

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 150, 224, 1244, 2038, 2040, 2069, 2105, 2106,
2108, 2111, 2118, 2120, 2151, 3009, 3101, 3101a, 3104, 3107, 3109a,
3111, 3112, 3113, 3114, 3115, 3135, 3142, 3145, 3148, 3151, 3157,
3163, 3172, 3173a, 3174, 3175, and 3177 (MCL 500.150, 500.224,
500.1244, 500.2038, 500.2040, 500.2069, 500.2105, 500.2106,
500.2108, 500.2111, 500.2118, 500.2120, 500.2151, 500.3009,
500.3101, 500.3101a, 500.3104, 500.3107, 500.3109a, 500.3111,
500.3112, 500.3113, 500.3114, 500.3115, 500.3135, 500.3142,
500.3145, 500.3148, 500.3151, 500.3157, 500.3163, 500.3172,
500.3173a, 500.3174, 500.3175, and 500.3177), section 150 as
amended by 1992 PA 182, section 224 as amended by 2007 PA 187,
section 1244 as amended by 2001 PA 228, section 2069 as amended by



1989 PA 306, section 2108 as amended by 2015 PA 141, section 2111 as amended by 2012 PA 441, sections 2118 and 2120 as amended by 2007 PA 35, section 2151 as added by 2012 PA 165, sections 3009 and 3113 as amended by 2016 PA 346, section 3101 as amended by 2017 PA 140, section 3101a as amended by 2018 PA 510, 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 3114 as amended by 2016 PA 347, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, sections 3172, 3173a, 3174, and 3175 as amended by 2012 PA 204, and section 3177 as amended by 1984 PA 426, and by adding sections 261, 271, 2013a, 2111f, 2116b, 2162, 3107c, 3107d, 3107e, 3157a, and 3157b and chapters 31A and 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 150. (1) Any person who violates any provision of this
 2 act for which a specific penalty is not provided under any other
 3 provision of this act or of other laws applicable to the violation
 4 ~~shall~~ **MUST** be afforded an opportunity for a hearing before the
 5 ~~commissioner pursuant to~~ **DIRECTOR UNDER** the administrative
 6 procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969,~~
 7 ~~being sections 1969 PA 306, MCL 24.201 to 24.328. of the Michigan~~
 8 ~~Compiled Laws.~~ If the ~~commissioner~~ **DIRECTOR** finds that a violation
 9 has occurred, the ~~commissioner~~ **DIRECTOR** shall reduce the findings
 10 and decision to writing and ~~shall~~ issue and cause to be served ~~upon~~
 11 **ON** the person charged with the violation a copy of the findings and
 12 an order requiring the person to cease and desist from the
 13 violation. In addition, the ~~commissioner~~ **DIRECTOR** may order any of
 14 the following:



1 (a) Payment of a civil fine of not more than ~~\$500.00~~ **\$1,000.00**
 2 for each violation. However, if the person knew or reasonably
 3 should have known that he or she was in violation of this act, the
 4 ~~commissioner~~ **DIRECTOR** may order the payment of a civil fine of not
 5 more than ~~\$2,500.00~~ **\$5,000.00** for each violation. With respect to
 6 filings made under chapters 21, 22, 23, 24, and 26, "violation"
 7 means a filing not in compliance with ~~the provisions of those~~
 8 chapters and does not include an action with respect to an
 9 individual policy based ~~upon~~ **ON** a noncomplying filing. An order of
 10 the ~~commissioner~~ **DIRECTOR** under this subdivision ~~shall~~ **MUST** not
 11 require the payment of civil fines exceeding ~~\$25,000.00.~~
 12 **\$50,000.00.** A fine collected under this subdivision ~~shall~~ **MUST** be
 13 turned over to the state treasurer and credited to the general
 14 fund.

15 (b) The suspension, limitation, or revocation of the person's
 16 license or certificate of authority.

17 (2) After notice and opportunity for hearing, the ~~commissioner~~
 18 **DIRECTOR** may by order reopen and alter, modify, or set aside, in
 19 whole or in part, an order issued under this section if, in the
 20 ~~commissioner's~~ **DIRECTOR'S** opinion, conditions of fact or law have
 21 changed to require that action or the public interest requires that
 22 action.

23 (3) If a person knowingly violates a cease and desist order
 24 under this section and has been given notice and an opportunity for
 25 a hearing held ~~pursuant to Act No. 306 of the Public Acts~~ **UNDER THE**
 26 **ADMINISTRATIVE PROCEDURES ACT** of 1969, **1969 PA 306, MCL 24.201 TO**
 27 **24.328,** the ~~commissioner~~ **DIRECTOR** may order a civil fine of



~~\$10,000.00~~ **\$20,000.00** for each violation, or a suspension, limitation, or revocation of ~~a~~ **THE** person's license, or both. A fine collected under this subsection ~~shall~~ **MUST** be turned over to the state treasurer and credited to the general fund.

(4) The ~~commissioner~~ **DIRECTOR** may apply to the ~~Ingham county circuit court~~ **OF CLAIMS** for an order of the court enjoining a violation of this act.

Sec. 224. (1) All actual and necessary expenses incurred in connection with the examination or other investigation of an insurer or other person regulated under the ~~commissioner's~~ **DIRECTOR'S** authority ~~shall~~ **MUST** be certified by the ~~commissioner,~~ **DIRECTOR**, together with a statement of the work performed including the number of days spent by the ~~commissioner~~ **DIRECTOR** and each of the ~~commissioner's~~ **DIRECTOR'S** deputies, assistants, employees, and others acting under the ~~commissioner's~~ **DIRECTOR'S** authority. If correct, the expenses ~~shall~~ **MUST** be paid to the persons by whom they were incurred, ~~upon~~ **ON** the warrant of the state treasurer payable from appropriations made by the legislature for this purpose.

(2) Except as otherwise provided in subsection (4), the ~~commissioner~~ **DIRECTOR** shall prepare and present to the insurer or other person examined or investigated a statement of the expenses and reasonable cost incurred for each person engaged ~~upon~~ **ON** the examination or investigation, including amounts necessary to cover the pay and allowances granted to the persons by the Michigan civil service commission, and the administration and supervisory expense including an amount necessary to cover fringe benefits in



1 conjunction with the examination or investigation. Except as
 2 otherwise provided in subsection (4), the insurer or other person,
 3 ~~upon~~**ON** receiving the statement, shall pay to the ~~commissioner~~
 4 **DIRECTOR** the stated amount. The ~~commissioner~~**DIRECTOR** shall deposit
 5 the ~~funds~~**MONEY** with the state treasurer as provided in section
 6 225.

7 (3) The ~~commissioner~~**DIRECTOR** may employ attorneys, actuaries,
 8 accountants, investment advisers, and other expert personnel not
 9 otherwise employees of this state reasonably necessary to assist in
 10 the conduct of the examination or investigation or proceeding with
 11 respect to an insurer or other person regulated under the
 12 ~~commissioner's~~**DIRECTOR'S** authority at the insurer's or other
 13 person's expense except as otherwise provided in subsection (4).
 14 Except as otherwise provided in subsection (4), ~~upon~~**ON**
 15 certification by the ~~commissioner~~**DIRECTOR** of the reasonable
 16 expenses incurred under this section, the insurer or other person
 17 examined or investigated shall pay those expenses directly to the
 18 person or firm rendering assistance to the ~~commissioner~~**DIRECTOR**.
 19 Expenses paid directly to such person or firm and the regulatory
 20 fees imposed by this section ~~shall be~~**ARE** examination expenses
 21 under section 22e of the former single business tax act, 1975 PA
 22 228, or under section 239(1) of the Michigan business tax act, 2007
 23 PA 36, MCL 208.1239.

24 (4) An insurer is subject to a regulatory fee instead of the
 25 costs and expenses provided for in subsections (2) and (3). By June
 26 30 of each year or within 30 days after the enactment into law of
 27 any appropriation for the ~~insurance bureau's~~**DEPARTMENT'S**



operation, the ~~commissioner~~**DIRECTOR** shall impose ~~upon~~**ON** all insurers authorized to do business in this state a regulatory fee calculated as follows:

(a) As used in this subsection:

(i) "A" means total annuity considerations written in this state in the ~~immediately~~-preceding year.

(ii) "B" means base assessment rate. The base assessment rate ~~shall~~**MUST** not exceed .00038 and ~~shall~~**MUST** be a fraction, the numerator of which is the total regulatory fee and the denominator of which is the total amount of direct underwritten premiums written in this state by all insurers for the ~~immediately~~-preceding calendar year, as reported to the ~~commissioner~~**DIRECTOR** on the insurer's annual statements filed with the ~~commissioner~~**DIRECTOR**.

(iii) "I" means all direct underwritten premiums other than life insurance premiums and annuity considerations written in this state in the ~~immediately~~-preceding year by all insurers.

(iv) "L" means all direct underwritten life insurance premiums written in this state in the ~~immediately~~-preceding year by all life insurers.

(v) Total regulatory fee ~~shall~~**MUST** not exceed 80% of the gross appropriations for the ~~insurance bureau's~~**DEPARTMENT'S** operation for a fiscal year and ~~shall~~**MUST** be the difference between the gross appropriations for the ~~insurance bureau's~~**DEPARTMENT'S** operation for that current fiscal year and any restricted revenues, other than the regulatory fee itself, as identified in the gross appropriation for the ~~insurance bureau's~~**DEPARTMENT'S** operation.



(vi) Direct premiums written in this state do not include any amounts that represent claims payments that are made on behalf of, or administrative fees that are paid in connection with, any administrative service contract, cost-plus arrangement, or any other noninsured or self-insured business.

(b) Two actual assessment rates ~~shall~~**MUST** be calculated so as to distribute 75% of the burden of the regulatory fee shortfall created by the exclusion of annuity considerations from the assessment base to life insurance and 25% to all other insurance. The 2 actual assessment rates ~~shall~~**MUST** be determined as follows:

(i) $L \times B + .75 \times B \times A$ = assessment rate for life insurance.

(ii) $I \times B + .25 \times B \times A$ = assessment rate for insurance other than life insurance.

(c) Each insurer's regulatory fee ~~shall~~**MUST** be a minimum fee of \$250.00 and ~~shall~~**MUST** be determined by multiplying the actual assessment rate by the assessment base of that insurer as determined by the ~~commissioner~~**DIRECTOR** from the insurer's annual statement for the immediately preceding calendar year filed with the ~~commissioner~~**DIRECTOR**.

(5) Not less than ~~67%~~**55%** of the revenue derived from the regulatory fee under subsection (4) ~~shall~~**MAY** be used for the regulation of financial conduct of persons regulated under the ~~commissioner's~~**DIRECTOR'S** authority and for the regulation of persons regulated under the ~~commissioner's~~**DIRECTOR'S** authority engaged in the business of health care and health insurance in this state.



(6) The amount, if any, by which amounts credited to the ~~commissioner pursuant to~~ **DIRECTOR UNDER** section 225 exceed actual expenditures ~~pursuant to~~ **UNDER** appropriations for the insurance bureau's ~~DEPARTMENT'S~~ operation for a fiscal year ~~shall~~ **MUST** be credited toward the appropriation for the ~~insurance bureau~~ **DEPARTMENT** in the next fiscal year.

(7) All money paid into the state treasury by an insurer under this section ~~shall~~ **MUST** be credited as provided under section 225.

(8) ~~A~~ **AN INSURER SHALL NOT TREAT A** regulatory fee under this section ~~shall not be treated by an insurer as a levy or excise upon~~ **ON** premium but as a regulatory burden that is apportioned in relation to insurance activity in this state. ~~and~~ **A REGULATORY FEE UNDER THIS SECTION** reflects the insurance regulatory burden on this state as a result of this insurance activity. A foreign or alien insurer authorized to do business in this state may consider the liability required under this section as a burden imposed by this state in the calculation of the insurer's liability required under section 476a.

(9) An insurer may file with the ~~commissioner~~ **DIRECTOR** a protest to the regulatory fee imposed not later than 15 days after receipt of the regulatory fee. The ~~commissioner~~ **DIRECTOR** shall review the grounds for the protest and ~~shall~~ hold a conference with the insurer at the insurer's request. The ~~commissioner~~ **DIRECTOR** shall transmit his or her findings to the insurer with a restatement of the regulatory fee based ~~upon~~ **ON** the findings. Statements of regulatory fees to which protests have not been made and restatements of regulatory fees are due and ~~shall~~ **MUST** be paid



1 not later than 30 days after their receipt. Regulatory fees that
 2 are not paid when due bear interest on the unpaid fee, which ~~shall~~
 3 **MUST** be calculated at 6-month intervals from the date the fee was
 4 due at a rate of interest equal to 1% plus the average interest
 5 rate paid at auctions of 5-year United States treasury notes during
 6 the 6 months ~~immediately~~ preceding July 1 and January 1, as
 7 certified by the state treasurer, and compounded annually, until
 8 the assessment is paid in full. An insurer who fails to pay its
 9 regulatory fee within the prescribed time limits may have its
 10 certificate of authority or license suspended, limited, or revoked
 11 as the ~~commissioner~~ **DIRECTOR** considers warranted until the
 12 regulatory fee is paid. If the ~~commissioner~~ **DIRECTOR** determines
 13 that a regulatory fee or a part of a regulatory fee paid by an
 14 insurer is in excess of the amount legally due and payable, the
 15 amount of the excess ~~shall~~ **MUST** be refunded or, at the insurer's
 16 option, be applied as a credit against the regulatory fee for the
 17 next fiscal year. An overpayment of \$100.00 or less ~~shall~~ **MUST** be
 18 applied as a credit against the insurer's regulatory fee for the
 19 next fiscal year unless the insurer had a \$100.00 or less
 20 overpayment in the immediately preceding fiscal year. If the
 21 insurer had a \$100.00 or less overpayment in the immediately
 22 preceding fiscal year, at the insurer's option, the current fiscal
 23 year overpayment of \$100.00 or less ~~shall~~ **MUST** be refunded.

24 (10) Any amounts stated and presented to or certified,
 25 assessed, or imposed ~~upon~~ **ON** an insurer as provided in subsections
 26 (2), (3), and (4) that are unpaid as of the date that the insurer
 27 is subjected to a delinquency proceeding ~~pursuant to~~ **UNDER** chapter

81 ~~shall be~~ **ARE** regarded as an expense of administering the delinquency proceeding and ~~shall be~~ **ARE** payable as such from the general assets of the insurer.

(11) In addition to the regulatory fee provided in subsection (4), each insurer that locates records or personnel knowledgeable about those records outside this state ~~pursuant to~~ **UNDER** section 476a(3) or section 5256 shall reimburse the ~~insurance bureau~~ **DEPARTMENT** for expenses and reasonable costs incurred by the ~~insurance bureau~~ **DEPARTMENT** as a result of travel and other costs related to examinations or investigations of those records or personnel. The reimbursement ~~shall~~ **MUST** not include any costs that the ~~insurance bureau~~ **DEPARTMENT** would have incurred if the examination had taken place in this state.

(12) As used in this section:

(a) "Annuity considerations" means receipts on the sale of annuities as used in section 22a of the former single business tax act, 1975 PA 228, or in section 235 of the Michigan business tax act, 2007 PA 36, MCL 208.1235.

(b) "Insurer" means an insurer authorized to do business in this state and includes nonprofit health care corporations, dental care corporations, and health maintenance organizations.

SEC. 261. (1) THE DEPARTMENT SHALL MAINTAIN ON ITS INTERNET WEBSITE A PAGE THAT DOES ALL OF THE FOLLOWING:

(A) ADVISES THAT THE DEPARTMENT MAY BE ABLE TO ASSIST A PERSON WHO BELIEVES THAT AN AUTOMOBILE INSURER IS NOT PAYING BENEFITS, NOT MAKING TIMELY PAYMENTS, OR OTHERWISE NOT PERFORMING AS IT IS OBLIGATED TO DO UNDER AN INSURANCE POLICY.



1 (B) ADVISES THE PERSON OF SELECTED IMPORTANT RIGHTS THAT THE
2 PERSON HAS UNDER CHAPTER 20 THAT SPECIFICALLY RELATE TO AUTOMOBILE
3 INSURERS AND THE PAYMENT OF BENEFITS BY AUTOMOBILE INSURERS.

4 (C) ALLOWS THE PERSON TO SUBMIT AN EXPLANATION OF THE FACTS OF
5 THE PERSON'S PROBLEMS WITH THE AUTOMOBILE INSURER.

6 (D) ALLOWS THE PERSON TO SUBMIT ELECTRONICALLY, OR INSTRUCTS
7 THE PERSON HOW TO PROVIDE PAPER COPIES OF, ANY DOCUMENTATION TO
8 SUPPORT THE FACTS SUBMITTED UNDER SUBDIVISION (C).

9 (E) EXPLAINS TO THE PERSON THE STEPS THAT THE DEPARTMENT WILL
10 TAKE AND THAT MAY BE TAKEN AFTER INFORMATION IS SUBMITTED UNDER
11 THIS SECTION.

12 (2) THE DEPARTMENT SHALL MAINTAIN ON ITS INTERNET WEBSITE A
13 PAGE THAT ADVISES CONSUMERS ABOUT THE CHANGES TO AUTOMOBILE
14 INSURANCE IN THIS STATE THAT WERE MADE BY THE AMENDATORY ACT THAT
15 ADDED THIS SECTION, INCLUDING, AMONG ANY OTHER INFORMATION THAT THE
16 DIRECTOR DETERMINES TO BE IMPORTANT, WAYS TO SHOP FOR INSURANCE.

17 (3) THE DEPARTMENT SHALL MAINTAIN ON ITS INTERNET WEBSITE A
18 PAGE OR PAGES THAT ALLOW A PERSON TO REPORT FRAUD AND UNFAIR
19 SETTLEMENT AND CLAIMS PRACTICES.

20 SEC. 271. BY DECEMBER 31 OF 2022 AND EVERY YEAR AFTERWARD
21 THROUGH 2030, THE DEPARTMENT SHALL REVIEW THE EFFECT OF CHANGES
22 MADE TO SECTION 3157 BY THE AMENDATORY ACT THAT ADDED THIS SECTION
23 AND PROVIDE A REPORT TO THE LEGISLATURE ON THE DEPARTMENT'S
24 FINDINGS.

25 Sec. 1244. (1) If the ~~commissioner~~DIRECTOR finds that a
26 person has violated this chapter, after an opportunity for a
27 hearing ~~pursuant to~~UNDER the administrative procedures act of



1 1969, 1969 PA 306, MCL 24.201 to 24.328, the ~~commissioner~~**DIRECTOR**
 2 shall reduce the findings and decision to writing and shall issue
 3 and cause to be served ~~upon~~**ON** the person charged with the
 4 violation a copy of the findings and an order requiring the person
 5 to cease and desist from the violation. In addition, the
 6 ~~commissioner~~**DIRECTOR** may order any of the following:

7 (a) Payment of a civil fine of not more than ~~\$500.00~~**\$1,000.00**
 8 for each violation. However, if the person knew or reasonably
 9 should have known that he or she was in violation of this chapter,
 10 the ~~commissioner~~**DIRECTOR** may order the payment of a civil fine of
 11 not more than ~~\$2,500.00~~**\$5,000.00** for each violation. An order of
 12 the ~~commissioner~~**DIRECTOR** under this subsection ~~shall~~**MUST** not
 13 require the payment of civil fines exceeding ~~\$25,000.00~~
 14 **\$50,000.00**. A fine collected under this subdivision ~~shall~~**MUST** be
 15 turned over to the state treasurer and credited to the general fund
 16 of ~~the~~**THIS** state.

17 (b) A refund of any overcharges.

18 (c) That restitution be made to the insured or other claimant
 19 to cover incurred losses, damages, or other harm attributable to
 20 the acts of the person found to be in violation of this chapter.

21 (d) The suspension or revocation of the person's license.

22 (2) The ~~commissioner~~**DIRECTOR** may by order, after notice and
 23 opportunity for hearing, reopen and alter, modify, or set aside, in
 24 whole or in part, an order issued under this section, if in the
 25 opinion of the ~~commissioner~~**DIRECTOR** conditions of fact or of law
 26 have changed to require that action, or if the public interest
 27 requires that action.



(3) If a person knowingly violates a cease and desist order under this chapter and has been given notice and an opportunity for a hearing held ~~pursuant to~~ **UNDER** the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the ~~commissioner~~ **DIRECTOR** may order a civil fine of not more than ~~\$10,000.00~~ **\$20,000.00** for each violation, ~~or~~ a suspension or revocation of the person's license, or both. An order issued by the ~~commissioner~~ **DIRECTOR** pursuant to **DIRECTOR UNDER** this subsection shall ~~shall~~ **MUST** not require the payment of civil fines exceeding ~~\$50,000.00.~~ **\$100,000.00**. A fine collected under this subsection shall ~~shall~~ **MUST** be turned over to the state treasurer and credited to the general fund of ~~the~~ **THIS** state.

(4) The ~~commissioner~~ **DIRECTOR** may apply to the circuit court of Ingham ~~county~~ **COUNTY** for an order of the court enjoining a violation of this chapter.

SEC. 2013A. (1) THE FAILURE OF AN INSURER TO MATERIALLY COMPLY WITH SECTION 3107E IS AN UNFAIR METHOD OF COMPETITION AND AN UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSURANCE.

(2) THIS SECTION DOES NOT AFFECT ANY OTHER RIGHT OF A PERSON UNDER THIS CHAPTER.

Sec. 2038. (1) If, after opportunity for a hearing held ~~pursuant to Act No. 306 of the Public Acts of~~ **UNDER THE ADMINISTRATIVE PROCEDURES ACT OF** 1969, ~~as amended,~~ **1969 PA 306, MCL 24.201 TO 24.328,** the ~~commissioner~~ **DIRECTOR** determines that the person complained of has engaged in methods of competition or unfair or deceptive acts or practices prohibited by sections 2001 to 2050, the ~~commissioner~~ **DIRECTOR** shall reduce his **OR HER** findings



1 and decision to writing and shall issue and cause to be served ~~upon~~
 2 **ON** the person charged with the violation a copy of the findings and
 3 an order requiring the person to cease and desist from engaging in
 4 that method of competition, act, or practice. ~~and the commissioner~~
 5 **THE DIRECTOR** may **ALSO** order any of the following:

6 (a) Payment of a monetary penalty of not more than ~~\$500.00~~
 7 **\$1,000.00** for each violation but not to exceed an aggregate penalty
 8 of ~~\$5,000.00, \$10,000.00~~, unless the person knew or reasonably
 9 should have known he was in violation of this chapter, in which
 10 case the penalty ~~shall~~ **MUST** not be more than ~~\$2,500.00~~ **\$5,000.00**
 11 for each violation and ~~shall~~ **MUST** not exceed an aggregate penalty
 12 of ~~\$25,000.00~~ **\$50,000.00** for all violations committed in a 6-month
 13 period.

14 (b) Suspension or revocation of the person's license or
 15 certificate of authority if the person knowingly and persistently
 16 violated a provision of this chapter.

17 (c) Refund of any overcharges.

18 (2) The filing of a petition for review does not stay
 19 enforcement of action ~~pursuant to~~ **UNDER** this section, but the
 20 ~~commissioner~~ **DIRECTOR** may grant, or the appropriate court may
 21 order, a stay ~~upon~~ **ON** appropriate terms.

22 (3) ~~Until the expiration of~~ **IF A PETITION FOR REVIEW HAS NOT**
 23 **BEEN FILED WITHIN** the time allowed under section 244, ~~for filing a~~
 24 ~~petition for review if a petition has not been duly filed within~~
 25 ~~that time~~ **UNTIL THE TIME FOR FILING THE PETITION EXPIRES** or, if a
 26 petition for review has been filed within that time, ~~then~~ until the
 27 transcript of the record in the proceeding has been filed in the



1 circuit court, as ~~hereinafter~~ provided **IN THIS CHAPTER**, the
 2 ~~commissioner, upon~~ **DIRECTOR, ON** notice and in a manner as he ~~shall~~
 3 ~~deem~~ **OR SHE CONSIDERS** proper, may modify or set aside in whole or
 4 in part an order issued ~~by him~~ under this section.

5 (4) After the expiration of the time allowed for filing a
 6 petition for review, if a petition has not been ~~duly~~ filed within
 7 that time, the ~~commissioner~~ **DIRECTOR** may at any time, by order,
 8 after notice and opportunity for hearing, reopen and alter, modify,
 9 or set aside, in whole or in part, an order issued ~~by him~~ under
 10 this section, ~~when~~ **IF** in his ~~his~~ **THE DIRECTOR'S** opinion conditions of
 11 fact or of law have so changed as to require that action or if
 12 **REQUIRED BY** the public interest. ~~shall so require.~~

13 Sec. 2040. (1) A person who violates a cease and desist order
 14 of the ~~commissioner~~ **DIRECTOR** under this chapter while the order is
 15 in effect, after notice and an opportunity for a hearing and ~~upon~~
 16 **ON** order of the ~~commissioner~~, **DIRECTOR**, may be subject to any of
 17 the following:

18 (a) A monetary penalty of not more than ~~\$10,000.00~~ **\$20,000.00**
 19 for each violation.

20 (b) Suspension or revocation of the person's license or
 21 certificate of authority.

22 (2) The filing of a petition for review does not stay
 23 enforcement ~~pursuant to~~ **UNDER** this section, but the ~~commissioner~~
 24 **DIRECTOR** may grant, or the appropriate court may order, a stay ~~upon~~
 25 **ON** appropriate terms.

