

**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:

15 (a) Payment of a civil fine of not more than ~~\$500.00~~**\$1,000.00**



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

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

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

22 (3) If a person knowingly violates a cease and desist order
 23 under this section and has been given notice and an opportunity for
 24 a hearing held ~~pursuant to Act No. 306 of the Public Acts~~**under the**
 25 **administrative procedures act** of 1969, **1969 PA 306, MCL 24.201 to**
 26 **24.328**, the ~~commissioner~~**director** may order a civil fine of
 27 ~~\$10,000.00~~**\$20,000.00** for each violation, or a suspension,
 28 limitation, or revocation of ~~a~~**the** person's license, or both. A
 29 fine collected under this subsection ~~shall~~**must** be turned over to



1 the state treasurer and credited to the general fund.

2 (4) The ~~commissioner~~**director** may apply to the ~~Ingham county~~
3 ~~circuit court~~ **of claims** for an order of the court enjoining a
4 violation of this act.

5 Sec. 224. (1) All actual and necessary expenses incurred in
6 connection with the examination or other investigation of an
7 insurer or other person regulated under the ~~commissioner's~~
8 **director's** authority ~~shall~~**must** be certified by the ~~commissioner,~~
9 **director**, together with a statement of the work performed including
10 the number of days spent by the ~~commissioner~~**director** and each of
11 the ~~commissioner's~~**director's** deputies, assistants, employees, and
12 others acting under the ~~commissioner's~~**director's** authority. If
13 correct, the expenses ~~shall~~**must** be paid to the persons by whom
14 they were incurred, ~~upon~~**on** the warrant of the state treasurer
15 payable from appropriations made by the legislature for this
16 purpose.

17 (2) Except as otherwise provided in subsection (4), the
18 ~~commissioner~~**director** shall prepare and present to the insurer or
19 other person examined or investigated a statement of the expenses
20 and reasonable cost incurred for each person engaged ~~upon~~**on** the
21 examination or investigation, including amounts necessary to cover
22 the pay and allowances granted to the persons by the Michigan civil
23 service commission, and the administration and supervisory expense
24 including an amount necessary to cover fringe benefits in
25 conjunction with the examination or investigation. Except as
26 otherwise provided in subsection (4), the insurer or other person,
27 ~~upon~~**on** receiving the statement, shall pay to the ~~commissioner~~
28 **director** the stated amount. The ~~commissioner~~**director** shall deposit
29 the ~~funds~~**money** with the state treasurer as provided in section



1 225.

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

19 (4) An insurer is subject to a regulatory fee instead of the
 20 costs and expenses provided for in subsections (2) and (3). By June
 21 30 of each year or within 30 days after the enactment into law of
 22 any appropriation for the ~~insurance bureau's~~**department's**
 23 operation, the ~~commissioner~~**director** shall impose ~~upon~~**on** all
 24 insurers authorized to do business in this state a regulatory fee
 25 calculated as follows:

26 (a) As used in this subsection:

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

29 (ii) "B" means base assessment rate. The base assessment rate



1 ~~shall~~**must** not exceed .00038 and ~~shall~~**must** be a fraction, the
 2 numerator of which is the total regulatory fee and the denominator
 3 of which is the total amount of direct underwritten premiums
 4 written in this state by all insurers for the ~~immediately~~-preceding
 5 calendar year, as reported to the ~~commissioner~~**director** on the
 6 insurer's annual statements filed with the ~~commissioner~~**director**.

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

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

13 (v) Total regulatory fee ~~shall~~**must** not exceed 80% of the
 14 gross appropriations for the ~~insurance bureau's~~**department's**
 15 operation for a fiscal year and ~~shall~~**must** be the difference
 16 between the gross appropriations for the ~~insurance bureau's~~
 17 **department's** operation for that current fiscal year and any
 18 restricted revenues, other than the regulatory fee itself, as
 19 identified in the gross appropriation for the ~~insurance bureau's~~
 20 **department's** operation.

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

26 (b) Two actual assessment rates ~~shall~~**must** be calculated so as
 27 to distribute 75% of the burden of the regulatory fee shortfall
 28 created by the exclusion of annuity considerations from the
 29 assessment base to life insurance and 25% to all other insurance.



1 The 2 actual assessment rates ~~shall~~**must** be determined as follows:

2 (i)
$$\frac{L \times B + .75 \times B \times A}{L} =$$
 assessment rate for life
3 insurance.

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

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

12 (5) Not less than ~~67%~~**55%** of the revenue derived from the
13 regulatory fee under subsection (4) ~~shall~~**may** be used for the
14 regulation of financial conduct of persons regulated under the
15 ~~commissioner's~~**director's** authority and for the regulation of
16 persons regulated under the ~~commissioner's~~**director's** authority
17 engaged in the business of health care and health insurance in this
18 state.

19 (6) The amount, if any, by which amounts credited to the
20 ~~commissioner pursuant to~~**director under** section 225 exceed actual
21 expenditures ~~pursuant to~~**under** appropriations for the insurance
22 ~~bureau's~~**department's** operation for a fiscal year ~~shall~~**must** be
23 credited toward the appropriation for the ~~insurance bureau~~
24 **department** in the next fiscal year.

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

27 (8) ~~A~~**An insurer shall not treat a** regulatory fee under this
28 section ~~shall not be treated by an insurer as~~ a levy or excise ~~upon~~
29 **on** premium but as a regulatory burden that is apportioned in



1 relation to insurance activity in this state. ~~and~~ **A regulatory fee**
2 **under this section** reflects the insurance regulatory burden on this
3 state as a result of this insurance activity. A foreign or alien
4 insurer authorized to do business in this state may consider the
5 liability required under this section as a burden imposed by this
6 state in the calculation of the insurer's liability required under
7 section 476a.

8 (9) An insurer may file with the ~~commissioner~~**director** a
9 protest to the regulatory fee imposed not later than 15 days after
10 receipt of the regulatory fee. The ~~commissioner~~**director** shall
11 review the grounds for the protest and ~~shall~~ hold a conference with
12 the insurer at the insurer's request. The ~~commissioner~~**director**
13 shall transmit his or her findings to the insurer with a
14 restatement of the regulatory fee based ~~upon~~**on** the findings.
15 Statements of regulatory fees to which protests have not been made
16 and restatements of regulatory fees are due and ~~shall~~**must** be paid
17 not later than 30 days after their receipt. Regulatory fees that
18 are not paid when due bear interest on the unpaid fee, which ~~shall~~
19 **must** be calculated at 6-month intervals from the date the fee was
20 due at a rate of interest equal to 1% plus the average interest
21 rate paid at auctions of 5-year United States treasury notes during
22 the 6 months ~~immediately~~ preceding July 1 and January 1, as
23 certified by the state treasurer, and compounded annually, until
24 the assessment is paid in full. An insurer who fails to pay its
25 regulatory fee within the prescribed time limits may have its
26 certificate of authority or license suspended, limited, or revoked
27 as the ~~commissioner~~**director** considers warranted until the
28 regulatory fee is paid. If the ~~commissioner~~**director** determines
29 that a regulatory fee or a part of a regulatory fee paid by an



1 insurer is in excess of the amount legally due and payable, the
 2 amount of the excess ~~shall~~**must** be refunded or, at the insurer's
 3 option, be applied as a credit against the regulatory fee for the
 4 next fiscal year. An overpayment of \$100.00 or less ~~shall~~**must** be
 5 applied as a credit against the insurer's regulatory fee for the
 6 next fiscal year unless the insurer had a \$100.00 or less
 7 overpayment in the immediately preceding fiscal year. If the
 8 insurer had a \$100.00 or less overpayment in the immediately
 9 preceding fiscal year, at the insurer's option, the current fiscal
 10 year overpayment of \$100.00 or less ~~shall~~**must** be refunded.

11 (10) Any amounts stated and presented to or certified,
 12 assessed, or imposed ~~upon~~**on** an insurer as provided in subsections
 13 (2), (3), and (4) that are unpaid as of the date that the insurer
 14 is subjected to a delinquency proceeding ~~pursuant to~~**under** chapter
 15 81 ~~shall be~~**are** regarded as an expense of administering the
 16 delinquency proceeding and ~~shall be~~**are** payable as such from the
 17 general assets of the insurer.

18 (11) In addition to the regulatory fee provided in subsection
 19 (4), each insurer that locates records or personnel knowledgeable
 20 about those records outside this state ~~pursuant to~~**under** section
 21 476a(3) or section 5256 shall reimburse the ~~insurance bureau~~
 22 **department** for expenses and reasonable costs incurred by the
 23 ~~insurance bureau~~**department** as a result of travel and other costs
 24 related to examinations or investigations of those records or
 25 personnel. The reimbursement ~~shall~~**must** not include any costs that
 26 the ~~insurance bureau~~**department** would have incurred if the
 27 examination had taken place in this state.

28 (12) As used in this section:

29 (a) "Annuity considerations" means receipts on the sale of



1 annuities as used in section 22a of the former single business tax
2 act, 1975 PA 228, or in section 235 of the Michigan business tax
3 act, 2007 PA 36, MCL 208.1235.

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

7 **Sec. 261. (1) The department shall maintain on its internet**
8 **website a page that does all of the following:**

9 (a) Advises that the department may be able to assist a person
10 who believes that an automobile insurer is not paying benefits, not
11 making timely payments, or otherwise not performing as it is
12 obligated to do under an insurance policy.

13 (b) Advises the person of selected important rights that the
14 person has under chapter 20 that specifically relate to automobile
15 insurers and the payment of benefits by automobile insurers.

16 (c) Allows the person to submit an explanation of the facts of
17 the person's problems with the automobile insurer.

18 (d) Allows the person to submit electronically, or instructs
19 the person how to provide paper copies of, any documentation to
20 support the facts submitted under subdivision (c).

21 (e) Explains to the person the steps that the department will
22 take and that may be taken after information is submitted under
23 this section.

24 (2) The department shall maintain on its internet website a
25 page that advises consumers about the changes to automobile
26 insurance in this state that were made by the amendatory act that
27 added this section, including, among any other information that the
28 director determines to be important, ways to shop for insurance.

29 (3) The department shall maintain on its internet website a



1 page or pages that allow a person to report fraud and unfair
2 settlement and claims practices.

3 Sec. 271. By December 31 of 2022 and every year afterward
4 through 2030, the department shall review the effect of changes
5 made to section 3157 by the amendatory act that added this section
6 and provide a report to the legislature on the department's
7 findings.

8 Sec. 1244. (1) If the ~~commissioner~~**director** finds that a
9 person has violated this chapter, after an opportunity for a
10 hearing ~~pursuant to~~**under** the administrative procedures act of
11 1969, 1969 PA 306, MCL 24.201 to 24.328, the ~~commissioner~~**director**
12 shall reduce the findings and decision to writing and shall issue
13 and cause to be served ~~upon~~**on** the person charged with the
14 violation a copy of the findings and an order requiring the person
15 to cease and desist from the violation. In addition, the
16 ~~commissioner~~**director** may order any of the following:

17 (a) Payment of a civil fine of not more than ~~\$500.00~~**\$1,000.00**
18 for each violation. However, if the person knew or reasonably
19 should have known that he or she was in violation of this chapter,
20 the ~~commissioner~~**director** may order the payment of a civil fine of
21 not more than ~~\$2,500.00~~**\$5,000.00** for each violation. An order of
22 the ~~commissioner~~**director** under this subsection ~~shall~~**must** not
23 require the payment of civil fines exceeding ~~\$25,000.00.~~
24 **\$50,000.00**. A fine collected under this subdivision ~~shall~~**must** be
25 turned over to the state treasurer and credited to the general fund
26 of ~~the~~**this** state.

27 (b) A refund of any overcharges.

28 (c) That restitution be made to the insured or other claimant
29 to cover incurred losses, damages, or other harm attributable to



1 the acts of the person found to be in violation of this chapter.

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

3 (2) The ~~commissioner~~**director** may by order, after notice and
4 opportunity for hearing, reopen and alter, modify, or set aside, in
5 whole or in part, an order issued under this section, if in the
6 opinion of the ~~commissioner~~**director** conditions of fact or of law
7 have changed to require that action, or if the public interest
8 requires that action.

9 (3) If a person knowingly violates a cease and desist order
10 under this chapter and has been given notice and an opportunity for
11 a hearing held ~~pursuant to~~**under** the administrative procedures act
12 of 1969, 1969 PA 306, MCL 24.201 to 24.328, the ~~commissioner~~
13 **director** may order a civil fine of not more than ~~\$10,000.00~~
14 **\$20,000.00** for each violation, ~~or~~ a suspension or revocation of the
15 person's license, or both. An order issued by the ~~commissioner~~
16 ~~pursuant to~~**director under** this subsection ~~shall~~**must** not require
17 the payment of civil fines exceeding ~~\$50,000.00~~**\$100,000.00**. A
18 fine collected under this subsection ~~shall~~**must** be turned over to
19 the state treasurer and credited to the general fund of ~~the~~**this**
20 state.

21 (4) The ~~commissioner~~**director** may apply to the circuit court
22 of Ingham ~~county~~**County** for an order of the court enjoining a
23 violation of this chapter.

