLE TO, CHARGE A
REINSTATEMENT FEE FOR, OR INCREASE THE PREMIUMS FOR AUTOMOBILE
INSURANCE FOR AN ELIGIBLE PERSON SOLELY BECAUSE THE PERSON
PREVIOUSLY FAILED TO MAINTAIN INSURANCE REQUIRED BY SECTION 3101
FOR A VEHICLE OWNED BY THE PERSON.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 2119. (1) Each insurer subject to this chapter shall put in writing all underwriting rules used by the insurer. An insurer shall not transact automobile or home insurance inconsistently with its underwriting rules.

(2) An insurer shall apply its underwriting rules uniformly and without exception throughout this state, so that every applicant or insured conforming with the underwriting rules will be insured or renewed, and so that every applicant or insured not
conforming with the underwriting rules will be refused insurance or nonrenewed, when the information becomes available to the insurer.

(3) An insurer with more than 1 rating plan for automobile insurance contracts providing identical coverages shall not adopt underwriting rules that would permit a person to be insured, for automobile insurance, under more than 1 of the rating plans.

(4) An insurer may establish underwriting rules for new applicants that are different than rules for renewals of existing insureds only if the applicants or existing insureds are not eligible persons. Underwriting rules pertaining to renewals of existing insureds who are not eligible persons may be based on a contractual obligation of the insurer not to cancel or nonrenew.

(5) For informational purposes, an insurer shall file with the commissioner its underwriting rules before their use in this state. All filed underwriting rules shall be available for public inspection. If the commissioner finds that an underwriting rule is inconsistent with this chapter, the commissioner, after a hearing held under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, shall by order prohibit further use of the underwriting rule.

(6) This section does not prohibit an insurer from insuring persons who are not eligible persons under underwriting rules established under this section and sections 2117, 2118, and 2120.

(7) An insurer shall not establish its underwriting rules through price optimization as that term is defined in section 2109.

Sec. 2120. (1) Affiliated insurers may establish underwriting
rules so that each affiliate will provide automobile insurance only
to certain eligible persons. This subsection shall apply APPLIES
only if an eligible person can obtain automobile insurance from 1
of the affiliates. The underwriting rules shall MUST be in
compliance with this section and sections 2118 and 2119.

(2) An insurer may establish separate rating plans so that
certain eligible persons are provided automobile insurance under 1
rating plan and other eligible persons are provided automobile
insurance under another rating plan. This subsection shall apply
APPLIES only if all eligible persons can obtain automobile
insurance under a rating plan of the insurer. Underwriting rules
consistent with this section and sections 2118 and 2119 shall MUST
be established to define the rating plan applicable to each
eligible person.

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

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

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

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

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

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

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

Sec. 2151. As used in this chapter:

(a) "Adverse action" means an increase in any charge for, or a reduction or other adverse or unfavorable change in the terms of coverage or amount of, any personal insurance, existing or applied for.

(b) "Consumer reporting agency" means any person which, THAT, for monetary fees or dues or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.

(c) "Credit information" means any credit-related information derived from a credit report, found on a credit report itself, or provided on an application for personal insurance. Information that
is not credit-related shall IS not be considered credit information, regardless of whether it is contained in a credit report or in an application, or is used to calculate an insurance score.

(d) "Credit report" means any written, oral, or other communication of information by a consumer reporting agency bearing on a consumer's credit worthiness, credit standing, or credit capacity that is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in the rating of personal insurance.

(e) "Insurance score" means a number or rating that is derived from an algorithm, computer application, model, or other process that is based in whole or in part on credit information for the purposes of predicting the future insurance loss exposure of an individual applicant or insured.

(f) "Personal insurance" means property/casualty insurance written for personal, family, or household use, including automobile, home, motorcycle, mobile home, noncommercial dwelling fire, boat, personal watercraft, snowmobile, and recreational vehicle, whether written on an individual, group, franchise, blanket policy, or similar basis. PERSONAL INSURANCE DOES NOT INCLUDE AUTOMOBILE INSURANCE.

Sec. 3009. (1) An automobile liability or motor vehicle liability policy insuring THREAT INSURES against loss resulting from liability imposed by law for property damage, bodily injury, or death suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle shall MUST not be delivered
or issued for delivery in this state with respect to any motor
vehicle registered or principally garaged in this state unless the
liability coverage is subject to all of the following limits:
(a) A limit, exclusive of interest and costs, of not less than
$20,000.00-$250,000.00 because of bodily injury to or death of 1
person in any 1 accident.
(b) Subject to the limit for 1 person in subdivision (a), a
limit of not less than $40,000.00-$500,000.00 because of bodily
injury to or death of 2 or more persons in any 1 accident.
(c) A limit of not less than $10,000.00 because of injury to
or destruction of property of others in any accident.
(2) If authorized by the insured, automobile liability or
motor vehicle liability coverage may be excluded when a vehicle is
operated by a named person. An exclusion under this subsection is
not valid unless the following notice is on the face of the policy
or the declaration page or certificate of the policy and on the
certificate of insurance:
Warning—when a named excluded person operates a vehicle all
liability coverage is void—no one is insured. Owners of the vehicle
and others legally responsible for the acts of the named excluded
person remain fully personally liable.
(3) A liability policy described in subsection (1) may exclude
coverage for liability as provided in section 3017.
(4) If an insurer deletes coverages from an automobile
insurance policy pursuant to section 3101, the insurer shall send
documentary evidence of the deletion to the insured.
Sec. 3104. (1) —THE CATASTROPHIC CLAIMS ASSOCIATION IS
CREATED AS AN unincorporated, nonprofit association. to be known as
the catastrophic claims association, hereinafter referred to as the
association, is created. Each insurer engaged in writing insurance
coverages that provide the security required by section 3101(1)
within this state, as a condition of its authority to transact
insurance in this state, shall be a member of the association and
shall be bound by the plan of operation of the association. Each
insurer engaged in writing insurance coverages that provide the
security required by section 3103(1) within this state, as a
condition of its authority to transact insurance in this state,
shall be considered TO BE a member of the association, but only
for purposes of premiums under subsection (7)(d). Except as
expressly provided in this section, the association is not subject
to any laws of this state with respect to insurers, but in all
other respects the association is subject to the laws of this state
to the extent that the association would be if it were an insurer
organized and subsisting under chapter 50.

(2) The association shall provide and each member shall accept
indemnification for 100% of the amount of ultimate loss sustained
under personal protection insurance coverages in excess of the
following amounts in each loss occurrence:

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

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

(c) For a motor vehicle accident policy issued or renewed
during the period July 1, 2003 to June 30, 2004, $325,000.00.
(d) For a motor vehicle accident policy issued or renewed during the period July 1, 2004 to June 30, 2005, $350,000.00.
(e) For a motor vehicle accident policy issued or renewed during the period July 1, 2005 to June 30, 2006, $375,000.00.
(f) For a motor vehicle accident policy issued or renewed during the period July 1, 2006 to June 30, 2007, $400,000.00.
(g) For a motor vehicle accident policy issued or renewed during the period July 1, 2007 to June 30, 2008, $420,000.00.
(h) For a motor vehicle accident policy issued or renewed during the period July 1, 2008 to June 30, 2009, $440,000.00.
(i) For a motor vehicle accident policy issued or renewed during the period July 1, 2009 to June 30, 2010, $460,000.00.
(j) For a motor vehicle accident policy issued or renewed during the period July 1, 2010 to June 30, 2011, $480,000.00.
(k) For a motor vehicle accident policy issued or renewed during the period July 1, 2011 to June 30, 2013, $500,000.00.
(l) For a motor vehicle accident policy issued or renewed during the period July 1, 2013 to June 30, 2015, $530,000.00.
(M) For a motor vehicle accident policy issued or renewed during the period July 1, 2015 to June 30, 2017, $545,000.00.
(N) For a motor vehicle accident policy issued or renewed during the period July 1, 2017 to June 30, 2019, $555,000.00.
(O) For a motor vehicle accident policy issued or renewed during the period July 1, 2019 to June 30, 2021, $580,000.00.