26 (3) A cease and desist order issued by the ~~commissioner~~
 27 ~~pursuant to~~ **DIRECTOR UNDER** section 2043 ~~shall~~ **MUST** not contain

1 fines or other penalties applicable to acts or omissions ~~occurring~~
 2 ~~prior to~~ **THAT OCCUR BEFORE** the date of the cease and desist order.

3 Sec. 2069. Any ~~AN~~ insurer, agent, solicitor, or any ~~OTHER~~
 4 person ~~, firm, association, or corporation, violating any of the~~
 5 ~~provisions of sections~~ **THAT VIOLATES SECTION 2064 and OR 2066 shall**
 6 ~~be~~ **IS** guilty of a misdemeanor. ~~Upon~~ **ON** conviction of violating
 7 section 2066, the offender ~~shall~~ **MUST** be sentenced to pay a fine of
 8 not more than \$100.00 for each violation, or in the discretion of
 9 the court, to imprisonment in the county jail of the county in
 10 which the offense is committed. ~~Upon~~ **ON** conviction of violating
 11 section 2064, the offender ~~shall~~ **MUST** be sentenced to pay a fine of
 12 not more than ~~\$1,000.00~~ **\$2,000.00** for each violation, or in the
 13 discretion of the court, to imprisonment in the county jail of the
 14 county in which the offense is committed.

15 Sec. 2105. (1) ~~No~~ **A** policy of automobile insurance or home
 16 insurance ~~shall~~ **MUST NOT** be offered, bound, made, issued, delivered
 17 or renewed in this state ~~on and after January 1, 1981, except in~~
 18 ~~conformity with~~ **UNLESS THE POLICY CONFORMS TO** this chapter. ~~This~~
 19 ~~chapter shall not apply to policies of automobile insurance or home~~
 20 ~~insurance offered, bound, made, issued, delivered or renewed in~~
 21 ~~this state before January 1, 1981.~~

22 (2) ~~This~~ **EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SUBSECTION**
 23 **(4) AND THIS CHAPTER, THIS** chapter ~~shall~~ **DOES** not apply to
 24 insurance written on a group, franchise, blanket policy, or similar
 25 basis ~~which~~ **THAT** offers home insurance or automobile insurance to
 26 all members of the group, franchise plan, or blanket coverage who
 27 are eligible persons.



1 (3) FOR PURPOSES OF THIS SECTION, A GROUP PLAN INCLUDES A
2 FRANCHISE PLAN, AND, EXCEPT AS PROVIDED IN SUBSECTION (4), IS
3 EXEMPT FROM THIS CHAPTER IF THE GROUP MEETS ALL OF THE FOLLOWING
4 CRITERIA:

5 (A) INDIVIDUALS IN THE GROUP SHARE A COMMON ENTERPRISE OR AN
6 ECONOMIC OR SOCIAL AFFINITY OR RELATIONSHIP.

7 (B) THE GROUP WAS NOT CREATED FOR THE PURPOSES OF OBTAINING
8 INSURANCE.

9 (C) MEMBERSHIP IN THE GROUP IS NOT CONDITIONED ON THE PURCHASE
10 OF INSURANCE.

11 (D) THE INDIVIDUAL MEMBERS OF THE GROUP CAN BE SPECIFICALLY
12 IDENTIFIED.

13 (E) ANY OTHER CRITERIA AS PRESCRIBED BY A RULE PROMULGATED BY
14 THE DIRECTOR UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
15 PA 306, MCL 24.201 TO 24.328.

16 (4) AN INSURER, INCLUDING, BUT NOT LIMITED TO, AN INSURER THAT
17 WRITES INSURANCE AS DESCRIBED IN SUBSECTION (2), SHALL NOT
18 ESTABLISH OR MAINTAIN RATES OR RATING CLASSIFICATIONS FOR
19 AUTOMOBILE INSURANCE BASED ON A FACTOR THAT IS NOT ALLOWED, OR THAT
20 IS PROHIBITED, UNDER SECTION 2111. THIS SUBSECTION DOES NOT
21 PROHIBIT A GROUP DISCOUNT OFFERED TO A GROUP BASED ON THE LOSSES OR
22 EXPENSES, OR BOTH, OF THE GROUP BUT DOES PROHIBIT GROUP MEMBERSHIP
23 BASED ON HOME OWNERSHIP OR POSTAL ZONE.

24 (5) THE AMENDMENTS TO THIS CHAPTER MADE BY THE AMENDATORY ACT
25 THAT ADDED THIS SUBSECTION APPLY TO AN INSURER EXEMPTED FROM ANY OF
26 THE REQUIREMENTS OF THIS CHAPTER UNDER SECTION 2129.

27 (6) THE AMENDMENTS TO THIS CHAPTER MADE BY THE AMENDATORY ACT

1 **THAT ADDED THIS SUBSECTION APPLY BEGINNING JULY 1, 2020.**

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

5 **(2) SUBJECT TO SECTION 2108(6), AN INSURER SHALL FILE RATES**
6 **WITH THE DEPARTMENT FOR APPROVAL IN COMPLIANCE WITH THIS ACT.**

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

9 **(4)** To the extent that other provisions of this ~~code~~**ACT** are
10 inconsistent with ~~the provisions of this chapter, this chapter~~
11 ~~shall govern~~**GOVERNS** with respect to automobile insurance and home
12 insurance.

13 Sec. 2108. **(1)** On the effective date of a manual of
14 classification, manual of rules and rates, rating plan, or
15 modification of a manual of classification, manual of rules and
16 rates, or rating plan that an insurer proposes to use for
17 ~~automobile insurance or home insurance, the insurer shall file the~~
18 manual or plan with the director. **FOR AUTOMOBILE INSURANCE, AN**
19 **INSURER SHALL FILE A MANUAL OR PLAN DESCRIBED IN THIS SUBSECTION IN**
20 **ACCORDANCE WITH SUBSECTION (6).** Each filing under this subsection
21 must state the character and extent of the coverage contemplated.
22 An insurer that is subject to this chapter and that maintains rates
23 in any part of this state shall at all times maintain rates in
24 effect for all eligible persons meeting the underwriting criteria
25 of the insurer.

26 **(2)** An insurer may satisfy its obligation to make filings
27 under subsection (1) by becoming a member of, or a subscriber to, a

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

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

12 (4) A filing under this section must include information that
13 supports the filing with respect to the requirements of section
14 2109. The information may include 1 or more of the following:

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

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

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

20 (d) Any other relevant information.

21 (5) Except as otherwise provided in this subsection, the
22 department shall make a filing under this section and any
23 accompanying information open to public inspection on filing. An
24 insurer or a rating organization filing on the insurer's behalf may
25 designate information included in the filing or any accompanying
26 information as a trade secret. The insurer or the rating
27 organization filing on behalf of the insurer shall demonstrate to

1 the director that the designated information is a trade secret. If
 2 the director determines that the information is a trade secret, the
 3 information is not subject to public inspection and is exempt from
 4 **DISCLOSURE UNDER** the freedom of information act, 1976 PA 442, MCL
 5 15.231 to 15.246. As used in this subsection, "trade secret" means
 6 that term as defined in section 2 of the uniform trade secrets act,
 7 1998 PA 448, MCL 445.1902. However, trade secret does not include
 8 filings and information accompanying filings under this section
 9 that were subject to public inspection before ~~the effective date of~~
 10 ~~the amendatory act that added this sentence.~~ **JANUARY 11, 2016.**

11 **(6) FOR AUTOMOBILE INSURANCE, AN INSURER SHALL FILE A MANUAL**
 12 **OR PLAN IN ACCORDANCE WITH CHAPTER 24, EXCEPT THAT THE MANUAL OR**
 13 **PLAN MUST REMAIN ON FILE FOR A WAITING PERIOD OF 90 DAYS BEFORE IT**
 14 **BECOMES EFFECTIVE, WHICH PERIOD MAY NOT BE EXTENDED BY THE**
 15 **DIRECTOR, AND THE WAITING PERIOD APPLIES REGARDLESS OF WHETHER**
 16 **SUPPORTING INFORMATION IS REQUIRED BY THE DIRECTOR UNDER SECTION**
 17 **2406(1). UPON WRITTEN APPLICATION BY THE INSURER, THE DIRECTOR MAY**
 18 **AUTHORIZE A FILING THAT HE OR SHE HAS REVIEWED TO BECOME EFFECTIVE**
 19 **BEFORE EXPIRATION OF THE WAITING PERIOD.**

20 **(7) ~~(6)~~**An insurer shall not make, issue, or renew a contract
 21 or policy except in accordance with filings that are in effect for
 22 the insurer under this chapter.

23 **(8) A FILING UNDER THIS CHAPTER MUST SPECIFY THAT THE INSURER**
 24 **WILL NOT REFUSE TO INSURE, REFUSE TO CONTINUE TO INSURE, OR LIMIT**
 25 **THE AMOUNT OF COVERAGE AVAILABLE BECAUSE OF THE LOCATION OF THE**
 26 **RISK, AND THAT THE INSURER RECOGNIZES THOSE PRACTICES TO CONSTITUTE**
 27 **REDLINING. AN INSURER SHALL NOT ENGAGE IN REDLINING AS DESCRIBED IN**

1 **THIS SUBSECTION.**

2 Sec. 2111. (1) Notwithstanding any provision of this act or
3 this chapter to the contrary, classifications and territorial base
4 rates used by an insurer in this state with respect to automobile
5 insurance or home insurance ~~shall~~**MUST** conform to the applicable
6 requirements of this section.

7 (2) Classifications established under this section for
8 automobile insurance ~~shall~~**MUST** be based only on 1 or more of the
9 following factors, which ~~shall~~**MUST** be applied by an insurer on a
10 uniform basis throughout this state:

11 (a) With respect to all automobile insurance coverages:

12 (i) Either the age of the driver; the length of driving
13 experience; or the number of years licensed to operate a motor
14 vehicle.

15 (ii) Driver primacy, based on the proportionate use of each
16 vehicle insured under the policy by individual drivers insured or
17 to be insured under the policy.

18 (iii) Average miles driven weekly, annually, or both.

19 (iv) Type of use, such as business, farm, or pleasure use.

20 (v) Vehicle characteristics, features, and options, such as
21 engine displacement, ability of the vehicle and its equipment to
22 protect passengers from injury, and other similar items, including
23 vehicle make and model.

24 (vi) Daily or weekly commuting mileage.

25 (vii) Number of cars insured by the insurer or number of
26 licensed operators in the household. However, number of licensed
27 operators ~~shall~~**MUST** not be used as an indirect measure of marital

- 1 status.
- 2 (viii) Amount of insurance.
- 3 (b) In addition to the factors prescribed in subdivision (a),
4 with respect to personal protection insurance coverage:
- 5 (i) Earned income.
- 6 (ii) Number of dependents of income earners insured under the
7 policy.
- 8 (iii) Coordination of benefits.
- 9 (iv) Use of a safety belt.
- 10 (c) In addition to the factors prescribed in subdivision (a),
11 with respect to collision and comprehensive coverages:
- 12 (i) The anticipated cost of vehicle repairs or replacement,
13 which may be measured by age, price, cost new, or value of the
14 insured automobile, and other factors directly relating to that
15 anticipated cost.
- 16 (ii) Vehicle make and model.
- 17 (iii) Vehicle design characteristics related to vehicle
18 damageability.
- 19 (iv) Vehicle characteristics relating to automobile theft
20 prevention devices.
- 21 (d) With respect to all automobile insurance coverage other
22 than comprehensive, successful completion by the individual driver
23 or drivers insured under the policy of an accident prevention
24 education course that meets the following criteria:
- 25 (i) The course ~~shall~~**MUST** include a minimum of 8 hours of
26 classroom instruction.
- 27 (ii) The course ~~shall~~**MUST** include, but not be limited to, a

1 review of all of the following:

- 2 (A) The effects of aging on driving behavior.
- 3 (B) The shapes, colors, and types of road signs.
- 4 (C) The effects of alcohol and medication on driving.
- 5 (D) The laws relating to the proper use of a motor vehicle.
- 6 (E) Accident prevention measures.
- 7 (F) The benefits of safety belts and child restraints.
- 8 (G) Major driving hazards.
- 9 (H) Interaction with other highway users, such as

10 motorcyclists, bicyclists, and pedestrians.

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

- 18 (a) Substantially at-fault accidents.
 - 19 (b) Convictions for, determinations of responsibility for
 20 civil infractions for, or findings of responsibility in probate
 21 court for civil infractions for violations under chapter VI of the
 22 Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750.
- 23 However, an insured ~~shall~~ **MUST** not be merit rated for a civil
 24 infraction under chapter VI of the Michigan vehicle code, 1949 PA
 25 300, MCL 257.601 to 257.750, for a period of time longer than that
 26 which the secretary of state's office carries points for that
 27 infraction on the insured's motor vehicle record.

(4) An insurer shall not establish or maintain rates or rating classifications for automobile insurance based on ~~sex or marital~~

ANY OF THE FOLLOWING:

(A) **SEX.**

(B) **MARITAL** status.

(C) **HOME OWNERSHIP.**

(D) **EDUCATIONAL LEVEL ATTAINED.**

(E) **OCCUPATION.**

(F) **THE POSTAL ZONE IN WHICH THE INSURED RESIDES.**

(G) **CREDIT SCORE AS PROVIDED IN SECTION 2162.**

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

(6) 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 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.

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

1 (a) Amount and types of coverage.

2 (b) Security and safety devices, including locks, smoke
3 detectors, and similar, related devices.

4 (c) Repairable structural defects reasonably related to risk.

5 (d) Fire protection class.

6 (e) Construction of structure, based on structure size,
7 building material components, and number of units.

8 (f) Loss experience of the insured, based on prior claims
9 attributable to factors under the control of the insured that have
10 been paid by an insurer. An insured's failure, after written notice
11 from the insurer, to correct a physical condition that presents a
12 risk of repeated loss ~~shall be considered~~ **IS** a factor under the
13 control of the insured for purposes of this subdivision.

14 (g) Use of smoking materials within the structure.

15 (h) Distance of the structure from a fire hydrant.

16 (i) Availability of law enforcement or crime prevention
17 services.

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

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

24 **SEC. 2111F. (1) BEFORE JULY 1, 2020, AN INSURER THAT OFFERS**
25 **AUTOMOBILE INSURANCE IN THIS STATE SHALL FILE PREMIUM RATES FOR**
26 **PERSONAL PROTECTION INSURANCE COVERAGE FOR AUTOMOBILE INSURANCE**
27 **POLICIES EFFECTIVE AFTER JULY 1, 2020.**

(2) SUBJECT TO SUBSECTIONS (6) AND (7), THE PREMIUM RATES FILED AS REQUIRED BY SUBSECTION (1), AND ANY SUBSEQUENT PREMIUM RATES FILED BY THE INSURER FOR PERSONAL PROTECTION INSURANCE COVERAGE UNDER AUTOMOBILE INSURANCE POLICIES EFFECTIVE BEFORE JULY 1, 2028, MUST RESULT, AS NEARLY AS PRACTICABLE, IN AN AVERAGE REDUCTION PER VEHICLE FROM THE PREMIUM RATES FOR PERSONAL PROTECTION INSURANCE COVERAGE THAT WERE IN EFFECT FOR THE INSURER ON MAY 1, 2019 AS FOLLOWS:

(A) FOR POLICIES SUBJECT TO THE COVERAGE LIMITS UNDER SECTION 3107C(1) (A), AN AVERAGE 45% OR GREATER REDUCTION PER VEHICLE.

(B) FOR POLICIES SUBJECT TO THE COVERAGE LIMITS UNDER SECTION 3107C(1) (B), AN AVERAGE 35% OR GREATER REDUCTION PER VEHICLE.

(C) FOR POLICIES SUBJECT TO THE COVERAGE LIMITS UNDER SECTION 3107C(1) (C), AN AVERAGE 20% OR GREATER REDUCTION PER VEHICLE.

(D) FOR POLICIES NOT SUBJECT TO ANY COVERAGE LIMIT UNDER SECTION 3107C(1) (D), AN AVERAGE 10% OR GREATER REDUCTION PER VEHICLE.

(3) FOR A POLICY UNDER WHICH AN ELECTION UNDER SECTION 3107D HAS BEEN MADE TO NOT MAINTAIN COVERAGE FOR PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE UNDER SECTION 3107(1) (A), OR FOR A POLICY TO WHICH AN EXCLUSION UNDER SECTION 3109A(2) APPLIES, THE PREMIUM RATES FILED UNDER SUBSECTION (1), AND ANY SUBSEQUENT PREMIUM RATES FILED BY THE INSURER FOR PERSONAL PROTECTION INSURANCE COVERAGE MUST RESULT IN NO PREMIUM CHARGE FOR COVERAGE FOR PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE UNDER SECTION 3107(1) (A).

(4) THE DIRECTOR SHALL REVIEW A FILING SUBMITTED BY AN INSURER

1 UNDER SUBSECTIONS (1) TO (3) FOR COMPLIANCE WITH THIS SECTION.
2 SUBJECT TO SUBSECTION (7), THE DIRECTOR SHALL DISAPPROVE A FILING
3 IF AFTER REVIEW THE DIRECTOR DETERMINES THAT THE FILING DOES NOT
4 RESULT IN THE PREMIUM REDUCTIONS REQUIRED BY SUBSECTIONS (2) AND
5 (3) .

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

11 (6) FOR POLICIES ISSUED FOR THE YEAR BEGINNING JULY 1, 2024
12 AND FOR THE YEAR BEGINNING JULY 1, 2026, AN AUTOMOBILE INSURER THAT
13 OFFERS AUTOMOBILE INSURANCE IN THIS STATE SHALL MAKE FILINGS
14 DEMONSTRATING ITS COMPLIANCE WITH THIS SECTION.

15 (7) AT ANY TIME, AN INSURER MAY APPLY TO THE DIRECTOR FOR
16 APPROVAL TO FILE RATES THAT RESULT IN A LOWER PREMIUM REDUCTION
17 LEVEL OR AN EXEMPTION FROM THE REQUIREMENTS OF SUBSECTION (2) AND
18 THE DIRECTOR SHALL APPROVE THE APPLICATION IF THE RATES OTHERWISE
19 COMPLY WITH THIS ACT AND COMPLIANCE WITH THE PREMIUM REDUCTIONS
20 REQUIRED BY SUBSECTION (2) WILL RESULT IN ANY OF THE FOLLOWING:

21 (A) THE INSURER REACHING THE COMPANY ACTION LEVEL RISK BASED
22 CAPITAL.

23 (B) A VIOLATION OF THE FOURTEENTH AMENDMENT OF THE UNITED
24 STATES CONSTITUTION AS TO THE INSURER. THIS SUBDIVISION DOES NOT
25 APPLY AFTER JULY 1, 2023.

26 (C) A VIOLATION OF SECTION 17 OF ARTICLE I OF THE STATE
27 CONSTITUTION OF 1963, AS TO DEPRIVATION OF PROPERTY WITHOUT DUE

1 PROCESS. THIS SUBDIVISION DOES NOT APPLY AFTER JULY 1, 2023.

2 (8) ANY TIME AFTER JULY 1, 2022, AN INSURER MAY ANNUALLY
3 REPORT TO THE DIRECTOR THE AMOUNT OF SAVINGS REALIZED BY
4 IMPLEMENTATION OF THE FEE SCHEDULE IMPOSED UNDER SECTION 3157 AND
5 THE AMOUNT THE INSURER'S RATE ROLLBACK REQUIRED UNDER THIS SECTION
6 EXCEEDS THE ACTUAL SAVINGS REALIZED BY THE IMPLEMENTATION OF THE
7 PERSONAL INJURY PROTECTION COVERAGE CAPS UNDER SECTION 3107C. THE
8 AMOUNT THE INSURER'S RATE ROLLBACK REQUIRED UNDER THIS SECTION
9 EXCEEDS THE ACTUAL SAVINGS REALIZED BY THE IMPLEMENTATION OF THE
10 PERSONAL INJURY PROTECTION COVERAGE CAPS UNDER SECTION 3107C MAY BE
11 USED AS AN OFFSET TO THE AMOUNT OF SAVINGS REALIZED BY
12 IMPLEMENTATION OF THE FEE SCHEDULE IMPOSED UNDER SECTION 3157.

13 (9) THIS SECTION DOES NOT PROHIBIT AN INCREASE FOR ANY
14 INDIVIDUAL INSURANCE POLICY PREMIUM IF THE INCREASE RESULTS FROM
15 APPLYING RATING FACTORS AS APPROVED UNDER THIS CHAPTER, INCLUDING
16 THE REQUIREMENTS OF THIS SECTION.

17 (10) AFTER JULY 1, 2020 AND BEFORE JULY 1, 2028, AN INSURER
18 SHALL NOT ISSUE OR RENEW AN AUTOMOBILE INSURANCE POLICY IN THIS
19 STATE UNLESS THE PREMIUM RATES FILED BY THE INSURER FOR PERSONAL
20 PROTECTION INSURANCE COVERAGE ARE APPROVED UNDER THIS SECTION.

21 (11) FOR PURPOSES OF CALCULATING A PERSONAL PROTECTION
22 INSURANCE PREMIUM OR PREMIUM RATE UNDER THIS SECTION, THE PREMIUM
23 DOES NOT INCLUDE THE CATASTROPHIC CLAIMS ASSESSMENT IMPOSED UNDER
24 SECTION 3104.

25 (12) IF SUBSECTION (2) OR THE APPLICATION OF SUBSECTION (2) TO
26 ANY INSURER IS FOUND TO BE INVALID BY A COURT, THE REMAINING
27 PORTIONS OF THE AMENDATORY ACT THAT ADDED THIS SECTION ARE NOT

1 SEVERABLE AND SHALL BE DEEMED INVALID AND INOPERABLE.

2 (13) AS USED IN THIS SECTION:

3 (A) "AUTHORIZED CONTROL LEVEL RBC" MEANS THE NUMBER DETERMINED
4 UNDER THE RISK-BASED CAPITAL FORMULA IN ACCORDANCE WITH THE RBC
5 REPORT, INCLUDING RISK-BASED CAPITAL INSTRUCTIONS ADOPTED BY THE
6 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND THE DIRECTOR.

7 (B) "COMPANY ACTION LEVEL RISK BASED CAPITAL" MEANS 2 TIMES
8 THE INSURER'S AUTHORIZED CONTROL LEVEL RBC.

9 (C) "RBC REPORT" MEANS THE REPORT OF THE INSURER'S RBC LEVELS
10 AS REQUIRED BY THE ANNUAL STATEMENT INSTRUCTIONS.

11 SEC. 2116B. (1) SUBJECT TO SUBSECTION (2), AN AUTOMOBILE
12 INSURER SHALL NOT REFUSE TO INSURE, REFUSE TO CONTINUE TO INSURE,
13 LIMIT COVERAGE AVAILABLE TO, CHARGE A REINSTATEMENT FEE FOR, OR
14 INCREASE THE PREMIUMS FOR AUTOMOBILE INSURANCE FOR AN ELIGIBLE
15 PERSON SOLELY BECAUSE THE PERSON PREVIOUSLY FAILED TO MAINTAIN
16 INSURANCE REQUIRED BY SECTION 3101 FOR A VEHICLE OWNED BY THE
17 PERSON.

18 (2) THIS SECTION ONLY APPLIES TO AN ELIGIBLE PERSON THAT
19 APPLIES FOR AUTOMOBILE INSURANCE BEFORE JANUARY 1, 2022.

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

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



1 (a) Criteria identical to the standards set forth in section
2 2103(1).

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

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

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

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



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

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

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

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

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

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

22 (i) Total abstinence from the consumption of alcoholic
23 beverages except if such beverages are consumed as part of a
24 religious ceremony. However, an insurer shall not ~~utilize~~**USE** an
25 underwriting rule based on this subdivision unless the insurer ~~has~~
26 ~~been~~**WAS** authorized to transact automobile insurance in this state
27 ~~prior to~~**BEFORE** January 1, 1981, and has consistently ~~utilized~~**USED**



1 such an underwriting rule as part of the insurer's automobile
 2 insurance underwriting since being authorized to transact
 3 automobile insurance in this state.

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

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

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

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

26 (a) With respect to a vehicle insured or to be insured,
 27 substantial modifications from the vehicle's original manufactured

1 state for purposes of increasing the speed or acceleration
2 capabilities of the vehicle.

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

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

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

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

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

23 Sec. 2151. As used in this chapter:

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

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

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

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

20 **(E) "CREDIT SCORE" MEANS THE NUMERICAL SCORE RANGING FROM 300**
21 **TO 850 ASSIGNED BY A CONSUMER REPORTING AGENCY TO MEASURE CREDIT**
22 **RISK AND INCLUDES FICO CREDIT SCORE.**

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

(G) ~~(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.

SEC. 2162. AN INSURER SHALL NOT USE AN INDIVIDUAL'S CREDIT SCORE TO ESTABLISH OR MAINTAIN RATES OR RATING CLASSIFICATIONS FOR AUTOMOBILE INSURANCE.

Sec. 3009. (1) ~~An~~ **SUBJECT TO SUBSECTIONS (5) TO (8), AN** automobile liability or motor vehicle liability policy ~~insuring~~ **THAT 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



1 motor vehicle liability coverage may be excluded when a vehicle is
 2 operated by a named person. An exclusion under this subsection is
 3 not valid unless the following notice is on the face of the policy
 4 or the declaration page or certificate of the policy and on the
 5 certificate of insurance:

6 Warning—when a named excluded person operates a vehicle all
 7 liability coverage is void—no one is insured. Owners of the vehicle
 8 and others legally responsible for the acts of the named excluded
 9 person remain fully personally liable.