24 **Sec. 2013a. (1) The failure of an insurer to materially comply**
25 **with section 3107e is an unfair method of competition and an unfair**
26 **or deceptive act or practice in the business of insurance.**

27 **(2) This section does not affect any other right of a person**
28 **under this chapter.**

29 Sec. 2038. (1) If, after opportunity for a hearing held



1 ~~pursuant to Act No. 306 of the Public Acts of~~ **under the**
 2 **administrative procedures act of** 1969, as amended, ~~1969 PA 306, MCL~~
 3 **24.201 to 24.328**, the ~~commissioner~~ **director** determines that the
 4 person complained of has engaged in methods of competition or
 5 unfair or deceptive acts or practices prohibited by sections 2001
 6 to 2050, the ~~commissioner~~ **director** shall reduce his **or her** findings
 7 and decision to writing and shall issue and cause to be served ~~upon~~
 8 **on** the person charged with the violation a copy of the findings and
 9 an order requiring the person to cease and desist from engaging in
 10 that method of competition, act, or practice. ~~and the commissioner~~
 11 **The director** may **also** order any of the following:

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

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

23 (c) Refund of any overcharges.

24 (2) The filing of a petition for review does not stay
 25 enforcement of action ~~pursuant to~~ **under** this section, but the
 26 ~~commissioner~~ **director** may grant, or the appropriate court may
 27 order, a stay ~~upon~~ **on** appropriate terms.

28 (3) ~~Until the expiration of~~ **If a petition for review has not**
 29 **been filed within** the time allowed under section 244, ~~for filing a~~



1 ~~petition for review if a petition has not been duly filed within~~
 2 ~~that time~~ **until the time for filing the petition expires** or, if a
 3 petition for review has been filed within that time, ~~then~~ until the
 4 transcript of the record in the proceeding has been filed in the
 5 circuit court, as ~~hereinafter~~ provided **in this chapter**, the
 6 ~~commissioner, upon~~ **director, on** notice and in a manner as he ~~shall~~
 7 ~~deem~~ **or she considers** proper, may modify or set aside in whole or
 8 in part an order issued ~~by him~~ under this section.

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

17 Sec. 2040. (1) A person who violates a cease and desist order
 18 of the ~~commissioner~~ **director** under this chapter while the order is
 19 in effect, after notice and an opportunity for a hearing and ~~upon~~
 20 **on** order of the ~~commissioner~~, **director**, may be subject to any of
 21 the following:

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

24 (b) Suspension or revocation of the person's license or
 25 certificate of authority.

26 (2) The filing of a petition for review does not stay
 27 enforcement ~~pursuant to~~ **under** this section, but the ~~commissioner~~
 28 **director** may grant, or the appropriate court may order, a stay ~~upon~~
 29 **on** appropriate terms.



1 (3) A cease and desist order issued by the ~~commissioner~~
 2 ~~pursuant to~~ **director under** section 2043 ~~shall~~ **must** not contain
 3 fines or other penalties applicable to acts or omissions ~~occurring~~
 4 ~~prior to~~ **that occur before** the date of the cease and desist order.

5 Sec. 2069. ~~Any~~ **An** insurer, agent, solicitor, or ~~any other~~
 6 person, ~~firm, association, or corporation, violating any of the~~
 7 ~~provisions of sections~~ **that violates section** 2064 ~~and or~~ 2066 ~~shall~~
 8 ~~be~~ **is** guilty of a misdemeanor. ~~Upon~~ **On** conviction of violating
 9 section 2066, the offender ~~shall~~ **must** be sentenced to pay a fine of
 10 not more than \$100.00 for each violation, or in the discretion of
 11 the court, to imprisonment in the county jail of the county in
 12 which the offense is committed. ~~Upon~~ **On** conviction of violating
 13 section 2064, the offender ~~shall~~ **must** be sentenced to pay a fine of
 14 not more than ~~\$1,000.00~~ **\$2,000.00** for each violation, or in the
 15 discretion of the court, to imprisonment in the county jail of the
 16 county in which the offense is committed.

17 Sec. 2105. (1) ~~No~~ **A** policy of automobile insurance or home
 18 insurance ~~shall~~ **must not** be offered, bound, made, issued, delivered
 19 or renewed in this state ~~on and after January 1, 1981, except in~~
 20 ~~conformity with~~ **unless the policy conforms to** this chapter. ~~This~~
 21 ~~chapter shall not apply to policies of automobile insurance or home~~
 22 ~~insurance offered, bound, made, issued, delivered or renewed in~~
 23 ~~this state before January 1, 1981.~~

24 (2) ~~This~~ **Except as otherwise expressly provided in subsection**
 25 **(4) and this chapter, this** chapter ~~shall~~ **does** not apply to
 26 insurance written on a group, franchise, blanket policy, or similar
 27 basis ~~which~~ **that** offers home insurance or automobile insurance to
 28 all members of the group, franchise plan, or blanket coverage who
 29 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
 28 that added this subsection apply beginning July 1, 2020.

29 Sec. 2106. (1) Except as specifically provided in this



1 chapter, ~~the provisions of chapter 24 and chapter 26 shall do~~ not
 2 apply to automobile insurance and home insurance.

3 **(2) Subject to section 2108(6), an insurer shall file rates**
 4 **with the department for approval in compliance with this act.**

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

7 **(4)** To the extent that other provisions of this ~~code act~~ are
 8 inconsistent with ~~the provisions of this chapter~~, this chapter
 9 ~~shall govern~~ **governs** with respect to automobile insurance and home
 10 insurance.

11 Sec. 2108. (1) On the effective date of a manual of
 12 classification, manual of rules and rates, rating plan, or
 13 modification of a manual of classification, manual of rules and
 14 rates, or rating plan that an insurer proposes to use for
 15 ~~automobile insurance or home insurance~~, the insurer shall file the
 16 manual or plan with the director. **For automobile insurance, an**
 17 **insurer shall file a manual or plan described in this subsection in**
 18 **accordance with subsection (6).** Each filing under this subsection
 19 must state the character and extent of the coverage contemplated.
 20 An insurer that is subject to this chapter and that maintains rates
 21 in any part of this state shall at all times maintain rates in
 22 effect for all eligible persons meeting the underwriting criteria
 23 of the insurer.

24 (2) An insurer may satisfy its obligation to make filings
 25 under subsection (1) by becoming a member of, or a subscriber to, a
 26 rating organization licensed under chapter 24 or chapter 26 that
 27 makes the filings, and by filing with the director a copy of its
 28 authorization of the rating organization to make the filings on its
 29 behalf. This chapter does not require an insurer to become a member



1 of or a subscriber to a rating organization. An insurer may file
 2 and use deviations from filings made on its behalf. The deviations
 3 are subject to this chapter.

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

8 (4) A filing under this section must include information that
 9 supports the filing with respect to the requirements of section
 10 2109. The information may include 1 or more of the following:

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

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

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

16 (d) Any other relevant information.

17 (5) Except as otherwise provided in this subsection, the
 18 department shall make a filing under this section and any
 19 accompanying information open to public inspection on filing. An
 20 insurer or a rating organization filing on the insurer's behalf may
 21 designate information included in the filing or any accompanying
 22 information as a trade secret. The insurer or the rating
 23 organization filing on behalf of the insurer shall demonstrate to
 24 the director that the designated information is a trade secret. If
 25 the director determines that the information is a trade secret, the
 26 information is not subject to public inspection and is exempt from
 27 **disclosure under** the freedom of information act, 1976 PA 442, MCL
 28 15.231 to 15.246. As used in this subsection, "trade secret" means
 29 that term as defined in section 2 of the uniform trade secrets act,



1 1998 PA 448, MCL 445.1902. However, trade secret does not include
2 filings and information accompanying filings under this section
3 that were subject to public inspection before ~~the effective date of~~
4 ~~the amendatory act that added this sentence.~~ **January 11, 2016.**

5 (6) For automobile insurance, an insurer shall file a manual
6 or plan in accordance with chapter 24, except that the manual or
7 plan must remain on file for a waiting period of 90 days before it
8 becomes effective, which period may not be extended by the
9 director, and the waiting period applies regardless of whether
10 supporting information is required by the director under section
11 2406(1). Upon written application by the insurer, the director may
12 authorize a filing that he or she has reviewed to become effective
13 before expiration of the waiting period.

14 (7) ~~(6)~~ An insurer shall not make, issue, or renew a contract
15 or policy except in accordance with filings that are in effect for
16 the insurer under this chapter.

17 (8) A filing under this chapter must specify that the insurer
18 will not refuse to insure, refuse to continue to insure, or limit
19 the amount of coverage available because of the location of the
20 risk, and that the insurer recognizes those practices to constitute
21 redlining. An insurer shall not engage in redlining as described in
22 this subsection.

23 Sec. 2111. (1) Notwithstanding any provision of this act or
24 this chapter to the contrary, classifications and territorial base
25 rates used by an insurer in this state with respect to automobile
26 insurance or home insurance ~~shall~~ **must** conform to the applicable
27 requirements of this section.

28 (2) Classifications established under this section for
29 automobile insurance ~~shall~~ **must** be based only on 1 or more of the



1 following factors, which ~~shall~~**must** be applied by an insurer on a
 2 uniform basis throughout this state:

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

4 (i) Either the age of the driver; the length of driving
 5 experience; or the number of years licensed to operate a motor
 6 vehicle.

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

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

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

12 (v) Vehicle characteristics, features, and options, such as
 13 engine displacement, ability of the vehicle and its equipment to
 14 protect passengers from injury, and other similar items, including
 15 vehicle make and model.

16 (vi) Daily or weekly commuting mileage.

17 (vii) Number of cars insured by the insurer or number of
 18 licensed operators in the household. However, number of licensed
 19 operators ~~shall~~**must** not be used as an indirect measure of marital
 20 status.

21 (viii) Amount of insurance.

22 (b) In addition to the factors prescribed in subdivision (a),
 23 with respect to personal protection insurance coverage:

24 (i) Earned income.

25 (ii) Number of dependents of income earners insured under the
 26 policy.

27 (iii) Coordination of benefits.

28 (iv) Use of a safety belt.



1 (c) In addition to the factors prescribed in subdivision (a),
2 with respect to collision and comprehensive coverages:

3 (i) The anticipated cost of vehicle repairs or replacement,
4 which may be measured by age, price, cost new, or value of the
5 insured automobile, and other factors directly relating to that
6 anticipated cost.

7 (ii) Vehicle make and model.

8 (iii) Vehicle design characteristics related to vehicle
9 damageability.

10 (iv) Vehicle characteristics relating to automobile theft
11 prevention devices.

12 (d) With respect to all automobile insurance coverage other
13 than comprehensive, successful completion by the individual driver
14 or drivers insured under the policy of an accident prevention
15 education course that meets the following criteria:

16 (i) The course ~~shall~~**must** include a minimum of 8 hours of
17 classroom instruction.

18 (ii) The course ~~shall~~**must** include, but not be limited to, a
19 review of all of the following:

- 20 (A) The effects of aging on driving behavior.
- 21 (B) The shapes, colors, and types of road signs.
- 22 (C) The effects of alcohol and medication on driving.
- 23 (D) The laws relating to the proper use of a motor vehicle.
- 24 (E) Accident prevention measures.
- 25 (F) The benefits of safety belts and child restraints.
- 26 (G) Major driving hazards.
- 27 (H) Interaction with other highway users, such as
28 motorcyclists, bicyclists, and pedestrians.

29 (3) Each insurer shall establish a secondary or merit rating



1 plan for automobile insurance, other than comprehensive coverage. A
 2 secondary or merit rating plan required under this subsection ~~shall~~
 3 **must** provide for premium surcharges for ~~any or all~~ coverages for
 4 automobile insurance, other than comprehensive coverage, based ~~upon~~
 5 **on** any ~~or all~~ of the following, when that information becomes
 6 available to the insurer:

7 (a) Substantially at-fault accidents.

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

12 However, an insured ~~shall~~**must** not be merit rated for a civil
 13 infraction under chapter VI of the Michigan vehicle code, 1949 PA
 14 300, MCL 257.601 to 257.750, for a period of time longer than that
 15 which the secretary of state's office carries points for that
 16 infraction on the insured's motor vehicle record.

17 (4) An insurer shall not establish or maintain rates or rating
 18 classifications for automobile insurance based on ~~sex or marital~~
 19 **any of the following:**

20 (a) **Sex.**

21 (b) **Marital** status.

22 (c) **Home ownership.**

23 (d) **Educational level attained.**

24 (e) **Occupation.**

25 (f) **The postal zone in which the insured resides.**

26 (g) **Credit score as provided in section 2162.**

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

29 (6) This section does not limit insurers or rating



1 organizations from establishing and maintaining statistical
 2 reporting territories. This section does not prohibit an insurer
 3 from establishing or maintaining, for automobile insurance, a
 4 premium discount plan for senior citizens in this state who are 65
 5 years of age or older, if the plan is uniformly applied by the
 6 insurer throughout this state. If an insurer has not established
 7 and maintained a premium discount plan for senior citizens, the
 8 insurer shall offer reduced premium rates to senior citizens in
 9 this state who are 65 years of age or older and who drive less than
 10 3,000 miles per year, regardless of statistical data.

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

15 (a) Amount and types of coverage.

16 (b) Security and safety devices, including locks, smoke
 17 detectors, and similar, related devices.