Beginning July 1, 2013, this $500,000.00–$580,000.00 amount shall MUST be increased biennially on July 1 of each odd-numbered year, for policies issued or renewed before July 1 of the following
odd-numbered year, by the lesser of 6% or the consumer price index, CONSUMER PRICE INDEX, and rounded to the nearest $5,000.00. THE ASSOCIATION SHALL CALCULATE THE biennial adjustment shall be calculated by the association by January 1 of the year of its July 1 effective date.

(3) An insurer may withdraw from the association only upon ceasing to write insurance that provides the security required by section 3101(1) in this state.

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

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

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

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

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

(b) Establish procedures by which members shall promptly report to the association each claim that, on the basis of the injuries or damages sustained, may reasonably be anticipated to involve the association if the member is ultimately held legally liable for the injuries or damages. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injuries or damages. The member shall also advise the association of subsequent developments likely to materially affect the interest of the association in the claim.

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

(d) In a manner provided for in the plan of operation, calculate and charge to members of the association a total premium sufficient to cover the expected losses and expenses of the association that the association will likely incur during the period for which the premium is applicable. The premium shall include an amount to cover incurred but not reported losses for the period and may be adjusted for any excess or deficient premiums from previous periods. Excesses or deficiencies from previous periods may be fully adjusted in a single period or may be adjusted over several periods in a manner provided for in the plan of operation. Each member shall be charged an amount equal to that member's total written car years of insurance providing the
security required by section 3101(1) or 3103(1), or both, written in this state during the period to which the premium applies, multiplied by the average premium per car. The average premium per car shall be the total premium calculated divided by the total written car years of insurance providing the security required by section 3101(1) or 3103(1) written in this state of all members during the period to which the premium applies. A member shall MUST be charged a premium for a historic vehicle that is insured with the member of 20% of the premium charged for a car insured with the member. As used in this subdivision:

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

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

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

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

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

(f) Receive and distribute all sums required by the operation of the association.

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

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

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

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

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

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

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

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

(g) Perform other acts not specifically enumerated in this
section that are necessary or proper to accomplish the purposes of
the association and that are not inconsistent with this section or
the plan of operation.

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

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

(a) The establishment of necessary facilities.

(b) The management and operation of the association.

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

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

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

(f) The investment policy of the association.

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

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

(12) As part of the plan of operation, the board shall adopt rules providing for the composition and term of successor boards to the initial board AND THE TERMS OF BOARD MEMBERS, consistent with the membership composition requirements in subsections (11) and (13). Terms of the directors shall MUST be staggered so that the terms of all the directors do not expire at the same time and so that a director does not serve a term of more than 4 years.

(13) The board shall MUST consist of 5 directors — and the commissioner — DIRECTOR OF THE DEPARTMENT, WHO shall serve AS an ex officio member of the board without vote.

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

(15) After the board is appointed, the THE board shall meet as often as the chairperson, the commissioner, DIRECTOR OF THE DEPARTMENT, or the plan of operation shall require, REQUIRES, or at the request of any 3 members of the board. The chairperson shall retain the right to MAY vote on all issues. Four members of the board constitute a quorum.
(16) The Board shall furnish to each member an annual report of the operations of the association in a form and detail as may be determined by the board. shall be furnished to each member.

(17) Not more than 60 days after the initial organizational meeting of the board, the board shall submit to the commissioner for approval a proposed plan of operation consistent with the objectives and provisions of this section, which shall provide for the economical, fair, and nondiscriminatory administration of the association and for the prompt and efficient provision of indemnity. If a plan is not submitted within this 60-day period, then the commissioner, after consultation with the board, shall formulate and place into effect a plan consistent with this section.

(18) The plan of operation, unless approved sooner in writing, shall be considered to meet the requirements of this section if it is not disapproved by written order of the commissioner within 30 days after the date of its submission. Before disapproval of all or any part of the proposed plan of operation, the commissioner shall notify the board in what respect the plan of operation fails to meet the requirements and objectives of this section. If the board fails to submit a revised plan of operation that meets the requirements and objectives of this section within the 30-day period, the commissioner shall enter an order accordingly and shall immediately formulate and place into effect a plan consistent with the requirements and objectives of this section.

(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 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.

(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 insurer authorized to write insurance providing the security required by section 3101(1) in this state, as provided in this section, is bound by and shall formally subscribe to and participate in the plan as a condition of maintaining its authority to transact insurance in this state.

(19) (21) The association is subject to all the reporting, loss reserve, and investment requirements of the commissioner to the same extent as would a member of the association.

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

(21) (23) The commissioner or an authorized representative of the commissioner may visit the association at any time and examine any and all of the association's affairs.

(22) (24) The association does not have liability for losses occurring before July 1, 1978.

(23) ANNUALLY, WITHIN 15 DAYS AFTER THE ASSOCIATION CHARGES
MEMBERS THE TOTAL PREMIUM UNDER SUBSECTION (7)(D), THE ASSOCIATION SHALL DISCLOSE TO THE PUBLIC ON ITS WEBSITE ALL DATA USED IN COMPUTING THE PREMIUM AND EXPECTED LOSSES AND EXPENSES, INCLUDING THE AMOUNT THAT COVERS INCURRED BUT NOT REPORTED LOSSES FOR THE PERIOD AND ANY ADJUSTMENT FOR ANY EXCESS OR DEFICIENT PREMIUMS FROM PREVIOUS PERIODS AND THE ACTUARIAL COMPUTATION USED IN MAKING THESE DETERMINATIONS, INCLUDING ESTIMATES AND ASSUMPTIONS. THE DISCLOSURE MUST INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE FOLLOWING:

(A) THE ACTUARIAL COMPUTATION USED IN MAKING DETERMINATIONS OF UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES.

(B) ALL DOCUMENTS USED IN ESTABLISHING THE FOLLOWING:

(i) THE CALCULATION OF THE PRESENT VALUE OF DISBURSEMENTS EXPECTED TO BE MADE IN THE ULTIMATE SETTLEMENT OF THE CLAIMS REPORTED.

(ii) THE ACTUARIAL TABLES USED TO REFLECT THE PROBABILITIES OF EACH CLAIMANT SURVIVING TO INCUR THE COSTS PROJECTED.

(iii) THE CALCULATION OF INCURRED BUT NOT REPORTED LOSSES.

(iv) THE ACTUARIAL ASSUMPTIONS AND CALCULATIONS USED IN PRODUCING THE SHORT-TERM DISCOUNT RATE AND THE LONG-TERM DISCOUNT RATE.

(v) THE FORECASTS PRODUCING THE ECONOMIC ASSUMPTIONS FOR CLAIM COST INFLATION AND INVESTMENT RETURNS USED.

(vi) THE CURRENT ECONOMIC DATA AND HISTORICAL LONG-TERM CONSUMER PRICE INDEX DATA FOR ANY COST COMPONENT CATEGORIES USED IN PRODUCING INFLATION ASSUMPTIONS.

(vii) THE LOSS DEVELOPMENT ANALYSIS UNDERTAKEN IN CONNECTION WITH THE PROVISION FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES.
(viii) THE TREND ANALYSIS FOR BOTH FREQUENCY AND SEVERITY
UNDERTAKEN IN CONNECTION WITH THE PROVISION FOR UNPAID LOSSES AND
LOSS ADJUSTMENT EXPENSES.
(C) THE ANNUAL ACTUARIAL EVALUATION USED IN ESTABLISHING THE
PREMIUM.
(D) THE ANNUAL ASSESSMENT REPORTS OF MEMBERS USED IN
ESTABLISHING THE PREMIUM.
(E) THE ANNUITY MODEL USED BY THE OPINING ACTUARY IN HIS OR
HER ACTUARIAL OPINION PROJECTING FUTURE PAYMENT STREAMS AT THE
CLAIMANT LEVEL AND THE MORTALITY ADJUSTMENT APPLIED.
(F) ANY EXPLANATORY MEMORANDUM EXPLAINING THE VARIOUS
COMPONENTS OF THE PREMIUM AND THE JUDGMENTS MADE TO PRODUCE THE
PREMIUM.