10 (3) A liability policy described in subsection (1) may exclude
 11 coverage for liability as provided in section 3017.

12 (4) If an insurer deletes coverages from an automobile
 13 insurance policy ~~pursuant to~~ **UNDER** section 3101, the insurer shall
 14 send documentary evidence of the deletion to the insured.

15 **(5) AN APPLICANT FOR OR NAMED INSURED IN THE AUTOMOBILE**
 16 **LIABILITY OR MOTOR VEHICLE LIABILITY POLICY DESCRIBED IN SUBSECTION**
 17 **(1) MAY CHOOSE TO PURCHASE LOWER LIMITS THAN REQUIRED UNDER**
 18 **SUBSECTION (1) (A) AND (B), BUT NOT LOWER THAN \$50,000.00 UNDER**
 19 **SUBSECTION (1) (A) AND \$100,000.00 UNDER SUBSECTION (1) (B). TO**
 20 **EXERCISE AN OPTION UNDER THIS SUBSECTION, THE PERSON SHALL COMPLETE**
 21 **A FORM ISSUED BY THE DIRECTOR AND PROVIDED AS REQUIRED BY SECTION**
 22 **3107E, THAT MEETS THE REQUIREMENTS OF SUBSECTION (7).**

23 **(6) ON APPLICATION FOR THE ISSUANCE OF A NEW POLICY OR RENEWAL**
 24 **OF AN EXISTING POLICY, AN INSURER SHALL DO ALL OF THE FOLLOWING:**

25 **(A) PROVIDE THE APPLICANT OR NAMED INSURED THE LIABILITY**
 26 **OPTIONS AVAILABLE UNDER THIS SECTION.**

27 **(B) PROVIDE THE APPLICANT OR NAMED INSURED A PRICE FOR EACH**



1 OPTION AVAILABLE UNDER THIS SECTION.

2 (C) OFFER THE APPLICANT OR NAMED INSURED THE OPTION AND FORM
3 UNDER THIS SUBSECTION.

4 (7) THE FORM REQUIRED UNDER SUBSECTION (5) MUST DO ALL OF THE
5 FOLLOWING:

6 (A) STATE, IN A CONSPICUOUS MANNER, THE RISKS OF CHOOSING
7 LIABILITY LIMITS LOWER THAN THOSE REQUIRED BY SUBSECTION (1) (A) AND
8 (B) .

9 (B) PROVIDE A WAY FOR THE PERSON TO MARK THE FORM TO
10 ACKNOWLEDGE THAT HE OR SHE HAS RECEIVED A LIST OF THE LIABILITY
11 OPTIONS AVAILABLE UNDER THIS SECTION AND THE PRICE FOR EACH OPTION.

12 (C) PROVIDE A WAY FOR THE PERSON TO MARK THE FORM TO
13 ACKNOWLEDGE THAT HE OR SHE HAS READ THE FORM AND UNDERSTANDS THE
14 RISKS OF CHOOSING THE LOWER LIABILITY LIMITS.

15 (D) ALLOW THE PERSON TO SIGN THE FORM.

16 (8) IF AN INSURANCE POLICY IS ISSUED OR RENEWED AS DESCRIBED
17 IN SUBSECTION (1) AND THE PERSON NAMED IN THE POLICY HAS NOT MADE
18 AN EFFECTIVE CHOICE UNDER SUBSECTION (5) , THE LIMITS UNDER
19 SUBSECTION (1) (A) AND (B) APPLY TO THE POLICY.

20 Sec. 3101. (1) ~~The~~ EXCEPT AS PROVIDED IN SECTIONS 3107D AND
21 3109A, THE owner or registrant of a motor vehicle required to be
22 registered in this state shall maintain security for payment of
23 benefits under personal protection insurance ~~—AND~~ property
24 protection insurance AS REQUIRED UNDER THIS CHAPTER, and residual
25 liability insurance. Security is only required to be in effect
26 during the period the motor vehicle is driven or moved on a
27 highway. Notwithstanding any other provision in this act, an

insurer that has issued an automobile insurance policy on a motor vehicle that is not driven or moved on a highway may allow the insured owner or registrant of the motor vehicle to delete a portion of the coverages under the policy and maintain the comprehensive coverage portion of the policy in effect.

(2) As used in this chapter:

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

(b) "Commercial quadricycle" means a vehicle to which all of the following apply:

(i) The vehicle has fully operative pedals for propulsion entirely by human power.

(ii) The vehicle has at least 4 wheels and is operated in a manner similar to a bicycle.

(iii) The vehicle has at least 6 seats for passengers.

(iv) The vehicle is designed to be occupied by a driver and powered either by passengers providing pedal power to the drive train of the vehicle or by a motor capable of propelling the vehicle in the absence of human power.

(v) The vehicle is used for commercial purposes.

(vi) The vehicle is operated by the owner of the vehicle or an employee of the owner of the vehicle.

(c) "Electric bicycle" means that term as defined in section 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

(d) "Golf cart" means a vehicle designed for transportation while playing the game of golf.

(e) "Highway" means highway or street as that term is defined

1 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
2 257.20.

3 (f) "Moped" means that term as defined in section 32b of the
4 Michigan vehicle code, 1949 PA 300, MCL 257.32b.

5 (g) "Motorcycle" means a vehicle that has a saddle or seat for
6 the use of the rider, is designed to travel on not more than 3
7 wheels in contact with the ground, and is equipped with a motor
8 that exceeds 50 cubic centimeters piston displacement. For purposes
9 of this subdivision, the wheels on any attachment to the vehicle
10 are not considered as wheels in contact with the ground. Motorcycle
11 does not include a moped or an ORV.

12 (h) "Motorcycle accident" means a loss that involves the
13 ownership, operation, maintenance, or use of a motorcycle as a
14 motorcycle, but does not involve the ownership, operation,
15 maintenance, or use of a motor vehicle as a motor vehicle.

16 (i) "Motor vehicle" means a vehicle, including a trailer, that
17 is operated or designed for operation on a public highway by power
18 other than muscular power and has more than 2 wheels. Motor vehicle
19 does not include any of the following:

20 (i) A motorcycle.

21 (ii) A moped.

22 (iii) A farm tractor or other implement of husbandry that is
23 not subject to the registration requirements of the Michigan
24 vehicle code under section 216 of the Michigan vehicle code, 1949
25 PA 300, MCL 257.216.

26 (iv) An ORV.

27 (v) A golf cart.



1 (vi) A power-driven mobility device.

2 (vii) A commercial quadricycle.

3 (viii) An electric bicycle.

4 (j) "Motor vehicle accident" means a loss that involves the
5 ownership, operation, maintenance, or use of a motor vehicle as a
6 motor vehicle regardless of whether the accident also involves the
7 ownership, operation, maintenance, or use of a motorcycle as a
8 motorcycle.

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

22 (l) "Owner" means any of the following:

23 (i) A person renting a motor vehicle or having the use of a
24 motor vehicle, under a lease or otherwise, for a period that is
25 greater than 30 days.

26 (ii) A person renting a motorcycle or having the use of a
27 motorcycle under a lease for a period that is greater than 30 days,



1 or otherwise for a period that is greater than 30 consecutive days.
2 A person who borrows a motorcycle for a period that is less than 30
3 consecutive days with the consent of the owner is not an owner
4 under this subparagraph.

5 (iii) A person that holds the legal title to a motor vehicle
6 or motorcycle, other than a person engaged in the business of
7 leasing motor vehicles or motorcycles that is the lessor of a motor
8 vehicle or motorcycle under a lease that provides for the use of
9 the motor vehicle or motorcycle by the lessee for a period that is
10 greater than 30 days.

11 (iv) A person that has the immediate right of possession of a
12 motor vehicle or motorcycle under an installment sale contract.

13 (m) "Power-driven mobility device" means a wheelchair or other
14 mobility device powered by a battery, fuel, or other engine and
15 designed to be used by an individual with a mobility disability for
16 the purpose of locomotion.

17 (n) "Registrant" does not include a person engaged in the
18 business of leasing motor vehicles or motorcycles that is the
19 lessor of a motor vehicle or motorcycle under a lease that provides
20 for the use of the motor vehicle or motorcycle by the lessee for a
21 period that is longer than 30 days.

22 (3) Security required by subsection (1) may be provided under
23 a policy issued by an authorized insurer that affords insurance for
24 the payment of benefits described in subsection (1). A policy of
25 insurance represented or sold as providing security is considered
26 to provide insurance for the payment of the benefits.

27 (4) Security required by subsection (1) may be provided by any

1 other method approved by the secretary of state as affording
2 security equivalent to that afforded by a policy of insurance, if
3 proof of the security is filed and continuously maintained with the
4 secretary of state throughout the period the motor vehicle is
5 driven or moved on a highway. The person filing the security has
6 all the obligations and rights of an insurer under this chapter.
7 When the context permits, "insurer" as used in this chapter,
8 includes a person that files the security as provided in this
9 section.

10 (5) An insurer that issues a policy that provides the security
11 required under subsection (1) may exclude coverage under the policy
12 as provided in section 3017.

13 Sec. 3101a. (1) An insurer, in conjunction with the issuance
14 of an automobile insurance policy, shall provide to the insured 1
15 certificate of insurance for each insured vehicle and for private
16 passenger nonfleet automobiles listed on the policy shall supply to
17 the secretary of state the automobile insurer's name, the name of
18 the named insured, the named insured's address, the vehicle
19 identification number for each vehicle listed on the policy, and
20 the policy number. The insurer shall transmit the information
21 required under this subsection in a format as required by the
22 secretary of state. The secretary of state shall not require the
23 information to be transmitted more frequently than every 14 days.

24 **(2) THE SECRETARY OF STATE SHALL PROVIDE POLICY INFORMATION**
25 **RECEIVED UNDER SUBSECTION (1) TO THE MICHIGAN AUTOMOBILE INSURANCE**
26 **PLACEMENT FACILITY AS REQUIRED FOR THE MICHIGAN AUTOMOBILE**
27 **INSURANCE PLACEMENT FACILITY TO COMPLY WITH THIS ACT. INFORMATION**

1 RECEIVED BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY
2 UNDER THIS SUBSECTION IS CONFIDENTIAL AND IS NOT SUBJECT TO THE
3 FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246. THE
4 MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY SHALL ONLY USE THE
5 INFORMATION FOR PURPOSES OF ADMINISTERING THE ASSIGNED CLAIMS PLAN
6 UNDER THIS CHAPTER AND SHALL NOT DISCLOSE THE INFORMATION TO ANY
7 PERSON UNLESS IT IS FOR THE PURPOSE OF ADMINISTERING THE ASSIGNED
8 CLAIMS PLAN OR IN COMPLIANCE WITH AN ORDER BY A COURT OF COMPETENT
9 JURISDICTION IN CONNECTION WITH A FRAUD INVESTIGATION OR
10 PROSECUTION.

11 (3) ~~(2)~~—The secretary of state shall provide policy
12 information received under subsection (1) to the department of
13 health and human services as required for the department of health
14 and human services to comply with 2006 PA 593, MCL 550.281 to
15 550.289.

16 (4) ~~(3)~~—The secretary of state shall accept as proof of
17 vehicle insurance a transmission of the insured vehicle's vehicle
18 identification number. Policy information submitted by an insurer
19 and received by the secretary of state under this section is
20 confidential, is not subject to the freedom of information act,
21 1976 PA 442, MCL 15.231 to 15.246, and ~~shall~~**MUST** not be disclosed
22 to any person except the department of health and human services
23 for purposes of 2006 PA 593, MCL 550.281 to 550.289, or pursuant to
24 an order by a court of competent jurisdiction in connection with a
25 claim or fraud investigation or prosecution. The transmission to
26 the secretary of state of a vehicle identification number is proof
27 of insurance to the secretary of state for motor vehicle

1 registration purposes only and is not evidence that a policy of
 2 insurance actually exists between an insurer and an individual.

3 (5) ~~(4)~~—A person who supplies false information to the
 4 secretary of state under this section or who issues or uses an
 5 altered, fraudulent, or counterfeit certificate of insurance is
 6 guilty of a misdemeanor punishable by imprisonment for not more
 7 than 1 year or a fine of not more than \$1,000.00, or both.

8 (6) ~~(5)~~—The department of health and human services shall
 9 report to the senate and house of representatives appropriations
 10 committees and standing committees concerning insurance issues on
 11 the number of claims and total dollar amount recovered from
 12 automobile insurers under 2006 PA 593, MCL 550.281 to 550.289. The
 13 reports required by this subsection must be given to the
 14 appropriations committees and standing committees concerning
 15 insurance issues by December 30 of each year and must cover the
 16 preceding 12-month period.

17 (7) ~~(6)~~—As used in this section:

18 (a) "Automobile insurance" means that term as defined in
 19 section 3303.

20 (b) "Private passenger nonfleet automobile" means that term as
 21 defined in section 3303.

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

1 insurance in this state, shall be a member of the association and
 2 ~~shall be~~ **IS** bound by the plan of operation of the association. ~~Each~~
 3 **AN** insurer engaged in writing insurance coverages that provide the
 4 security required by section 3103(1) ~~within~~ **IN** this state, as a
 5 condition of its authority to transact insurance in this state,
 6 ~~shall be~~ **IS** considered **TO BE** a member of the association, but only
 7 for purposes of premiums under subsection (7)(d). Except as
 8 expressly provided in this section, the association is not subject
 9 to any laws of this state with respect to insurers, but in all
 10 other respects the association is subject to the laws of this state
 11 to the extent that the association would be if it were an insurer
 12 organized and subsisting under chapter 50.

13 (2) ~~The~~ **FOR ALL MOTOR VEHICLE ACCIDENT POLICIES ISSUED OR**
 14 **RENEWED BEFORE JULY 2, 2020 AND FOR A MOTOR VEHICLE ACCIDENT POLICY**
 15 **ISSUED OR RENEWED AFTER JULY 1, 2020 TO WHICH SECTION 3107C(1)(D)**
 16 **APPLIES, THE** association shall provide and each member shall accept
 17 indemnification for 100% of the amount of ultimate loss sustained
 18 under personal protection insurance coverages in excess of the
 19 following amounts in each loss occurrence:

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

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

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

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



(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, 2021~~, 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. ~~This~~



1 **THE ASSOCIATION SHALL CALCULATE THIS** biennial adjustment ~~shall be~~
 2 ~~calculated by the association~~ by January 1 of the year of its July
 3 1 effective date.

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

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

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

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

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

25 (a) Assume 100% of all liability as provided in subsection
 26 (2).

27 (b) Establish procedures by which members ~~shall~~**MUST** promptly

1 report to the association each claim that, on the basis of the
 2 injuries or damages sustained, may reasonably be anticipated to
 3 involve the association if the member is ultimately held legally
 4 liable for the injuries or damages. Solely for the purpose of
 5 reporting claims, the member shall in all instances consider itself
 6 legally liable for the injuries or damages. The member shall also
 7 advise the association of subsequent developments likely to
 8 materially affect the interest of the association in the claim.

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

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

1 applies, **WITH THE TOTAL WRITTEN CAR YEARS OF INSURANCE** multiplied
 2 by the **APPLICABLE** average premium per car. The average premium per
 3 car ~~shall be~~ **IS** the total premium, ~~calculated~~ **AS ADJUSTED FOR ANY**
 4 **EXCESSES OR DEFICIENCIES**, divided by the total written car years of
 5 insurance providing the security required by section 3101(1) or
 6 3103(1), **OR BOTH**, written in this state of all members during the
 7 period to which the premium applies, **EXCLUDING CARS INSURED UNDER A**
 8 **POLICY WITH A COVERAGE LIMIT UNDER SECTION 3107C(1) (A), (B), OR**
 9 **(C), CARS AS TO WHICH AN ELECTION TO NOT MAINTAIN PERSONAL**
 10 **PROTECTION INSURANCE BENEFITS HAS BEEN MADE UNDER SECTION 3107D, OR**
 11 **AS TO WHICH AN EXCLUSION UNDER SECTION 3109A(2) APPLIES, EXCEPT FOR**
 12 **ANY PORTION OF TOTAL PREMIUM THAT IS AN ADJUSTMENT FOR A DEFICIENCY**
 13 **IN A PREVIOUS PERIOD. A MEMBER MAY NOT BE CHARGED A PREMIUM FOR A**
 14 **CAR INSURED UNDER A POLICY WITH A COVERAGE LIMIT UNDER SECTION**
 15 **3107C(1) (A), (B), OR (C), AS TO WHICH AN ELECTION TO NOT MAINTAIN**
 16 **PERSONAL PROTECTION INSURANCE BENEFITS HAS BEEN MADE UNDER SECTION**
 17 **3107D, OR AS TO WHICH AN EXCLUSION UNDER SECTION 3109A(2) APPLIES,**
 18 **OTHER THAN FOR THE PORTION OF THE TOTAL PREMIUM ATTRIBUTABLE TO AN**
 19 **ADJUSTMENT FOR A DEFICIENCY IN A PREVIOUS PERIOD.** A member ~~shall~~
 20 **MUST** be charged a premium for a historic vehicle that is insured
 21 with the member of 20% of the premium charged for a car insured
 22 with the member. ~~As used in this subdivision:~~
 23 ~~—— (i) "Car" includes a motorcycle but does not include a~~
 24 ~~historic vehicle.~~
 25 ~~—— (ii) "Historic vehicle" means a vehicle that is a registered~~
 26 ~~historic vehicle under section 803a or 803p of the Michigan vehicle~~
 27 ~~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~~ **MONEY** 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.

(H) PROVIDE ANY RECORDS NECESSARY OR REQUESTED BY THE DIRECTOR FOR THE ACTUARIAL EXAMINATION UNDER SUBSECTION (21) .

(I) SUBJECT TO SUBSECTION (23) , OBEY AN ORDER OF THE DIRECTOR FOR A REFUND UNDER SUBSECTION (22) .

(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~~ **DOES** not create any direct liability against the individual members of the association. The association

1 may provide for the indemnification of its members, members of the
2 board of directors of the association, and officers, employees, and
3 other persons lawfully acting on behalf of the association.

4 (b) Reinsure all or any portion of its potential liability
5 with reinsurers licensed to transact insurance in this state or
6 approved by the ~~commissioner~~**DIRECTOR**.

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

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

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

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

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

25 (9) A board of directors is created ~~, hereinafter referred to~~
26 ~~as the board, which shall be responsible for the operation of~~ **AND**
27 **SHALL OPERATE** the association consistent with the plan of operation

1 and this section.

2 (10) The plan of operation ~~shall~~**MUST** provide for all of the
3 following:

4 (a) The establishment of necessary facilities.

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

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

8 **THE PLAN MUST REQUIRE THAT ANY DEFICIENCY FROM A PRIOR PERIOD BE**
9 **AMORTIZED OVER NOT FEWER THAN 15 YEARS.**

10 **(D) PROCEDURES FOR A REFUND TO MEMBERS OF THE ASSOCIATION, FOR**
11 **DISTRIBUTION TO INSUREDS AS PROVIDED IN SUBSECTION (24), AS ORDERED**
12 **BY THE DIRECTOR UNDER SUBSECTION (22). THE PROCEDURES MUST PROVIDE**
13 **FOR A DISTRIBUTION OF A REFUND ATTRIBUTABLE TO A HISTORIC VEHICLE**
14 **EQUAL TO 20% OF THE REFUND FOR A CAR THAT IS NOT A HISTORIC**
15 **VEHICLE.**

16 **(E)** ~~(d)~~ Procedures governing the actual payment of premiums to
17 the association.

18 **(F)** ~~(e)~~ Reimbursement of each member of the board by the
19 association for actual and necessary expenses incurred on
20 association business.

21 **(G)** ~~(f)~~ The investment policy of the association.

22 **(H)** ~~(g)~~ Any other matters required by or necessary to
23 effectively implement this section.

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

1 of a ~~director shall be~~ **BOARD MEMBER IS** 2 years.

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

10 (13) The board ~~shall~~ **MUST** consist of 5 ~~directors,~~ **BOARD**
11 **MEMBERS** and the ~~commissioner~~ **DIRECTOR, WHO** shall ~~be~~ **SERVE AS** an ex
12 officio member of the board without vote.

13 (14) ~~Each director~~ **THE DIRECTOR** shall ~~be appointed by the~~
14 ~~commissioner and~~ **APPOINT THE BOARD MEMBERS. A BOARD MEMBER** shall
15 serve until ~~that member's~~ **HIS OR HER** successor is selected and
16 qualified. The **BOARD SHALL ELECT THE** chairperson of the board.
17 ~~shall be elected by the board. A~~ **THE DIRECTOR SHALL FILL ANY**
18 vacancy on the board ~~shall be filled by the commissioner consistent~~
19 ~~with~~ **AS PROVIDED IN** the plan of operation.

20 (15) ~~After the board is appointed, the~~ **THE** board shall meet as
21 often as the chairperson, the ~~commissioner,~~ **DIRECTOR**, or the plan
22 of operation ~~shall require,~~ **REQUIRES**, or at the request of any 3
23 ~~members of the board.~~ **BOARD MEMBERS.** The chairperson ~~shall retain~~
24 the right to **MAY** vote on all issues. Four ~~members of the board~~
25 **BOARD MEMBERS** constitute a quorum.

26 (16) ~~An~~ **THE BOARD SHALL FURNISH TO EACH MEMBER OF THE**
27 **ASSOCIATION AN** annual report of the operations of the association

1 in a form and detail as ~~may be determined by the board. shall be~~
 2 ~~furnished to each member.~~

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

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

25 ~~(17)~~ (19) The proposed plan of operation or **ANY** amendments to
 26 the plan of operation are subject to majority approval by the
 27 board, ~~ratified~~ **RATIFICATION** by a majority of the membership **OF THE**

ASSOCIATION having a vote, with voting rights being apportioned according to the premiums charged in subsection (7) (d) , and ~~are~~ subject to approval by the ~~commissioner~~.**DIRECTOR**.

(18) ~~(20) Upon approval by the commissioner and ratification by the members of the plan submitted, or upon the promulgation of a plan by the commissioner, each~~ **AN** insurer authorized to write 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 ~~approved~~ **OF** **OPERATION** 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~~ **DIRECTOR** to the same extent as ~~would~~ **IS** a member of the association.

(20) ~~(22)~~ Premiums charged members by the association ~~shall~~ **MUST** be recognized in the rate-making procedures for insurance rates in the same manner that expenses and premium taxes are recognized. **IF A MEMBER OF THE ASSOCIATION PASSES ON ANY PORTION OF THE PREMIUM PAYABLE UNDER THIS SECTION TO AN INSURED, THE AMOUNT PASSED ON MUST EQUAL THE PORTION OF THE PREMIUM PAYABLE BY THE MEMBER UNDER THIS SECTION ATTRIBUTABLE TO THE CAR OR HISTORIC VEHICLE INSURED, INCLUDING ANY ADJUSTMENTS FOR EXCESSES OR DEFICIENCIES FROM A PREVIOUS PERIOD.**

(21) ~~(23)~~ The ~~commissioner~~ **DIRECTOR** or an authorized representative of the ~~commissioner~~ **DIRECTOR** may visit the association at any time and examine any and all **OF** the

1 association's affairs. BEGINNING JULY 1, 2022, AND EVERY THIRD YEAR
2 AFTER 2019, THE DIRECTOR SHALL ENGAGE 1 OR MORE INDEPENDENT
3 ACTUARIES TO EXAMINE THE AFFAIRS AND RECORDS OF THE ASSOCIATION FOR
4 THE PREVIOUS 3 YEARS. THE ACTUARIAL EXAMINATION MUST BE CONDUCTED
5 USING SOUND ACTUARIAL PRINCIPLES CONSISTENT WITH THE APPLICABLE
6 STATEMENTS OF PRINCIPLES AND THE CODE OF PROFESSIONAL CONDUCT
7 ADOPTED BY THE CASUALTY ACTUARIAL SOCIETY. BY SEPTEMBER 1, 2019 AND
8 BY SEPTEMBER 1 OF EVERY THIRD YEAR AFTER 2019, THE DIRECTOR SHALL
9 PROVIDE A REPORT TO THE LEGISLATURE ON THE RESULTS OF THE AUDIT
10 CONDUCTED UNDER THIS SUBSECTION.

11 (22) IF THE ACTUARIAL EXAMINATION UNDER SUBSECTION (21) SHOWS
12 THAT THE ASSETS OF THE ASSOCIATION EXCEED 120% OF ITS LIABILITIES,
13 INCLUDING INCURRED BUT NOT REPORTED LIABILITIES, AND IF THE REFUND
14 WILL NOT THREATEN THE ASSOCIATION'S ONGOING ABILITY TO PROVIDE
15 REIMBURSEMENTS FOR PERSONAL PROTECTION INSURANCE BENEFITS BASED ON
16 SOUND ACTUARIAL PRINCIPLES CONSISTENT WITH THE APPLICABLE
17 STATEMENTS OF PRINCIPLES AND THE CODE OF PROFESSIONAL CONDUCT
18 ADOPTED BY THE CASUALTY ACTUARIAL SOCIETY, THE DIRECTOR SHALL ORDER
19 THE ASSOCIATION TO REFUND AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN
20 THE TOTAL EXCESS AND 120% OF THE LIABILITIES OF THE ASSOCIATION,
21 INCLUDING INCURRED BUT NOT REPORTED LIABILITIES, UNDER SUBSECTION
22 (10) (D) AND ORDER THE MEMBERS OF THE ASSOCIATION TO DISTRIBUTE THE
23 REFUNDS UNDER SUBSECTION (24) .