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

19 (d) Fire protection class.

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

22 (f) Loss experience of the insured, based on prior claims
 23 attributable to factors under the control of the insured that have
 24 been paid by an insurer. An insured's failure, after written notice
 25 from the insurer, to correct a physical condition that presents a
 26 risk of repeated loss ~~shall be considered~~**is** a factor under the
 27 control of the insured for purposes of this subdivision.

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

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



1 (i) Availability of law enforcement or crime prevention
2 services.

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

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

9 **Sec. 2111f. (1) Before July 1, 2020, an insurer that offers**
10 **automobile insurance in this state shall file premium rates for**
11 **personal protection insurance coverage for automobile insurance**
12 **policies effective after July 1, 2020.**

13 (2) Subject to subsections (6) and (7), the premium rates
14 filed as required by subsection (1), and any subsequent premium
15 rates filed by the insurer for personal protection insurance
16 coverage under automobile insurance policies effective before July
17 1, 2028, must result, as nearly as practicable, in an average
18 reduction per vehicle from the premium rates for personal
19 protection insurance coverage that were in effect for the insurer
20 on May 1, 2019 as follows:

21 (a) For policies subject to the coverage limits under section
22 3107c(1) (a), an average 45% or greater reduction per vehicle.

23 (b) For policies subject to the coverage limits under section
24 3107c(1) (b), an average 35% or greater reduction per vehicle.

25 (c) For policies subject to the coverage limits under section
26 3107c(1) (c), an average 20% or greater reduction per vehicle.

27 (d) For policies not subject to any coverage limit under
28 section 3107c(1) (d), an average 10% or greater reduction per
29 vehicle.



1 (3) For a policy under which an election under section 3107d
2 has been made to not maintain coverage for personal protection
3 insurance benefits payable under section 3107(1) (a), or for a
4 policy to which an exclusion under section 3109a(2) applies, the
5 premium rates filed under subsection (1), and any subsequent
6 premium rates filed by the insurer for personal protection
7 insurance coverage must result in no premium charge for coverage
8 for personal protection insurance benefits payable under section
9 3107(1) (a) .

10 (4) The director shall review a filing submitted by an insurer
11 under subsections (1) to (3) for compliance with this section.
12 Subject to subsection (7), the director shall disapprove a filing
13 if after review the director determines that the filing does not
14 result in the premium reductions required by subsections (2) and
15 (3) .

16 (5) If the director disapproves a premium rate filing under
17 subsection (4), the insurer shall submit a revised premium rate
18 filing to the director within 15 days after the disapproval. The
19 premium rate filing is subject to review in the same manner as an
20 original premium rate filing under subsection (4) .

21 (6) For policies issued for the year beginning July 1, 2024
22 and for the year beginning July 1, 2026, an automobile insurer that
23 offers automobile insurance in this state shall make filings
24 demonstrating its compliance with this section.

25 (7) At any time, an insurer may apply to the director for
26 approval to file rates that result in a lower premium reduction
27 level or an exemption from the requirements of subsection (2) and
28 the director shall approve the application if the rates otherwise
29 comply with this act and compliance with the premium reductions



1 required by subsection (2) will result in any of the following:

2 (a) The insurer reaching the company action level risk based
3 capital.

4 (b) A violation of the Fourteenth Amendment of the United
5 States Constitution as to the insurer. This subdivision does not
6 apply after July 1, 2023.

7 (c) A violation of section 17 of article I of the state
8 constitution of 1963, as to deprivation of property without due
9 process. This subdivision does not apply after July 1, 2023.

10 (8) Any time after July 1, 2022, an insurer may annually
11 report to the director the amount of savings realized by
12 implementation of the fee schedule imposed under section 3157 and
13 the amount the insurer's rate rollback required under this section
14 exceeds the actual savings realized by the implementation of the
15 personal injury protection coverage caps under section 3107c. The
16 amount the insurer's rate rollback required under this section
17 exceeds the actual savings realized by the implementation of the
18 personal injury protection coverage caps under section 3107c may be
19 used as an offset to the amount of savings realized by
20 implementation of the fee schedule imposed under section 3157.

21 (9) This section does not prohibit an increase for any
22 individual insurance policy premium if the increase results from
23 applying rating factors as approved under this chapter, including
24 the requirements of this section.

25 (10) After July 1, 2020 and before July 1, 2028, an insurer
26 shall not issue or renew an automobile insurance policy in this
27 state unless the premium rates filed by the insurer for personal
28 protection insurance coverage are approved under this section.

29 (11) For purposes of calculating a personal protection



1 insurance premium or premium rate under this section, the premium
 2 does not include the catastrophic claims assessment imposed under
 3 section 3104.

4 (12) If subsection (2) or the application of subsection (2) to
 5 any insurer is found to be invalid by a court, the remaining
 6 portions of the amendatory act that added this section are not
 7 severable and shall be deemed invalid and inoperable.

8 (13) As used in this section:

9 (a) "Authorized control level RBC" means the number determined
 10 under the risk-based capital formula in accordance with the RBC
 11 report, including risk-based capital instructions adopted by the
 12 National Association of Insurance Commissioners and the director.

13 (b) "Company action level risk based capital" means 2 times
 14 the insurer's authorized control level RBC.

15 (c) "RBC report" means the report of the insurer's RBC levels
 16 as required by the annual statement instructions.

17 Sec. 2116b. (1) Subject to subsection (2), an automobile
 18 insurer shall not refuse to insure, refuse to continue to insure,
 19 limit coverage available to, charge a reinstatement fee for, or
 20 increase the premiums for automobile insurance for an eligible
 21 person solely because the person previously failed to maintain
 22 insurance required by section 3101 for a vehicle owned by the
 23 person.

24 (2) This section only applies to an eligible person that
 25 applies for automobile insurance before January 1, 2022.

26 Sec. 2118. (1) As a condition of maintaining its certificate
 27 of authority, an insurer shall not refuse to insure, refuse to
 28 continue to insure, or limit coverage available to an eligible
 29 person for automobile insurance, except in accordance with



1 underwriting rules established ~~pursuant to~~ **as provided in** this
 2 section and sections 2119 and 2120.

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

5 (a) Criteria identical to the standards set forth in section
 6 2103(1).

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

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

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



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

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

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

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

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

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

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

24 (i) Total abstinence from the consumption of alcoholic
25 beverages except if such beverages are consumed as part of a
26 religious ceremony. However, an insurer shall not ~~utilize~~**use** an
27 underwriting rule based on this subdivision unless the insurer ~~has~~
28 ~~been~~**was** authorized to transact automobile insurance in this state
29 ~~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
 28 state for purposes of increasing the speed or acceleration
 29 capabilities of the vehicle.



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

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

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

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

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

21 Sec. 2151. As used in this chapter:

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

26 (b) "Consumer reporting agency" means any person ~~which~~**that**,
 27 for monetary fees or dues or on a cooperative nonprofit basis,
 28 regularly engages in whole or in part in the practice of assembling
 29 or evaluating consumer credit information or other information on



1 consumers for the purpose of furnishing consumer reports to third
2 parties.

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

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

16 (e) **"Credit score" means the numerical score ranging from 300**
17 **to 850 assigned by a consumer reporting agency to measure credit**
18 **risk and includes FICO credit score.**

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

24 (g) ~~(f)~~—"Personal insurance" means property/casualty insurance
25 written for personal, family, or household use, including
26 automobile, home, motorcycle, mobile home, noncommercial dwelling
27 fire, boat, personal watercraft, snowmobile, and recreational
28 vehicle, whether written on an individual, group, franchise,
29 blanket policy, or similar basis.



1 **Sec. 2162. An insurer shall not use an individual's credit**
 2 **score to establish or maintain rates or rating classifications for**
 3 **automobile insurance.**

4 Sec. 3009. (1) ~~An~~**Subject to subsections (5) to (8), an**
 5 automobile liability or motor vehicle liability policy ~~insuring~~
 6 **that insures** against loss resulting from liability imposed by law
 7 for property damage, bodily injury, or death suffered by any person
 8 arising out of the ownership, maintenance, or use of a motor
 9 vehicle ~~shall~~**must** not be delivered or issued for delivery in this
 10 state with respect to any motor vehicle registered or principally
 11 garaged in this state unless the liability coverage is subject to
 12 all of the following limits:

13 (a) A limit, exclusive of interest and costs, of not less than
 14 ~~\$20,000.00~~**\$250,000.00** because of bodily injury to or death of 1
 15 person in any 1 accident.

16 (b) Subject to the limit for 1 person in subdivision (a), a
 17 limit of not less than ~~\$40,000.00~~**\$500,000.00** because of bodily
 18 injury to or death of 2 or more persons in any 1 accident.

19 (c) A limit of not less than \$10,000.00 because of injury to
 20 or destruction of property of others in any accident.

21 (2) If authorized by the insured, automobile liability or
 22 motor vehicle liability coverage may be excluded when a vehicle is
 23 operated by a named person. An exclusion under this subsection is
 24 not valid unless the following notice is on the face of the policy
 25 or the declaration page or certificate of the policy and on the
 26 certificate of insurance:

27 Warning—when a named excluded person operates a vehicle all
 28 liability coverage is void—no one is insured. Owners of the vehicle
 29 and others legally responsible for the acts of the named excluded



1 person remain fully personally liable.

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

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

7 (5) **An applicant for or named insured in the automobile**
8 **liability or motor vehicle liability policy described in subsection**
9 **(1) may choose to purchase lower limits than required under**
10 **subsection (1) (a) and (b), but not lower than \$50,000.00 under**
11 **subsection (1) (a) and \$100,000.00 under subsection (1) (b). To**
12 **exercise an option under this subsection, the person shall complete**
13 **a form issued by the director and provided as required by section**
14 **3107e, that meets the requirements of subsection (7).**

15 (6) On application for the issuance of a new policy or renewal
16 of an existing policy, an insurer shall do all of the following:

17 (a) Provide the applicant or named insured the liability
18 options available under this section.

19 (b) Provide the applicant or named insured a price for each
20 option available under this section.

21 (c) Offer the applicant or named insured the option and form
22 under this subsection.

23 (7) The form required under subsection (5) must do all of the
24 following:

25 (a) State, in a conspicuous manner, the risks of choosing
26 liability limits lower than those required by subsection (1) (a) and
27 (b).

28 (b) Provide a way for the person to mark the form to
29 acknowledge that he or she has received a list of the liability



1 options available under this section and the price for each option.

2 (c) Provide a way for the person to mark the form to
3 acknowledge that he or she has read the form and understands the
4 risks of choosing the lower liability limits.

5 (d) Allow the person to sign the form.

6 (8) If an insurance policy is issued or renewed as described
7 in subsection (1) and the person named in the policy has not made
8 an effective choice under subsection (5), the limits under
9 subsection (1) (a) and (b) apply to the policy.

10 Sec. 3101. (1) ~~The~~ **Except as provided in sections 3107d and**
11 **3109a, the** owner or registrant of a motor vehicle required to be
12 registered in this state shall maintain security for payment of
13 benefits under personal protection insurance ~~—and~~ property
14 protection insurance **as required under this chapter**, and residual
15 liability insurance. Security is only required to be in effect
16 during the period the motor vehicle is driven or moved on a
17 highway. Notwithstanding any other provision in this act, an
18 insurer that has issued an automobile insurance policy on a motor
19 vehicle that is not driven or moved on a highway may allow the
20 insured owner or registrant of the motor vehicle to delete a
21 portion of the coverages under the policy and maintain the
22 comprehensive coverage portion of the policy in effect.

23 (2) As used in this chapter:

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

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

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



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

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

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

8 (v) The vehicle is used for commercial purposes.

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

11 (c) "Electric bicycle" means that term as defined in section
12 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

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

15 (e) "Highway" means highway or street as that term is defined
16 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
17 257.20.

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

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

27 (h) "Motorcycle accident" means a loss that involves the
28 ownership, operation, maintenance, or use of a motorcycle as a
29 motorcycle, but does not involve the ownership, operation,



1 maintenance, or use of a motor vehicle as a motor vehicle.

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

6 (i) A motorcycle.

7 (ii) A moped.

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

12 (iv) An ORV.

13 (v) A golf cart.

14 (vi) A power-driven mobility device.

15 (vii) A commercial quadricycle.

16 (viii) An electric bicycle.

17 (j) "Motor vehicle accident" means a loss that involves the
18 ownership, operation, maintenance, or use of a motor vehicle as a
19 motor vehicle regardless of whether the accident also involves the
20 ownership, operation, maintenance, or use of a motorcycle as a
21 motorcycle.

22 (k) "ORV" means a motor-driven recreation vehicle designed for
23 off-road use and capable of cross-country travel without benefit of
24 road or trail, on or immediately over land, snow, ice, marsh,
25 swampland, or other natural terrain. ORV includes, but is not
26 limited to, a multitrack or multiwheel drive vehicle, a motorcycle
27 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious
28 machine, a ground effect air cushion vehicle, an ATV as defined in
29 section 81101 of the natural resources and environmental protection



1 act, 1994 PA 451, MCL 324.81101, or other means of transportation
 2 deriving motive power from a source other than muscle or wind. ORV
 3 does not include a vehicle described in this subdivision that is
 4 registered for use on a public highway and has the security
 5 required under subsection (1) or section 3103 in effect.