(24) (25) As used in this section:
(A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
CREATED IN SUBSECTION (1).
(B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION
CREATED IN SUBSECTION (9).
(C) (a) "Consumer price index" PRICE INDEX" means the
percentage of change in the consumer price index CONSUMER PRICE
INDEX for all urban consumers in the United States city average for
all items for the 24 months prior to BEFORE October 1 of the year
prior to BEFORE the July 1 effective date of the biennial
adjustment under subsection (2)(k) (2)(O) as reported by the United
States department of labor, bureau of labor statistics, DEPARTMENT
OF LABOR, BUREAU OF LABOR STATISTICS, and as certified by the
commissioner DIRECTOR OF THE DEPARTMENT.
"Motor vehicle accident policy" means a policy providing the coverages required under section 3101(1).

"Ultimate loss" means the actual loss amounts that a member is obligated to pay and that are paid or payable by the member, and do not include claim expenses. An ultimate loss is incurred by the association on the date that the loss occurs.

Sec. 3107. (1) Except as provided in subsection (2), personal protection insurance benefits are payable for the following:

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

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

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

(b) Work loss consisting of loss of income from work an injured person would have performed during the first 3 years after the date of the accident if he or she had not been injured. Work loss does not include any loss after the date on which the injured person dies. Because the benefits received from personal protection insurance for loss of income are not taxable income, the benefits payable for such loss of income shall be reduced 15% unless the claimant presents to the insurer in support of his or her claim
reasonable proof of a lower value of the income tax advantage in
his or her case, in which case the lower value shall apply.

APPLIES. For the period beginning October 1, 2012 through September
30, 2013, the benefits payable for work loss sustained in a single
30-day period and the income earned by an injured person for work
during the same period together shall MUST not exceed $5,189.00,
which maximum shall apply APPLIES pro rata to any lesser period of
work loss. Beginning October 1, 2013, the maximum shall MUST be
adjusted annually to reflect changes in the cost of living under
rules prescribed by the commissioner DIRECTOR, but any change in
the maximum shall apply APPLIES only to benefits arising out of
accidents occurring subsequent to AFTER the date of change in the
maximum.

(c) Expenses not exceeding $20.00 $100.00 per day, reasonably
incurred in obtaining ordinary and necessary services in lieu of
those that, if he or she had not been injured, an injured person
would have performed during the first 3 years after the date of the
accident, not for income but for the benefit of himself or herself
or of his or her dependent.

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

(A) A PERSON WHO IS 62 YEARS OF AGE OR OLDER MAY WAIVE
COVERAGE FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER THIS
CHAPTER OTHER THAN COVERAGE FOR CHARGES INCURRED FOR REASONABLY
NECESSARY PRODUCTS, SERVICES, AND ACCOMMODATIONS THAT WOULD BE
PAYABLE UNDER LONG-TERM CARE INSURANCE, AS THAT TERM IS DEFINED IN
SECTION 701, OR THAT ARE NECESSARY FOR THE INJURED PERSON'S
REHABILITATION. AN INSURER SHALL OFFER A REDUCED PREMIUM RATE TO A
PERSON WHO WAIVES BENEFITS IN PART UNDER THIS SUBDIVISION. A PERSON
WAIVING BENEFITS IN PART UNDER THIS SUBDIVISION SHALL DO SO ON A
FORM PROVIDED BY THE INSURER. WAIVER OF BENEFITS IN PART UNDER THIS
SUBDIVISION APPLIES ONLY TO BENEFITS PAYABLE TO THE PERSON OR
PERSONS WHO HAVE SIGNED THE WAIVER FORM.

(B) (a) A person who is 60 years of age or older and in the
event of an accidental bodily injury would not be eligible to
receive work loss benefits under subsection (1)(b) may waive
coverage for work loss benefits by signing a waiver on a form
provided by the insurer. An insurer shall offer a reduced premium
rate to a person who waives coverage under this subsection
SUBDIVISION for work loss benefits. Waiver of coverage for work
loss benefits applies only to work loss benefits payable to the
person or persons who have signed the waiver form.

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

Sec. 3109a. (1) An insurer providing THAT PROVIDES personal
protection insurance benefits under this chapter may offer, at
appropriately reduced premium rates, deductibles and OR exclusions
reasonably related to other health and accident coverage on the
insured. Any deductibles and exclusions offered A DEDUCTIBLE OR
EXCLUSION under this section are subject to prior approval MUST BE
APPROVED BEFORE USE by the commissioner DIRECTOR and shall MUST
apply only to benefits payable to the person named in the policy,
the spouse of the insured, and any relative of either domiciled in
the same household.

(2) THE DIRECTOR SHALL PROMULGATE RULES UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, THAT DETERMINE FAIR RATES FOR POLICIES WITH DEDUCTIBLES OR EXCLUSIONS UNDER THIS SECTION.

(3) AN INSURER SHALL NOT OFFER POLICIES WITH DEDUCTIBLES OR EXCLUSIONS UNDER THIS SECTION UNLESS THE INSURER HAS FIRST FILED PREMIUM RATES FOR THOSE POLICIES UNDER CHAPTER 25. AFTER THE DIRECTOR HAS PROMULGATED RULES UNDER SUBSECTION (2), AN INSURER SHALL NOT FILE PREMIUM RATES AS DESCRIBED IN THIS SUBSECTION THAT DO NOT COMPLY WITH THOSE RULES.

Sec. 3112. Personal protection insurance benefits are payable to or for the benefit of an injured person or, in case of his OR HER death, to or for the benefit of his OR HER dependents. A HEALTH CARE PROVIDER LISTED IN SECTION 3157 MAY MAKE A CLAIM AND ASSERT A DIRECT CAUSE OF ACTION AGAINST AN INSURER, OR UNDER THE ASSIGNED CLAIMS PLAN UNDER SECTIONS 3171 TO 3175, TO RECOVER OVERDUE BENEFITS PAYABLE FOR CHARGES FOR PRODUCTS, SERVICES, OR ACCOMMODATIONS PROVIDED TO AN INJURED PERSON. Payment by an insurer in good faith of personal protection insurance benefits, to or for the benefit of a person who it believes is entitled to the benefits, discharges the insurer's liability to the extent of the payments unless the insurer has been notified in writing of the claim of some other person. If there is doubt about the proper person to receive the benefits or the proper apportionment among the persons entitled thereto, TO THE BENEFITS, the insurer, the claimant, or any other interested person may apply to the circuit
court for an appropriate order. The court may designate the payees and make an equitable apportionment, taking into account the relationship of the payees to the injured person and other factors as the court considers appropriate. In the absence of a court order directing otherwise the insurer may pay:

(a) To the dependents of the injured person, the personal protection insurance benefits accrued before his or her death without appointment of an administrator or executor.

(b) To the surviving spouse, the personal protection insurance benefits due any dependent children living with the spouse.

SEC. 3113A. THE RIGHT OF A PERSON TO CLAIM PERSONAL PROTECTION INSURANCE BENEFITS UNDER AN AUTOMOBILE INSURANCE POLICY IS NOT AFFECTED BY A DETERMINATION THAT THE POLICY IS VOID BECAUSE IT WAS FRAUDULENTLY PROCURED IF THE CLAIMANT WAS NOT A PARTICIPANT IN THE FRAUDULENT PROCUREMENT.

SEC. 3113B. THE SUBMISSION OF A CLAIM FOR PERSONAL PROTECTION INSURANCE BENEFITS THAT WAS IN SOME RESPECT FRAUDULENT DOES NOT VOID THE INSURANCE POLICY OR THE STATUTORY ENTITLEMENT UNDER WHICH THE CLAIM WAS PAYABLE AND DOES NOT DISQUALIFY THE CLAIMANT FROM ANY OTHER PAST, PRESENT, OR FUTURE PERSONAL PROTECTION INSURANCE BENEFITS.

Sec. 3135. (1) A person remains subject to tort liability for noneconomic loss caused by his or her ownership, maintenance, or use of a motor vehicle only if the injured person has suffered death, serious impairment of body function, or permanent serious disfigurement.