24 (23) WITHIN 30 DAYS AFTER RECEIVING AN ORDER FROM THE DIRECTOR
25 UNDER SUBSECTION (22) , THE ASSOCIATION MAY REQUEST A HEARING TO
26 REVIEW THE ORDER BY FILING A WRITTEN REQUEST WITH THE DIRECTOR. THE
27 DEPARTMENT SHALL CONDUCT THE REVIEW AS A CONTESTED CASE UNDER THE

1 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
2 24.328.

3 (24) A MEMBER OF THE ASSOCIATION SHALL DISTRIBUTE ANY REFUND
4 IT RECEIVES UNDER SUBSECTION (10) (D) TO THE PERSONS THAT IT INSURES
5 UNDER POLICIES THAT PROVIDE THE SECURITY REQUIRED UNDER SECTION
6 3101(1) OR 3103(1), OR BOTH, AND THAT ARE SUBJECT TO A PREMIUM
7 UNDER THIS SECTION ON A UNIFORM BASIS PER CAR AND HISTORIC VEHICLE
8 IN A MANNER AND ON THE DATE OR DATES PROVIDED BY THE DIRECTOR IN
9 ACCORDANCE WITH AN ORDER ISSUED BY THE DIRECTOR. A REFUND
10 ATTRIBUTABLE TO A HISTORIC VEHICLE MUST BE EQUAL TO 20% OF THE
11 REFUND FOR A CAR THAT IS NOT A HISTORIC VEHICLE.

12 (25) BY SEPTEMBER 1 OF EACH YEAR, THE ASSOCIATION SHALL
13 PREPARE, SUBMIT TO THE COMMITTEES OF THE SENATE AND HOUSE OF
14 REPRESENTATIVES WITH JURISDICTION OVER INSURANCE MATTERS, AND POST
15 ON THE ASSOCIATION WEBSITE AN ANNUAL CONSUMER STATEMENT, WRITTEN IN
16 A MANNER INTENDED FOR THE GENERAL PUBLIC. THE STATEMENT MUST
17 INCLUDE ALL OF THE FOLLOWING:

18 (A) THE NUMBER OF CLAIMS OPENED DURING THE PRECEDING 12
19 MONTHS, THE AMOUNT EXPENDED ON THE CLAIMS, AND THE FUTURE
20 ANTICIPATED COSTS OF THE CLAIMS.

21 (B) FOR EACH OF THE PRECEDING 10 YEARS, THE TOTAL NUMBER OF
22 OPEN CLAIMS, THE AMOUNT EXPENDED ON THE CLAIMS, AND THE ANTICIPATED
23 FUTURE COSTS OF THE CLAIMS.

24 (C) FOR EACH OF THE PRECEDING 10 YEARS, THE TOTAL NUMBER OF
25 CLAIMS CLOSED AND THE AMOUNT EXPENDED ON THE CLAIMS.

26 (D) FOR EACH OF THE PRECEDING 10 YEARS, THE RATIO OF CLAIMS
27 OPENED TO CLAIMS CLOSED.



1 (E) FOR EACH OF THE PRECEDING 10 YEARS, THE AVERAGE LENGTH OF
2 OPEN CLAIMS.

3 (F) A STATEMENT OF THE CURRENT FINANCIAL CONDITION OF THE
4 ASSOCIATION AND THE REASONS FOR ANY DEFICIT OR SURPLUS IN COLLECTED
5 ASSESSMENTS COMPARED TO LOSSES.

6 (G) A STATEMENT OF THE ASSUMPTIONS, METHODOLOGY, AND DATA USED
7 TO MAKE REVENUE PROJECTIONS. AS USED IN THIS SUBDIVISION, "REVENUE"
8 MEANS RETURN ON INVESTMENTS.

9 (H) A STATEMENT OF THE ASSUMPTIONS, METHODOLOGY, AND DATA USED
10 TO MAKE COST PROJECTIONS.

11 (I) A LIST OF THE ASSOCIATION'S ASSETS, SORTED BY CATEGORY OR
12 TYPE OF ASSET, SUCH AS STOCKS, BONDS, OR MUTUAL FUNDS, AND THE
13 EXPECTED RETURN ON EACH ASSET.

14 (J) THE TOTAL AMOUNT OF THE ASSOCIATION'S DISCOUNTED AND
15 UNDISCOUNTED LIABILITIES AND A DESCRIPTION AND EXPLANATION OF THE
16 LIABILITIES, INCLUDING AN EXPLANATION OF THE ASSOCIATION'S
17 DEFINITION OF THE TERMS DISCOUNTED AND UNDISCOUNTED.

18 (K) MEASURES TAKEN BY THE ASSOCIATION TO CONTAIN COSTS.

19 (L) A STATEMENT EXPLAINING WHAT PORTION OF THE ASSESSMENT TO
20 INSURED AS RECOGNIZED IN RATES UNDER SUBSECTION (20) IS
21 ATTRIBUTABLE TO CLAIMS OCCURRING IN THE PREVIOUS 12 MONTHS,
22 ADMINISTRATIVE COSTS, AND THE AMOUNT, IF ANY, TO ADJUST FOR PAST
23 DEFICITS.

24 (M) A STATEMENT EXPLAINING ANY QUALIFICATIONS IDENTIFIED BY
25 THE INDEPENDENT AUDITORS IN THE MOST RECENT AUDIT REPORT PREPARED
26 UNDER SUBSECTION (21).

27 (N) A LOSS PAYMENT SUMMARY FOR EACH OF THE PRECEDING YEARS BY

1 CATEGORY.

2 (O) FOR EACH OF THE PRECEDING 10 YEARS, AN INJURY TYPE
3 SUMMARY, CATEGORIZING THE INJURIES SUFFERED BY CLAIMANTS THE
4 PAYMENT OF WHOSE CLAIMS ARE BEING REIMBURSED BY THE ASSOCIATION, BY
5 BRAIN INJURIES, INJURIES RESULTING IN QUADRIPLÉGIA, INJURIES
6 RESULTING IN PARAPLEGIA, BURN INJURIES, AND OTHER INJURIES.

7 (P) A SUMMARY OF INVESTMENT RETURNS OVER THE PRECEDING 10
8 YEARS SHOWING THE INVESTMENT BALANCE, THE INVESTMENT GAIN, AND THE
9 PERCENTAGE RETURN ON THE INVESTMENT BALANCE.

10 (Q) A SUMMARY OF THE MORTALITY ASSUMPTIONS USED IN MAKING COST
11 PROJECTIONS.

12 (R) A SUMMARY OF ANY FINANCIAL PRACTICES THAT DIFFER FROM
13 THOSE FOUND IN THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
14 ACCOUNTING PRACTICES AND PROCEDURES MANUAL.

15 (26) BY SEPTEMBER 1 OF EACH YEAR, THE ASSOCIATION SHALL
16 PREPARE AND PROVIDE TO THE COMMITTEES OF THE SENATE AND HOUSE OF
17 REPRESENTATIVES WITH JURISDICTION OVER INSURANCE MATTERS AN ANNUAL
18 REPORT OF THE ASSOCIATION. THE REPORT MUST CONTAIN ALL OF THE
19 FOLLOWING:

20 (A) AN EXECUTIVE SUMMARY.

21 (B) A DISCUSSION OF THE MORTALITY ASSUMPTIONS USED BY THE
22 ASSOCIATION IN MAKING COST PROJECTIONS.

23 (C) AN EVALUATION OF THE ACCURACY OF THE ASSOCIATION'S
24 ACTUARIAL ASSUMPTIONS OVER THE PRECEDING 5 YEARS.

25 (D) THE ANNUAL CONSUMER STATEMENT PREPARED UNDER SUBSECTION

26 (25).

27 (E) ANYTHING ELSE THE ASSOCIATION DETERMINES IS NECESSARY TO

1 ADVISE THE LEGISLATURE ABOUT THE OPERATIONS OF THE ASSOCIATION.

2 (27) ~~(24)~~ The association does not have liability for losses
 3 occurring before July 1, 1978. **AFTER JULY 1, 2020, THE ASSOCIATION**
 4 **DOES NOT HAVE LIABILITY FOR AN ULTIMATE LOSS UNDER PERSONAL**
 5 **PROTECTION INSURANCE COVERAGE FOR A MOTOR VEHICLE ACCIDENT POLICY**
 6 **TO WHICH A LIMIT UNDER SECTION 3107C(1) (A), (B), OR (C) IS**
 7 **APPLICABLE.**

8 (28) ~~(25)~~ As used in this section:

9 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
 10 CREATED IN SUBSECTION (1).

11 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION
 12 CREATED IN SUBSECTION (9).

13 (C) "CAR" INCLUDES A MOTORCYCLE BUT DOES NOT INCLUDE A
 14 HISTORIC VEHICLE.

15 (D) ~~(a)~~ "Consumer price index" **PRICE INDEX** means the
 16 percentage of change in the ~~consumer price index~~ **CONSUMER PRICE**
 17 **INDEX** for all urban consumers in the United States city average for
 18 all items for the 24 months ~~prior to~~ **BEFORE** October 1 of the year
 19 ~~prior to~~ **BEFORE** the July 1 effective date of the biennial
 20 adjustment under subsection ~~(2) (k)~~ **(2) (O)** as reported by the United
 21 States department of labor, bureau of labor statistics, **DEPARTMENT**
 22 **OF LABOR, BUREAU OF LABOR STATISTICS**, and as certified by the
 23 ~~commissioner~~ **DIRECTOR**.

24 (E) "HISTORIC VEHICLE" MEANS A VEHICLE THAT IS A REGISTERED
 25 HISTORIC VEHICLE UNDER SECTION 803A OR 803P OF THE MICHIGAN VEHICLE
 26 CODE, 1949 PA 300, MCL 257.803A AND 257.803P.

27 (F) ~~(b)~~ "Motor vehicle accident policy" means a policy

1 providing the coverages required under section 3101(1).

2 (G) ~~(e)~~ "Ultimate loss" means the actual loss amounts that a
3 member is obligated to pay and that are paid or payable by the
4 member, and do not include claim expenses. An ultimate loss is
5 incurred by the association on the date that the loss occurs.

6 Sec. 3107. (1) ~~Except as provided in subsection (2),~~ **SUBJECT**
7 **TO THE EXCEPTIONS AND LIMITATIONS IN THIS CHAPTER, AND SUBJECT TO**
8 **CHAPTER 31A**, personal protection insurance benefits are payable for
9 the following:

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

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

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

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

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

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

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

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

1 who waives coverage under this ~~subsection~~ **SUBDIVISION** for work loss
 2 benefits. Waiver of coverage for work loss benefits applies only to
 3 work loss benefits payable to the person or persons who have signed
 4 the waiver form.

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

8 **SEC. 3107C. (1) EXCEPT AS PROVIDED IN SECTIONS 3107D AND**
 9 **3109A, AND SUBJECT TO SUBSECTION (5), FOR AN INSURANCE POLICY THAT**
 10 **PROVIDES THE SECURITY REQUIRED UNDER SECTION 3101(1) AND IS ISSUED**
 11 **OR RENEWED AFTER JULY 1, 2020, THE APPLICANT OR NAMED INSURED**
 12 **SHALL, IN A WAY REQUIRED UNDER SECTION 3107E AND ON A FORM APPROVED**
 13 **BY THE DIRECTOR, SELECT 1 OF THE FOLLOWING COVERAGE LEVELS FOR**
 14 **PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION 3107(1) (A) :**

15 (A) A LIMIT OF \$50,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE
 16 FOR ANY PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION
 17 3107(1) (A) . THE SELECTION OF A LIMIT UNDER THIS SUBDIVISION IS ONLY
 18 AVAILABLE TO AN APPLICANT OR NAMED INSURED IF BOTH OF THE FOLLOWING
 19 APPLY:

20 (i) THE APPLICANT OR NAMED INSURED IS ENROLLED IN MEDICAID, AS
 21 THAT TERM IS DEFINED IN SECTION 3157.

22 (ii) THE APPLICANT'S OR NAMED INSURED'S SPOUSE AND ANY
 23 RELATIVE OF EITHER WHO RESIDES IN THE SAME HOUSEHOLD HAS QUALIFIED
 24 HEALTH COVERAGE, AS THAT TERM IS DEFINED IN SECTION 3107D, IS
 25 ENROLLED IN MEDICAID, OR HAS COVERAGE FOR THE PAYMENT OF BENEFITS
 26 UNDER SECTION 3107(1) (A) FROM AN INSURER THAT PROVIDES THE SECURITY
 27 REQUIRED BY SECTION 3101(1) .

1 (B) A LIMIT OF \$250,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE
2 FOR ANY PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION
3 3107(1) (A) .

4 (C) A LIMIT OF \$500,000.00 PER INDIVIDUAL PER LOSS OCCURRENCE
5 FOR ANY PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION
6 3107(1) (A) .

7 (D) NO LIMIT FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER
8 SECTION 3107(1) (A) .

9 (2) THE FORM REQUIRED UNDER SUBSECTION (1) MUST DO ALL OF THE
10 FOLLOWING:

11 (A) STATE, IN A CONSPICUOUS MANNER, THE BENEFITS AND RISKS
12 ASSOCIATED WITH EACH COVERAGE OPTION.

13 (B) PROVIDE A WAY FOR THE APPLICANT OR NAMED INSURED TO MARK
14 THE FORM TO ACKNOWLEDGE THAT HE OR SHE HAS READ THE FORM AND
15 UNDERSTANDS THE OPTIONS AVAILABLE.

16 (C) ALLOW THE APPLICANT OR NAMED INSURED TO MARK THE FORM TO
17 MAKE THE SELECTION OF COVERAGE LEVEL UNDER SUBSECTION (1) .

18 (D) REQUIRE THE APPLICANT OR NAMED INSURED TO SIGN THE FORM.

19 (3) IF AN INSURANCE POLICY IS ISSUED OR RENEWED AS DESCRIBED
20 IN SUBSECTION (1) AND THE APPLICANT OR NAMED INSURED HAS NOT MADE
21 AN EFFECTIVE SELECTION UNDER SUBSECTION (1) BUT A PREMIUM OR
22 PREMIUM INSTALLMENT HAS BEEN PAID, THERE IS A REBUTTABLE
23 PRESUMPTION THAT THE AMOUNT OF THE PREMIUM OR INSTALLMENT PAID
24 ACCURATELY REFLECTS THE LEVEL OF COVERAGE APPLICABLE TO THE POLICY
25 UNDER SUBSECTION (1) .

26 (4) IF AN INSURANCE POLICY IS ISSUED OR RENEWED AS DESCRIBED
27 IN SUBSECTION (1) , THE APPLICANT OR NAMED INSURED HAS NOT MADE AN

1 EFFECTIVE SELECTION UNDER SUBSECTION (1) , AND A PRESUMPTION UNDER
 2 SUBSECTION (3) DOES NOT APPLY, SUBSECTION (1) (D) APPLIES TO THE
 3 POLICY.

4 (5) THE COVERAGE LEVEL SELECTED UNDER SUBSECTION (1) APPLIES
 5 TO THE NAMED INSURED, THE NAMED INSURED'S SPOUSE, AND A RELATIVE OF
 6 EITHER DOMICILED IN THE SAME HOUSEHOLD, AND ANY OTHER PERSON WITH A
 7 RIGHT TO CLAIM PERSONAL PROTECTION INSURANCE BENEFITS UNDER THE
 8 POLICY.

9 (6) IF BENEFITS ARE PAYABLE UNDER SECTION 3107(1) (A) UNDER 2
 10 OR MORE INSURANCE POLICIES, THE BENEFITS ARE ONLY PAYABLE UP TO AN
 11 AGGREGATE COVERAGE LIMIT THAT EQUALS THE HIGHEST AVAILABLE COVERAGE
 12 LIMIT UNDER ANY 1 OF THE POLICIES.

13 (7) THIS SECTION APPLIES FOR A TRANSPORTATION NETWORK COMPANY
 14 VEHICLE, BUT AN APPLICANT OR NAMED INSURED THAT IS A TRANSPORTATION
 15 NETWORK COMPANY SHALL ONLY SELECT LIMITS UNDER EITHER SUBSECTION
 16 (1) (B) , (C) , OR (D) . AS USED IN THIS SUBSECTION:

17 (A) "TRANSPORTATION NETWORK COMPANY" MEANS THAT TERM AS
 18 DEFINED IN SECTION 2 OF THE LIMOUSINE, TAXICAB, AND TRANSPORTATION
 19 NETWORK COMPANY ACT, 2016 PA 345, MCL 257.2102.

20 (B) "TRANSPORTATION NETWORK COMPANY VEHICLE" MEANS THAT TERM
 21 AS DEFINED IN SECTION 3114.

22 (8) THIS SECTION ALSO APPLIES TO SECURITY REQUIRED UNDER
 23 SECTION 3101(1) THAT IS PROVIDED BY A RENTAL CAR COMPANY CERTIFIED
 24 BY THE DIRECTOR AS A SELF-INSURER UNDER SECTION 3101D. THE DIRECTOR
 25 SHALL PROVIDE A FORM FOR THE RENTAL CAR COMPANY TO PROVIDE TO ALLOW
 26 A CUSTOMER TO MAKE THE SELECTION OF A COVERAGE LEVEL UNDER
 27 SUBSECTION (1) (B) , (C) , OR (D) .

1 (9) AN INSURER SHALL OFFER, FOR A POLICY THAT PROVIDES THE
2 SECURITY REQUIRED UNDER SECTION 3101(1) TO WHICH A LIMIT UNDER
3 SUBSECTION (1) (A) TO (C) APPLIES, A RIDER THAT WILL PROVIDE
4 COVERAGE FOR ATTENDANT CARE IN EXCESS OF THE APPLICABLE LIMIT.

5 SEC. 3107D. (1) FOR AN INSURANCE POLICY THAT PROVIDES THE
6 SECURITY REQUIRED UNDER SECTION 3101(1) AND IS ISSUED OR RENEWED
7 AFTER JULY 1, 2020, THE APPLICANT OR NAMED INSURED MAY, IN A WAY
8 REQUIRED UNDER SECTION 3107E AND ON A FORM APPROVED BY THE
9 DIRECTOR, ELECT TO NOT MAINTAIN COVERAGE FOR PERSONAL PROTECTION
10 INSURANCE BENEFITS PAYABLE UNDER SECTION 3107(1) (A) IF THE
11 APPLICANT OR NAMED INSURED IS A QUALIFIED PERSON, AND IF THE
12 APPLICANT'S OR NAMED INSURED'S SPOUSE AND ANY RELATIVE OF EITHER
13 THAT RESIDES IN THE SAME HOUSEHOLD HAVE QUALIFIED HEALTH COVERAGE
14 OR HAVE COVERAGE FOR BENEFITS PAYABLE UNDER SECTION 3107(1) (A) FROM
15 AN INSURER THAT PROVIDES THE SECURITY REQUIRED BY SECTION 3101(1).

16 (2) AN APPLICANT OR NAMED INSURED SHALL, WHEN REQUESTING
17 ISSUANCE OR RENEWAL OF A POLICY UNDER SUBSECTION (1), PROVIDE TO
18 THE INSURER A DOCUMENT FROM THE PERSON THAT PROVIDES THE QUALIFIED
19 HEALTH COVERAGE STATING THE NAMES OF ALL PERSONS COVERED UNDER THE
20 QUALIFIED HEALTH COVERAGE.

21 (3) THE FORM REQUIRED UNDER SUBSECTION (1) MUST DO ALL OF THE
22 FOLLOWING:

23 (A) REQUIRE THE APPLICANT OR NAMED INSURED TO MARK THE FORM TO
24 CERTIFY WHETHER ALL PERSONS REQUIRED TO BE QUALIFIED PERSONS UNDER
25 SUBSECTION (1) ARE QUALIFIED PERSONS.

26 (B) DISCLOSE IN A CONSPICUOUS MANNER THAT QUALIFIED PERSONS
27 ARE NOT OBLIGATED TO BUT MAY PURCHASE COVERAGE FOR PERSONAL

1 PROTECTION INSURANCE COVERAGE BENEFITS PAYABLE UNDER SECTION
2 3107(1) (A) .

3 (C) STATE, IN A CONSPICUOUS MANNER, THE COVERAGE LEVELS
4 AVAILABLE UNDER SECTION 3107C.

5 (D) STATE, IN A CONSPICUOUS MANNER, THE BENEFITS AND RISKS
6 ASSOCIATED WITH NOT MAINTAINING THE COVERAGE.

7 (E) STATE, IN A CONSPICUOUS MANNER, THAT IF DURING THE TERM OF
8 THE POLICY THE QUALIFIED HEALTH COVERAGE CEASES, THE PERSON HAS 30
9 DAYS AFTER THE EFFECTIVE DATE OF THE TERMINATION OF QUALIFIED
10 HEALTH COVERAGE TO OBTAIN INSURANCE THAT PROVIDES COVERAGE UNDER
11 SECTION 3107(1) (A) OR THE PERSON WILL BE EXCLUDED FROM ALL PERSONAL
12 PROTECTION INSURANCE COVERAGE BENEFITS UNDER SECTION 3107(1) (A)
13 DURING THE PERIOD IN WHICH COVERAGE UNDER THIS SECTION WAS NOT
14 MAINTAINED.

15 (F) PROVIDE A WAY FOR THE APPLICANT OR NAMED INSURED TO MARK
16 THE FORM TO ACKNOWLEDGE THAT HE OR SHE HAS READ THE FORM AND
17 UNDERSTANDS IT AND THAT HE OR SHE UNDERSTANDS THE OPTIONS AVAILABLE
18 TO HIM OR HER.

19 (G) IF ALL PERSONS REQUIRED TO BE QUALIFIED PERSONS UNDER
20 SUBSECTION (1) ARE QUALIFIED PERSONS, PROVIDE THE PERSON A WAY TO
21 MARK THE FORM TO ELECT TO NOT MAINTAIN THE COVERAGE.

22 (H) REQUIRE THE APPLICANT OR NAMED INSURED TO SIGN THE FORM.

23 (4) IF AN INSURANCE POLICY IS ISSUED OR RENEWED AS DESCRIBED
24 IN SUBSECTION (1) AND THE APPLICANT OR NAMED INSURED HAS NOT MADE
25 AN EFFECTIVE ELECTION UNDER SUBSECTION (1), THE POLICY IS
26 CONSIDERED TO PROVIDE PERSONAL PROTECTION BENEFITS UNDER SECTION
27 3107(1) (D) .

(5) AN ELECTION UNDER THIS SECTION APPLIES TO THE APPLICANT OR NAMED INSURED, THE APPLICANT OR NAMED INSURED'S SPOUSE, A RELATIVE OF EITHER DOMICILED IN THE SAME HOUSEHOLD, AND ANY OTHER PERSON WHO WOULD HAVE HAD A RIGHT TO CLAIM PERSONAL PROTECTION INSURANCE BENEFITS UNDER THE POLICY BUT FOR THE ELECTION.

(6) IF, DURING THE TERM OF AN INSURANCE POLICY UNDER WHICH COVERAGE FOR PERSONAL PROTECTION INSURANCE BENEFITS PAYABLE UNDER SECTION 3107(1) (A) ARE NOT MAINTAINED UNDER THIS SECTION, THE PERSONS REQUIRED TO HAVE QUALIFIED HEALTH COVERAGE UNDER SUBSECTION (1) CEASE TO HAVE QUALIFIED HEALTH COVERAGE, ALL OF THE FOLLOWING APPLY UNDER THIS SUBSECTION:

(A) WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE TERMINATION OF QUALIFIED HEALTH COVERAGE, THE NAMED INSURED SHALL OBTAIN INSURANCE THAT INCLUDES COVERAGE UNDER SECTION 3107(1) (A) .

(B) AN INSURER THAT ISSUES POLICIES THAT PROVIDE THE SECURITY REQUIRED BY SECTION 3101(1) SHALL NOT REFUSE TO PROSPECTIVELY INSURE, LIMIT COVERAGE AVAILABLE TO, CHARGE A REINSTATEMENT FEE TO, OR INCREASE THE INSURANCE PREMIUMS FOR A PERSON WHO IS AN ELIGIBLE PERSON, AS THAT TERM IS DEFINED IN SECTION 2103, SOLELY BECAUSE THE PERSON PREVIOUSLY FAILED TO OBTAIN INSURANCE THAT PROVIDES COVERAGE FOR BENEFITS UNDER SECTION 3107(1) (A) IN THE TIME REQUIRED UNDER SUBDIVISION (A) .

(C) IF THE APPLICANT OR NAMED INSURED DOES NOT OBTAIN INSURANCE AS REQUIRED UNDER SUBDIVISION (A) AND A PERSON TO WHOM THE ELECTION UNDER THIS SECTION APPLIES AS DESCRIBED IN SUBSECTION (6) SUFFERS ACCIDENTAL BODILY INJURY ARISING FROM A MOTOR VEHICLE ACCIDENT, UNLESS THE INJURED PERSON IS ENTITLED TO COVERAGE UNDER

1 SOME OTHER POLICY, THE INJURED PERSON IS NOT ENTITLED TO BE PAID
2 PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION 3107(1) (A) FOR
3 THE INJURY BUT IS ENTITLED TO CLAIM BENEFITS UNDER THE ASSIGNED
4 CLAIMS PLAN.