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

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

10 (ii) A person renting a motorcycle or having the use of a
 11 motorcycle under a lease for a period that is greater than 30 days,
 12 or otherwise for a period that is greater than 30 consecutive days.
 13 A person who borrows a motorcycle for a period that is less than 30
 14 consecutive days with the consent of the owner is not an owner
 15 under this subparagraph.

16 (iii) A person that holds the legal title to a motor vehicle or
 17 motorcycle, other than a person engaged in the business of leasing
 18 motor vehicles or motorcycles that is the lessor of a motor vehicle
 19 or motorcycle under a lease that provides for the use of the motor
 20 vehicle or motorcycle by the lessee for a period that is greater
 21 than 30 days.

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

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

28 (n) "Registrant" does not include a person engaged in the
 29 business of leasing motor vehicles or motorcycles that is the



1 lessor of a motor vehicle or motorcycle under a lease that provides
 2 for the use of the motor vehicle or motorcycle by the lessee for a
 3 period that is longer than 30 days.

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

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

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

22 Sec. 3101a. (1) An insurer, in conjunction with the issuance
 23 of an automobile insurance policy, shall provide to the insured 1
 24 certificate of insurance for each insured vehicle and for private
 25 passenger nonfleet automobiles listed on the policy shall supply to
 26 the secretary of state the automobile insurer's name, the name of
 27 the named insured, the named insured's address, the vehicle
 28 identification number for each vehicle listed on the policy, and
 29 the policy number. The insurer shall transmit the information



1 required under this subsection in a format as required by the
 2 secretary of state. The secretary of state shall not require the
 3 information to be transmitted more frequently than every 14 days.

4 (2) The secretary of state shall provide policy information
 5 received under subsection (1) to the Michigan automobile insurance
 6 placement facility as required for the Michigan automobile
 7 insurance placement facility to comply with this act. Information
 8 received by the Michigan automobile insurance placement facility
 9 under this subsection is confidential and is not subject to the
 10 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The
 11 Michigan automobile insurance placement facility shall only use the
 12 information for purposes of administering the assigned claims plan
 13 under this chapter and shall not disclose the information to any
 14 person unless it is for the purpose of administering the assigned
 15 claims plan or in compliance with an order by a court of competent
 16 jurisdiction in connection with a fraud investigation or
 17 prosecution.

18 (3) ~~(2)~~—The secretary of state shall provide policy
 19 information received under subsection (1) to the department of
 20 health and human services as required for the department of health
 21 and human services to comply with 2006 PA 593, MCL 550.281 to
 22 550.289.

23 (4) ~~(3)~~—The secretary of state shall accept as proof of
 24 vehicle insurance a transmission of the insured vehicle's vehicle
 25 identification number. Policy information submitted by an insurer
 26 and received by the secretary of state under this section is
 27 confidential, is not subject to the freedom of information act,
 28 1976 PA 442, MCL 15.231 to 15.246, and ~~shall~~**must** not be disclosed
 29 to any person except the department of health and human services



1 for purposes of 2006 PA 593, MCL 550.281 to 550.289, or pursuant to
 2 an order by a court of competent jurisdiction in connection with a
 3 claim or fraud investigation or prosecution. The transmission to
 4 the secretary of state of a vehicle identification number is proof
 5 of insurance to the secretary of state for motor vehicle
 6 registration purposes only and is not evidence that a policy of
 7 insurance actually exists between an insurer and an individual.

8 (5) ~~(4)~~—A person who supplies false information to the
 9 secretary of state under this section or who issues or uses an
 10 altered, fraudulent, or counterfeit certificate of insurance is
 11 guilty of a misdemeanor punishable by imprisonment for not more
 12 than 1 year or a fine of not more than \$1,000.00, or both.

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

22 (7) ~~(6)~~—As used in this section:

23 (a) "Automobile insurance" means that term as defined in
 24 section 3303.

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

27 Sec. 3104. (1) ~~An~~ **The catastrophic claims association is**
 28 **created as an** unincorporated, nonprofit association. ~~to be known as~~
 29 ~~the catastrophic claims association, hereinafter referred to as the~~



1 ~~association, is created.~~ Each insurer engaged in writing insurance
 2 coverages that provide the security required by section 3101(1)
 3 ~~within-in~~ this state, as a condition of its authority to transact
 4 insurance in this state, shall be a member of the association and
 5 ~~shall be-is~~ bound by the plan of operation of the association. ~~Each~~
 6 **An** insurer engaged in writing insurance coverages that provide the
 7 security required by section 3103(1) ~~within-in~~ this state, as a
 8 condition of its authority to transact insurance in this state,
 9 ~~shall be-is~~ considered **to be** a member of the association, but only
 10 for purposes of premiums under subsection (7)(d). Except as
 11 expressly provided in this section, the association is not subject
 12 to any laws of this state with respect to insurers, but in all
 13 other respects the association is subject to the laws of this state
 14 to the extent that the association would be if it were an insurer
 15 organized and subsisting under chapter 50.

16 (2) ~~The~~ **For all motor vehicle accident policies issued or**
 17 **renewed before July 2, 2020 and for a motor vehicle accident policy**
 18 **issued or renewed after July 1, 2020 to which section 3107c(1)(d)**
 19 **applies, the** association shall provide and each member shall accept
 20 indemnification for 100% of the amount of ultimate loss sustained
 21 under personal protection insurance coverages in excess of the
 22 following amounts in each loss occurrence:

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

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

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

29 (d) For a motor vehicle accident policy issued or renewed



1 during the period July 1, 2004 to June 30, 2005, \$350,000.00.

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

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

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

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

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

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

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

16 **(l) For a motor vehicle accident policy issued or renewed**
17 **during the period July 1, 2013 to June 30, 2015, \$530,000.00.**

18 **(m) For a motor vehicle accident policy issued or renewed**
19 **during the period July 1, 2015 to June 30, 2017, \$545,000.00.**

20 **(n) For a motor vehicle accident policy issued or renewed**
21 **during the period July 1, 2017 to June 30, 2019, \$555,000.00.**

22 **(o) For a motor vehicle accident policy issued or renewed**
23 **during the period July 1, 2019 to June 30, 2021, \$580,000.00.**

24 Beginning July 1, ~~2013, 2021~~, this ~~\$500,000.00~~ **\$580,000.00** amount
25 ~~shall~~ **must** be increased biennially on July 1 of each odd-numbered
26 year, for policies issued or renewed before July 1 of the following
27 odd-numbered year, by the lesser of 6% or the ~~consumer price index,~~
28 **Consumer Price Index**, and rounded to the nearest \$5,000.00. ~~This~~
29 **The association shall calculate this** biennial adjustment ~~shall be~~



1 ~~calculated by the association~~ by January 1 of the year of its July
2 1 effective date.

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

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

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

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

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

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

26 (b) Establish procedures by which members ~~shall~~ **must** promptly
27 report to the association each claim that, on the basis of the
28 injuries or damages sustained, may reasonably be anticipated to
29 involve the association if the member is ultimately held legally



1 liable for the injuries or damages. Solely for the purpose of
 2 reporting claims, the member shall in all instances consider itself
 3 legally liable for the injuries or damages. The member shall also
 4 advise the association of subsequent developments likely to
 5 materially affect the interest of the association in the claim.

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

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



1 3103(1), or both, written in this state of all members during the
 2 period to which the premium applies, excluding cars insured under a
 3 policy with a coverage limit under section 3107c(1)(a), (b), or
 4 (c), cars as to which an election to not maintain personal
 5 protection insurance benefits has been made under section 3107d, or
 6 as to which an exclusion under section 3109a(2) applies, except for
 7 any portion of total premium that is an adjustment for a deficiency
 8 in a previous period. A member may not be charged a premium for a
 9 car insured under a policy with a coverage limit under section
 10 3107c(1)(a), (b), or (c), as to which an election to not maintain
 11 personal protection insurance benefits has been made under section
 12 3107d, or as to which an exclusion under section 3109a(2) applies,
 13 other than for the portion of the total premium attributable to an
 14 adjustment for a deficiency in a previous period. A member shall
 15 must be charged a premium for a historic vehicle that is insured
 16 with the member of 20% of the premium charged for a car insured
 17 with the member. ~~As used in this subdivision:~~

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

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

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

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

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



1 (f) Receive and distribute all ~~sums~~**money** required by the
2 operation of the association.

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

12 **(h) Provide any records necessary or requested by the director**
13 **for the actuarial examination under subsection (21).**

14 **(i) Subject to subsection (23), obey an order of the director**
15 **for a refund under subsection (22).**

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

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

24 (b) Reinsure all or any portion of its potential liability
25 with reinsurers licensed to transact insurance in this state or
26 approved by the ~~commissioner~~**director**.

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



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

6 (e) Contract for goods and services, including independent
 7 claims management, actuarial, investment, and legal services, from
 8 others ~~within~~**in** or ~~without~~**outside of** this state to assure the
 9 efficient operation of the association.

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

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

16 (9) A board of directors is created ~~, hereinafter referred to~~
 17 ~~as the board, which shall be responsible for the operation of~~ **and**
 18 **shall operate** the association consistent with the plan of operation
 19 and this section.

20 (10) The plan of operation ~~shall~~**must** provide for all of the
 21 following:

22 (a) The establishment of necessary facilities.

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

24 (c) Procedures to be utilized in charging premiums, including
 25 adjustments from excess or deficient premiums from prior periods.
 26 **The plan must require that any deficiency from a prior period be**
 27 **amortized over not fewer than 15 years.**

28 (d) **Procedures for a refund to members of the association, for**
 29 **distribution to insureds as provided in subsection (24), as ordered**



1 by the director under subsection (22). The procedures must provide
 2 for a distribution of a refund attributable to a historic vehicle
 3 equal to 20% of the refund for a car that is not a historic
 4 vehicle.

5 (e) ~~(d)~~—Procedures governing the actual payment of premiums to
 6 the association.

7 (f) ~~(e)~~—Reimbursement of each member of the board by the
 8 association for actual and necessary expenses incurred on
 9 association business.

10 (g) ~~(f)~~—The investment policy of the association.

11 (h) ~~(g)~~—Any other matters required by or necessary to
 12 effectively implement this section.

13 (11) ~~Each~~**The** board ~~shall~~**must** include members that would
 14 contribute a total of not less than 40% of the total premium
 15 calculated pursuant to ~~under~~ subsection (7) (d). Each ~~director shall~~
 16 ~~be~~**board member is** entitled to 1 vote. The initial term of office
 17 of a ~~director shall be~~**board member is** 2 years.

18 (12) As part of the plan of operation, the board shall adopt
 19 rules providing for the composition and ~~term of successor boards to~~
 20 the ~~initial~~ board **and the terms of board members**, consistent with
 21 the membership composition requirements in subsections (11) and
 22 (13). Terms of the ~~directors shall~~**board members must** be staggered
 23 so that the terms of all the ~~directors~~**board members** do not expire
 24 at the same time and so that a ~~director~~**board member** does not serve
 25 a term of more than 4 years.

26 (13) The board ~~shall~~**must** consist of 5 ~~directors,~~**board**
 27 **members** and the ~~commissioner~~**director, who** shall ~~be~~**serve as** an ex
 28 officio member of the board without vote.

29 (14) ~~Each director~~**The director** shall ~~be~~ appointed by the



1 ~~commissioner and~~ **appoint the board members. A board member** shall
 2 serve until ~~that member's~~ **his or her** successor is selected and
 3 qualified. The **board shall elect the** chairperson of the board.
 4 ~~shall be elected by the board. A~~ **The director shall fill any**
 5 vacancy on the board ~~shall be filled by the commissioner consistent~~
 6 ~~with~~ **as provided in** the plan of operation.

7 (15) ~~After the board is appointed, the~~ **The** board shall meet as
 8 often as the chairperson, the ~~commissioner,~~ **director,** or the plan
 9 of operation ~~shall require,~~ **requires,** or at the request of any 3
 10 ~~members of the board.~~ **board members.** The chairperson ~~shall retain~~
 11 ~~the right to~~ **may** vote on all issues. Four ~~members of the board~~
 12 **board members** constitute a quorum.

13 (16) ~~An~~ **The board shall furnish to each member of the**
 14 **association an** annual report of the operations of the association
 15 in a form and detail as ~~may be determined by the board. shall be~~
 16 ~~furnished to each member.~~

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

27 (18) ~~The plan of operation, unless approved sooner in writing,~~
 28 ~~shall be considered to meet the requirements of this section if it~~
 29 ~~is not disapproved by written order of the commissioner within 30~~



1 ~~days after the date of its submission. Before disapproval of all or~~
 2 ~~any part of the proposed plan of operation, the commissioner shall~~
 3 ~~notify the board in what respect the plan of operation fails to~~
 4 ~~meet the requirements and objectives of this section. If the board~~
 5 ~~fails to submit a revised plan of operation that meets the~~
 6 ~~requirements and objectives of this section within the 30-day~~
 7 ~~period, the commissioner shall enter an order accordingly and shall~~
 8 ~~immediately formulate and place into effect a plan consistent with~~
 9 ~~the requirements and objectives of this section.~~

10 (17) ~~(19) The proposed plan of operation or~~ **Any** amendments to
 11 the plan of operation are subject to majority approval by the
 12 board, ~~ratified~~ **ratification** by a majority of the membership **of the**
 13 **association** having a vote, with voting rights being apportioned
 14 according to the premiums charged in subsection (7) (d), and ~~are~~
 15 subject to approval by the ~~commissioner.~~ **director.**

16 (18) ~~(20) Upon approval by the commissioner and ratification~~
 17 ~~by the members of the plan submitted, or upon the promulgation of a~~
 18 ~~plan by the commissioner, each~~ **An** insurer authorized to write
 19 insurance providing the security required by section 3101(1) in
 20 this state, as provided in this section, is bound by and shall
 21 formally subscribe to and participate in the plan ~~approved of~~
 22 **operation** as a condition of maintaining its authority to transact
 23 insurance in this state.