(2) For a cause of action for damages pursuant to subsection
(1), filed on or after July 26, 1996, all of the following apply:

(a) The issues of whether the injured person has suffered serious impairment of body function or permanent serious disfigurement are questions of law for the court if the court finds either of the following:

(i) There is no factual dispute concerning the nature and extent of the person's injuries.

(ii) There is a factual dispute concerning the nature and extent of the person's injuries, but the dispute is not material to the determination whether the person has suffered a serious impairment of body function or permanent serious disfigurement. However, for a closed-head injury, a question of fact for the jury is created if a licensed allopathic or osteopathic physician who regularly diagnoses or treats closed-head injuries testifies under oath that there may be a serious neurological injury.

(b) Damages shall MUST be assessed on the basis of comparative fault, except that damages shall MUST not be assessed in favor of a party who is more than 50% at fault.

(c) Damages shall MUST not be assessed in favor of a party who was operating his or her own vehicle at the time the injury occurred and did not have in effect for that motor vehicle the security required by section 3101 at the time the injury occurred.

(D) THE ISSUE OF WHETHER AN IMPAIRMENT IS AN IMPAIRMENT OF AN IMPORTANT BODY FUNCTION IS AN INHERENTLY SUBJECTIVE INQUIRY THAT MUST BE DECIDED ON A CASE-BY-CASE BASIS.

(E) THE ISSUE OF WHETHER AN IMPAIRMENT AFFECTS AN INJURED PERSON'S GENERAL ABILITY TO LEAD HIS OR HER NORMAL LIFE IS A
SUBJECTIVE, PERSON- AND FACT-SPECIFIC INQUIRY THAT MUST BE DECIDED
ON A CASE-BY-CASE BASIS AND REQUIRES A COMPARISON OF THE INJURED
PERSON'S LIFE BEFORE AND AFTER THE INJURED PERSON'S INJURY.

(3) Notwithstanding any other provision of law, tort liability
arising from the ownership, maintenance, or use within this state
of a motor vehicle with respect to which the security required by
section 3101 was in effect is abolished except as to:

(a) Intentionally caused harm to persons or property. Even
though a person knows that harm to persons or property is
substantially certain to be caused by his or her act or omission,
the person does not cause or suffer that harm intentionally if he
or she acts or refrains from acting for the purpose of averting
injury to any person, including himself or herself, or for the
purpose of averting damage to tangible property.

(b) Damages for noneconomic loss as provided and limited in
subsections (1) and (2).

(c) Damages for allowable expenses, work loss—and survivor's
loss as defined in—UNDER sections 3107 to 3110 in excess of the
daily, monthly, and 3-year limitations contained in those sections.
The party liable for damages is entitled to an exemption reducing
his or her liability by the amount of taxes that would have been
payable on account of income the injured person would have received
if he or she had not been injured.

(d) Damages for economic loss by a nonresident in excess of
the personal protection insurance benefits provided under section
3163(4). Damages under this subdivision are not recoverable to the
extent that benefits covering the same loss are available from
other sources, regardless of the nature or number of benefit sources available and regardless of the nature or form of the benefits.

(e) Damages up to $1,000.00 - $5,000.00 to a motor vehicle, to the extent that the damages are not covered by insurance. An action for damages under this subdivision shall **MUST** be conducted as provided in subsection (4).

(4) All of the following apply to an action for damages under subsection (3)(e):

(a) Damages **MUST** be assessed on the basis of comparative fault, except that damages **MUST** not be assessed in favor of a party who is more than 50% at fault.

(b) Liability is not a component of residual liability, as prescribed in section 3131, for which maintenance of security is required by this act.

(c) The action **MUST** be commenced, whenever legally possible, in the small claims division of the district court or the municipal court. If the defendant or plaintiff removes the action to a higher court and does not prevail, the judge may assess costs.

(d) A decision of the court is not res judicata in any proceeding to determine any other liability arising from the same circumstances that gave rise to the action.

(e) Damages **MUST** not be assessed if the damaged motor vehicle was being operated at the time of the damage without the security required by section 3101.

(5) As used in this section, "serious impairment of body function" means an IMPAIRMENT THAT SATISFIES ALL OF THE FOLLOWING
REQUIREMENTS:

(A) IT IS objectively manifested, MEANING IT IS OBSERVABLE OR PERCEIVABLE FROM ACTUAL SYMPTOMS OR CONDITIONS BY SOMEONE OTHER THAN THE INJURED PERSON.

(B) IT IS AN impairment of an important body function, that WHICH IS A BODY FUNCTION OF GREAT VALUE, SIGNIFICANCE, OR CONSEQUENCE TO THE INJURED PERSON.

(C) IT affects the INJURED person's general ability to lead his or her normal life, MEANING IT INFLUENCES THE INJURED PERSON'S POWER, SKILL, OR CAPACITY TO LIVE OR PASS LIFE IN HIS OR HER NORMAL MANNER OF LIVING.

Sec. 3145. (1) An action for recovery of personal protection insurance benefits payable under this chapter for AN accidental bodily injury may not be commenced later than 1 year 3 YEARS after the date of the accident causing THAT CAUSED the injury unless written notice of injury as provided herein IN SUBSECTION (4) has been given to the insurer within 1 year after the accident or unless the insurer has previously made a payment of personal protection insurance benefits for the injury. If

(2) SUBJECT TO SUBSECTION (3), IF the notice has been given or a payment has been made, the action may be commenced at any time within 1 year 3 YEARS after the most recent allowable expense, work loss, or survivor's loss has been incurred. However, the claimant may not recover benefits for any portion of the loss incurred more than 1 year 3 YEARS before the date on which the action was commenced.

(3) A PERIOD OF LIMITATIONS APPLICABLE UNDER SUBSECTION (2) TO
THE COMMENCEMENT OF AN ACTION AND THE RECOVERY OF BENEFITS IS
TOLLED FROM THE DATE OF A SPECIFIC CLAIM FOR PAYMENT OF THE
BENEFITS UNTIL THE DATE THE INSURER FORMALLY DENIES THE CLAIM. THIS
SUBSECTION DOES NOT APPLY IF THE PERSON CLAIMING THE BENEFITS FAILS
TO PURSUE THE CLAIM WITH REASONABLE DILIGENCE.

(4) The notice of injury required by this subsection (1) may
be given to the insurer or any of its authorized agents by a person
claiming to be entitled to benefits therefor, FOR THE INJURY, or by
someone in his THE PERSON'S behalf. The notice shall MUST give the
name and address of the claimant and indicate in ordinary language
the name of the person injured and the time, place, and nature of
his THE injury.

(5) (2) An action for recovery of property protection
insurance benefits shall MAY not be commenced later than 1 year
after the accident.

Sec. 3148. (1) AN SUBJECT TO SUBSECTION (4), AN attorney is
entitled to a reasonable fee for advising and representing a
claimant in an action for personal or property protection insurance
benefits which THAT are overdue. The attorney's ATTORNEY fee shall
be IS a charge against the insurer in addition to the benefits
recovered, if the court finds that the insurer unreasonably refused
to pay the claim or unreasonably delayed in making proper payment.

(2) AN A COURT MAY AWARD AN insurer may be allowed by a court
an award of a reasonable AMOUNT against a claimant as an
attorney's ATTORNEY fee for the insurer's attorney in defense
DEFENDING against a claim that was in some respect fraudulent or so
excessive as to have no reasonable foundation.
(3) To the extent that personal or property protection insurance benefits are then due or thereafter come due to the claimant because of loss resulting from the injury on which the claim is based, such a **AN ATTORNEY** fee awarded in favor of the insurer may be treated as an offset against such the benefits. Also, judgment may also be entered against the claimant for any amount of a **AN ATTORNEY** fee awarded against him and that is not offset in this way against benefits or otherwise paid.