5 (8) AS USED IN THIS SECTION:

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

9 (B) "QUALIFIED HEALTH COVERAGE" MEANS EITHER OF THE FOLLOWING:

10 (i) OTHER HEALTH OR ACCIDENT COVERAGE TO WHICH BOTH OF THE
11 FOLLOWING APPLY:

12 (A) THE COVERAGE DOES NOT EXCLUDE OR LIMIT COVERAGE FOR
13 INJURIES RELATED TO MOTOR VEHICLE ACCIDENTS.

14 (B) ANY ANNUAL DEDUCTIBLE FOR THE COVERAGE IS \$6,000.00 OR
15 LESS PER INDIVIDUAL. THE DIRECTOR SHALL ADJUST THE AMOUNT IN THIS
16 SUB-SUBPARAGRAPH ON JULY 1 OF EACH YEAR BY THE PERCENTAGE CHANGE IN
17 THE MEDICAL COMPONENT OF THE CONSUMER PRICE INDEX FOR THE PRECEDING
18 CALENDAR YEAR. HOWEVER, THE DIRECTOR SHALL NOT MAKE THE ADJUSTMENT
19 UNLESS THE ADJUSTMENT, OR THE TOTAL OF THE ADJUSTMENT AND PREVIOUS
20 UNADDED ADJUSTMENTS, IS \$500.00 OR MORE.

21 (ii) COVERAGE UNDER PARTS A AND B OF THE FEDERAL MEDICARE
22 PROGRAM ESTABLISHED UNDER SUBCHAPTER XVIII OF THE SOCIAL SECURITY
23 ACT, 42 USC 1395 TO 1395III.

24 (C) "QUALIFIED PERSON" MEANS A PERSON WHO HAS QUALIFIED HEALTH
25 COVERAGE UNDER SUBDIVISION (A) (ii) .

26 SEC. 3107E. (1) A FORM UNDER SECTION 3009, 3107C, OR 3107D
27 MUST BE DELIVERED TO THE APPLICANT OR NAMED INSURED USING 1 OF THE

1 FOLLOWING METHODS:

2 (A) PERSONAL DELIVERY.

3 (B) FIRST-CLASS MAIL, POSTAGE PREPAID.

4 (C) ELECTRONIC MEANS IN ACCORDANCE WITH SECTION 2266.

5 (2) A PERSON MUST MAKE A SELECTION UNDER SECTION 3009 OR
6 3107C, OR AN ELECTION UNDER SECTION 3107D IN 1 OF THE FOLLOWING
7 WAYS:

8 (A) MARKING AND SIGNING A PAPER FORM.

9 (B) GIVING VERBAL INSTRUCTIONS, IN PERSON OR TELEPHONICALLY,
10 THAT THE FORM BE MARKED AND SIGNED ON BEHALF OF THE PERSON. TO BE
11 AN EFFECTIVE SELECTION OR ELECTION, THE VERBAL INSTRUCTIONS MUST BE
12 RECORDED AND THE RECORDING MAINTAINED BY THE PERSON TO WHOM THE
13 INSTRUCTIONS WERE GIVEN. IF THERE IS A DISPUTE OVER THE
14 EFFECTIVENESS OF A SELECTION OR ELECTION UNDER THIS SUBDIVISION,
15 THERE IS A PRESUMPTION THAT THE SELECTION OR ELECTION WAS NOT
16 EFFECTIVE AND THE INSURER HAS THE BURDEN OF REBUTTING THE
17 PRESUMPTION WITH THE RECORDING.

18 (C) ELECTRONICALLY MARKING THE FORM AND PROVIDING AN
19 ELECTRONIC SIGNATURE AS PROVIDED IN THE UNIFORM ELECTRONIC
20 TRANSACTIONS ACT, 2000 PA 305, MCL 450.831 TO 450.849.

21 Sec. 3109a. (1) An insurer ~~providing~~ **THAT PROVIDES** personal
22 protection insurance benefits under this chapter may offer ~~at~~
23 ~~appropriately reduced premium rates,~~ deductibles and exclusions
24 reasonably related to other health and accident coverage on the
25 insured. Any deductibles and exclusions offered under this section
26 **MUST BE OFFERED AT A REDUCED PREMIUM THAT REFLECTS REASONABLY**
27 **ANTICIPATED REDUCTIONS IN LOSSES, EXPENSES, OR BOTH,** are subject to

1 prior approval by the ~~commissioner~~**DIRECTOR**, and ~~shall~~**MUST** apply
2 only to benefits payable to the person named in the policy, the
3 spouse of the insured, and any relative of either domiciled in the
4 same household.

5 (2) AN INSURER SHALL OFFER TO AN APPLICANT OR NAMED INSURED
6 THAT SELECTS A PERSONAL PROTECTION BENEFIT LIMIT UNDER SECTION
7 3107C(1) (C) AN EXCLUSION RELATED TO OTHER HEALTH OR ACCIDENT
8 COVERAGE. ALL OF THE FOLLOWING APPLY TO THAT EXCLUSION:

9 (A) IF THE NAMED INSURED, HIS OR HER SPOUSE, AND ALL RELATIVES
10 DOMICILED IN THE SAME HOUSEHOLD HAVE ACCIDENT AND HEALTH COVERAGE
11 THAT WILL COVER INJURIES THAT OCCUR AS THE RESULT OF A MOTOR
12 VEHICLE ACCIDENT, THE PREMIUM FOR THE PERSONAL PROTECTION INSURANCE
13 BENEFITS PAYABLE UNDER SECTION 3107(1) (A) UNDER THE POLICY MUST BE
14 REDUCED BY 100%.

15 (B) IF A MEMBER, BUT NOT ALL MEMBERS, OF THE HOUSEHOLD COVERED
16 BY THE INSURANCE POLICY HAS HEALTH OR ACCIDENT COVERAGE THAT WILL
17 COVER INJURIES THAT OCCUR AS THE RESULT OF A MOTOR VEHICLE
18 ACCIDENT, THE INSURER SHALL OFFER A REDUCED PREMIUM THAT REFLECTS
19 REASONABLY ANTICIPATED REDUCTIONS IN LOSSES, EXPENSES, OR BOTH. THE
20 REDUCTION MUST BE IN ADDITION TO THE RATE ROLLBACK REQUIRED BY
21 SECTION 2111F AND THE SHARE OF THE PREMIUM REDUCTION FOR THE POLICY
22 ATTRIBUTABLE TO ANY PERSON WITH ACCIDENT AND HEALTH COVERAGE MUST
23 BE 100%.

24 (C) SUBJECT TO SUBDIVISION (D), A PERSON SUBJECT TO AN
25 EXCLUSION UNDER THIS SUBSECTION IS NOT ELIGIBLE FOR PERSONAL
26 PROTECTION BENEFITS UNDER THE INSURANCE POLICY.

27 (D) IF A PERSON SUBJECT TO AN EXCLUSION UNDER THIS SUBSECTION

1 IS NO LONGER COVERED BY THE HEALTH COVERAGE, THE NAMED INSURED
2 SHALL NOTIFY THE INSURER THAT THE NAMED INSURED OR RESIDENT
3 RELATIVE IS NO LONGER ELIGIBLE FOR AN EXCLUSION. ALL OF THE
4 FOLLOWING APPLY UNDER THIS SUBDIVISION:

5 (i) THE NAMED INSURED SHALL, WITHIN 30 DAYS AFTER THE
6 EFFECTIVE DATE OF THE TERMINATION OF THE HEALTH COVERAGE, OBTAIN
7 INSURANCE THAT PROVIDES THE SECURITY REQUIRED UNDER SECTION 3101(1)
8 THAT INCLUDES COVERAGE THAT WAS EXCLUDED UNDER THIS SUBSECTION.

9 (ii) DURING THE PERIOD DESCRIBED IN SUBPARAGRAPH (i), IF ANY
10 PERSON EXCLUDED SUFFERS ACCIDENTAL BODILY INJURY ARISING FROM A
11 MOTOR VEHICLE ACCIDENT, THE PERSON IS ENTITLED TO CLAIM BENEFITS
12 UNDER THE ASSIGNED CLAIMS PLAN.

13 (E) IF THE NAMED INSURED DOES NOT OBTAIN INSURANCE THAT
14 PROVIDES THE SECURITY REQUIRED UNDER SECTION 3101(1) THAT INCLUDES
15 THE COVERAGE EXCLUDED UNDER THIS SUBSECTION DURING THE PERIOD
16 DESCRIBED IN SUBDIVISION (D) (i) AND THE NAMED INSURED OR ANY PERSON
17 EXCLUDED UNDER THE POLICY SUFFERS ACCIDENTAL BODILY INJURY ARISING
18 FROM A MOTOR VEHICLE ACCIDENT, UNLESS THE INJURED PERSON IS
19 ENTITLED TO COVERAGE UNDER SOME OTHER POLICY, THE INJURED PERSON IS
20 NOT ENTITLED TO BE PAID PERSONAL PROTECTION INSURANCE BENEFITS
21 UNDER SECTION 3107(1) (A) FOR THE INJURY THAT OCCURRED DURING THE
22 PERIOD IN WHICH COVERAGE UNDER THIS SECTION WAS EXCLUDED.

23 (3) AN AUTOMOBILE INSURER SHALL NOT REFUSE TO PROSPECTIVELY
24 INSURE, LIMIT COVERAGE AVAILABLE TO, CHARGE A REINSTATEMENT FEE
25 FOR, OR INCREASE THE PREMIUMS FOR AUTOMOBILE INSURANCE FOR AN
26 ELIGIBLE PERSON SOLELY BECAUSE THE PERSON PREVIOUSLY FAILED TO
27 OBTAIN INSURANCE THAT PROVIDES THE SECURITY REQUIRED UNDER SECTION

1 3101(1) IN THE TIME PERIOD PROVIDED UNDER SUBSECTION (2) (D) (i) .

2 (4) THE AMOUNT OF A PREMIUM REDUCTION UNDER SUBSECTION (1)
3 MUST APPEAR IN A CONSPICUOUS MANNER IN THE DECLARATIONS FOR THE
4 POLICY, AND BE EXPRESSED AS A DOLLAR AMOUNT OR A PERCENTAGE.

5 Sec. 3111. Personal protection insurance benefits are payable
6 for accidental bodily injury suffered in an accident occurring out
7 of this state, if the accident occurs within the United States, its
8 territories and possessions, or ~~in~~ Canada, and the person whose
9 injury is the basis of the claim was at the time of the accident a
10 named insured under a personal protection insurance policy, ~~his~~ **THE**
11 spouse **OF A NAMED INSURED**, a relative of either domiciled in the
12 same household, or an occupant of a vehicle involved in the
13 accident, ~~whose~~ **IF THE OCCUPANT WAS A RESIDENT OF THIS STATE OR IF**
14 **THE** owner or registrant **OF THE VEHICLE** was insured under a personal
15 protection insurance policy or ~~has~~ provided security approved by
16 the secretary of state under ~~subsection (4) of section~~
17 ~~3101.~~ **3101(4)** .

18 Sec. 3112. Personal protection insurance benefits are payable
19 to or for the benefit of an injured person or, in case of his **OR**
20 **HER** death, to or for the benefit of his **OR HER** dependents. **A HEALTH**
21 **CARE PROVIDER LISTED IN SECTION 3157 MAY MAKE A CLAIM AND ASSERT A**
22 **DIRECT CAUSE OF ACTION AGAINST AN INSURER, OR UNDER THE ASSIGNED**
23 **CLAIMS PLAN UNDER SECTIONS 3171 TO 3175, TO RECOVER OVERDUE**
24 **BENEFITS PAYABLE FOR CHARGES FOR PRODUCTS, SERVICES, OR**
25 **ACCOMMODATIONS PROVIDED TO AN INJURED PERSON.** Payment by an insurer
26 in good faith of personal protection insurance benefits, to or for
27 the benefit of a person who it believes is entitled to the

1 benefits, discharges the insurer's liability to the extent of the
2 payments unless the insurer has been notified in writing of the
3 claim of some other person. If there is doubt about the proper
4 person to receive the benefits or the proper apportionment among
5 the persons entitled thereto, **TO THE BENEFITS**, the insurer, the
6 claimant, or any other interested person may apply to the circuit
7 court for an appropriate order. The court may designate the payees
8 and make an equitable apportionment, taking into account the
9 relationship of the payees to the injured person and other factors
10 as the court considers appropriate. In the absence of a court order
11 directing otherwise the insurer may pay:

12 (a) To the dependents of the injured person, the personal
13 protection insurance benefits accrued before his **OR HER** death
14 without appointment of an administrator or executor.

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

17 Sec. 3113. A person is not entitled to be paid personal
18 protection insurance benefits for accidental bodily injury if at
19 the time of the accident any of the following circumstances
20 existed:

21 (a) The person was willingly operating or willingly using a
22 motor vehicle or motorcycle that was taken unlawfully, and the
23 person knew or should have known that the motor vehicle or
24 motorcycle was taken unlawfully.

25 (b) The person was the owner or registrant of a motor vehicle
26 or motorcycle involved in the accident with respect to which the
27 security required by section 3101 or 3103 was not in effect.

1 (c) The person was not a resident of this state, **UNLESS THE**
2 **PERSON OWNED A MOTOR VEHICLE THAT WAS REGISTERED AND INSURED IN**
3 **THIS STATE.** ~~, was an occupant of a motor vehicle or motorcycle not~~
4 ~~registered in this state, and the motor vehicle or motorcycle was~~
5 ~~not insured by an insurer that has filed a certification in~~
6 ~~compliance with section 3163.~~

7 (d) The person was operating a motor vehicle or motorcycle as
8 to which he or she was named as an excluded operator as allowed
9 under section 3009(2).

10 (e) The person was the owner or operator of a motor vehicle
11 for which coverage was excluded under a policy exclusion authorized
12 under section 3017.

13 Sec. 3114. (1) Except as provided in subsections (2), (3), and
14 (5), a personal protection insurance policy described in section
15 3101(1) applies to accidental bodily injury to the person named in
16 the policy, the person's spouse, and a relative of either domiciled
17 in the same household, if the injury arises from a motor vehicle
18 accident. A personal injury insurance policy described in section
19 3103(2) applies to accidental bodily injury to the person named in
20 the policy, the person's spouse, and a relative of either domiciled
21 in the same household, if the injury arises from a motorcycle
22 accident. If personal protection insurance benefits or personal
23 injury benefits described in section 3103(2) are payable to or for
24 the benefit of an injured person under his or her own policy and
25 would also be payable under the policy of his or her spouse,
26 relative, or relative's spouse, the injured person's insurer shall
27 pay all of the benefits **UP TO THE COVERAGE LEVEL APPLICABLE UNDER**

1 **SECTION 3107C TO THE INJURED PERSON'S POLICY**, and is not entitled
2 to recoupment from the other insurer.

3 (2) A person ~~suffering~~ **WHO SUFFERS** accidental bodily injury
4 while an operator or a passenger of a motor vehicle operated in the
5 business of transporting passengers shall receive the personal
6 protection insurance benefits to which the person is entitled from
7 the insurer of the motor vehicle. This subsection does not apply to
8 a passenger in any of the following, unless the passenger is not
9 entitled to personal protection insurance benefits under any other
10 policy:

11 (a) A school bus, as defined by the department of education,
12 providing transportation not prohibited by law.

13 (b) A bus operated by a common carrier of passengers certified
14 by the department of transportation.

15 (c) A bus operating under a government sponsored
16 transportation program.

17 (d) A bus operated by or providing service to a nonprofit
18 organization.

19 (e) A taxicab insured as prescribed in section 3101 or 3102.

20 (f) A bus operated by a canoe or other watercraft, bicycle, or
21 horse livery used only to transport passengers to or from a
22 destination point.

23 (g) A transportation network company vehicle.

24 **(H) A MOTOR VEHICLE INSURED UNDER A POLICY FOR WHICH THE**
25 **PERSON NAMED IN THE POLICY HAS ELECTED TO NOT MAINTAIN COVERAGE FOR**
26 **PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION 3107D OR AS TO**
27 **WHICH AN EXCLUSION UNDER SECTION 3109A(2) APPLIES.**



(3) An employee, his or her spouse, or a relative of either domiciled in the same household, who suffers accidental bodily injury while an occupant of a motor vehicle owned or registered by the employer, shall receive personal protection insurance benefits to which the employee is entitled from the insurer of the furnished vehicle.

(4) Except as provided in subsections ~~(1) to~~ **(2) AND** (3), a person ~~suffering~~ **WHO SUFFERS** accidental bodily injury arising from a motor vehicle accident while an occupant of a motor vehicle **WHO**

IS NOT COVERED UNDER A PERSONAL PROTECTION INSURANCE POLICY AS PROVIDED IN SUBSECTION (1) shall claim personal protection insurance benefits ~~from insurers in the following order of priority:~~

~~—— (a) The insurer of the owner or registrant of the vehicle occupied.~~

~~—— (b) The insurer of the operator of the vehicle occupied.~~ **UNDER THE ASSIGNED CLAIMS PLAN UNDER SECTIONS 3171 TO 3175. THIS SUBSECTION DOES NOT APPLY TO A PERSON INSURED UNDER A POLICY FOR WHICH THE PERSON NAMED IN THE POLICY HAS ELECTED TO NOT MAINTAIN COVERAGE FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION 3107D OR AS TO WHICH AN EXCLUSION UNDER SECTION 3109(2) APPLIES, OR WHO IS NOT ENTITLED TO BE PAID PERSONAL PROTECTION BENEFITS UNDER SECTION 3107D(6) (C) OR 3109A(2) (D) (ii) .**

(5) ~~A~~ **SUBJECT TO SUBSECTIONS (6) AND (7), A** person ~~suffering~~ **WHO SUFFERS** accidental bodily injury arising from a motor vehicle accident that shows evidence of the involvement of a motor vehicle while an operator or passenger of a motorcycle shall claim personal

1 protection insurance benefits from insurers in the following order
2 of priority:

3 (a) The insurer of the owner or registrant of the motor
4 vehicle involved in the accident.

5 (b) The insurer of the operator of the motor vehicle involved
6 in the accident.

7 (c) The motor vehicle insurer of the operator of the
8 motorcycle involved in the accident.

9 (d) The motor vehicle insurer of the owner or registrant of
10 the motorcycle involved in the accident.

11 (6) IF AN APPLICABLE INSURANCE POLICY IN AN ORDER OF PRIORITY
12 UNDER SUBSECTION (5) IS A POLICY FOR WHICH THE PERSON NAMED IN THE
13 POLICY HAS ELECTED TO NOT MAINTAIN COVERAGE FOR PERSONAL PROTECTION
14 INSURANCE BENEFITS UNDER SECTION 3107D, OR AS TO WHICH AN EXCLUSION
15 UNDER SECTION 3109(2) APPLIES, THE INJURED PERSON SHALL CLAIM
16 BENEFITS ONLY UNDER OTHER POLICIES, SUBJECT TO SUBSECTION (7), IN
17 THE SAME ORDER OF PRIORITY FOR WHICH NO SUCH ELECTION HAS BEEN
18 MADE. IF THERE ARE NO OTHER POLICIES FOR WHICH NO SUCH ELECTION HAS
19 BEEN MADE, THE INJURED PERSON SHALL CLAIM BENEFITS UNDER THE NEXT
20 ORDER OF PRIORITY OR, IF THERE IS NOT A NEXT ORDER OF PRIORITY,
21 UNDER THE ASSIGNED CLAIMS PLAN UNDER SECTIONS 3171 TO 3175.

22 (7) IF PERSONAL PROTECTION INSURANCE BENEFITS ARE PAYABLE
23 UNDER SUBSECTION (5) UNDER 2 OR MORE INSURANCE POLICIES IN THE SAME
24 ORDER OF PRIORITY, THE BENEFITS ARE ONLY PAYABLE UP TO AN AGGREGATE
25 COVERAGE LIMIT THAT EQUALS THE HIGHEST AVAILABLE COVERAGE LIMIT
26 UNDER ANY 1 OF THE POLICIES.

27 (8) ~~(6) If~~ SUBJECT TO SUBSECTIONS (6) AND (7), IF 2 or more



1 insurers are in the same order of priority to provide personal
 2 protection insurance benefits under subsection (5), an insurer
 3 ~~paying~~ **THAT PAYS** benefits due is entitled to partial recoupment
 4 from the other insurers in the same order of priority, and a
 5 reasonable amount of partial recoupment of the expense of
 6 processing the claim, in order to accomplish equitable distribution
 7 of the loss among all of the insurers.

8 (9) ~~(7)~~ As used in this section:

9 (a) "Personal vehicle", ~~"prearranged ride"~~, and
 10 "transportation network company digital network", **AND**
 11 **"TRANSPORTATION NETWORK COMPANY PREARRANGED RIDE"** mean those terms
 12 as defined in section 2 of the limousine, taxicab, and
 13 transportation network company act, **2016 PA 345, MCL 257.2102.**

14 (b) "Transportation network company vehicle" means a personal
 15 vehicle while the driver is logged on to the transportation network
 16 company digital network or while the driver is engaged in a
 17 **TRANSPORTATION NETWORK COMPANY** prearranged ride.

18 Sec. 3115. ~~(1)~~ Except as provided in ~~subsection (1) of section~~
 19 ~~3114,~~ **3114(1)**, a person ~~suffering~~ **WHO SUFFERS** accidental bodily
 20 injury while not an occupant of a motor vehicle shall claim
 21 personal protection insurance benefits ~~from insurers in the~~
 22 ~~following order of priority:~~ **UNDER THE ASSIGNED CLAIMS PLAN UNDER**
 23 **SECTIONS 3171 TO 3175.**

24 ~~— (a) Insurers of owners or registrants of motor vehicles~~
 25 ~~involved in the accident.~~

26 ~~— (b) Insurers of operators of motor vehicles involved in the~~
 27 ~~accident.~~

~~(2) When 2 or more insurers are in the same order of priority to provide personal protection insurance benefits an insurer paying benefits due is entitled to partial recoupment from the other insurers in the same order of priority, together with a reasonable amount of partial recoupment of the expense of processing the claim, in order to accomplish equitable distribution of the loss among such insurers.~~

~~(3) A limit upon the amount of personal protection insurance benefits available because of accidental bodily injury to 1 person arising from 1 motor vehicle accident shall be determined without regard to the number of policies applicable to the accident.~~

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~~ **UNDER** subsection (1) ~~filed on or after July 26, 1996, OR (3) (D)~~, 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

1 the determination whether the person has suffered a serious
2 impairment of body function or permanent serious disfigurement.
3 However, for a closed-head injury, a question of fact for the jury
4 is created if a licensed allopathic or osteopathic physician who
5 regularly diagnoses or treats closed-head injuries testifies under
6 oath that there may be a serious neurological injury.

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

10 (c) Damages ~~shall~~**MUST** not be assessed in favor of a party who
11 was operating his or her own vehicle at the time the injury
12 occurred and did not have in effect for that motor vehicle the
13 security required by section ~~3101~~**3101(1)** at the time the injury
14 occurred.

15 (3) Notwithstanding any other provision of law, tort liability
16 arising from the ownership, maintenance, or use within this state
17 of a motor vehicle with respect to which the security required by
18 section ~~3101~~**3101(1)** was in effect is abolished except as to:

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

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

(c) Damages for allowable expenses, work loss, and survivor's loss as defined in sections 3107 to 3110, **INCLUDING ALL FUTURE ALLOWABLE EXPENSES AND WORK LOSS**, in excess of **ANY APPLICABLE LIMIT UNDER SECTION 3107C OR** the daily, monthly, and 3-year limitations contained in those sections, **OR WITHOUT LIMIT FOR ALLOWABLE EXPENSES IF AN ELECTION TO NOT MAINTAIN THAT COVERAGE WAS MADE UNDER SECTION 3107D OR IF AN EXCLUSION UNDER SECTION 3109A(2) APPLIES**. 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.~~ **HOWEVER, TO RECOVER UNDER THIS SUBDIVISION, THE NONRESIDENT MUST HAVE SUFFERED DEATH, SERIOUS IMPAIRMENT OF BODY FUNCTION, OR PERMANENT SERIOUS DISFIGUREMENT.**

(e) Damages up to ~~\$1,000.00~~ **\$3,000.00** 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 ~~shall~~ **MUST** be assessed on the basis of comparative



1 fault, except that damages ~~shall~~**MUST** not be assessed in favor of a
2 party who is more than 50% at fault.

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

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

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

13 (e) Damages ~~shall~~**MUST** not be assessed if the damaged motor
14 vehicle was being operated at the time of the damage without the
15 security required by section ~~3101~~**3101(1)**.

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

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

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

25 **(C) IT** affects the **INJURED** person's general ability to lead
26 his or her normal life, **MEANING IT HAS HAD AN INFLUENCE ON SOME OF**
27 **THE PERSON'S CAPACITY TO LIVE IN HIS OR HER NORMAL MANNER OF**

1 LIVING. ALTHOUGH TEMPORAL CONSIDERATIONS MAY BE RELEVANT, THERE IS
2 NO TEMPORAL REQUIREMENT FOR HOW LONG AN IMPAIRMENT MUST LAST. THIS
3 EXAMINATION IS INHERENTLY FACT AND CIRCUMSTANCE SPECIFIC TO EACH
4 INJURED PERSON, MUST BE CONDUCTED ON A CASE-BY-CASE BASIS, AND
5 REQUIRES COMPARISON OF THE INJURED PERSON'S LIFE BEFORE AND AFTER
6 THE INCIDENT.