24 (19) ~~(21)~~ The association is subject to all the reporting,
 25 loss reserve, and investment requirements of the ~~commissioner~~
 26 **director** to the same extent as ~~would~~ **is** a member of the
 27 association.

28 (20) ~~(22)~~ Premiums charged members by the association ~~shall~~
 29 **must** be recognized in the rate-making procedures for insurance



1 rates in the same manner that expenses and premium taxes are
 2 recognized. If a member of the association passes on any portion of
 3 the premium payable under this section to an insured, the amount
 4 passed on must equal the portion of the premium payable by the
 5 member under this section attributable to the car or historic
 6 vehicle insured, including any adjustments for excesses or
 7 deficiencies from a previous period.

8 (21) ~~(23)~~The ~~commissioner~~director or an authorized
 9 representative of the ~~commissioner~~director may visit the
 10 association at any time and examine any and all of the
 11 association's affairs. Beginning July 1, 2022, and every third year
 12 after 2019, the director shall engage 1 or more independent
 13 actuaries to examine the affairs and records of the association for
 14 the previous 3 years. The actuarial examination must be conducted
 15 using sound actuarial principles consistent with the applicable
 16 statements of principles and the code of professional conduct
 17 adopted by the Casualty Actuarial Society. By September 1, 2019 and
 18 by September 1 of every third year after 2019, the director shall
 19 provide a report to the legislature on the results of the audit
 20 conducted under this subsection.

21 (22) If the actuarial examination under subsection (21) shows
 22 that the assets of the association exceed 120% of its liabilities,
 23 including incurred but not reported liabilities, and if the refund
 24 will not threaten the association's ongoing ability to provide
 25 reimbursements for personal protection insurance benefits based on
 26 sound actuarial principles consistent with the applicable
 27 statements of principles and the code of professional conduct
 28 adopted by the Casualty Actuarial Society, the director shall order
 29 the association to refund an amount equal to the difference between



1 the total excess and 120% of the liabilities of the association,
2 including incurred but not reported liabilities, under subsection
3 (10) (d) and order the members of the association to distribute the
4 refunds under subsection (24).

5 (23) Within 30 days after receiving an order from the director
6 under subsection (22), the association may request a hearing to
7 review the order by filing a written request with the director. The
8 department shall conduct the review as a contested case under the
9 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
10 24.328.

11 (24) A member of the association shall distribute any refund
12 it receives under subsection (10) (d) to the persons that it insures
13 under policies that provide the security required under section
14 3101(1) or 3103(1), or both, and that are subject to a premium
15 under this section on a uniform basis per car and historic vehicle
16 in a manner and on the date or dates provided by the director in
17 accordance with an order issued by the director. A refund
18 attributable to a historic vehicle must be equal to 20% of the
19 refund for a car that is not a historic vehicle.

20 (25) By September 1 of each year, the association shall
21 prepare, submit to the committees of the senate and house of
22 representatives with jurisdiction over insurance matters, and post
23 on the association website an annual consumer statement, written in
24 a manner intended for the general public. The statement must
25 include all of the following:

26 (a) The number of claims opened during the preceding 12
27 months, the amount expended on the claims, and the future
28 anticipated costs of the claims.

29 (b) For each of the preceding 10 years, the total number of



1 open claims, the amount expended on the claims, and the anticipated
2 future costs of the claims.

3 (c) For each of the preceding 10 years, the total number of
4 claims closed and the amount expended on the claims.

5 (d) For each of the preceding 10 years, the ratio of claims
6 opened to claims closed.

7 (e) For each of the preceding 10 years, the average length of
8 open claims.

9 (f) A statement of the current financial condition of the
10 association and the reasons for any deficit or surplus in collected
11 assessments compared to losses.

12 (g) A statement of the assumptions, methodology, and data used
13 to make revenue projections. As used in this subdivision, "revenue"
14 means return on investments.

15 (h) A statement of the assumptions, methodology, and data used
16 to make cost projections.

17 (i) A list of the association's assets, sorted by category or
18 type of asset, such as stocks, bonds, or mutual funds, and the
19 expected return on each asset.

20 (j) The total amount of the association's discounted and
21 undiscounted liabilities and a description and explanation of the
22 liabilities, including an explanation of the association's
23 definition of the terms discounted and undiscounted.

24 (k) Measures taken by the association to contain costs.

25 (l) A statement explaining what portion of the assessment to
26 insureds as recognized in rates under subsection (20) is
27 attributable to claims occurring in the previous 12 months,
28 administrative costs, and the amount, if any, to adjust for past
29 deficits.



1 (m) A statement explaining any qualifications identified by
2 the independent auditors in the most recent audit report prepared
3 under subsection (21).

4 (n) A loss payment summary for each of the preceding years by
5 category.

6 (o) For each of the preceding 10 years, an injury type
7 summary, categorizing the injuries suffered by claimants the
8 payment of whose claims are being reimbursed by the association, by
9 brain injuries, injuries resulting in quadriplegia, injuries
10 resulting in paraplegia, burn injuries, and other injuries.

11 (p) A summary of investment returns over the preceding 10
12 years showing the investment balance, the investment gain, and the
13 percentage return on the investment balance.

14 (q) A summary of the mortality assumptions used in making cost
15 projections.

16 (r) A summary of any financial practices that differ from
17 those found in the National Association of Insurance Commissioners
18 Accounting Practices and Procedures Manual.

19 (26) By September 1 of each year, the association shall
20 prepare and provide to the committees of the senate and house of
21 representatives with jurisdiction over insurance matters an annual
22 report of the association. The report must contain all of the
23 following:

24 (a) An executive summary.

25 (b) A discussion of the mortality assumptions used by the
26 association in making cost projections.

27 (c) An evaluation of the accuracy of the association's
28 actuarial assumptions over the preceding 5 years.

29 (d) The annual consumer statement prepared under subsection



1 (25) .

2 (e) Anything else the association determines is necessary to
3 advise the legislature about the operations of the association.

4 (27) ~~(24)~~—The association does not have liability for losses
5 occurring before July 1, 1978. After July 1, 2020, the association
6 does not have liability for an ultimate loss under personal
7 protection insurance coverage for a motor vehicle accident policy
8 to which a limit under section 3107c(1) (a), (b), or (c) is
9 applicable.

10 (28) ~~(25)~~—As used in this section:

11 (a) "Association" means the catastrophic claims association
12 created in subsection (1) .

13 (b) "Board" means the board of directors of the association
14 created in subsection (9) .

15 (c) "Car" includes a motorcycle but does not include a
16 historic vehicle.

17 (d) ~~(a)~~—"Consumer price index"—**Price Index** means the
18 percentage of change in the ~~consumer price index~~ **Consumer Price**
19 **Index** for all urban consumers in the United States city average for
20 all items for the 24 months ~~prior to~~ **before** October 1 of the year
21 ~~prior to~~ **before** the July 1 effective date of the biennial
22 adjustment under subsection ~~(2) (k)~~ **(2) (o)** as reported by the United
23 States department of labor, bureau of labor statistics, ~~Department~~
24 **of Labor, Bureau of Labor Statistics**, and as certified by the
25 ~~commissioner~~ **director**.

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

29 (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%
28 unless the claimant presents to the insurer in support of his or
29 her claim reasonable proof of a lower value of the income tax



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

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

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

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



1 (b) An insurer ~~shall~~**is** not ~~be~~ required to provide coverage
2 for the medical use of marihuana or for expenses related to the
3 medical use of marihuana.

4 **Sec. 3107c. (1) Except as provided in sections 3107d and**
5 **3109a, and subject to subsection (5), for an insurance policy that**
6 **provides the security required under section 3101(1) and is issued**
7 **or renewed after July 1, 2020, the applicant or named insured**
8 **shall, in a way required under section 3107e and on a form approved**
9 **by the director, select 1 of the following coverage levels for**
10 **personal protection insurance benefits under section 3107(1) (a):**

11 (a) A limit of \$50,000.00 per individual per loss occurrence
12 for any personal protection insurance benefits under section
13 3107(1) (a). The selection of a limit under this subdivision is only
14 available to an applicant or named insured if both of the following
15 apply:

16 (i) The applicant or named insured is enrolled in Medicaid, as
17 that term is defined in section 3157.

18 (ii) The applicant's or named insured's spouse and any relative
19 of either who resides in the same household has qualified health
20 coverage, as that term is defined in section 3107d, is enrolled in
21 Medicaid, or has coverage for the payment of benefits under section
22 3107(1) (a) from an insurer that provides the security required by
23 section 3101(1).

24 (b) A limit of \$250,000.00 per individual per loss occurrence
25 for any personal protection insurance benefits under section
26 3107(1) (a).

27 (c) A limit of \$500,000.00 per individual per loss occurrence
28 for any personal protection insurance benefits under section
29 3107(1) (a).



1 (d) No limit for personal protection insurance benefits under
2 section 3107(1) (a) .

3 (2) The form required under subsection (1) must do all of the
4 following:

5 (a) State, in a conspicuous manner, the benefits and risks
6 associated with each coverage option.

7 (b) Provide a way for the applicant or named insured to mark
8 the form to acknowledge that he or she has read the form and
9 understands the options available.

10 (c) Allow the applicant or named insured to mark the form to
11 make the selection of coverage level under subsection (1) .

12 (d) Require the applicant or named insured to sign the form.

13 (3) If an insurance policy is issued or renewed as described
14 in subsection (1) and the applicant or named insured has not made
15 an effective selection under subsection (1) but a premium or
16 premium installment has been paid, there is a rebuttable
17 presumption that the amount of the premium or installment paid
18 accurately reflects the level of coverage applicable to the policy
19 under subsection (1) .

20 (4) If an insurance policy is issued or renewed as described
21 in subsection (1), the applicant or named insured has not made an
22 effective selection under subsection (1), and a presumption under
23 subsection (3) does not apply, subsection (1)(d) applies to the
24 policy.

25 (5) The coverage level selected under subsection (1) applies
26 to the named insured, the named insured's spouse, and a relative of
27 either domiciled in the same household, and any other person with a
28 right to claim personal protection insurance benefits under the
29 policy.



1 (6) If benefits are payable under section 3107(1)(a) under 2
2 or more insurance policies, the benefits are only payable up to an
3 aggregate coverage limit that equals the highest available coverage
4 limit under any 1 of the policies.

5 (7) This section applies for a transportation network company
6 vehicle, but an applicant or named insured that is a transportation
7 network company shall only select limits under either subsection
8 (1)(b), (c), or (d). As used in this subsection:

9 (a) "Transportation network company" means that term as
10 defined in section 2 of the limousine, taxicab, and transportation
11 network company act, 2016 PA 345, MCL 257.2102.

12 (b) "Transportation network company vehicle" means that term
13 as defined in section 3114.

14 (8) This section also applies to security required under
15 section 3101(1) that is provided by a rental car company certified
16 by the director as a self-insurer under section 3101d. The director
17 shall provide a form for the rental car company to provide to allow
18 a customer to make the selection of a coverage level under
19 subsection (1)(b), (c), or (d).

20 (9) An insurer shall offer, for a policy that provides the
21 security required under section 3101(1) to which a limit under
22 subsection (1)(a) to (c) applies, a rider that will provide
23 coverage for attendant care in excess of the applicable limit.

24 Sec. 3107d. (1) For an insurance policy that provides the
25 security required under section 3101(1) and is issued or renewed
26 after July 1, 2020, the applicant or named insured may, in a way
27 required under section 3107e and on a form approved by the
28 director, elect to not maintain coverage for personal protection
29 insurance benefits payable under section 3107(1)(a) if the



1 applicant or named insured is a qualified person, and if the
2 applicant's or named insured's spouse and any relative of either
3 that resides in the same household have qualified health coverage
4 or have coverage for benefits payable under section 3107(1) (a) from
5 an insurer that provides the security required by section 3101(1) .

6 (2) An applicant or named insured shall, when requesting
7 issuance or renewal of a policy under subsection (1), provide to
8 the insurer a document from the person that provides the qualified
9 health coverage stating the names of all persons covered under the
10 qualified health coverage.

11 (3) The form required under subsection (1) must do all of the
12 following:

13 (a) Require the applicant or named insured to mark the form to
14 certify whether all persons required to be qualified persons under
15 subsection (1) are qualified persons.

16 (b) Disclose in a conspicuous manner that qualified persons
17 are not obligated to but may purchase coverage for personal
18 protection insurance coverage benefits payable under section
19 3107(1) (a) .

20 (c) State, in a conspicuous manner, the coverage levels
21 available under section 3107c.