(4) A court shall not award a fee to an attorney for advising or representing a claimant in an action for personal or property protection insurance benefits for a treatment, product, service, rehabilitative occupational training, or accommodation provided to the claimant if the attorney or a related person of the attorney has, or had at the time the treatment, product, service, rehabilitative occupational training, or accommodation was provided, a direct or indirect financial interest in the person that provided the treatment, product, service, rehabilitative occupational training, or accommodation. For purposes of this subsection, a direct or indirect financial interest exists if the person that provided the treatment, product, service, rehabilitative occupational training, or accommodation makes a direct or indirect payment or grants a financial incentive to the attorney or a related person of the attorney relating to the treatment, product, service, rehabilitative occupational training, or accommodation within 24 months before or after the treatment, product, service, rehabilitative occupational training, or
ACCOMMODATION IS PROVIDED.

Sec. 3151. When the mental or physical condition of a person is material to a claim that has been or may be made for past or future personal protection insurance benefits, the person shall submit to mental or physical examination by physicians. A PHYSICIAN AS PROVIDED IN SECTION 3151A. A personal protection insurer may include reasonable provisions in a personal protection insurance policy for mental and physical examination of persons claiming personal protection insurance benefits, IF THE PROVISIONS DO NOT CONTRADICT THIS CHAPTER.

SEC. 3151A. (1) THE NO-FAULT INDEPENDENT MEDICAL EXAMINATION BOARD IS CREATED WITHIN THE DEPARTMENT.

(2) THE BOARD CONSISTS OF THE FOLLOWING MEMBERS, APPOINTED BY THE GOVERNOR:

(A) A MEMBER OF THE STATE BAR WHO IS FAMILIAR WITH AND EXPERIENCED IN PRACTICE UNDER THIS CHAPTER.

(B) A PHYSICIAN WHO IS A SPECIALIST IN ORTHOPEDIC MEDICINE.

(C) A PHYSICIAN WHO IS A SPECIALIST IN NEUROSURGERY.

(D) A PHYSICIAN WHO IS A SPECIALIST IN NEUROLOGY.

(E) A PHYSICIAN WHO IS A SPECIALIST IN NEUROPSYCHIATRY.

(F) A PHYSICIAN WHO IS A SPECIALIST IN PSYCHIATRY.

(G) A PHYSICIAN WHO IS A SPECIALIST IN PHYSICAL MEDICINE AND REHABILITATION.

(3) THE GOVERNOR SHALL APPOINT, AS PHYSICIAN MEMBERS OF THE BOARD, PHYSICIANS WHO ARE LICENSED IN THIS STATE AND THE MAJORITY OF WHOM PRACTICE CONSISTS OF THE ACTIVE CLINICAL PRACTICE OF THE APPLICABLE SPECIALTY AND NOT THE EXAMINATION OF
INDIVIDUALS WHO ARE LITIGANTS OR POTENTIAL LITIGANTS IN LAWSUITS UNDER THIS CHAPTER.

(4) THE GOVERNOR SHALL APPOINT THE FIRST MEMBERS TO THE BOARD WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION. MEMBERS OF THE BOARD SHALL SERVE FOR TERMS OF 4 YEARS OR UNTIL A SUCCESSOR IS APPOINTED, WHICHEVER IS LATER, EXCEPT THAT OF THE MEMBERS FIRST APPOINTED, 2 OF THE PHYSICIAN MEMBERS SHALL SERVE FOR 1 YEAR, 2 OF THE PHYSICIAN MEMBERS SHALL SERVE FOR 2 YEARS, AND THE FINAL 2 PHYSICIANS AND THE LAWYER MEMBERS SHALL SERVE FOR 3 YEARS.

(5) IF A VACANCY OCCURS ON THE BOARD, THE GOVERNOR SHALL MAKE AN APPOINTMENT FOR THE UNEXPIRED TERM IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT.

(6) THE GOVERNOR MAY REMOVE A MEMBER OF THE BOARD FOR INCOMPETENCE, DERELICTION OF DUTY, MALFEASANCE, MISFEASANCE, OR NONFEASANCE IN OFFICE, OR ANY OTHER GOOD CAUSE.

(7) THE FIRST MEETING OF THE BOARD SHALL BE CALLED BY THE DIRECTOR. AT THE FIRST MEETING, THE BOARD SHALL ELECT FROM AMONG ITS MEMBERS A CHAIRPERSON AND OTHER OFFICERS AS IT CONSIDERS NECESSARY OR APPROPRIATE. AFTER THE FIRST MEETING, THE BOARD SHALL MEET AT LEAST QUARTERLY, OR MORE FREQUENTLY AT THE CALL OF THE CHAIRPERSON OR IF REQUESTED BY 3 OR MORE MEMBERS.


(9) THE BOARD SHALL CONDUCT ITS BUSINESS AT PUBLIC MEETINGS HELD IN COMPLIANCE WITH THE OPEN MEETINGS ACT, 1976 PA 267, MCL
15.261 TO 15.275. HOWEVER, THE BOARD MAY GO INTO EXECUTIVE SESSION TO DISCUSS ANY MATTERS RELATED TO MATTERS THAT ARE PROTECTED BY THE PHYSICIAN–PATIENT PRIVILEGE, INCLUDING MATTERS THAT ARE REQUIRED TO BE DISCLOSED IN THE COURSE OF AN ACTION UNDER THIS CHAPTER.

(10) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF, OR RETAINED BY THE BOARD IN THE PERFORMANCE OF AN OFFICIAL FUNCTION IS SUBJECT TO THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246. THIS SUBSECTION DOES NOT APPLY TO A WRITING THAT IS PROTECTED BY THE PHYSICIAN–PATIENT PRIVILEGE, INCLUDING A WRITING THAT IS REQUIRED TO BE DISCLOSED IN THE COURSE OF AN ACTION UNDER THIS CHAPTER.


(12) THE BOARD SHALL DO ALL OF THE FOLLOWING:

(A) SELECT AND APPOINT PHYSICIANS WHO ARE LICENSED TO PRACTICE MEDICINE IN THIS STATE AND, AS NECESSARY, OTHER INDIVIDUALS WHO ARE LICENSED UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.16101 TO 333.18838, TO CONDUCT EXAMINATIONS UNDER SECTION 3151.

(B) APPROVE EXAMINATION FEES TO BE CHARGED BY INDIVIDUALS WHO CONDUCT EXAMINATIONS UNDER SECTION 3151.

(C) AS THE BOARD DETERMINES TO BE NECESSARY AND APPROPRIATE,
ADOPT PROCEDURES AND STANDARDS TO BE USED BY INDIVIDUALS WHO
CONDUCT EXAMINATIONS UNDER SECTION 3151.

(D) REVIEW REPORTS OF INDIVIDUALS WHO CONDUCT EXAMINATIONS
UNDER SECTION 3151 AS THE BOARD DETERMINES NECESSARY TO MAINTAIN
QUALITY AND INDEPENDENCE OF THE INDIVIDUALS WHO CONDUCT
EXAMINATIONS UNDER SECTION 3151.

(E) INVESTIGATE AND TAKE ACTION ON COMPLAINTS ABOUT THE
QUALITY AND INDEPENDENCE OF EXAMINATIONS CONDUCTED BY THE
INDIVIDUALS SELECTED BY THE BOARD.

(F) ANYTHING ELSE THAT IS NECESSARY TO CARRY OUT THE BOARD'S
DUTIES UNDER THIS SECTION.

(13) A PERSON THAT WISHES TO HAVE AN INJURED PERSON EXAMINED
UNDER SECTION 3151 SHALL HAVE THE EXAMINATION CONDUCTED ONLY BY AN
INDIVIDUAL APPOINTED BY THE BOARD UNDER SUBSECTION (12).

(14) AS USED IN THIS SECTION, "BOARD" MEANS THE NO-FAULT
INDEPENDENT MEDICAL EXAMINATION BOARD CREATED BY THIS SECTION.

Sec. 3153. A court may make such orders in regard to the refusal to comply with sections 3151 and 3152 as are just, except that THE COURT SHALL NOT ENTER an order shall not be entered directing the arrest of a person for disobeying an order to submit to a physical or mental examination. The orders that may be made in regard to such refusal include, but are not limited to:

(a) An order that the mental or physical condition of the disobedient person shall be taken to be established for the purposes of the claim in accordance with the contention of the party obtaining the order.