7 Sec. 3142. (1) Personal protection insurance benefits are
8 payable as loss accrues.

9 (2) ~~Personal~~**SUBJECT TO SUBSECTION (3), PERSONAL** protection
10 insurance benefits are overdue if not paid within 30 days after an
11 insurer receives reasonable proof of the fact and of the amount of
12 loss sustained. ~~If~~**SUBJECT TO SUBSECTION (3), IF** reasonable proof
13 is not supplied as to the entire claim, the amount supported by
14 reasonable proof is overdue if not paid within 30 days after the
15 proof is received by the insurer. ~~Any~~**SUBJECT TO SUBSECTION (3),**
16 **ANY** part of the remainder of the claim that is later supported by
17 reasonable proof is overdue if not paid within 30 days after the
18 proof is received by the insurer. For the purpose of calculating
19 the extent to which benefits are overdue, payment ~~shall~~**MUST** be
20 treated as made on the date a draft or other valid instrument was
21 placed in the United States mail in a properly addressed, postpaid
22 envelope, or, if not so posted, on the date of delivery.

23 (3) **FOR PERSONAL PROTECTION INSURANCE BENEFITS UNDER SECTION**
24 **3107(1) (A), IF A BILL FOR THE PRODUCT, SERVICE, ACCOMMODATIONS, OR**
25 **TRAINING IS NOT PROVIDED TO THE INSURER WITHIN 90 DAYS AFTER THE**
26 **PRODUCT, SERVICE, ACCOMMODATIONS, OR TRAINING IS PROVIDED, THE**
27 **INSURER HAS 60 DAYS IN ADDITION TO 30 DAYS PROVIDED UNDER**



1 SUBSECTION (2) TO PAY BEFORE THE BENEFITS ARE OVERDUE.

2 (4) ~~(3)~~—An overdue payment bears simple interest at the rate
3 of 12% per annum.

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

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

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

24 (4) The notice of injury required by ~~this~~ subsection **(1)** may
25 be given to the insurer or any of its authorized agents by a person
26 claiming to be entitled to benefits ~~therefor~~, **FOR THE INJURY**, or by
27 someone in ~~his~~ **THE PERSON'S** behalf. The notice ~~shall~~ **MUST** give the

1 name and address of the claimant and indicate in ordinary language
 2 the name of the person injured and the time, place, and nature of
 3 ~~his~~**THE PERSON'S** injury.

4 (5) ~~(2)~~An action for recovery of property protection
 5 insurance benefits ~~shall~~**MAY** not be commenced later than 1 year
 6 after the accident.

7 Sec. 3148. (1) ~~An~~**SUBJECT TO SUBSECTIONS (4) AND (5), AN**
 8 attorney is entitled to a reasonable fee for advising and
 9 representing a claimant in an action for personal or property
 10 protection insurance benefits ~~which~~**THAT** are overdue. The
 11 attorney's fee ~~shall be~~**IS** a charge against the insurer in addition
 12 to the benefits recovered, if the court finds that the insurer
 13 unreasonably refused to pay the claim or unreasonably delayed in
 14 making proper payment. **AN ATTORNEY ADVISING OR REPRESENTING AN**
 15 **INJURED PERSON CONCERNING A CLAIM FOR PAYMENT OF PERSONAL**
 16 **PROTECTION INSURANCE BENEFITS FROM AN INSURER SHALL NOT CLAIM,**
 17 **FILE, OR SERVE A LIEN FOR PAYMENT OF A FEE OR FEES UNTIL BOTH OF**
 18 **THE FOLLOWING APPLY:**

19 (A) A PAYMENT FOR THE CLAIM IS AUTHORIZED UNDER THIS CHAPTER.

20 (B) A PAYMENT FOR THE CLAIM IS OVERDUE UNDER THIS CHAPTER.

21 (2) ~~An~~**A COURT MAY AWARD AN** insurer ~~may be allowed by a court~~
 22 ~~an award of a reasonable sum~~**AMOUNT** against a claimant as an
 23 ~~attorney's~~**ATTORNEY** fee for the insurer's attorney in ~~defense~~
 24 **DEFENDING** against a claim that was in some respect fraudulent or so
 25 excessive as to have no reasonable foundation. **A COURT MAY AWARD AN**
 26 **INSURER A REASONABLE AMOUNT AGAINST A CLAIMANT'S ATTORNEY AS AN**
 27 **ATTORNEY FEE FOR DEFENDING AGAINST A CLAIM FOR WHICH THE CLIENT WAS**

1 SOLICITED BY THE ATTORNEY IN VIOLATION OF THE LAWS OF THIS STATE OR
2 THE MICHIGAN RULES OF PROFESSIONAL CONDUCT.

3 (3) To the extent that personal or property protection
4 insurance benefits are then due or thereafter come due to the
5 claimant because of loss resulting from the injury on which the
6 claim is based, ~~such a~~ **AN ATTORNEY** fee **AWARDED IN FAVOR OF THE**
7 **INSURER** may be ~~treated~~ **TAKEN** as an offset against ~~such~~ **THE**
8 benefits. ~~It also, judgment~~ **JUDGMENT** may **ALSO** be entered against the
9 claimant for any amount of ~~a~~ **AN ATTORNEY** fee awarded against him
10 ~~and THAT IS~~ not offset ~~in this way~~ **AGAINST BENEFITS** or otherwise
11 paid.

12 (4) FOR A DISPUTE OVER PAYMENT FOR ALLOWABLE EXPENSES UNDER
13 SECTION 3107(1) (A) FOR ATTENDANT CARE OR NURSING SERVICES, ATTORNEY
14 FEES MUST NOT BE AWARDED IN RELATION TO FUTURE PAYMENTS ORDERED
15 MORE THAN 3 YEARS AFTER THE TRIAL COURT JUDGMENT OR ORDER IS
16 ENTERED. IF ATTENDANT CARE OR NURSING SERVICES ARE SUBSEQUENTLY
17 SUSPENDED OR TERMINATED, ATTORNEY FEES ON FUTURE PAYMENTS MAY BE
18 AGAIN AWARDED FOR NOT MORE THAN 3 YEARS AFTER A NEW TRIAL COURT
19 JUDGMENT OR ORDER IS ENTERED.

20 (5) A COURT SHALL NOT AWARD A FEE TO AN ATTORNEY FOR ADVISING
21 OR REPRESENTING AN INJURED PERSON IN AN ACTION FOR PERSONAL OR
22 PROPERTY PROTECTION INSURANCE BENEFITS FOR A TREATMENT, PRODUCT,
23 SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION
24 PROVIDED TO THE INJURED PERSON IF THE ATTORNEY OR A RELATED PERSON
25 OF THE ATTORNEY HAS, OR HAD AT THE TIME THE TREATMENT, PRODUCT,
26 SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION WAS
27 PROVIDED, A DIRECT OR INDIRECT FINANCIAL INTEREST IN THE PERSON



1 THAT PROVIDED THE TREATMENT, PRODUCT, SERVICE, REHABILITATIVE
 2 OCCUPATIONAL TRAINING, OR ACCOMMODATION. FOR PURPOSES OF THIS
 3 SUBSECTION, CIRCUMSTANCES IN WHICH AN ATTORNEY HAS A DIRECT OR
 4 INDIRECT FINANCIAL INTEREST INCLUDE, BUT ARE NOT LIMITED TO, THE
 5 PERSON THAT PROVIDED THE TREATMENT, PRODUCT, SERVICE,
 6 REHABILITATIVE OCCUPATIONAL TRAINING, OR ACCOMMODATION MAKING A
 7 DIRECT OR INDIRECT PAYMENT OR GRANTING A FINANCIAL INCENTIVE TO THE
 8 ATTORNEY OR A RELATED PERSON OF THE ATTORNEY RELATING TO THE
 9 TREATMENT, PRODUCT, SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING,
 10 OR ACCOMMODATION WITHIN 24 MONTHS BEFORE OR AFTER THE TREATMENT,
 11 PRODUCT, SERVICE, REHABILITATIVE OCCUPATIONAL TRAINING, OR
 12 ACCOMMODATION IS PROVIDED.

13 Sec. 3151. (1) ~~When~~ **IF** the mental or physical condition of a
 14 person is material to a claim that has been or may be made for past
 15 or future personal protection insurance benefits, **AT THE REQUEST OF**
 16 **AN INSURER** the person shall submit to mental or physical
 17 examination by physicians. A personal protection insurer may
 18 include reasonable provisions **THAT ARE IN ACCORD WITH THIS SECTION**
 19 in a personal protection insurance policy for mental and physical
 20 examination of persons claiming personal protection insurance
 21 benefits.

22 (2) A PHYSICIAN WHO CONDUCTS A MENTAL OR PHYSICAL EXAMINATION
 23 UNDER THIS SECTION MUST BE LICENSED AS A PHYSICIAN IN THIS STATE OR
 24 ANOTHER STATE AND MEET THE FOLLOWING CRITERIA, AS APPLICABLE:

25 (A) IF CARE IS BEING PROVIDED TO THE PERSON TO BE EXAMINED BY
 26 A SPECIALIST, THE EXAMINING PHYSICIAN MUST SPECIALIZE IN THE SAME
 27 SPECIALTY AS THE PHYSICIAN PROVIDING THE CARE, AND IF THE PHYSICIAN

1 PROVIDING THE CARE IS BOARD CERTIFIED IN THE SPECIALTY, THE
 2 EXAMINING PHYSICIAN MUST BE BOARD CERTIFIED IN THAT SPECIALTY.

3 (B) DURING THE YEAR IMMEDIATELY PRECEDING THE EXAMINATION, THE
 4 EXAMINING PHYSICIAN MUST HAVE DEVOTED A MAJORITY OF HIS OR HER
 5 PROFESSIONAL TIME TO EITHER OR BOTH OF THE FOLLOWING:

6 (i) THE ACTIVE CLINICAL PRACTICE OF MEDICINE AND, IF
 7 SUBDIVISION (A) APPLIES, THE ACTIVE CLINICAL PRACTICE OF THE
 8 SPECIALTY.

9 (ii) THE INSTRUCTION OF STUDENTS IN AN ACCREDITED MEDICAL
 10 SCHOOL OR IN AN ACCREDITED RESIDENCY OR CLINICAL RESEARCH PROGRAM
 11 FOR PHYSICIANS AND, IF SUBDIVISION (A) APPLIES, THE INSTRUCTION OF
 12 STUDENTS IS IN THE SPECIALTY.

13 Sec. 3157. (1) ~~A-SUBJECT TO SUBSECTIONS (2) TO (14), A~~
 14 ~~physician, hospital, clinic, or other person or institution THAT~~
 15 ~~lawfully rendering-RENDERS~~ treatment to an injured person for an
 16 accidental bodily injury covered by personal protection insurance,
 17 ~~and-OR a person or institution providing THAT PROVIDES~~
 18 rehabilitative occupational training following the injury, may
 19 charge a reasonable amount for the ~~products, services and~~
 20 ~~accommodations rendered. TREATMENT OR TRAINING.~~ The charge shall
 21 **MUST** not exceed the amount the person ~~or institution~~ customarily
 22 charges for like ~~products, services and accommodations~~ **TREATMENT OR**
 23 **TRAINING** in cases **THAT DO** not ~~involving~~ **INVOLVE** insurance.

24 (2) SUBJECT TO SUBSECTIONS (3) TO (14), A PHYSICIAN, HOSPITAL,
 25 CLINIC, OR OTHER PERSON THAT RENDERS TREATMENT OR REHABILITATIVE
 26 OCCUPATIONAL TRAINING TO AN INJURED PERSON FOR AN ACCIDENTAL BODILY
 27 INJURY COVERED BY PERSONAL PROTECTION INSURANCE IS NOT ELIGIBLE FOR

PAYMENT OR REIMBURSEMENT UNDER THIS CHAPTER FOR MORE THAN THE
FOLLOWING:

(A) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2021 AND
BEFORE JULY 2, 2022, 200% OF THE AMOUNT PAYABLE TO THE PERSON FOR
THE TREATMENT OR TRAINING UNDER MEDICARE.

(B) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2022 AND
BEFORE JULY 2, 2023, 195% OF THE AMOUNT PAYABLE TO THE PERSON FOR
THE TREATMENT OR TRAINING UNDER MEDICARE.

(C) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2023,
190% OF THE AMOUNT PAYABLE TO THE PERSON FOR THE TREATMENT OR
TRAINING UNDER MEDICARE.

(3) SUBJECT TO SUBSECTIONS (5) TO (14), A PHYSICIAN, HOSPITAL,
CLINIC, OR OTHER PERSON IDENTIFIED IN SUBSECTION (4) THAT RENDERS
TREATMENT OR REHABILITATIVE OCCUPATIONAL TRAINING TO AN INJURED
PERSON FOR AN ACCIDENTAL BODILY INJURY COVERED BY PERSONAL
PROTECTION INSURANCE IS ELIGIBLE FOR PAYMENT OR REIMBURSEMENT UNDER
THIS CHAPTER OF NOT MORE THAN THE FOLLOWING:

(A) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2021 AND
BEFORE JULY 2, 2022, 230% OF THE AMOUNT PAYABLE TO THE PERSON FOR
THE TREATMENT OR TRAINING UNDER MEDICARE.

(B) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2022 AND
BEFORE JULY 2, 2023, 225% OF THE AMOUNT PAYABLE TO THE PERSON FOR
THE TREATMENT OR TRAINING UNDER MEDICARE.

(C) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2023,
220% OF THE AMOUNT PAYABLE TO THE PERSON FOR THE TREATMENT OR
TRAINING UNDER MEDICARE.

(4) SUBJECT TO SUBSECTION (5), SUBSECTION (3) ONLY APPLIES TO

1 A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON IF EITHER OF THE
2 FOLLOWING APPLIES TO THE PERSON RENDERING THE TREATMENT OR
3 TRAINING:

4 (A) ON JULY 1 OF THE YEAR IN WHICH THE PERSON RENDERS THE
5 TREATMENT OR TRAINING, THE PERSON HAS 20% OR MORE, BUT LESS THAN
6 30%, INDIGENT VOLUME DETERMINED PURSUANT TO THE METHODOLOGY USED BY
7 THE DEPARTMENT OF HEALTH AND HUMAN SERVICES IN DETERMINING
8 INPATIENT MEDICAL/SURGICAL FACTORS USED IN MEASURING ELIGIBILITY
9 FOR MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

10 (B) THE PERSON IS A FREESTANDING REHABILITATION FACILITY. EACH
11 YEAR THE DIRECTOR SHALL DESIGNATE NOT MORE THAN 2 FREESTANDING
12 REHABILITATION FACILITIES TO QUALIFY FOR PAYMENTS UNDER SUBSECTION
13 (3) FOR THAT YEAR. AS USED IN THIS SUBDIVISION, "FREESTANDING
14 REHABILITATION FACILITY" MEANS AN ACUTE CARE HOSPITAL TO WHICH ALL
15 OF THE FOLLOWING APPLY:

16 (i) THE HOSPITAL HAS STAFF WITH SPECIALIZED AND DEMONSTRATED
17 REHABILITATION MEDICINE EXPERTISE.

18 (ii) THE HOSPITAL POSSESSES SOPHISTICATED TECHNOLOGY AND
19 SPECIALIZED FACILITIES.

20 (iii) THE HOSPITAL PARTICIPATES IN REHABILITATION RESEARCH AND
21 CLINICAL EDUCATION.

22 (iv) THE HOSPITAL ASSISTS PATIENTS TO ACHIEVE EXCELLENT
23 REHABILITATION OUTCOMES.

24 (v) THE HOSPITAL COORDINATES NECESSARY POST-DISCHARGE
25 SERVICES.

26 (vi) THE HOSPITAL IS ACCREDITED BY 1 OR MORE THIRD-PARTY,
27 INDEPENDENT ORGANIZATIONS FOCUSED ON QUALITY.

1 (vii) THE HOSPITAL SERVES THE REHABILITATION NEEDS OF
2 CATASTROPHICALLY INJURED PATIENTS IN THIS STATE.

3 (viii) THE HOSPITAL WAS IN EXISTENCE ON MAY 1, 2019.

4 (5) TO QUALIFY FOR A PAYMENT UNDER SUBSECTION (4) (A) OR (B) , A
5 PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON SHALL PROVIDE THE
6 DIRECTOR WITH ALL DOCUMENTS AND INFORMATION REQUESTED BY THE
7 DIRECTOR THAT THE DIRECTOR DETERMINES ARE NECESSARY TO ALLOW THE
8 DIRECTOR TO DETERMINE WHETHER THE PERSON QUALIFIES. THE DIRECTOR
9 SHALL ANNUALLY REVIEW DOCUMENTS AND INFORMATION PROVIDED UNDER THIS
10 SUBSECTION AND, IF THE PERSON QUALIFIES UNDER SUBSECTION (4) (A) OR
11 (B) , SHALL CERTIFY THE PERSON AS QUALIFYING AND PROVIDE A LIST OF
12 QUALIFYING PERSONS TO INSURERS AND OTHER PERSONS THAT PROVIDE THE
13 SECURITY REQUIRED UNDER SECTION 3101(1). A PHYSICIAN, HOSPITAL,
14 CLINIC, OR OTHER PERSON THAT PROVIDES 30% OR MORE OF ITS TOTAL
15 TREATMENT OR TRAINING AS DESCRIBED UNDER SUBSECTION (4) (A) OR (B)
16 IS ENTITLED TO RECEIVE, INSTEAD OF AN APPLICABLE PERCENTAGE UNDER
17 SUBSECTION (3) , 250% OF THE AMOUNT PAYABLE TO THE PERSON FOR THE
18 TREATMENT OR TRAINING UNDER MEDICARE.

19 (6) SUBJECT TO SUBSECTIONS (7) TO (14) , A HOSPITAL THAT IS A
20 LEVEL I OR LEVEL II TRAUMA CENTER THAT RENDERS TREATMENT TO AN
21 INJURED PERSON FOR AN ACCIDENTAL BODILY INJURY COVERED BY PERSONAL
22 PROTECTION INSURANCE, IF THE TREATMENT IS FOR AN EMERGENCY MEDICAL
23 CONDITION AND RENDERED BEFORE THE PATIENT IS STABILIZED AND
24 TRANSFERRED, IS NOT ELIGIBLE FOR PAYMENT OR REIMBURSEMENT UNDER
25 THIS CHAPTER OF MORE THAN THE FOLLOWING:

26 (A) FOR TREATMENT RENDERED AFTER JULY 1, 2021 AND BEFORE JULY
27 2, 2022, 240% OF THE AMOUNT PAYABLE TO THE HOSPITAL FOR THE

1 TREATMENT UNDER MEDICARE.

2 (B) FOR TREATMENT RENDERED AFTER JULY 1, 2022 AND BEFORE JULY
3 2, 2023, 235% OF THE AMOUNT PAYABLE TO THE HOSPITAL FOR THE
4 TREATMENT UNDER MEDICARE.

5 (C) FOR TREATMENT RENDERED AFTER JULY 1, 2023, 230% OF THE
6 AMOUNT PAYABLE TO THE HOSPITAL FOR THE TREATMENT UNDER MEDICARE.

7 (7) IF MEDICARE DOES NOT PROVIDE AN AMOUNT PAYABLE FOR A
8 TREATMENT OR REHABILITATIVE OCCUPATIONAL TRAINING UNDER SUBSECTION
9 (2), (3), OR (6), THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON
10 THAT RENDERS THE TREATMENT OR TRAINING IS NOT ELIGIBLE FOR PAYMENT
11 OR REIMBURSEMENT UNDER THIS CHAPTER OF MORE THAN THE FOLLOWING, AS
12 APPLICABLE:

13 (A) FOR A PERSON TO WHICH SUBSECTION (2) APPLIES, THE
14 APPLICABLE FOLLOWING PERCENTAGE OF THE AMOUNT PAYABLE FOR THE
15 TREATMENT OR TRAINING UNDER THE PERSON'S CHARGE DESCRIPTION MASTER
16 IN EFFECT ON JANUARY 1, 2019 OR, IF THE PERSON DID NOT HAVE A
17 CHARGE DESCRIPTION MASTER ON THAT DATE, THE APPLICABLE FOLLOWING
18 PERCENTAGE OF THE AVERAGE AMOUNT THE PERSON CHARGED FOR THE
19 TREATMENT ON JANUARY 1, 2019:

20 (i) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2021 AND
21 BEFORE JULY 2, 2022, 55%.

22 (ii) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2022 AND
23 BEFORE JULY 2, 2023, 54%.

24 (iii) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2023,
25 52.5%.

26 (B) FOR A PERSON TO WHICH SUBSECTION (3) APPLIES, THE
27 APPLICABLE FOLLOWING PERCENTAGE OF THE AMOUNT PAYABLE FOR THE



1 TREATMENT OR TRAINING UNDER THE PERSON'S CHARGE DESCRIPTION MASTER
2 IN EFFECT ON JANUARY 1, 2019 OR, IF THE PERSON DID NOT HAVE A
3 CHARGE DESCRIPTION MASTER ON THAT DATE, THE APPLICABLE FOLLOWING
4 PERCENTAGE OF THE AVERAGE AMOUNT THE PERSON CHARGED FOR THE
5 TREATMENT OR TRAINING ON JANUARY 1, 2019:

6 (i) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2021 AND
7 BEFORE JULY 2, 2022, 70%.

8 (ii) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2022 AND
9 BEFORE JULY 2, 2023, 68%.

10 (iii) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2023,
11 66.5%.

12 (C) FOR A PERSON TO WHICH SUBSECTION (5) APPLIES, 78% OF THE
13 AMOUNT PAYABLE FOR THE TREATMENT OR TRAINING UNDER THE PERSON'S
14 CHARGE DESCRIPTION MASTER IN EFFECT ON JANUARY 1, 2019 OR, IF THE
15 PERSON DID NOT HAVE A CHARGE DESCRIPTION MASTER ON THAT DATE, 78%
16 OF THE AVERAGE AMOUNT THE PERSON CHARGED FOR THE TREATMENT ON
17 JANUARY 1, 2019.

18 (D) FOR A PERSON TO WHICH SUBSECTION (6) APPLIES, THE
19 APPLICABLE FOLLOWING PERCENTAGE OF THE AMOUNT PAYABLE FOR THE
20 TREATMENT UNDER THE PERSON'S CHARGE DESCRIPTION MASTER IN EFFECT ON
21 JANUARY 1, 2019 OR, IF THE PERSON DID NOT HAVE A CHARGE DESCRIPTION
22 MASTER ON THAT DATE, THE APPLICABLE FOLLOWING PERCENTAGE OF THE
23 AVERAGE AMOUNT THE PERSON CHARGED FOR THE TREATMENT ON JANUARY 1,
24 2019:

25 (i) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2021 AND
26 BEFORE JULY 2, 2022, 75%.

27 (ii) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2022 AND

1 BEFORE JULY 2, 2023, 73%.

2 (iii) FOR TREATMENT OR TRAINING RENDERED AFTER JULY 1, 2023,
3 71%.

4 (8) FOR ANY CHANGE TO AN AMOUNT PAYABLE UNDER MEDICARE AS
5 PROVIDED IN SUBSECTION (2), (3), (5), OR (6) THAT OCCURS AFTER THE
6 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION,
7 THE CHANGE MUST BE APPLIED TO THE AMOUNT ALLOWED FOR PAYMENT OR
8 REIMBURSEMENT UNDER THAT SUBSECTION. HOWEVER, AN AMOUNT ALLOWED FOR
9 PAYMENT OR REIMBURSEMENT UNDER SUBSECTION (2), (3), (5), OR (6)
10 MUST NOT EXCEED THE AVERAGE AMOUNT CHARGED BY THE PHYSICIAN,
11 HOSPITAL, CLINIC, OR OTHER PERSON FOR THE TREATMENT OR TRAINING ON
12 JANUARY 1, 2019.

13 (9) AN AMOUNT THAT IS TO BE APPLIED UNDER SUBSECTION (7) OR
14 (8), THAT WAS IN EFFECT ON JANUARY 1, 2019, INCLUDING ANY PRIOR
15 ADJUSTMENTS TO THE AMOUNT MADE UNDER THIS SUBSECTION, MUST BE
16 ADJUSTED ANNUALLY BY THE PERCENTAGE CHANGE IN THE MEDICAL CARE
17 COMPONENT OF THE CONSUMER PRICE INDEX FOR THE YEAR PRECEDING THE
18 ADJUSTMENT.

19 (10) FOR ATTENDANT CARE RENDERED IN THE INJURED PERSON'S HOME,
20 AN INSURER IS ONLY REQUIRED TO PAY BENEFITS FOR ATTENDANT CARE UP
21 TO THE HOURLY LIMITATION IN SECTION 315 OF THE WORKER'S DISABILITY
22 COMPENSATION ACT OF 1969, 1969 PA 317, MCL 418.315. THIS SUBSECTION
23 ONLY APPLIES IF THE ATTENDANT CARE IS PROVIDED DIRECTLY, OR
24 INDIRECTLY THROUGH ANOTHER PERSON, BY ANY OF THE FOLLOWING:

25 (A) AN INDIVIDUAL WHO IS RELATED TO THE INJURED PERSON.

26 (B) AN INDIVIDUAL WHO IS DOMICILED IN THE HOUSEHOLD OF THE
27 INJURED PERSON.



1 (C) AN INDIVIDUAL WITH WHOM THE INJURED PERSON HAD A BUSINESS
2 OR SOCIAL RELATIONSHIP BEFORE THE INJURY.

3 (11) AN INSURER MAY CONTRACT TO PAY BENEFITS FOR ATTENDANT
4 CARE FOR MORE THAN THE HOURLY LIMITATION UNDER SUBSECTION (10).