22 (d) State, in a conspicuous manner, the benefits and risks
23 associated with not maintaining the coverage.

24 (e) State, in a conspicuous manner, that if during the term of
25 the policy the qualified health coverage ceases, the person has 30
26 days after the effective date of the termination of qualified
27 health coverage to obtain insurance that provides coverage under
28 section 3107(1) (a) or the person will be excluded from all personal
29 protection insurance coverage benefits under section 3107(1) (a)



1 during the period in which coverage under this section was not
2 maintained.

3 (f) Provide a way for the applicant or named insured to mark
4 the form to acknowledge that he or she has read the form and
5 understands it and that he or she understands the options available
6 to him or her.

7 (g) If all persons required to be qualified persons under
8 subsection (1) are qualified persons, provide the person a way to
9 mark the form to elect to not maintain the coverage.

10 (h) Require the applicant or named insured to sign the form.

11 (4) If an insurance policy is issued or renewed as described
12 in subsection (1) and the applicant or named insured has not made
13 an effective election under subsection (1), the policy is
14 considered to provide personal protection benefits under section
15 3107(1) (d) .

16 (5) An election under this section applies to the applicant or
17 named insured, the applicant or named insured's spouse, a relative
18 of either domiciled in the same household, and any other person who
19 would have had a right to claim personal protection insurance
20 benefits under the policy but for the election.

21 (6) If, during the term of an insurance policy under which
22 coverage for personal protection insurance benefits payable under
23 section 3107(1) (a) are not maintained under this section, the
24 persons required to have qualified health coverage under subsection
25 (1) cease to have qualified health coverage, all of the following
26 apply under this subsection:

27 (a) Within 30 days after the effective date of the termination
28 of qualified health coverage, the named insured shall obtain
29 insurance that includes coverage under section 3107(1) (a) .



1 (b) An insurer that issues policies that provide the security
2 required by section 3101(1) shall not refuse to prospectively
3 insure, limit coverage available to, charge a reinstatement fee to,
4 or increase the insurance premiums for a person who is an eligible
5 person, as that term is defined in section 2103, solely because the
6 person previously failed to obtain insurance that provides coverage
7 for benefits under section 3107(1) (a) in the time required under
8 subdivision (a).

9 (c) If the applicant or named insured does not obtain
10 insurance as required under subdivision (a) and a person to whom
11 the election under this section applies as described in subsection
12 (6) suffers accidental bodily injury arising from a motor vehicle
13 accident, unless the injured person is entitled to coverage under
14 some other policy, the injured person is not entitled to be paid
15 personal protection insurance benefits under section 3107(1) (a) for
16 the injury but is entitled to claim benefits under the assigned
17 claims plan.

18 (8) As used in this section:

19 (a) "Consumer Price Index" means the most comprehensive index
20 of consumer prices available for this state from the United States
21 Department of Labor, Bureau of Labor Statistics.

22 (b) "Qualified health coverage" means either of the following:

23 (i) Other health or accident coverage to which both of the
24 following apply:

25 (A) The coverage does not exclude or limit coverage for
26 injuries related to motor vehicle accidents.

27 (B) Any annual deductible for the coverage is \$6,000.00 or
28 less per individual. The director shall adjust the amount in this
29 sub-subparagraph on July 1 of each year by the percentage change in



1 the medical component of the Consumer Price Index for the preceding
 2 calendar year. However, the director shall not make the adjustment
 3 unless the adjustment, or the total of the adjustment and previous
 4 unadded adjustments, is \$500.00 or more.

5 (ii) Coverage under parts A and B of the federal Medicare
 6 program established under subchapter XVIII of the social security
 7 act, 42 USC 1395 to 1395III.

8 (c) "Qualified person" means a person who has qualified health
 9 coverage under subdivision (a) (ii) .

10 Sec. 3107e. (1) A form under section 3009, 3107c, or 3107d
 11 must be delivered to the applicant or named insured using 1 of the
 12 following methods:

13 (a) Personal delivery.

14 (b) First-class mail, postage prepaid.

15 (c) Electronic means in accordance with section 2266.

16 (2) A person must make a selection under section 3009 or
 17 3107c, or an election under section 3107d in 1 of the following
 18 ways:

19 (a) Marking and signing a paper form.

20 (b) Giving verbal instructions, in person or telephonically,
 21 that the form be marked and signed on behalf of the person. To be
 22 an effective selection or election, the verbal instructions must be
 23 recorded and the recording maintained by the person to whom the
 24 instructions were given. If there is a dispute over the
 25 effectiveness of a selection or election under this subdivision,
 26 there is a presumption that the selection or election was not
 27 effective and the insurer has the burden of rebutting the
 28 presumption with the recording.

29 (c) Electronically marking the form and providing an



1 **electronic signature as provided in the uniform electronic**
 2 **transactions act, 2000 PA 305, MCL 450.831 to 450.849.**

3 Sec. 3109a. **(1)** An insurer ~~providing that~~ **provides** personal
 4 protection insurance benefits under this chapter may offer ~~, at~~
 5 ~~appropriately reduced premium rates,~~ deductibles and exclusions
 6 reasonably related to other health and accident coverage on the
 7 insured. Any deductibles and exclusions offered under this section
 8 **must be offered at a reduced premium that reflects reasonably**
 9 **anticipated reductions in losses, expenses, or both,** are subject to
 10 prior approval by the ~~commissioner~~ **director**, and ~~shall~~ **must** apply
 11 only to benefits payable to the person named in the policy, the
 12 spouse of the insured, and any relative of either domiciled in the
 13 same household.

14 **(2)** An insurer shall offer to an applicant or named insured
 15 that selects a personal protection benefit limit under section
 16 3107c(1)(c) an exclusion related to other health or accident
 17 coverage. All of the following apply to that exclusion:

18 (a) If the named insured, his or her spouse, and all relatives
 19 domiciled in the same household have accident and health coverage
 20 that will cover injuries that occur as the result of a motor
 21 vehicle accident, the premium for the personal protection insurance
 22 benefits payable under section 3107(1)(a) under the policy must be
 23 reduced by 100%.

24 (b) If a member, but not all members, of the household covered
 25 by the insurance policy has health or accident coverage that will
 26 cover injuries that occur as the result of a motor vehicle
 27 accident, the insurer shall offer a reduced premium that reflects
 28 reasonably anticipated reductions in losses, expenses, or both. The
 29 reduction must be in addition to the rate rollback required by



1 section 2111f and the share of the premium reduction for the policy
2 attributable to any person with accident and health coverage must
3 be 100%.

4 (c) Subject to subdivision (d), a person subject to an
5 exclusion under this subsection is not eligible for personal
6 protection benefits under the insurance policy.

7 (d) If a person subject to an exclusion under this subsection
8 is no longer covered by the health coverage, the named insured
9 shall notify the insurer that the named insured or resident
10 relative is no longer eligible for an exclusion. All of the
11 following apply under this subdivision:

12 (i) The named insured shall, within 30 days after the effective
13 date of the termination of the health coverage, obtain insurance
14 that provides the security required under section 3101(1) that
15 includes coverage that was excluded under this subsection.

16 (ii) During the period described in subparagraph (i), if any
17 person excluded suffers accidental bodily injury arising from a
18 motor vehicle accident, the person is entitled to claim benefits
19 under the assigned claims plan.

20 (e) If the named insured does not obtain insurance that
21 provides the security required under section 3101(1) that includes
22 the coverage excluded under this subsection during the period
23 described in subdivision (d) (i) and the named insured or any person
24 excluded under the policy suffers accidental bodily injury arising
25 from a motor vehicle accident, unless the injured person is
26 entitled to coverage under some other policy, the injured person is
27 not entitled to be paid personal protection insurance benefits
28 under section 3107(1) (a) for the injury that occurred during the
29 period in which coverage under this section was excluded.



1 (3) An automobile insurer shall not refuse to prospectively
 2 insure, limit coverage available to, charge a reinstatement fee
 3 for, or increase the premiums for automobile insurance for an
 4 eligible person solely because the person previously failed to
 5 obtain insurance that provides the security required under section
 6 3101(1) in the time period provided under subsection (2) (d) (i) .

7 (4) The amount of a premium reduction under subsection (1)
 8 must appear in a conspicuous manner in the declarations for the
 9 policy, and be expressed as a dollar amount or a percentage.

10 Sec. 3111. Personal protection insurance benefits are payable
 11 for accidental bodily injury suffered in an accident occurring out
 12 of this state, if the accident occurs within the United States, its
 13 territories and possessions, or ~~in~~ Canada, and the person whose
 14 injury is the basis of the claim was at the time of the accident a
 15 named insured under a personal protection insurance policy, ~~his~~**the**
 16 spouse **of a named insured**, a relative of either domiciled in the
 17 same household, or an occupant of a vehicle involved in the
 18 accident, ~~whose~~**if the occupant was a resident of this state or if**
 19 **the** owner or registrant **of the vehicle** was insured under a personal
 20 protection insurance policy or ~~has~~ provided security approved by
 21 the secretary of state under ~~subsection (4) of section~~
 22 ~~3101.~~**3101(4)** .

23 Sec. 3112. Personal protection insurance benefits are payable
 24 to or for the benefit of an injured person or, in case of his **or**
 25 **her** death, to or for the benefit of his **or her** dependents. **A health**
 26 **care provider listed in section 3157 may make a claim and assert a**
 27 **direct cause of action against an insurer, or under the assigned**
 28 **claims plan under sections 3171 to 3175, to recover overdue**
 29 **benefits payable for charges for products, services, or**



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

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

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

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

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

28 (b) The person was the owner or registrant of a motor vehicle
 29 or motorcycle involved in the accident with respect to which the



1 security required by section 3101 or 3103 was not in effect.

2 (c) The person was not a resident of this state, **unless the**
 3 **person owned a motor vehicle that was registered and insured in**
 4 **this state.** ~~, was an occupant of a motor vehicle or motorcycle not~~
 5 ~~registered in this state, and the motor vehicle or motorcycle was~~
 6 ~~not insured by an insurer that has filed a certification in~~
 7 ~~compliance with section 3163.~~

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

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

14 Sec. 3114. (1) Except as provided in subsections (2), (3), and
 15 (5), a personal protection insurance policy described in section
 16 3101(1) applies to accidental bodily injury to the person named in
 17 the policy, the person's spouse, and a relative of either domiciled
 18 in the same household, if the injury arises from a motor vehicle
 19 accident. A personal injury insurance policy described in section
 20 3103(2) applies to accidental bodily injury to the person named in
 21 the policy, the person's spouse, and a relative of either domiciled
 22 in the same household, if the injury arises from a motorcycle
 23 accident. If personal protection insurance benefits or personal
 24 injury benefits described in section 3103(2) are payable to or for
 25 the benefit of an injured person under his or her own policy and
 26 would also be payable under the policy of his or her spouse,
 27 relative, or relative's spouse, the injured person's insurer shall
 28 pay all of the benefits **up to the coverage level applicable under**
 29 **section 3107c to the injured person's policy,** and is not entitled



1 to recouplement from the other insurer.

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

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

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

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

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

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

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

22 (g) A transportation network company vehicle.

23 (h) **A motor vehicle insured under a policy for which the**
24 **person named in the policy has elected to not maintain coverage for**
25 **personal protection insurance benefits under section 3107d or as to**
26 **which an exclusion under section 3109a(2) applies.**

27 (3) An employee, his or her spouse, or a relative of either
28 domiciled in the same household, who suffers accidental bodily
29 injury while an occupant of a motor vehicle owned or registered by



1 the employer, shall receive personal protection insurance benefits
 2 to which the employee is entitled from the insurer of the furnished
 3 vehicle.

4 (4) Except as provided in subsections ~~(1) to~~ **(2) and (3)**, a
 5 person ~~suffering~~ **who suffers** accidental bodily injury arising from
 6 a motor vehicle accident while an occupant of a motor vehicle **who**
 7 **is not covered under a personal protection insurance policy as**
 8 **provided in subsection (1)** shall claim personal protection
 9 insurance benefits ~~from insurers in the following order of~~
 10 ~~priority:~~

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

13 ~~(b) The insurer of the operator of the vehicle occupied.~~ **under**
 14 **the assigned claims plan under sections 3171 to 3175. This**
 15 **subsection does not apply to a person insured under a policy for**
 16 **which the person named in the policy has elected to not maintain**
 17 **coverage for personal protection insurance benefits under section**
 18 **3107d or as to which an exclusion under section 3109(2) applies, or**
 19 **who is not entitled to be paid personal protection benefits under**
 20 **section 3107d(6) (c) or 3109a(2) (d) (ii) .**

21 (5) ~~A~~ **Subject to subsections (6) and (7)**, a person ~~suffering~~
 22 **who suffers** accidental bodily injury arising from a motor vehicle
 23 accident that shows evidence of the involvement of a motor vehicle
 24 while an operator or passenger of a motorcycle shall claim personal
 25 protection insurance benefits from insurers in the following order
 26 of priority:

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

29 (b) The insurer of the operator of the motor vehicle involved



1 in the accident.

2 (c) The motor vehicle insurer of the operator of the
3 motorcycle involved in the accident.