(b) An order refusing to allow the disobedient person to
support or oppose designated claims or defenses, or prohibiting him
OR HER from introducing evidence of mental or physical condition.

(c) An order rendering judgment by default against the
disobedient person as to his OR HER entire claim or a designated
part of it.

(d) An order requiring the disobedient person to reimburse the
insurer for reasonable attorneys' fees and expenses incurred in
defense against the claim.

(e) An order requiring delivery of a report, in conformity
with section 3152, on such terms as THAT are just, and if a
physician fails or refuses to make the report, —THE court may
exclude his —THE PHYSICIAN'S testimony if offered at trial.

SEC. 3156. (1) AN INSURER THAT ISSUES INSURANCE POLICIES THAT
PROVIDE COVERAGE FOR THE SECURITY REQUIRED UNDER SECTION 3101(1)
MAY CONTRACT WITH ANOTHER PERSON TO DO 1 OR MORE OF THE FOLLOWING
IN CONNECTION WITH PROVIDING TREATMENT AS REQUIRED BY THIS CHAPTER:

(A) NEGOTIATE, BEFORE THE PROVISION OF TREATMENT OR SUBMISSION
OF A CLAIM FOR PAYMENT, WITH A PROVIDER TO ESTABLISH AMOUNTS THAT
THE PROVIDER WILL CHARGE THE INSURER FOR PROVIDING TREATMENT
COVERED BY THE INSURER'S POLICIES.

(B) NEGOTIATE, AFTER THE PROVISION OF TREATMENT OR SUBMISSION
OF A CLAIM FOR PAYMENT, WITH A PROVIDER TO ESTABLISH AMOUNTS THAT
THE PROVIDER WILL ACCEPT FROM THE INSURER FOR TREATMENT RENDERED TO
AN INJURED PERSON COVERED BY THE INSURER'S POLICY.

(C) ON BEHALF OF THE INSURER, ADMINISTER ALL OR A PORTION OF
THE ACCEPTANCE, REVIEW, NEGOTIATION, AND PAYMENT OF CLAIMS FOR
PAYMENT FOR TREATMENT COVERED BY THE INSURER'S POLICIES.
(2) AS USED IN THIS SECTION:

(A) "PROVIDER" MEANS A PERSON THAT PROVIDES TREATMENT.

(B) "TREATMENT" INCLUDES TREATMENT, PRODUCTS, SERVICES, AND TRAINING PROVIDED FOR AN INJURED PERSON FOR AN ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION INSURANCE.

Sec. 3157. (1) A physician, hospital, clinic, or other person or institution lawfully rendering treatment to an injured person for an accidental bodily injury covered by personal protection insurance, and OR a person or institution providing rehabilitative occupational training following the injury, may charge a reasonable amount for the products, services, and OR accommodations rendered, SUBJECT TO SUBSECTION (5). The charge shall MUST not exceed the amount the person or institution customarily charges for like products, services, and OR accommodations in cases THAT DO not involving insurance. SUBJECT TO SUBSECTION (5), AFTER JULY 1, 2019 AND BEFORE DECEMBER 31, 2026, FOR A PRODUCT OR SERVICE OR ACCOMMODATIONS PROVIDED BY A HOSPITAL, 75% OF THE HOSPITAL'S STANDARD CHARGES FOR THE PRODUCT, SERVICE, OR ACCOMMODATIONS, AS DEFINED BY THE HOSPITAL'S CHARGE DESCRIPTION MASTER IN PLACE ON DECEMBER 31, 2018, IS A REASONABLE AMOUNT FOR PURPOSES OF THIS SUBSECTION, AND THE HOSPITAL SHALL ACCEPT THE AMOUNT AS PAYMENT UNDER THIS SUBSECTION. AFTER DECEMBER 30, 2026, A HOSPITAL'S CHARGES MUST NOT INCREASE FOR ANY PERIOD BY A PERCENTAGE THAT IS GREATER THAN THE PERCENTAGE INCREASE IN THE MEDICAL CARE COMPONENT OF THE CONSUMER PRICE INDEX FOR THAT PERIOD.

(2) SUBSECTION (1) APPLIES TO ALL NONEMERGENCY CARE PROVIDED AT A HOSPITAL. SUBJECT TO SUBSECTION (5), SUBSECTION (1) DOES NOT
APPLY TO TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS PROVIDED
BY A LEVEL 1 OR LEVEL 2 TRAUMA CENTER FOR EMERGENCY CARE.

(3) BY OCTOBER 31, 2019, THE DIRECTOR SHALL ESTABLISH A
STANDARD, MODEL CONTRACT THAT IS DESIGNED TO PROMOTE AFFORDABLE
PERSONAL PROTECTION INSURANCE COVERAGE WHILE NOT DIMINISHING
COVERAGE LEVELS OR QUALITY OF CARE. TO THIS END, THE DIRECTOR SHALL
CONSULT WITH STATE RURAL AND URBAN HOSPITALS AND TRAUMA CENTERS AND
WITH AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE. THE MODEL
CONTRACT MUST PROVIDE FOR HEALTH CARE COST CONTROLS INCLUDING, BUT
NOT LIMITED TO, ALL OF THE FOLLOWING:

(A) UTILIZATION REVIEW.

(B) TIMELY PAYMENT.

(C) ELECTRONIC CLAIMS SUBMISSION.

(D) MEDICAL NECESSITY STANDARDS.

(4) BY NOVEMBER 1, 2019, THE DIRECTOR SHALL SOLICIT PROPOSALS
FROM THIRD PARTY ADMINISTRATORS TO ADMINISTER AND PROMOTE THE MODEL
CONTRACT ESTABLISHED UNDER SUBSECTION (3) TO AUTOMOBILE INSURERS
AND HOSPITALS. BY JANUARY 1, 2020, THE DIRECTOR SHALL SELECT 1 OR
MORE THIRD PARTY ADMINISTRATORS. THE THIRD PARTY ADMINISTRATORS
SHALL PROMPTLY UPON SELECTION BEGIN TO NEGOTIATE WITH HOSPITALS
WITH THE GOAL OF Creating DISCOUNTS APPLICABLE UNDER THE MODEL
CONTRACT THAT ARE GREATER THAN THE 75% DISCOUNT DESCRIBED IN
SUBSECTION (1) AND THAT WILL APPLY BETWEEN THE INSURERS AND
HOSPITALS, SUBJECT TO SUBSECTION (5).

(5) AN INSURER AND A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER
PERSON THAT RENDERS TREATMENT OR PROVIDES REHABILITATIVE
OCCUPATIONAL TRAINING TO AN INJURED PERSON FOR AN ACCIDENTAL BODILY
INJURY COVERED BY PERSONAL PROTECTION INSURANCE SHALL, IN GOOD
FAITH, CONFER AND NEGOTIATE ISSUES CONCERNING PRICES, PAYMENTS,
DISCOUNTS, AND DEBT. HOWEVER, THIS SUBSECTION DOES NOT OBLIGATE
EITHER PARTY TO AGREE TO A PROPOSAL.

(6) AS USED IN THIS SECTION:

(A) "CHARGE ACCOUNT MASTER" MEANS A UNIFORM SCHEDULE OF
CHARGES REPRESENTED BY THE HOSPITAL AS ITS GROSS BILLED CHARGE FOR
A GIVEN SERVICE OR ITEM, REGARDLESS OF PAYER TYPE.

(B) "CONSUMER PRICE INDEX" MEANS THE MOST COMPREHENSIVE INDEX
OF CONSUMER PRICES AVAILABLE FOR THIS STATE FROM THE UNITED STATES
DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

(C) "LEVEL 1 OR LEVEL 2 TRAUMA CENTER" MEANS A HOSPITAL THAT
IS VERIFIED AS A LEVEL I OR LEVEL II TRAUMA CENTER BY THE AMERICAN
COLLEGE OF SURGEONS COMMITTEE ON TRAUMA.

(D) "PERSON", AS PROVIDED IN SECTION 114, INCLUDES AN
INSTITUTION.