5 (12) A NEUROLOGICAL REHABILITATION CLINIC IS NOT ENTITLED TO
6 PAYMENT OR REIMBURSEMENT FOR A TREATMENT, TRAINING, PRODUCT,
7 SERVICE, OR ACCOMMODATION UNLESS THE NEUROLOGICAL REHABILITATION
8 CLINIC IS ACCREDITED BY THE COMMISSION ON ACCREDITATION OF
9 REHABILITATION FACILITIES OR A SIMILAR ORGANIZATION RECOGNIZED BY
10 THE DIRECTOR FOR PURPOSES OF ACCREDITATION UNDER THIS SUBSECTION.
11 THIS SUBSECTION DOES NOT APPLY TO A NEUROLOGICAL REHABILITATION
12 CLINIC THAT IS IN THE PROCESS OF BECOMING ACCREDITED AS REQUIRED
13 UNDER THIS SUBSECTION ON JULY 1, 2021, UNLESS 3 YEARS HAVE PASSED
14 SINCE THE BEGINNING OF THAT PROCESS AND THE NEUROLOGICAL
15 REHABILITATION CLINIC IS STILL NOT ACCREDITED.

16 (13) SUBSECTIONS (2) TO (12) DO NOT APPLY TO EMERGENCY MEDICAL
17 SERVICES RENDERED BY AN AMBULANCE OPERATION. AS USED IN THIS
18 SUBSECTION:

19 (A) "AMBULANCE OPERATION" MEANS THAT TERM AS DEFINED IN
20 SECTION 20902 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
21 333.20902.

22 (B) "EMERGENCY MEDICAL SERVICES" MEANS THAT TERM AS DEFINED IN
23 SECTION 20904 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
24 333.20904.

25 (14) SUBSECTIONS (2) TO (13) APPLY TO TREATMENT OR
26 REHABILITATIVE OCCUPATIONAL TRAINING RENDERED AFTER JULY 1, 2021.

27 (15) AS USED IN THIS SECTION:



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

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

7 (C) "EMERGENCY MEDICAL CONDITION" MEANS THAT TERM AS DEFINED
8 IN SECTION 1395DD OF THE SOCIAL SECURITY ACT, 42 USC 1395DD.

9 (D) "LEVEL I OR LEVEL II TRAUMA CENTER" MEANS A HOSPITAL THAT
10 IS VERIFIED AS A LEVEL I OR LEVEL II TRAUMA CENTER BY THE AMERICAN
11 COLLEGE OF SURGEONS COMMITTEE ON TRAUMA.

12 (E) "MEDICAID" MEANS A PROGRAM FOR MEDICAL ASSISTANCE
13 ESTABLISHED UNDER SUBCHAPTER XIX OF THE SOCIAL SECURITY ACT, 42 USC
14 1396 TO 1396W-5.

15 (F) "MEDICARE" MEANS FEE FOR SERVICE PAYMENTS UNDER PART A, B,
16 OR D OF THE FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER SUBCHAPTER
17 XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO 1395III, WITHOUT
18 REGARD TO THE LIMITATIONS UNRELATED TO THE RATES IN THE FEE
19 SCHEDULE SUCH AS LIMITATION OR SUPPLEMENTAL PAYMENTS RELATED TO
20 UTILIZATION, READMISSIONS, RECAPTURES, BAD DEBT ADJUSTMENTS, OR
21 SEQUESTRATION.

22 (G) "NEUROLOGICAL REHABILITATION CLINIC" MEANS A PERSON THAT
23 PROVIDES POST-ACUTE BRAIN AND SPINAL REHABILITATION CARE.

24 (H) "PERSON", AS PROVIDED IN SECTION 114, INCLUDES, BUT IS NOT
25 LIMITED TO, AN INSTITUTION.

26 (I) "STABILIZED" MEANS THAT TERM AS DEFINED IN SECTION 1395DD
27 OF THE SOCIAL SECURITY ACT, 42 USC 1395DD.



1 (J) "TRANSFER" MEANS THAT TERM AS DEFINED IN SECTION 1395DD OF
2 THE SOCIAL SECURITY ACT, 42 USC 1395DD.

3 (K) "TREATMENT" INCLUDES, BUT IS NOT LIMITED TO, PRODUCTS,
4 SERVICES, AND ACCOMMODATIONS.

5 SEC. 3157A. (1) BY RENDERING ANY TREATMENT, PRODUCTS,
6 SERVICES, OR ACCOMMODATIONS TO 1 OR MORE INJURED PERSONS FOR AN
7 ACCIDENTAL BODILY INJURY COVERED BY PERSONAL PROTECTION INSURANCE
8 UNDER THIS CHAPTER AFTER JULY 1, 2020, A PHYSICIAN, HOSPITAL,
9 CLINIC, OR OTHER PERSON IS CONSIDERED TO HAVE AGREED TO DO BOTH OF
10 THE FOLLOWING:

11 (A) SUBMIT NECESSARY RECORDS AND OTHER INFORMATION CONCERNING
12 TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS PROVIDED FOR
13 UTILIZATION REVIEW UNDER THIS SECTION.

14 (B) COMPLY WITH ANY DECISION OF THE DEPARTMENT UNDER THIS
15 SECTION.

16 (2) A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON OR
17 INSTITUTION THAT KNOWINGLY SUBMITS UNDER THIS SECTION FALSE OR
18 MISLEADING RECORDS OR OTHER INFORMATION TO AN INSURER, THE
19 ASSOCIATION CREATED UNDER SECTION 3104, OR THE DEPARTMENT COMMITS A
20 FRAUDULENT INSURANCE ACT UNDER SECTION 4503.

21 (3) THE DEPARTMENT SHALL PROMULGATE RULES UNDER THE
22 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
23 24.328, TO DO BOTH OF THE FOLLOWING:

24 (A) ESTABLISH CRITERIA OR STANDARDS FOR UTILIZATION REVIEW
25 THAT IDENTIFY UTILIZATION OF TREATMENT, PRODUCTS, SERVICES, OR
26 ACCOMMODATIONS UNDER THIS CHAPTER ABOVE THE USUAL RANGE OF
27 UTILIZATION FOR THE TREATMENT, PRODUCTS, SERVICES, OR

1 ACCOMMODATIONS BASED ON MEDICALLY ACCEPTED STANDARDS.

2 (B) PROVIDE PROCEDURES RELATED TO UTILIZATION REVIEW,
3 INCLUDING PROCEDURES FOR ALL OF THE FOLLOWING:

4 (i) ACQUIRING NECESSARY RECORDS, MEDICAL BILLS, AND OTHER
5 INFORMATION CONCERNING THE TREATMENT, PRODUCTS, SERVICES, OR
6 ACCOMMODATIONS PROVIDED.

7 (ii) ALLOWING AN INSURER TO REQUEST AN EXPLANATION FOR AND
8 REQUIRING A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON TO EXPLAIN
9 THE NECESSITY OR INDICATION FOR TREATMENT, PRODUCTS, SERVICES, OR
10 ACCOMMODATIONS PROVIDED.

11 (iii) APPEALING DETERMINATIONS.

12 (4) IF A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON PROVIDES
13 TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS UNDER THIS CHAPTER
14 THAT ARE NOT USUALLY ASSOCIATED WITH, ARE LONGER IN DURATION THAN,
15 ARE MORE FREQUENT THAN, OR EXTEND OVER A GREATER NUMBER OF DAYS
16 THAN THE TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS USUALLY
17 REQUIRE FOR THE DIAGNOSIS OR CONDITION FOR WHICH THE PATIENT IS
18 BEING TREATED, THE INSURER OR THE ASSOCIATION CREATED UNDER SECTION
19 3104 MAY REQUIRE THE PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON
20 TO EXPLAIN THE NECESSITY OR INDICATION FOR THE TREATMENT, PRODUCTS,
21 SERVICES, OR ACCOMMODATIONS IN WRITING UNDER THE PROCEDURES
22 PROVIDED UNDER SUBSECTION (3).

23 (5) IF AN INSURER OR THE ASSOCIATION CREATED UNDER SECTION
24 3104 DETERMINES THAT A PHYSICIAN, HOSPITAL, CLINIC, OR OTHER PERSON
25 OVERUTILIZED OR OTHERWISE RENDERED OR ORDERED INAPPROPRIATE
26 TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS, OR THAT THE COST
27 OF THE TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS WAS

1 INAPPROPRIATE UNDER THIS CHAPTER, THE PHYSICIAN, HOSPITAL, CLINIC,
2 OR OTHER PERSON MAY APPEAL THE DETERMINATION TO THE DEPARTMENT
3 UNDER THE PROCEDURES PROVIDED UNDER SUBSECTION (3).

4 (6) AS USED IN THIS SECTION, "UTILIZATION REVIEW" MEANS THE
5 INITIAL EVALUATION BY AN INSURER OR THE ASSOCIATION CREATED UNDER
6 SECTION 3104 OF THE APPROPRIATENESS IN TERMS OF BOTH THE LEVEL AND
7 THE QUALITY OF TREATMENT, PRODUCTS, SERVICES, OR ACCOMMODATIONS
8 PROVIDED UNDER THIS CHAPTER BASED ON MEDICALLY ACCEPTED STANDARDS.

9 SEC. 3157B. ANY PROPRIETARY INFORMATION OR SENSITIVE
10 PERSONALLY IDENTIFIABLE INFORMATION REGARDING A PATIENT THAT IS
11 SUBMITTED TO THE DEPARTMENT UNDER SECTION 3157A IS EXEMPT FROM
12 DISCLOSURE UNDER SECTION 13(D) OF THE FREEDOM OF INFORMATION ACT,
13 1976 PA 442, MCL 15.243, AND THE DEPARTMENT SHALL EXEMPT ANY SUCH
14 INFORMATION FROM DISCLOSURE UNDER ANY OTHER APPLICABLE EXEMPTIONS
15 UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT, 1976 PA 442,
16 MCL 15.243.

17 Sec. 3163. ~~(1)~~ An insurer authorized to transact automobile
18 liability insurance and personal and property protection insurance
19 in this state ~~shall file and maintain a written certification that~~
20 ~~any~~ IS NOT REQUIRED TO PROVIDE PERSONAL PROTECTION INSURANCE OR
21 PROPERTY PROTECTION INSURANCE BENEFITS UNDER THIS CHAPTER FOR
22 accidental bodily injury or property damage occurring in this state
23 arising from the ownership, operation, maintenance, or use of a
24 motor vehicle as a motor vehicle by an out-of-state resident who is
25 insured under ~~its~~ THE INSURER'S automobile liability insurance
26 policies, UNLESS THE OUT-OF-STATE RESIDENT IS THE OWNER OF A MOTOR
27 VEHICLE THAT IS REGISTERED AND INSURED IN THIS STATE. ~~, is subject~~

~~to the personal and property protection insurance system under this act.~~

~~———— (2) A nonadmitted insurer may voluntarily file the certification described in subsection (1).~~

~~———— (3) Except as otherwise provided in subsection (4), if a certification filed under subsection (1) or (2) applies to accidental bodily injury or property damage, the insurer and its insureds with respect to that injury or damage have the rights and immunities under this act for personal and property protection insureds, and claimants have the rights and benefits of personal and property protection insurance claimants, including the right to receive benefits from the electing insurer as if it were an insurer of personal and property protection insurance applicable to the accidental bodily injury or property damage.~~

~~———— (4) If an insurer of an out-of-state resident is required to provide benefits under subsections (1) to (3) to that out-of-state resident for accidental bodily injury for an accident in which the out-of-state resident was not an occupant of a motor vehicle registered in this state, the insurer is only liable for the amount of ultimate loss sustained up to \$500,000.00. Benefits under this subsection 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.~~

Sec. 3172. (1) A person entitled to claim because of accidental bodily injury arising out of the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle in this

state may ~~obtain~~ **CLAIM** personal protection insurance benefits through the assigned claims plan if ~~no~~ **ANY OF THE FOLLOWING APPLY:**

(A) NO personal protection insurance is applicable to the injury. ~~no~~

(B) NO personal protection insurance applicable to the injury can be identified. ~~the~~

(C) NO personal protection insurance applicable to the injury ~~cannot~~ **CAN** be ascertained because of a dispute between 2 or more automobile insurers concerning their obligation to provide coverage or the equitable distribution of the loss. ~~or the~~

(D) **THE** only identifiable personal protection insurance applicable to the injury is, because of financial inability of 1 or more insurers to fulfill their obligations, inadequate to provide benefits up to the maximum prescribed. ~~In that case, unpaid~~

(2) **UNPAID** benefits due or coming due **AS DESCRIBED IN SUBSECTION (1)** may be collected under the assigned claims plan, and the insurer to which the claim is assigned is entitled to reimbursement from the defaulting insurers to the extent of their financial responsibility.

(3) **A PERSON ENTITLED TO CLAIM PERSONAL PROTECTION INSURANCE BENEFITS THROUGH THE ASSIGNED CLAIMS PLAN UNDER SUBSECTION (1) SHALL FILE A COMPLETED APPLICATION ON A CLAIM FORM PROVIDED BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY AND PROVIDE REASONABLE PROOF OF LOSS TO THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY. THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY OR AN INSURER ASSIGNED TO ADMINISTER A CLAIM ON BEHALF OF THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY UNDER THE**



1 ASSIGNED CLAIMS PLAN SHALL SPECIFY IN WRITING THE MATERIALS THAT
 2 CONSTITUTE A REASONABLE PROOF OF LOSS WITHIN 60 DAYS AFTER RECEIPT
 3 BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY OF AN
 4 APPLICATION THAT COMPLIES WITH THIS SUBSECTION.

5 (4) THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY OR AN
 6 INSURER ASSIGNED TO ADMINISTER A CLAIM ON BEHALF OF THE MICHIGAN
 7 AUTOMOBILE INSURANCE PLACEMENT FACILITY UNDER THE ASSIGNED CLAIMS
 8 PLAN IS NOT REQUIRED TO PAY INTEREST IN CONNECTION WITH A CLAIM FOR
 9 ANY PERIOD OF TIME DURING WHICH THE CLAIM IS REASONABLY IN DISPUTE.

10 (5) ~~(2)~~ Except as otherwise provided in this subsection,
 11 personal protection insurance benefits, including benefits arising
 12 from accidents occurring before March 29, 1985, payable through the
 13 assigned claims plan ~~shall~~ **MUST** be reduced to the extent that
 14 benefits covering the same loss are available from other sources,
 15 regardless of the nature or number of benefit sources available and
 16 regardless of the nature or form of the benefits, to a person
 17 claiming personal protection insurance benefits through the
 18 assigned claims plan. This subsection only applies if the personal
 19 protection insurance benefits are payable through the assigned
 20 claims plan ~~because no personal protection insurance is applicable~~
 21 ~~to the injury, no personal protection insurance applicable to the~~
 22 ~~injury can be identified, or the only identifiable personal~~
 23 ~~protection insurance applicable to the injury is, because of~~
 24 ~~financial inability of 1 or more insurers to fulfill their~~
 25 ~~obligations, inadequate to provide benefits up to the maximum~~
 26 ~~prescribed.~~ **UNDER SUBSECTION (1) (A), (B), OR (D).** As used in this
 27 subsection, "sources" and "benefit sources" do not include the



1 program for medical assistance for the medically indigent under the
 2 social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or
 3 ~~insurance under the health insurance for the aged act, title AND~~
 4 **DISABLED UNDER SUBCHAPTER XVIII** of the social security act, 42 USC
 5 1395 to ~~1395kkk-1.1395lll~~.

6 (6) ~~(3)~~ If the obligation to provide personal protection
 7 insurance benefits cannot be ascertained because of a dispute
 8 between 2 or more automobile insurers concerning their obligation
 9 to provide coverage or the equitable distribution of the loss, and
 10 if a method of voluntary payment of benefits cannot be agreed upon
 11 among or between the disputing insurers, all of the following
 12 apply:

13 (a) The insurers who are parties to the dispute shall, or the
 14 claimant may, immediately notify the Michigan automobile insurance
 15 placement facility of their inability to determine their statutory
 16 obligations.

17 (b) ~~The claim shall be assigned by the Michigan automobile~~
 18 insurance placement facility **SHALL ASSIGN THE CLAIM** to an insurer
 19 and the insurer shall immediately provide personal protection
 20 insurance benefits to the claimant or claimants entitled to
 21 benefits.

22 (c) ~~An action~~ **THE INSURER ASSIGNED THE CLAIM BY THE MICHIGAN**
 23 **AUTOMOBILE INSURANCE PLACEMENT FACILITY** shall ~~be~~ immediately
 24 ~~commenced~~ **COMMENCE AN ACTION** on behalf of the Michigan automobile
 25 insurance placement facility ~~by the insurer to whom the claim is~~
 26 ~~assigned~~ in circuit court to declare the rights and duties of any
 27 interested party.

1 (d) The insurer to whom the claim is assigned shall join as
2 parties defendant to the action commenced under subdivision (c)
3 each insurer disputing either the obligation to provide personal
4 protection insurance benefits or the equitable distribution of the
5 loss among the insurers.

6 (e) The circuit court shall declare the rights and duties of
7 any interested party whether or not other relief is sought or could
8 be granted.

9 (f) After hearing the action, the circuit court shall
10 determine the insurer or insurers, if any, obligated to provide the
11 applicable personal protection insurance benefits and the equitable
12 distribution, if any, among the insurers obligated, and shall order
13 reimbursement to the Michigan automobile insurance placement
14 facility from the insurer or insurers to the extent of the
15 responsibility as determined by the court. The reimbursement
16 ordered under this subdivision ~~shall~~ **MUST** include all benefits and
17 costs paid or incurred by the Michigan automobile insurance
18 placement facility and all benefits and costs paid or incurred by
19 insurers determined not to be obligated to provide applicable
20 personal protection insurance benefits, including ~~reasonable,~~
21 ~~actually~~ incurred attorney fees and interest at the rate prescribed
22 in section 3175 ~~as of~~ **APPLICABLE ON** December 31 of the year
23 preceding the determination of the circuit court.

24 **(7) THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY AND**
25 **THE INSURER TO WHOM A CLAIM IS ASSIGNED BY THE MICHIGAN AUTOMOBILE**
26 **INSURANCE PLACEMENT FACILITY ARE ONLY REQUIRED TO PROVIDE PERSONAL**
27 **PROTECTION INSURANCE BENEFITS UNDER SECTION 3107(1) (A) UP TO**



1 WHICHEVER OF THE FOLLOWING IS APPLICABLE:

2 (A) UNLESS SUBDIVISION (B) APPLIES, THE LIMIT PROVIDED IN
3 SECTION 3107C(1) (B) .

4 (B) IF THE PERSON IS ENTITLED TO CLAIM BENEFITS UNDER THE
5 ASSIGNED CLAIMS PLAN UNDER SECTION 3107D(6) (C) OR 3109A(2) (D) (ii) ,
6 \$2,000,000.00.

7 Sec. 3173a. (1) The Michigan automobile insurance placement
8 facility shall REVIEW A CLAIM FOR PERSONAL PROTECTION INSURANCE
9 BENEFITS UNDER THE ASSIGNED CLAIMS PLAN, SHALL make an initial
10 determination of ~~a claimant's~~ THE eligibility for benefits under
11 THIS CHAPTER AND the assigned claims plan, and shall deny ~~an~~
12 ~~obviously ineligible~~ A claim . ~~The~~ THAT THE MICHIGAN AUTOMOBILE
13 INSURANCE PLACEMENT FACILITY DETERMINES IS INELIGIBLE UNDER THIS
14 CHAPTER OR THE ASSIGNED CLAIMS PLAN. IF A CLAIMANT OR PERSON MAKING
15 A CLAIM THROUGH OR ON BEHALF OF A CLAIMANT FAILS TO COOPERATE WITH
16 THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY AS REQUIRED BY
17 SUBSECTION (2) , THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT
18 FACILITY SHALL SUSPEND BENEFITS TO THE CLAIMANT UNDER THE ASSIGNED
19 CLAIMS PLAN. A SUSPENSION UNDER THIS SUBSECTION IS NOT AN
20 IRREVOCABLE DENIAL OF BENEFITS, AND MUST CONTINUE ONLY UNTIL THE
21 MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY DETERMINES THAT
22 THE CLAIMANT OR PERSON MAKING A CLAIM THROUGH OR ON BEHALF OF A
23 CLAIMANT COOPERATES OR RESUMES COOPERATION WITH THE MICHIGAN
24 AUTOMOBILE INSURANCE PLACEMENT FACILITY. THE MICHIGAN AUTOMOBILE
25 INSURANCE PLACEMENT FACILITY SHALL PROMPTLY NOTIFY IN WRITING THE
26 claimant ~~shall be notified promptly in writing~~ AND ANY PERSON THAT
27 SUBMITTED A CLAIM THROUGH OR ON BEHALF OF A CLAIMANT of ~~the~~ A

1 denial and the reasons for the denial.

2 (2) A CLAIMANT OR A PERSON MAKING A CLAIM THROUGH OR ON BEHALF
3 OF A CLAIMANT SHALL COOPERATE WITH THE MICHIGAN AUTOMOBILE
4 INSURANCE PLACEMENT FACILITY IN ITS DETERMINATION OF ELIGIBILITY
5 AND THE SETTLEMENT OR DEFENSE OF ANY CLAIM OR SUIT, INCLUDING, BUT
6 NOT LIMITED TO, SUBMITTING TO AN EXAMINATION UNDER OATH AND
7 COMPLIANCE WITH SECTIONS 3151 TO 3153. THERE IS A REBUTTABLE
8 PRESUMPTION THAT A PERSON HAS SATISFIED THE DUTY TO COOPERATE UNDER
9 THIS SECTION IF ALL OF THE FOLLOWING APPLY:

10 (A) THE PERSON SUBMITTED A CLAIM FOR PERSONAL PROTECTION
11 INSURANCE BENEFITS UNDER THE ASSIGNED CLAIMS PLAN BY SUBMITTING TO
12 THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY A COMPLETE
13 APPLICATION ON A FORM PROVIDED BY THE MICHIGAN AUTOMOBILE INSURANCE
14 PLACEMENT FACILITY IN ACCORDANCE WITH THE ASSIGNED CLAIMS PLAN.

15 (B) THE PERSON PROVIDED REASONABLE PROOF OF LOSS UNDER THE
16 ASSIGNED CLAIMS PLAN AS DESCRIBED IN SECTION 3172.

17 (C) IF REQUIRED UNDER THIS SUBSECTION TO SUBMIT TO AN
18 EXAMINATION UNDER OATH, THE PERSON SUBMITTED TO THE EXAMINATION,
19 SUBJECT TO ALL OF THE FOLLOWING:

20 (i) THE PERSON WAS PROVIDED AT LEAST 21 DAYS' NOTICE OF THE
21 EXAMINATION.

22 (ii) THE EXAMINATION WAS CONDUCTED IN A LOCATION REASONABLY
23 CONVENIENT FOR THE PERSON.

24 (iii) ANY REASONABLE REQUEST BY THE PERSON TO RESCHEDULE THE
25 DATE, TIME, OR LOCATION OF THE EXAMINATION WAS ACCOMMODATED.

26 (3) THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY MAY
27 PERFORM ITS FUNCTIONS AND RESPONSIBILITIES UNDER THIS SECTION AND

1 THE ASSIGNED CLAIMS PLAN DIRECTLY OR THROUGH AN INSURER ASSIGNED BY
 2 THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY TO ADMINISTER
 3 THE CLAIM ON BEHALF OF THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT
 4 FACILITY. THE ASSIGNMENT OF A CLAIM BY THE MICHIGAN AUTOMOBILE
 5 INSURANCE PLACEMENT FACILITY TO AN INSURER IS NOT A DETERMINATION
 6 OF ELIGIBILITY UNDER THIS CHAPTER OR THE ASSIGNED CLAIMS PLAN, AND
 7 A CLAIM ASSIGNED TO AN INSURER BY THE MICHIGAN AUTOMOBILE INSURANCE
 8 PLACEMENT FACILITY MAY LATER BE DENIED IF THE CLAIM IS NOT ELIGIBLE
 9 UNDER THIS CHAPTER OR THE ASSIGNED CLAIMS PLAN.

10 (4) ~~(2)~~—A person who presents or causes to be presented an
 11 oral or written statement, including computer-generated
 12 information, as part of or in support of a claim to the Michigan
 13 automobile insurance placement facility, **OR TO AN INSURER TO WHICH**
 14 **THE CLAIM IS ASSIGNED UNDER THE ASSIGNED CLAIMS PLAN**, for payment
 15 or another benefit knowing that the statement contains false
 16 information concerning a fact or thing material to the claim
 17 commits a fraudulent insurance act under section 4503 that is
 18 subject to the penalties imposed under section 4511. A claim that
 19 contains or is supported by a fraudulent insurance act as described
 20 in this subsection is ineligible for payment ~~or~~ **OF PERSONAL**
 21 **PROTECTION INSURANCE** benefits under the assigned claims plan.

22 (5) THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY MAY
 23 CONTRACT WITH OTHER PERSONS FOR ALL OR A PORTION OF THE GOODS AND
 24 SERVICES NECESSARY FOR OPERATING AND MAINTAINING THE ASSIGNED
 25 CLAIMS PLAN.