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

6 (6) If an applicable insurance policy in an order of priority
7 under subsection (5) is a policy for which the person named in the
8 policy has elected to not maintain coverage for personal protection
9 insurance benefits under section 3107d, or as to which an exclusion
10 under section 3109(2) applies, the injured person shall claim
11 benefits only under other policies, subject to subsection (7), in
12 the same order of priority for which no such election has been
13 made. If there are no other policies for which no such election has
14 been made, the injured person shall claim benefits under the next
15 order of priority or, if there is not a next order of priority,
16 under the assigned claims plan under sections 3171 to 3175.

17 (7) If personal protection insurance benefits are payable
18 under subsection (5) under 2 or more insurance policies in the same
19 order of priority, the benefits are only payable up to an aggregate
20 coverage limit that equals the highest available coverage limit
21 under any 1 of the policies.

22 (8) ~~(6) If~~ Subject to subsections (6) and (7), if 2 or more
23 insurers are in the same order of priority to provide personal
24 protection insurance benefits under subsection (5), an insurer
25 ~~paying that~~ pays benefits due is entitled to partial recoupment
26 from the other insurers in the same order of priority, and a
27 reasonable amount of partial recoupment of the expense of
28 processing the claim, in order to accomplish equitable distribution
29 of the loss among all of the insurers.



1 (9) ~~(7)~~—As used in this section:

2 (a) "Personal vehicle", "~~prearranged ride~~", and
3 "transportation network company digital network", and
4 "**transportation network company prearranged ride**" mean those terms
5 as defined in section 2 of the limousine, taxicab, and
6 transportation network company act, **2016 PA 345, MCL 257.2102.**

7 (b) "Transportation network company vehicle" means a personal
8 vehicle while the driver is logged on to the transportation network
9 company digital network or while the driver is engaged in a
10 **transportation network company prearranged ride.**

11 Sec. 3115. ~~(1)~~—Except as provided in ~~subsection (1) of section~~
12 ~~3114, 3114(1)~~, a person ~~suffering who suffers~~ accidental bodily
13 injury while not an occupant of a motor vehicle shall claim
14 personal protection insurance benefits ~~from insurers in the~~
15 ~~following order of priority:~~**under the assigned claims plan under**
16 **sections 3171 to 3175.**

17 ~~(a) Insurers of owners or registrants of motor vehicles~~
18 ~~involved in the accident.~~

19 ~~(b) Insurers of operators of motor vehicles involved in the~~
20 ~~accident.~~

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

28 ~~(3) A limit upon the amount of personal protection insurance~~
29 ~~benefits available because of accidental bodily injury to 1 person~~



1 ~~arising from 1 motor vehicle accident shall be determined without~~
 2 ~~regard to the number of policies applicable to the accident.~~

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

8 (2) For a cause of action for damages ~~pursuant to~~**under**
 9 subsection (1) ~~filed on or after July 26, 1996, or (3) (d)~~, all of
 10 the following apply:

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

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

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

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

28 (c) Damages ~~shall~~**must** not be assessed in favor of a party who
 29 was operating his or her own vehicle at the time the injury



1 occurred and did not have in effect for that motor vehicle the
 2 security required by section ~~3101~~**3101(1)** at the time the injury
 3 occurred.

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

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

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

17 (c) Damages for allowable expenses, work loss, and survivor's
 18 loss as defined in sections 3107 to 3110, **including all future**
 19 **allowable expenses and work loss**, in excess of **any applicable limit**
 20 **under section 3107c or** the daily, monthly, and 3-year limitations
 21 contained in those sections, **or without limit for allowable**
 22 **expenses if an election to not maintain that coverage was made**
 23 **under section 3107d or if an exclusion under section 3109a(2)**
 24 **applies**. The party liable for damages is entitled to an exemption
 25 reducing his or her liability by the amount of taxes that would
 26 have been payable on account of income the injured person would
 27 have received if he or she had not been injured.

28 (d) Damages for economic loss by a nonresident. ~~in excess of~~
 29 ~~the personal protection insurance benefits provided under section~~



1 ~~3163(4). Damages under this subdivision are not recoverable to the~~
 2 ~~extent that benefits covering the same loss are available from~~
 3 ~~other sources, regardless of the nature or number of benefit~~
 4 ~~sources available and regardless of the nature or form of the~~
 5 ~~benefits.~~ **However, to recover under this subdivision, the**
 6 **nonresident must have suffered death, serious impairment of body**
 7 **function, or permanent serious disfigurement.**

8 (e) Damages up to ~~\$1,000.00~~ **\$3,000.00** to a motor vehicle, to
 9 the extent that the damages are not covered by insurance. An action
 10 for damages under this subdivision ~~shall~~ **must** be conducted as
 11 provided in subsection (4).

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

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

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

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

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

27 (e) Damages ~~shall~~ **must** not be assessed if the damaged motor
 28 vehicle was being operated at the time of the damage without the
 29 security required by section ~~3101~~ **3101(1)**.



1 (5) As used in this section, "serious impairment of body
2 function" means an **impairment that satisfies all of the following**
3 **requirements:**

4 (a) **It is** objectively manifested, **meaning it is observable or**
5 **perceivable from actual symptoms or conditions by someone other**
6 **than the injured person.**

7 (b) **It is an** impairment of an important body function, ~~that~~
8 **which is a body function of great value, significance, or**
9 **consequence to the injured person.**

10 (c) **It** affects the **injured** person's general ability to lead
11 his or her normal life, **meaning it has had an influence on some of**
12 **the person's capacity to live in his or her normal manner of**
13 **living. Although temporal considerations may be relevant, there is**
14 **no temporal requirement for how long an impairment must last. This**
15 **examination is inherently fact and circumstance specific to each**
16 **injured person, must be conducted on a case-by-case basis, and**
17 **requires comparison of the injured person's life before and after**
18 **the incident.**

19 Sec. 3142. (1) Personal protection insurance benefits are
20 payable as loss accrues.

21 (2) ~~Personal~~ **Subject to subsection (3), personal** protection
22 insurance benefits are overdue if not paid within 30 days after an
23 insurer receives reasonable proof of the fact and of the amount of
24 loss sustained. ~~If~~ **Subject to subsection (3), if** reasonable proof
25 is not supplied as to the entire claim, the amount supported by
26 reasonable proof is overdue if not paid within 30 days after the
27 proof is received by the insurer. ~~Any~~ **Subject to subsection (3),**
28 **any** part of the remainder of the claim that is later supported by
29 reasonable proof is overdue if not paid within 30 days after the



1 proof is received by the insurer. For the purpose of calculating
 2 the extent to which benefits are overdue, payment ~~shall~~**must** be
 3 treated as made on the date a draft or other valid instrument was
 4 placed in the United States mail in a properly addressed, postpaid
 5 envelope, or, if not so posted, on the date of delivery.

6 **(3) For personal protection insurance benefits under section**
 7 **3107(1) (a), if a bill for the product, service, accommodations, or**
 8 **training is not provided to the insurer within 90 days after the**
 9 **product, service, accommodations, or training is provided, the**
 10 **insurer has 60 days in addition to 30 days provided under**
 11 **subsection (2) to pay before the benefits are overdue.**

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

14 Sec. 3145. (1) An action for recovery of personal protection
 15 insurance benefits payable under this chapter for **an** accidental
 16 bodily injury may not be commenced later than 1 year after the date
 17 of the accident ~~causing~~**that caused** the injury unless written
 18 notice of injury as provided ~~herein~~**in subsection (4)** has been
 19 given to the insurer within 1 year after the accident or unless the
 20 insurer has previously made a payment of personal protection
 21 insurance benefits for the injury. ~~If~~

22 **(2) Subject to subsection (3), if** the notice has been given or
 23 a payment has been made, the action may be commenced at any time
 24 within 1 year after the most recent allowable expense, work loss,
 25 or survivor's loss has been incurred. However, the claimant may not
 26 recover benefits for any portion of the loss incurred more than 1
 27 year before the date on which the action was commenced.

28 **(3) A period of limitations applicable under subsection (2) to**
 29 **the commencement of an action and the recovery of benefits is**



1 tolled from the date of a specific claim for payment of the
 2 benefits until the date the insurer formally denies the claim. This
 3 subsection does not apply if the person claiming the benefits fails
 4 to pursue the claim with reasonable diligence.

5 (4) The notice of injury required by ~~this~~ subsection (1) may
 6 be given to the insurer or any of its authorized agents by a person
 7 claiming to be entitled to benefits ~~therefor,~~ **for the injury**, or by
 8 someone in ~~his~~ **the person's** behalf. The notice ~~shall~~ **must** give the
 9 name and address of the claimant and indicate in ordinary language
 10 the name of the person injured and the time, place, and nature of
 11 ~~his~~ **the person's** injury.

12 (5) ~~(2)~~ An action for recovery of property protection
 13 insurance benefits ~~shall~~ **may** not be commenced later than 1 year
 14 after the accident.

15 Sec. 3148. (1) ~~An~~ **Subject to subsections (4) and (5), an**
 16 attorney is entitled to a reasonable fee for advising and
 17 representing a claimant in an action for personal or property
 18 protection insurance benefits ~~which~~ **that** are overdue. The
 19 attorney's fee ~~shall be~~ **is** a charge against the insurer in addition
 20 to the benefits recovered, if the court finds that the insurer
 21 unreasonably refused to pay the claim or unreasonably delayed in
 22 making proper payment. **An attorney advising or representing an**
 23 **injured person concerning a claim for payment of personal**
 24 **protection insurance benefits from an insurer shall not claim,**
 25 **file, or serve a lien for payment of a fee or fees until both of**
 26 **the following apply:**

27 (a) A payment for the claim is authorized under this chapter.

28 (b) A payment for the claim is overdue under this chapter.

29 (2) ~~An~~ **A court may award an** insurer ~~may be allowed by a court~~



1 ~~an award of a reasonable sum amount~~ against a claimant as an
 2 ~~attorney's attorney~~ fee for the insurer's attorney in ~~defense~~
 3 **defending** against a claim that was in some respect fraudulent or so
 4 excessive as to have no reasonable foundation. **A court may award an**
 5 **insurer a reasonable amount against a claimant's attorney as an**
 6 **attorney fee for defending against a claim for which the client was**
 7 **solicited by the attorney in violation of the laws of this state or**
 8 **the Michigan rules of professional conduct.**

9 (3) To the extent that personal or property protection
 10 insurance benefits are then due or thereafter come due to the
 11 claimant because of loss resulting from the injury on which the
 12 claim is based, ~~such a an attorney~~ fee **awarded in favor of the**
 13 **insurer** may be ~~treated taken~~ as an offset against ~~such the~~
 14 benefits. ~~; also, judgment~~ **Judgment** may **also** be entered against the
 15 claimant for any amount of ~~a an attorney~~ fee awarded ~~against him~~
 16 ~~and that is~~ not offset ~~in this way against benefits~~ or otherwise
 17 paid.

18 (4) For a dispute over payment for allowable expenses under
 19 section 3107(1)(a) for attendant care or nursing services, attorney
 20 fees must not be awarded in relation to future payments ordered
 21 more than 3 years after the trial court judgment or order is
 22 entered. If attendant care or nursing services are subsequently
 23 suspended or terminated, attorney fees on future payments may be
 24 again awarded for not more than 3 years after a new trial court
 25 judgment or order is entered.

26 (5) A court shall not award a fee to an attorney for advising
 27 or representing an injured person in an action for personal or
 28 property protection insurance benefits for a treatment, product,
 29 service, rehabilitative occupational training, or accommodation



1 provided to the injured person if the attorney or a related person
 2 of the attorney has, or had at the time the treatment, product,
 3 service, rehabilitative occupational training, or accommodation was
 4 provided, a direct or indirect financial interest in the person
 5 that provided the treatment, product, service, rehabilitative
 6 occupational training, or accommodation. For purposes of this
 7 subsection, circumstances in which an attorney has a direct or
 8 indirect financial interest include, but are not limited to, the
 9 person that provided the treatment, product, service,
 10 rehabilitative occupational training, or accommodation making a
 11 direct or indirect payment or granting a financial incentive to the
 12 attorney or a related person of the attorney relating to the
 13 treatment, product, service, rehabilitative occupational training,
 14 or accommodation within 24 months before or after the treatment,
 15 product, service, rehabilitative occupational training, or
 16 accommodation is provided.

17 Sec. 3151. (1) ~~When~~ If the mental or physical condition of a
 18 person is material to a claim that has been or may be made for past
 19 or future personal protection insurance benefits, **at the request of**
 20 **an insurer** the person shall submit to mental or physical
 21 examination by physicians. A personal protection insurer may
 22 include reasonable provisions **that are in accord with this section**
 23 in a personal protection insurance policy for mental and physical
 24 examination of persons claiming personal protection insurance
 25 benefits.

26 (2) A physician who conducts a mental or physical examination
 27 under this section must be licensed as a physician in this state or
 28 another state and meet the following criteria, as applicable:

29 (a) If care is being provided to the person to be examined by



1 a specialist, the examining physician must specialize in the same
 2 specialty as the physician providing the care, and if the physician
 3 providing the care is board certified in the specialty, the
 4 examining physician must be board certified in that specialty.

5 (b) During the year immediately preceding the examination, the
 6 examining physician must have devoted a majority of his or her
 7 professional time to either or both of the following:

8 (i) The active clinical practice of medicine and, if
 9 subdivision (a) applies, the active clinical practice of the
 10 specialty.