SEC. 3157A. (1) AN INSURER THAT PROVIDES PERSONAL PROTECTION
INSURANCE COVERAGE UNDER THIS CHAPTER SHALL ESTABLISH A MEANS BY
WHICH PROVIDERS OF PRODUCTS, SERVICES, AND ACCOMMODATIONS FOR THE
CARE, RECOVERY, OR REHABILITATION OF INJURED PERSONS INSURED UNDER
THE INSURER'S POLICIES MAY SUBMIT CLAIMS FOR PAYMENT OR
REIMBURSEMENT TO THE INSURER ELECTRONICALLY.

(2) A PERSON THAT WISHES TO BE PAID OR REIMBURSED UNDER THIS
CHAPTER FOR PRODUCTS, SERVICES, AND ACCOMMODATIONS PROVIDED FOR AN
INJURED PERSON'S CARE, RECOVERY, OR REHABILITATION SHALL CLAIM
PAYMENT OR REIMBURSEMENT USING THE SYSTEM ESTABLISHED UNDER THIS
SECTION BY THE APPLICABLE INSURER.
Sec. 3301. (1) Every insurer authorized to write automobile insurance in this state shall participate in an organization for the purpose of doing all of the following:

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

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

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

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

Sec. 3330. (1) The board of governors has the power to direct the operation of the facility, including, at a minimum, the power to do all of the following:

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

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

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

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

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

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

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

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

(I) Until December 31, 2025, to collect from participating members and self-insurers money paid at the discretion of the members and self-insurers to cover anticipated costs of operation and administration of the Michigan Automobile Insurance Fraud Authority. A member or self-insurer that pays money for the costs and administration of the Michigan Automobile Insurance Fraud Authority shall not pay the money from premium revenue, but shall pay the money from other earnings or investments. Notwithstanding any other provision of this act to the contrary, an insurer, the
DIRECTOR OR DEPARTMENT, OR ANY OTHER PERSON SHALL NOT INCLUDE OR
CONSIDER THE PAYMENT OF MONEY AS DESCRIBED IN THIS SUBSECTION WITH
RESPECT TO ESTABLISHING A RATE.

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

(3) BEFORE MARCH 1, 2020, THE BOARD OF GOVERNORS SHALL AMEND
THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES NECESSARY
TO COLLECT MONEY AND CARRY OUT THE ADMINISTRATIVE DUTIES AND
FUNCTIONS OF THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY.

Sec. 4501. As used in this chapter:

(a) "Authorized agency" means the department of state police;
a city, village, or township police department; a county sheriff's
department; a United States criminal investigative department or
agency; the prosecuting authority of a city, village, township,
county, or state or of the United States; the office of financial
and insurance regulation; the department of state; the MICHIGAN AUTOMOBILE
INSURANCE FRAUD AUTHORITY; or the department of state.

(b) "Financial loss" includes, but is not limited to, loss of
earnings, out-of-pocket and other expenses, repair and replacement
costs, investigative costs, and claims payments.
(c) "Insurance policy" or "policy" means an insurance policy, benefit contract of a self-funded plan, health maintenance organization contract, nonprofit dental care corporation certificate, or health care corporation certificate.

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

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

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

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

(H) "Practitioner" means a licensee of this state authorized to practice medicine and surgery, psychology, chiropractic, or law, any other licensee of the THIS state, or an unlicensed health care provider whose services are compensated, directly or indirectly, by insurance proceeds, or a licensee similarly licensed in other states and nations, or the practitioner of any nonmedical treatment rendered in accordance with a recognized religious method of healing.
"Runner", "capper", or "steerer" means a person who receives a pecuniary or other benefit from a practitioner, whether directly or indirectly, for procuring or attempting to procure a client, patient, or customer at the direction or request of, or in cooperation with, a practitioner whose intent is to obtain benefits under a contract of insurance or to assert a claim against an insured or an insurer for providing services to the client, patient, or customer. Runner, capper, or steerer does not include a practitioner who procures clients, patients, or customers through the use of public media.

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

CHAPTER 63
MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY
SEC. 6301. AS USED IN THIS CHAPTER:
(A) "AUTHORITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY CREATED IN SECTION 6302.
(B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE ACT AS DESCRIBED IN SECTION 4503 THAT IS COMMITTED IN CONNECTION WITH AUTOMOBILE INSURANCE, INCLUDING AN APPLICATION FOR AUTOMOBILE INSURANCE.
(C) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.
(D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND
COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE
SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE
SECOND PREVIOUS CALENDAR YEAR AS REPORTED TO THE STATISTICAL AGENT
OF EACH INSURER.

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

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

(2) THE AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE
AUTHORITY IS NOT STATE MONEY. HOWEVER, THE AUTHORITY SHALL COMPLY
WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
15.246, AS IF THE AUTHORITY WERE A PUBLIC BODY. A RECORD OR PORTION
OF A RECORD, MATERIAL, DATA, OR OTHER INFORMATION RECEIVED,
PREPARED, USED, OR RETAINED BY THE AUTHORITY IN CONNECTION WITH THE
INVESTMENT OF ASSETS OR OF AN INSURER THAT RELATES TO FINANCIAL OR
PROPRIETARY INFORMATION AND IS CONSIDERED BY THE PERSON OR INSURER
PROVIDING THE AUTHORITY WITH THE RECORD, MATERIAL, DATA, OR
INFORMATION AS CONFIDENTIAL AND ACKNOWLEDGED BY THE AUTHORITY AS
CONFIDENTIAL IS NOT SUBJECT TO DISCLOSURE BY THE AUTHORITY. AS USED
IN THIS SUBSECTION:

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

(B) "PUBLIC BODY" MEANS THAT TERM AS DEFINED IN SECTION 2 OF

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

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

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

(C) PROVIDE FINANCIAL SUPPORT TO AN INDEPENDENT ENTITY, FORMED
BY THE DIRECTOR, TO INVESTIGATE THE CLAIMS PRACTICES OF INSURANCE
COMPANIES AND TO EVALUATE IF THOSE CLAIMS PRACTICES CREATE
UNNECESSARY DISPUTES, TREAT PATIENTS OR MEDICAL PROVIDERS UNFAIRLY,
INCREASE LITIGATION, OR CAUSE UNNECESSARY DELAYS IN THE PAYMENT OF
CLAIMS.

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

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

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

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

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

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

(B) THE DIRECTOR OR HIS OR HER DESIGNEE.

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

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

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

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

(G) TWO MEMBERS WHO REPRESENT THE GENERAL PUBLIC.

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

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

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

(K) TWO LICENSED ATTORNEYS KNOWLEDGEABLE ABOUT CHAPTER 31.

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

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

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

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

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

(11) THE GOVERNOR SHALL APPOINT THE CONSUMER RIGHTS AND PATIENT ADVOCACY MEMBERS OF THE BOARD. IN APPOINTING THESE MEMBERS, THE GOVERNOR SHALL SOLICIT INPUT FROM CONSUMER RIGHTS AND PATIENT ADVOCACY GROUPS IN THIS STATE. THE GOVERNOR SHALL APPOINT INDIVIDUALS WHO ARE RESIDENTS OF THIS STATE AND ARE NOT EMPLOYED BY OR UNDER CONTRACT WITH A STATE OR LOCAL UNIT OF GOVERNMENT OR AN INSURER.
(12) The State Bar of Michigan shall elect the 2 attorney members of the board.

(13) Except as otherwise provided in this subsection, a member of the board shall serve for a term of 4 years or until his or her successor is elected, designated, or appointed, whichever occurs later. Of the members first elected or appointed under this section, 2 members representing insurers, 1 member representing law enforcement agencies, and 1 member who represents the general public shall serve for a term of 2 years, 3 members representing insurers, the member representing prosecuting attorneys, 1 member who represents the general public, 2 members who represent consumer rights and patient advocacy groups, 2 members of the medical community, and 1 of the attorneys elected by the State Bar of Michigan shall serve for a term of 3 years, and 3 members representing insurers, 1 member representing law enforcement agencies, 1 member who represents consumer rights and patient advocacy groups, 2 members of the medical community, and 1 of the attorneys elected by the State Bar of Michigan shall serve for a term of 4 years.