26 Sec. 3174. A person claiming through the assigned claims plan
 27 shall notify the Michigan automobile insurance placement facility



~~of his or her claim within the time that would have been allowed for filing an action for personal protection insurance benefits if identifiable coverage applicable to the claim had been in effect.~~

~~The~~ **1 YEAR AFTER THE DATE OF THE ACCIDENT. ON AN INITIAL**

DETERMINATION OF A CLAIMANT'S ELIGIBILITY FOR BENEFITS THROUGH THE ASSIGNED CLAIMS PLAN, THE Michigan automobile insurance placement

facility shall promptly assign the claim in accordance with the plan and notify the claimant of the identity and address of the

insurer to which the claim is assigned. An action by ~~the~~ **A** claimant

~~shall not be commenced more than 30 days after receipt of notice of~~

~~the assignment or the last date on which the action could have been~~

~~commenced against an insurer of identifiable coverage applicable to~~

~~the claim, whichever is later.~~ **MUST BE COMMENCED AS PROVIDED IN**

SECTION 3145.

Sec. 3175. (1) The assignment of claims under the assigned

claims plan ~~shall~~ **MUST** be made according to procedures established

in the assigned claims plan that assure fair allocation of the

burden of assigned claims among insurers doing business in this

state on a basis reasonably related to the volume of automobile

liability and personal protection insurance they write on motor

vehicles or the number of self-insured motor vehicles. An insurer

to whom claims have been assigned shall make prompt payment of loss

in accordance with this act. An insurer is entitled to

reimbursement by the Michigan automobile insurance placement

facility for the payments, the established loss adjustment cost,

and an amount determined by use of the average annual 90-day United

States treasury bill yield rate, as reported by the ~~council of~~



~~economic advisers~~ **COUNCIL OF ECONOMIC ADVISERS** as of December 31 of the year for which reimbursement is sought, as follows:

(a) For the calendar year in which claims are paid by the insurer, the amount ~~shall~~ **MUST** be determined by applying the specified annual yield rate specified in this subsection to 1/2 of the total claims payments and loss adjustment costs.

(b) For the period from the end of the calendar year in which claims are paid by the insurer to the date payments for the operation of the assigned claims plan are due, the amount ~~shall~~ **MUST** be determined by applying the annual yield rate specified in this subsection to the total claims payments and loss adjustment costs multiplied by a fraction, the denominator of which is 365 and the numerator of which is equal to the number of days that have elapsed between the end of the calendar year and the date payments for the operation of the assigned claims plan are due.

(2) ~~The~~ **AN INSURER ASSIGNED A CLAIM BY THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY UNDER THE ASSIGNED CLAIMS PLAN OR A PERSON AUTHORIZED TO ACT ON BEHALF OF THE PLAN MAY BRING AN ACTION FOR REIMBURSEMENT AND INDEMNIFICATION OF THE CLAIM ON BEHALF OF THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY. THE** insurer to ~~whom claims have~~ **WHICH THE CLAIM HAS** been assigned shall preserve and enforce rights to indemnity or reimbursement against third parties and account to the Michigan automobile insurance placement facility for the rights and shall assign the rights to the Michigan automobile insurance placement facility on reimbursement by the Michigan automobile insurance placement facility. This section does not preclude an insurer from entering into reasonable compromises

1 and settlements with third parties against whom rights to indemnity
 2 or reimbursement exist. The insurer shall account to the Michigan
 3 automobile insurance placement facility for any compromises and
 4 settlements. The procedures established under the assigned claims
 5 plan ~~shall~~ **OF OPERATION MUST** establish reasonable standards for
 6 enforcing rights to indemnity or reimbursement against third
 7 parties, including a standard establishing an amount below which
 8 actions to preserve and enforce the rights need not be pursued.

9 (3) An action to enforce rights to indemnity or reimbursement
 10 against a third party ~~shall~~ **MUST** not be commenced after the later
 11 of ~~2~~ **THE FOLLOWING:**

12 (A) **TWO** years after the assignment of the claim to the
 13 insurer. ~~or 1~~

14 (B) **ONE** year after the date of the last payment to the
 15 claimant.

16 (C) **ONE YEAR AFTER THE DATE THE RESPONSIBLE THIRD PARTY IS**
 17 **IDENTIFIED.**

18 (4) Payments for the operation of the assigned claims plan not
 19 paid by the due date ~~shall~~ bear interest at the rate of 20% per
 20 annum.

21 (5) The Michigan automobile insurance placement facility may
 22 enter into a written agreement with the debtor permitting the
 23 payment of the judgment or acknowledgment of debt in installments
 24 payable to the Michigan automobile insurance placement facility. A
 25 default in payment of installments under a judgment as agreed
 26 subjects the debtor to suspension or revocation of his or her motor
 27 vehicle license or registration in the same manner as for the

1 failure by an uninsured motorist to pay a judgment by installments
 2 under section 3177, **INCLUDING RESPONSIBILITY FOR EXPENSES AS**
 3 **PROVIDED IN SECTION 3177(4) .**

4 Sec. 3177. (1) ~~An~~**THE** insurer obligated to pay personal
 5 protection insurance benefits for accidental bodily injury to a
 6 person arising out of the ownership, maintenance, or use of an
 7 uninsured motor vehicle as a motor vehicle may recover ~~such~~**ALL**
 8 ~~benefits paid, and appropriate~~**INCURRED** loss adjustment costs **AND**
 9 **EXPENSES, AND** incurred **ATTORNEY FEES** from the owner or registrant
 10 of the uninsured motor vehicle or from his or her estate. Failure
 11 of ~~such a person~~**THE OWNER OR REGISTRANT** to make payment within 30
 12 days after **A** judgment **IS ENTERED IN AN ACTION FOR RECOVERY UNDER**
 13 **THIS SUBSECTION** is a ground for suspension or revocation of his or
 14 her motor vehicle registration and license as defined in section 25
 15 of the Michigan vehicle code, ~~Act No. 300 of the Public Acts of~~
 16 ~~1949, being section 257.25 of the Michigan Compiled Laws. An~~**1949**
 17 **PA 300, MCL 257.25. FOR PURPOSES OF THIS SECTION, AN** uninsured
 18 motor vehicle ~~for the purpose of this section is~~ a motor vehicle
 19 with respect to which security as required by sections ~~3101~~**3101(1)**
 20 and 3102 is not in effect at the time of the accident.

21 (2) **THE MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY MAY**
 22 **MAKE A WRITTEN AGREEMENT WITH THE OWNER OR REGISTRANT OF AN**
 23 **UNINSURED VEHICLE OR HIS OR HER ESTATE PERMITTING THE PAYMENT OF A**
 24 **JUDGMENT DESCRIBED IN SUBSECTION (1) IN INSTALLMENTS PAYABLE TO THE**
 25 **MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY.** The motor vehicle
 26 registration and license ~~shall~~**OF AN OWNER OR REGISTRANT WHO MAKES**
 27 **A WRITTEN AGREEMENT UNDER THIS SUBSECTION MUST** not be suspended or

1 ~~revoked and, the motor vehicle registration and license shall~~ **IF**
 2 **ALREADY SUSPENDED OR REVOKED UNDER SUBSECTION (1), MUST** be restored
 3 ~~if the debtor enters into a written agreement with the secretary of~~
 4 ~~state permitting the payment of the judgment in installments, if~~
 5 the payment of any installments is not in default.

6 (3) The secretary of state, ~~upon~~ **ON** receipt of a certified
 7 abstract of court record of a judgment **DESCRIBED IN SUBSECTION (1)**
 8 or notice from ~~the~~ **AN** insurer **OR THE MICHIGAN AUTOMOBILE INSURANCE**
 9 **PLACEMENT FACILITY OR ITS DESIGNEE** of an acknowledgment of **A** debt
 10 **DESCRIBED IN SUBSECTION (1),** shall notify the owner or registrant
 11 ~~of an uninsured vehicle of the provisions of subsection (1) at that~~
 12 ~~person's~~ **THE OWNER OR REGISTRANT'S** last recorded address **RECORDED**
 13 with the secretary of state and inform ~~that person~~ **THE OWNER OR**
 14 **REGISTRANT** of the right to enter into a written agreement **UNDER**
 15 **THIS SECTION** with the ~~secretary of state~~ **MICHIGAN AUTOMOBILE**
 16 **INSURANCE PLACEMENT FACILITY OR ITS DESIGNEE** for the payment of the
 17 judgment or debt in installments.

18 (4) **EXPENSES FOR THE SUSPENSION, REVOCATION, OR REINSTATEMENT**
 19 **OF A MOTOR VEHICLE REGISTRATION OR LICENSE UNDER THIS SECTION ARE**
 20 **THE RESPONSIBILITY OF THE OWNER OR REGISTRANT OR OF HIS OR HER**
 21 **ESTATE. AN OWNER OR REGISTRANT WHOSE REGISTRATION OR LICENSE IS**
 22 **SUSPENDED UNDER THIS SECTION SHALL PAY ANY REINSTATEMENT FEE AS**
 23 **REQUIRED UNDER SECTION 320E OF THE MICHIGAN VEHICLE CODE, 1949 PA**
 24 **300, MCL 257.320E.**

25 CHAPTER 31A

26 MANAGED CARE

27 **SEC. 3181. AS USED IN THIS CHAPTER, "MANAGED CARE OPTION"**



1 MEANS AN OPTIONAL COVERAGE SELECTED BY AN INSURED AT THE TIME A
2 POLICY IS ISSUED THAT INCLUDES, BUT IS NOT LIMITED TO, THE
3 MONITORING AND ADJUDICATION OF AN INJURED PERSON'S CARE, THE USE OF
4 A PREFERRED PROVIDER PROGRAM OR OTHER NETWORK, OR OTHER SIMILAR
5 OPTION.

6 SEC. 3182. THIS CHAPTER APPLIES TO ALL AUTOMOBILE INSURANCE
7 WHETHER WRITTEN ON AN INDIVIDUAL OR GROUP BASIS.

8 SEC. 3183. AN AUTOMOBILE INSURER MAY OFFER A MANAGED CARE
9 OPTION THAT PROVIDES FOR ALLOWABLE EXPENSES CONSISTING OF ALL
10 REASONABLE CHARGES INCURRED FOR REASONABLY NECESSARY PRODUCTS,
11 SERVICES, AND ACCOMMODATIONS FOR AN INJURED PERSON'S CARE,
12 RECOVERY, OR REHABILITATION. THIS MANAGED CARE OPTION IS SUBJECT TO
13 ALL OF THE FOLLOWING:

14 (A) IT MUST BE UNIFORMLY OFFERED IN ALL AREAS WHERE THE
15 MANAGED CARE OPTION IS AVAILABLE.

16 (B) IT MUST PROVIDE A DISCOUNT THAT REFLECTS REASONABLY
17 ANTICIPATED REDUCTIONS IN LOSSES OR EXPENSES OR BOTH.

18 (C) IT MUST NOT APPLY TO EMERGENCY CARE. EMERGENCY CARE
19 INCLUDES, BUT IS NOT LIMITED TO, ALL CARE NECESSARY TO THE POINT
20 WHERE NO MATERIAL DETERIORATION OF A CONDITION IS LIKELY, WITHIN
21 REASONABLE MEDICAL PROBABILITY, TO RESULT FROM OR OCCUR DURING
22 TRANSFER OF THE PATIENT.

23 SEC. 3184. AN AUTOMOBILE INSURER THAT OFFERS A MANAGED CARE
24 OPTION UNDER THIS CHAPTER SHALL ALSO OFFER PERSONAL PROTECTION
25 INSURANCE BENEFITS UNDER SECTION 3107(1) (A) THAT ARE NOT SUBJECT TO
26 THE MANAGED CARE OPTION.

27 SEC. 3185. THE MANAGED CARE OPTION MUST APPLY TO THE INSURED

1 WHO SELECTS THE MANAGED CARE OPTION AND ANY PERSON WHO RESIDES IN
2 AN AREA WHERE THE MANAGED CARE OPTION IS AVAILABLE AND WHO IS
3 CLAIMING PERSONAL PROTECTION INSURANCE BENEFITS UNDER THE POLICY
4 WITH THE MANAGED CARE OPTION.

5 SEC. 3186. A MANAGED CARE OPTION MAY PROVIDE FOR DEDUCTIBLES,
6 CO-PAYS, OR BOTH DEDUCTIBLES AND CO-PAYS.

7 SEC. 3187. A MANAGED CARE OPTION MUST PROVIDE FOR ALL OF THE
8 FOLLOWING:

9 (A) THAT PERSONAL PROTECTION INSURANCE BENEFITS ARE PRIMARY
10 AND WILL NOT BE COORDINATED WITH OTHER HEALTH AND ACCIDENT COVERAGE
11 ON THE INDIVIDUAL CLAIMING PERSONAL PROTECTION INSURANCE BENEFITS
12 UNDER THE POLICY WITH THE MANAGED CARE OPTION.

13 (B) THAT PERSONAL PROTECTION INSURANCE BENEFITS MUST BE
14 EXHAUSTED BY THE INDIVIDUAL CLAIMING THOSE BENEFITS UNDER THE
15 POLICY WITH THE MANAGED CARE OPTION BEFORE THE INDIVIDUAL MAY SEEK
16 BENEFITS FROM ANOTHER HEALTH OR ACCIDENT COVERAGE PROVIDER.

17 (C) THAT DEDUCTIBLES, CO-PAYS, OR OTHER SIMILAR SANCTIONS WILL
18 NOT BE ASSESSED OR COLLECTED FROM OTHER HEALTH AND ACCIDENT
19 COVERAGE PROVIDERS FOR THE INDIVIDUAL CLAIMING PERSONAL PROTECTION
20 INSURANCE BENEFITS UNDER THE POLICY WITH THE MANAGED CARE OPTION.

21 SEC. 3188. AT THE TIME OF THE INITIAL SELECTION OF THE MANAGED
22 CARE OPTION BY THE INSURED, AN AUTOMOBILE INSURER SHALL OBTAIN A
23 SIGNED ACKNOWLEDGMENT THAT THE INSURED RECEIVED A WRITTEN
24 DISCLOSURE STATEMENT APPROVED BY THE DIRECTOR OR A WRITTEN
25 DISCLOSURE STATEMENT THAT INCLUDES ALL OF THE FOLLOWING:

26 (A) A SUMMARY OF THE PROVISIONS OF THE MANAGED CARE OPTION.

27 (B) THE ESTIMATED RANGE OF THE PERCENTAGE OF THE DISCOUNT

1 PROVIDED BY THE MANAGED CARE OPTION.

2 (C) A GENERAL DESCRIPTION OF THE DIFFERENCES BETWEEN A MANAGED
3 CARE OPTION UNDER THIS CHAPTER AND PERSONAL PROTECTION INSURANCE
4 BENEFITS UNDER SECTION 3107(1)(A) THAT ARE NOT SUBJECT TO THE
5 MANAGED CARE OPTION, INCLUDING ANY PROCEDURAL DIFFERENCES IN
6 SEEKING TREATMENT AND FILING A CLAIM.

7 (D) THE CONSEQUENCES FOR VIOLATING ANY PROVISIONS OF THE
8 MANAGED CARE OPTION, INCLUDING THE POSSIBILITY OF A CLAIM DENIAL,
9 THE PAYMENT OF A DEDUCTIBLE AND THE AMOUNT OF THAT DEDUCTIBLE, AND
10 ANY ADDITIONAL OUT-OF-POCKET EXPENSES THAT MAY BE INCURRED.

11 (E) AN EXPLANATION OF WHETHER THE INSURER OFFERS AN OPT-OUT
12 PROVISION THAT WOULD ENABLE THE INSURED TO CHANGE HIS OR HER POLICY
13 FROM A MANAGED CARE OPTION TO PERSONAL PROTECTION INSURANCE
14 BENEFITS UNDER SECTION 3107(1)(A) THAT ARE NOT SUBJECT TO THE
15 MANAGED CARE OPTION AND ANY RESTRICTIONS PLACED UPON THE INSURED IN
16 REGARD TO OPTING OUT OF THE MANAGED CARE OPTION.

17 SEC. 3189. THE DISCLOSURE STATEMENT UNDER SECTION 3188 MUST
18 INCLUDE A POSTAL MAILING ADDRESS AND EITHER A TOLL-FREE TELEPHONE
19 NUMBER OR AN INTERNET WEBSITE ADDRESS THAT INSUREDS OR APPLICANTS
20 FOR INSURANCE MAY WRITE, CALL, OR OTHERWISE ACCESS FOR INFORMATION
21 ON THE MANAGED CARE OPTION.

22 CHAPTER 63

23 ANTI-FRAUD UNIT

24 SEC. 6301. (1) AN ANTI-FRAUD UNIT IS ESTABLISHED AS A CRIMINAL
25 JUSTICE AGENCY IN THE DEPARTMENT, DEDICATED TO PREVENTION AND
26 INVESTIGATION OF CRIMINAL AND FRAUDULENT ACTIVITIES IN THE
27 INSURANCE MARKET.



1 (2) THE ANTI-FRAUD UNIT IS A CRIMINAL JUSTICE AGENCY WITH FULL
2 ACCESS TO CRIMINAL JUSTICE INFORMATION AND CRIMINAL JUSTICE
3 INFORMATION SYSTEMS. THE ANTI-FRAUD UNIT MAY INVESTIGATE ALL
4 PERSONS, INCLUDING, BUT NOT LIMITED TO, PERSONS SUBJECT TO THE
5 DEPARTMENT'S REGULATORY AUTHORITY, CONSUMERS, INSURED, AND ANY
6 OTHER PERSONS ALLEGEDLY ENGAGED IN CRIMINAL AND FRAUDULENT
7 ACTIVITIES IN THE INSURANCE MARKET. THE ANTI-FRAUD UNIT MAY
8 INVESTIGATE CRIMINAL AND FRAUDULENT ACTIVITY RELATED TO ANY MATTER
9 UNDER THE JURISDICTION AND AUTHORITY OF THE DEPARTMENT UNDER
10 EXECUTIVE REORGANIZATION ORDER NO. 2013-1, MCL 550.991.

11 (3) THE ANTI-FRAUD UNIT MAY DO ANY OF THE FOLLOWING:

12 (A) CONDUCT CRIMINAL BACKGROUND CHECKS ON APPLICANTS FOR
13 LICENSES AND CURRENT LICENSEES IN ACCORDANCE WITH STATE AND FEDERAL
14 LAW.

15 (B) COLLECT AND MAINTAIN CLAIMS OF CRIMINAL AND FRAUDULENT
16 ACTIVITIES IN THE INSURANCE INDUSTRY.

17 (C) INVESTIGATE CLAIMS OF CRIMINAL AND FRAUDULENT ACTIVITY IN
18 THE INSURANCE MARKET THAT, IF TRUE, WOULD CONSTITUTE A VIOLATION OF
19 APPLICABLE STATE OR FEDERAL LAW, INCLUDING, BUT NOT LIMITED TO, THE
20 MICHIGAN PENAL CODE, 1931 PA 328, MCL 750.1 TO 750.568, AND THIS
21 ACT.

22 (D) MAINTAIN RECORDS OF CRIMINAL INVESTIGATIONS.

23 (E) SHARE RECORDS OF ITS INVESTIGATIONS WITH OTHER CRIMINAL
24 JUSTICE AGENCIES.

25 (F) REVIEW INFORMATION FROM OTHER CRIMINAL JUSTICE AGENCIES TO
26 ASSIST IN THE ENFORCEMENT AND INVESTIGATION OF ALL MATTERS UNDER
27 THE AUTHORITY OF THE DIRECTOR.



(G) CONDUCT OUTREACH AND COORDINATION EFFORTS WITH LOCAL, STATE, AND FEDERAL LAW ENFORCEMENT AND REGULATORY AGENCIES TO PROMOTE INVESTIGATION AND PROSECUTION OF CRIMINAL AND FRAUDULENT ACTIVITIES IN THE INSURANCE MARKET.

SEC. 6302. (1) A DOCUMENT, MATERIAL, OR INFORMATION RELATED TO AN INVESTIGATION OF THE ANTI-FRAUD UNIT IS CONFIDENTIAL BY LAW AND PRIVILEGED, IS NOT SUBJECT TO THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246, IS NOT SUBJECT TO SUBPOENA, AND IS NOT SUBJECT TO DISCOVERY OR ADMISSIBLE IN EVIDENCE IN ANY PRIVATE CIVIL ACTION. HOWEVER, THE DIRECTOR MAY USE THE DOCUMENTS, MATERIALS, OR INFORMATION IN THE FURTHERANCE OF ANY SUPERVISORY ACTIVITY OR LEGAL ACTION BROUGHT AS PART OF THE DIRECTOR'S DUTIES.

(2) THE DIRECTOR, OR ANY PERSON THAT RECEIVED DOCUMENTS, MATERIALS, OR INFORMATION WHILE ACTING ON BEHALF OF THE ANTI-FRAUD UNIT, IS NOT PERMITTED AND MAY NOT BE REQUIRED TO TESTIFY IN ANY PRIVATE CIVIL ACTION CONCERNING ANY CONFIDENTIAL DOCUMENTS, MATERIALS, OR INFORMATION DESCRIBED IN SUBSECTION (1).

(3) TO ASSIST IN THE PERFORMANCE OF THE ANTI-FRAUD UNIT'S DUTIES, THE DIRECTOR MAY DO ANY OF THE FOLLOWING:

(A) SHARE DOCUMENTS, MATERIALS, OR INFORMATION, INCLUDING THE CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS, OR INFORMATION THAT IS SUBJECT TO SUBSECTION (1), WITH ANY OF THE FOLLOWING:

(i) OTHER STATE, FEDERAL, AND INTERNATIONAL REGULATORY AGENCIES.

(ii) OTHER STATE, FEDERAL, AND INTERNATIONAL LAW ENFORCEMENT AUTHORITIES, IF THE RECIPIENT AGREES TO MAINTAIN THE CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS,



1 OR INFORMATION.

2 (iii) ANY OTHER PERSON AS THE DIRECTOR CONSIDERS NECESSARY TO
3 DISCHARGE THE ANTI-FRAUD UNIT'S DUTIES UNDER SECTION 6301 OR OTHER
4 APPLICABLE LAW.

5 (B) RECEIVE DOCUMENTS, MATERIALS, OR INFORMATION, INCLUDING
6 OTHERWISE CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS, OR
7 INFORMATION, FROM ANY OF THE FOLLOWING:

8 (i) OTHER STATE, FEDERAL, AND INTERNATIONAL REGULATORY
9 AGENCIES.

10 (ii) OTHER STATE, FEDERAL, AND INTERNATIONAL LAW ENFORCEMENT
11 AUTHORITIES, IF THE RECIPIENT AGREES TO MAINTAIN THE
12 CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS,
13 OR INFORMATION.

14 (iii) ANY OTHER PERSON AS THE DIRECTOR CONSIDERS NECESSARY TO
15 DISCHARGE HIS OR HER DUTIES UNDER THIS ACT OR ANY OTHER APPLICABLE
16 ACT.

17 (C) ENTER INTO AGREEMENTS GOVERNING THE SHARING AND USE OF
18 INFORMATION THAT ARE CONSISTENT WITH THIS SECTION.

19 (4) THE DIRECTOR SHALL MAINTAIN AS CONFIDENTIAL AND PRIVILEGED
20 ANY DOCUMENTS, MATERIALS, OR INFORMATION RECEIVED UNDER SUBSECTION
21 (3) (B) WITH NOTICE OR THE UNDERSTANDING THAT THE DOCUMENTS,
22 MATERIALS, OR INFORMATION IS CONFIDENTIAL AND PRIVILEGED UNDER THE
23 LAWS OF THE JURISDICTION THAT IS THE SOURCE OF THE DOCUMENTS,
24 MATERIALS, OR INFORMATION.

25 (5) THE DISCLOSURE OF ANY DOCUMENTS, MATERIALS, OR INFORMATION
26 TO THE DIRECTOR, OR THE SHARING OF DOCUMENTS, MATERIALS, OR
27 INFORMATION UNDER SUBSECTION (3), IS NOT A WAIVER OF, AND MUST NOT

BE CONSTRUED AS A WAIVER OF, ANY PRIVILEGE APPLICABLE TO OR CLAIM
OF CONFIDENTIALITY IN THOSE DOCUMENTS, MATERIALS, OR INFORMATION.

SEC. 6303. (1) BEGINNING JULY 1 OF THE YEAR AFTER THE
EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE
ANTI-FRAUD UNIT SHALL PREPARE AND PUBLISH AN ANNUAL REPORT TO THE
LEGISLATURE ON THE ANTI-FRAUD UNIT'S EFFORTS TO PREVENT AUTOMOBILE
INSURANCE FRAUD.

(2) THE ANTI-FRAUD UNIT SHALL SUBMIT THE ANNUAL REPORT TO THE
LEGISLATURE REQUIRED BY THIS SECTION TO THE STANDING COMMITTEES OF
THE SENATE AND HOUSE OF REPRESENTATIVES WITH PRIMARY JURISDICTION
OVER INSURANCE ISSUES AND THE DIRECTOR.

SEC. 6304. THIS CHAPTER DOES NOT LIMIT THE POWER OF THE ANTI-
FRAUD UNIT TO CONDUCT ACTIVITIES UNDER EXECUTIVE ORDER NO. 2018-9
WITH RESPECT TO THE FINANCIAL SERVICES INDUSTRY OR MARKETS.

Enacting section 1. Section 3112 of the insurance code of
1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act,
applies to products, services, or accommodations provided after the
effective date of this amendatory act.

Enacting section 2. 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
Michigan supreme court in *McCormick v Carrier*, 487 Mich 180 (2010).