(14) The board is dissolved on January 1, 2025.

Sec. 6303. (1) A member of the board shall serve without compensation, except that the board shall reimburse a member in a reasonable amount for necessary travel and expenses.

(2) A majority of the members of the board constitute a quorum for the transaction of business at a meeting or the exercise of a power or function of the authority, notwithstanding the existence of 1 or more vacancies. Notwithstanding any other provision of law
TO THE CONTRARY, ACTION MAY BE TAKEN BY THE AUTHORITY AT A MEETING
ON A VOTE OF THE MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR
THROUGH THE USE OF AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY
THE BYLAWS OR PLAN OF OPERATION OF THE BOARD. THE AUTHORITY SHALL
MEET AT THE CALL OF THE CHAIR OR AS MAY BE PROVIDED IN THE BYLAWS
OF THE AUTHORITY. MEETINGS OF THE AUTHORITY MAY BE HELD ANYWHERE IN
THIS STATE.

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

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

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

(B) TO CONSULT WITH ITS ATTORNEY.

(C) TO COMPLY WITH STATE OR FEDERAL LAW, RULES, OR REGULATIONS
REGARDING PRIVACY OR CONFIDENTIALITY.
(5) The Board shall display information concerning the Authority's operations and activities, including, but not limited to, the annual financial report required under Section 6310, on a publicly accessible Internet website.

(6) The Board shall keep minutes of each board meeting. The board shall make the minutes open to public inspection and available at the address designated on the public notice of its meetings. The Board shall make copies of the minutes available to the public at the reasonable estimated cost for printing and copying. The Board shall include all of the following in the minutes:

(A) The date, time, and place of the meeting.

(B) The names of board members who are present and board members who are absent.

(C) Board decisions made during any portion of the meeting that was open to the public.

(D) All roll call votes taken at the meeting.

SEC. 6304. On January 1, 2025, the Authority is dissolved.

SEC. 6305. The Board has the powers necessary to carry out its duties under this Act, including, but not limited to, the power to do the following:

(A) Sue and be sued in the name of the Authority.

(B) Solicit and accept gifts, grants, loans, and other aid from any person, the Federal government, this State, a local unit of government, or an agency of the Federal government, this State, or a local unit of government.

(C) Make grants and investments.
(D) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION WITH ITS PROPERTY, ASSETS, OR ACTIVITIES.

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

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

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

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

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

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

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

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

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

SEC. 6310. (1) BEGINNING JANUARY 1 OF THE YEAR AFTER THE
EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE
AUTHORITY SHALL PREPARE AND PUBLISH AN ANNUAL FINANCIAL REPORT, AND
BEGINNING JULY 1 OF THE YEAR AFTER THE EFFECTIVE DATE OF THE
AMENDATORY ACT THAT ADDED THIS SECTION, THE AUTHORITY SHALL PREPARE
AND PUBLISH AN ANNUAL REPORT TO THE LEGISLATURE ON THE AUTHORITY'S
EFFORTS TO PREVENT AUTOMOBILE INSURANCE FRAUD, UNFAIR CLAIMS
PRACTICES OF INSURANCE COMPANIES, AND COST SAVINGS THAT HAVE
RESULTED FROM THOSE EFFORTS.

(2) THE ANNUAL REPORT TO THE LEGISLATURE REQUIRED BY THIS
SECTION MUST DETAIL THE AUTOMOBILE INSURANCE FRAUD AND UNFAIR
CLAIMS PRACTICES OF INSURANCE COMPANIES OCCURRING IN THIS STATE FOR
THE PREVIOUS YEAR, ASSESS THE IMPACT OF THE FRAUD AND UNFAIR CLAIMS
PRACTICES OF INSURANCE COMPANIES ON RATES CHARGED FOR AUTOMOBILE
INSURANCE, SUMMARIZE PREVENTION PROGRAMS, AND OUTLINE ALLOCATIONS
MADE BY THE AUTHORITY. THE MEMBERS OF THE BOARD, INSURERS, AND THE
DIRECTOR SHALL COOPERATE IN DEVELOPING THE REPORT AS REQUESTED BY
THE AUTHORITY AND SHALL MAKE AVAILABLE TO THE AUTHORITY RECORDS AND
STATISTICS CONCERNING AUTOMOBILE INSURANCE FRAUD AND UNFAIR CLAIMS
PRACTICES OF INSURANCE COMPANIES, INCLUDING THE NUMBER OF INSTANCES
OF SUSPECTED AND CONFIRMED INSURANCE FRAUD, NUMBER OF PROSECUTIONS
AND CONVICTIONS INVOLVING AUTOMOBILE INSURANCE FRAUD, AUTOMOBILE
INSURANCE FRAUD RECIDIVISM, UNFAIR SETTLEMENT PRACTICES AND CLAIMS
PRACTICES, INCLUDING THE CLAIMS PRACTICES OF THE CATASTROPHIC
CLAIMS ASSOCIATION UNDER SECTION 3104, REIMBURSEMENT RATE
PRACTICES, TIMELINESS OF CLAIMS PRACTICES, AND THE USE OF
INDEPENDENT MEDICAL EXAMINERS AND SPECIAL INVESTIGATION UNITS. THE
AUTHORITY SHALL EVALUATE THE IMPACT AUTOMOBILE INSURANCE FRAUD HAS
ON THE CITIZENS OF THIS STATE AND THE COSTS INCURRED BY THE
CITIZENS THROUGH INSURANCE, POLICE ENFORCEMENT, PROSECUTION, AND
INCARCERATION BECAUSE OF AUTOMOBILE INSURANCE FRAUD. THE AUTHORITY
SHALL EVALUATE THE IMPACT UNFAIR CLAIMS PRACTICES BY INSURERS HAVE
ON THE CITIZENS OF THIS STATE AND SHALL DETERMINE THE COSTS
INCURRED BY THE CITIZENS THROUGH UNNECESSARY LITIGATION AND BAD-
FAITH PRACTICES THAT DELAY, WITHHOLD, OR DENY POLICYHOLDER BENEFITS
 THAT ARE BASED ON LEGITIMATE CLAIMS, INCLUDING SPECIAL
INVESTIGATION UNITS THAT REPORT SUSPECTED FRAUD AND ABUSE CASES
THAT ARE NOT BASED ON INDEPENDENT, APPROPRIATE, AND GOOD-FAITH
INVESTIGATION. THE AUTHORITY SHALL ALSO REPORT ON ALL OF THE
FOLLOWING:
(A) PROCESSING, SUBMISSION, AND BILLING PRACTICES, AND SHALL
RECOMMEND APPROPRIATE STANDARDIZATION PRACTICES.
(B) THE COSTS OF UNNECESSARY LITIGATION AND BAD-FAITH
PRACTICES THAT DELAY, WITHHOLD, OR DENY POLICYHOLDER BENEFITS, AND
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1 SHALL RECOMMEND ANY CHANGES TO EXISTING LAWS TO REDUCE THESE COSTS.

2 (3) THE AUTHORITY SHALL SUBMIT THE ANNUAL REPORT TO THE

3 LEGISLATURE REQUIRED BY THIS SECTION TO THE SENATE AND HOUSE OF

4 REPRESENTATIVES STANDING COMMITTEES WITH PRIMARY JURISDICTION OVER

5 INSURANCE ISSUES AND THE DIRECTOR.

   Enacting section 1. Sections 2106 and 2108 of the insurance
   code of 1956, 1956 PA 218, MCL 500.2106 and 500.2108, as amended by
   this amendatory act, apply to insurance policies issued or renewed
   on or after 90 days after the effective date of this amendatory
   act.

   Enacting section 2. Section 3112 of the insurance code of
   1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act,
   is curative and intended to clarify the original intent of the
   legislature and correct the holding of the Michigan supreme court
   in Covenant Med Ctr, Inc v State Farm Mut Auto Ins Co, 500 Mich 191
   (2017), and must be retroactively applied.

   Enacting section 3. Section 3135 of the insurance code of
   1956, 1956 PA 218, MCL 500.3135, as amended by this amendatory act,
   is intended to codify and give full effect to the opinion of the