11 (ii) The instruction of students in an accredited medical
 12 school or in an accredited residency or clinical research program
 13 for physicians and, if subdivision (a) applies, the instruction of
 14 students is in the specialty.

15 Sec. 3157. (1) ~~A-Subject to subsections (2) to (14), a~~
 16 physician, hospital, clinic, or other person ~~or institution that~~
 17 lawfully ~~rendering~~ **renders** treatment to an injured person for an
 18 accidental bodily injury covered by personal protection insurance,
 19 ~~and or a person or institution providing that provides~~
 20 rehabilitative occupational training following the injury, may
 21 charge a reasonable amount for the ~~products, services and~~
 22 ~~accommodations rendered.~~ **treatment or training.** The charge shall
 23 **must** not exceed the amount the person ~~or institution~~ customarily
 24 charges for like ~~products, services and accommodations~~ **treatment or**
 25 **training** in cases ~~that do not involving~~ **involve** insurance.

26 (2) Subject to subsections (3) to (14), a physician, hospital,
 27 clinic, or other person that renders treatment or rehabilitative
 28 occupational training to an injured person for an accidental bodily
 29 injury covered by personal protection insurance is not eligible for



1 payment or reimbursement under this chapter for more than the
2 following:

3 (a) For treatment or training rendered after July 1, 2021 and
4 before July 2, 2022, 200% of the amount payable to the person for
5 the treatment or training under Medicare.

6 (b) For treatment or training rendered after July 1, 2022 and
7 before July 2, 2023, 195% of the amount payable to the person for
8 the treatment or training under Medicare.

9 (c) For treatment or training rendered after July 1, 2023,
10 190% of the amount payable to the person for the treatment or
11 training under Medicare.

12 (3) Subject to subsections (5) to (14), a physician, hospital,
13 clinic, or other person identified in subsection (4) that renders
14 treatment or rehabilitative occupational training to an injured
15 person for an accidental bodily injury covered by personal
16 protection insurance is eligible for payment or reimbursement under
17 this chapter of not more than the following:

18 (a) For treatment or training rendered after July 1, 2021 and
19 before July 2, 2022, 230% of the amount payable to the person for
20 the treatment or training under Medicare.

21 (b) For treatment or training rendered after July 1, 2022 and
22 before July 2, 2023, 225% of the amount payable to the person for
23 the treatment or training under Medicare.

24 (c) For treatment or training rendered after July 1, 2023,
25 220% of the amount payable to the person for the treatment or
26 training under Medicare.

27 (4) Subject to subsection (5), subsection (3) only applies to
28 a physician, hospital, clinic, or other person if either of the
29 following applies to the person rendering the treatment or



1 training:

2 (a) On July 1 of the year in which the person renders the
3 treatment or training, the person has 20% or more, but less than
4 30%, indigent volume determined pursuant to the methodology used by
5 the department of health and human services in determining
6 inpatient medical/surgical factors used in measuring eligibility
7 for Medicaid disproportionate share payments.

8 (b) The person is a freestanding rehabilitation facility. Each
9 year the director shall designate not more than 2 freestanding
10 rehabilitation facilities to qualify for payments under subsection
11 (3) for that year. As used in this subdivision, "freestanding
12 rehabilitation facility" means an acute care hospital to which all
13 of the following apply:

14 (i) The hospital has staff with specialized and demonstrated
15 rehabilitation medicine expertise.

16 (ii) The hospital possesses sophisticated technology and
17 specialized facilities.

18 (iii) The hospital participates in rehabilitation research and
19 clinical education.

20 (iv) The hospital assists patients to achieve excellent
21 rehabilitation outcomes.

22 (v) The hospital coordinates necessary post-discharge
23 services.

24 (vi) The hospital is accredited by 1 or more third-party,
25 independent organizations focused on quality.

26 (vii) The hospital serves the rehabilitation needs of
27 catastrophically injured patients in this state.

28 (viii) The hospital was in existence on May 1, 2019.

29 (5) To qualify for a payment under subsection (4) (a) or (b), a



1 physician, hospital, clinic, or other person shall provide the
 2 director with all documents and information requested by the
 3 director that the director determines are necessary to allow the
 4 director to determine whether the person qualifies. The director
 5 shall annually review documents and information provided under this
 6 subsection and, if the person qualifies under subsection (4) (a) or
 7 (b), shall certify the person as qualifying and provide a list of
 8 qualifying persons to insurers and other persons that provide the
 9 security required under section 3101(1). A physician, hospital,
 10 clinic, or other person that provides 30% or more of its total
 11 treatment or training as described under subsection (4) (a) or (b)
 12 is entitled to receive, instead of an applicable percentage under
 13 subsection (3), 250% of the amount payable to the person for the
 14 treatment or training under Medicare.

15 (6) Subject to subsections (7) to (14), a hospital that is a
 16 level I or level II trauma center that renders treatment to an
 17 injured person for an accidental bodily injury covered by personal
 18 protection insurance, if the treatment is for an emergency medical
 19 condition and rendered before the patient is stabilized and
 20 transferred, is not eligible for payment or reimbursement under
 21 this chapter of more than the following:

22 (a) For treatment rendered after July 1, 2021 and before July
 23 2, 2022, 240% of the amount payable to the hospital for the
 24 treatment under Medicare.

25 (b) For treatment rendered after July 1, 2022 and before July
 26 2, 2023, 235% of the amount payable to the hospital for the
 27 treatment under Medicare.

28 (c) For treatment rendered after July 1, 2023, 230% of the
 29 amount payable to the hospital for the treatment under Medicare.



1 (7) If Medicare does not provide an amount payable for a
2 treatment or rehabilitative occupational training under subsection
3 (2), (3), or (6), the physician, hospital, clinic, or other person
4 that renders the treatment or training is not eligible for payment
5 or reimbursement under this chapter of more than the following, as
6 applicable:

7 (a) For a person to which subsection (2) applies, the
8 applicable following percentage of the amount payable for the
9 treatment or training under the person's charge description master
10 in effect on January 1, 2019 or, if the person did not have a
11 charge description master on that date, the applicable following
12 percentage of the average amount the person charged for the
13 treatment on January 1, 2019:

14 (i) For treatment or training rendered after July 1, 2021 and
15 before July 2, 2022, 55%.

16 (ii) For treatment or training rendered after July 1, 2022 and
17 before July 2, 2023, 54%.

18 (iii) For treatment or training rendered after July 1, 2023,
19 52.5%.

20 (b) For a person to which subsection (3) applies, the
21 applicable following percentage of the amount payable for the
22 treatment or training under the person's charge description master
23 in effect on January 1, 2019 or, if the person did not have a
24 charge description master on that date, the applicable following
25 percentage of the average amount the person charged for the
26 treatment or training on January 1, 2019:

27 (i) For treatment or training rendered after July 1, 2021 and
28 before July 2, 2022, 70%.

29 (ii) For treatment or training rendered after July 1, 2022 and



1 before July 2, 2023, 68%.

2 (iii) For treatment or training rendered after July 1, 2023,
3 66.5%.

4 (c) For a person to which subsection (5) applies, 78% of the
5 amount payable for the treatment or training under the person's
6 charge description master in effect on January 1, 2019 or, if the
7 person did not have a charge description master on that date, 78%
8 of the average amount the person charged for the treatment on
9 January 1, 2019.

10 (d) For a person to which subsection (6) applies, the
11 applicable following percentage of the amount payable for the
12 treatment under the person's charge description master in effect on
13 January 1, 2019 or, if the person did not have a charge description
14 master on that date, the applicable following percentage of the
15 average amount the person charged for the treatment on January 1,
16 2019:

17 (i) For treatment or training rendered after July 1, 2021 and
18 before July 2, 2022, 75%.

19 (ii) For treatment or training rendered after July 1, 2022 and
20 before July 2, 2023, 73%.

21 (iii) For treatment or training rendered after July 1, 2023,
22 71%.

23 (8) For any change to an amount payable under Medicare as
24 provided in subsection (2), (3), (5), or (6) that occurs after the
25 effective date of the amendatory act that added this subsection,
26 the change must be applied to the amount allowed for payment or
27 reimbursement under that subsection. However, an amount allowed for
28 payment or reimbursement under subsection (2), (3), (5), or (6)
29 must not exceed the average amount charged by the physician,



1 hospital, clinic, or other person for the treatment or training on
2 January 1, 2019.

3 (9) An amount that is to be applied under subsection (7) or
4 (8), that was in effect on January 1, 2019, including any prior
5 adjustments to the amount made under this subsection, must be
6 adjusted annually by the percentage change in the medical care
7 component of the Consumer Price Index for the year preceding the
8 adjustment.

9 (10) For attendant care rendered in the injured person's home,
10 an insurer is only required to pay benefits for attendant care up
11 to the hourly limitation in section 315 of the worker's disability
12 compensation act of 1969, 1969 PA 317, MCL 418.315. This subsection
13 only applies if the attendant care is provided directly, or
14 indirectly through another person, by any of the following:

15 (a) An individual who is related to the injured person.

16 (b) An individual who is domiciled in the household of the
17 injured person.

18 (c) An individual with whom the injured person had a business
19 or social relationship before the injury.

20 (11) An insurer may contract to pay benefits for attendant
21 care for more than the hourly limitation under subsection (10).

22 (12) A neurological rehabilitation clinic is not entitled to
23 payment or reimbursement for a treatment, training, product,
24 service, or accommodation unless the neurological rehabilitation
25 clinic is accredited by the Commission on Accreditation of
26 Rehabilitation Facilities or a similar organization recognized by
27 the director for purposes of accreditation under this subsection.
28 This subsection does not apply to a neurological rehabilitation
29 clinic that is in the process of becoming accredited as required



1 under this subsection on July 1, 2021, unless 3 years have passed
2 since the beginning of that process and the neurological
3 rehabilitation clinic is still not accredited.

4 (13) Subsections (2) to (12) do not apply to emergency medical
5 services rendered by an ambulance operation. As used in this
6 subsection:

7 (a) "Ambulance operation" means that term as defined in
8 section 20902 of the public health code, 1978 PA 368, MCL
9 333.20902.

10 (b) "Emergency medical services" means that term as defined in
11 section 20904 of the public health code, 1978 PA 368, MCL
12 333.20904.

13 (14) Subsections (2) to (13) apply to treatment or
14 rehabilitative occupational training rendered after July 1, 2021.

15 (15) As used in this section:

16 (a) "Charge description master" means a uniform schedule of
17 charges represented by the person as its gross billed charge for a
18 given service or item, regardless of payer type.

19 (b) "Consumer Price Index" means the most comprehensive index
20 of consumer prices available for this state from the United States
21 Department of Labor, Bureau of Labor Statistics.

22 (c) "Emergency medical condition" means that term as defined
23 in section 1395dd of the social security act, 42 USC 1395dd.

24 (d) "Level I or level II trauma center" means a hospital that
25 is verified as a level I or level II trauma center by the American
26 College of Surgeons Committee on Trauma.

27 (e) "Medicaid" means a program for medical assistance
28 established under subchapter XIX of the social security act, 42 USC
29 1396 to 1396w-5.



1 (f) "Medicare" means fee for service payments under part A, B,
2 or D of the federal Medicare program established under subchapter
3 XVIII of the social security act, 42 USC 1395 to 1395lll, without
4 regard to the limitations unrelated to the rates in the fee
5 schedule such as limitation or supplemental payments related to
6 utilization, readmissions, recaptures, bad debt adjustments, or
7 sequestration.

8 (g) "Neurological rehabilitation clinic" means a person that
9 provides post-acute brain and spinal rehabilitation care.

10 (h) "Person", as provided in section 114, includes, but is not
11 limited to, an institution.

12 (i) "Stabilized" means that term as defined in section 1395dd
13 of the social security act, 42 USC 1395dd.

14 (j) "Transfer" means that term as defined in section 1395dd of
15 the social security act, 42 USC 1395dd.

16 (k) "Treatment" includes, but is not limited to, products,
17 services, and accommodations.

18 Sec. 3157a. (1) By rendering any treatment, products,
19 services, or accommodations to 1 or more injured persons for an
20 accidental bodily injury covered by personal protection insurance
21 under this chapter after July 1, 2020, a physician, hospital,
22 clinic, or other person is considered to have agreed to do both of
23 the following:

24 (a) Submit necessary records and other information concerning
25 treatment, products, services, or accommodations provided for
26 utilization review under this section.

27 (b) Comply with any decision of the department under this
28 section.

29 (2) A physician, hospital, clinic, or other person or



1 institution that knowingly submits under this section false or
2 misleading records or other information to an insurer, the
3 association created under section 3104, or the department commits a
4 fraudulent insurance act under section 4503.

5 (3) The department shall promulgate rules under the
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
7 24.328, to do both of the following:

8 (a) Establish criteria or standards for utilization review
9 that identify utilization of treatment, products, services, or
10 accommodations under this chapter above the usual range of
11 utilization for the treatment, products, services, or
12 accommodations based on medically accepted standards.

13 (b) Provide procedures related to utilization review,
14 including procedures for all of the following:

15 (i) Acquiring necessary records, medical bills, and other
16 information concerning the treatment, products, services, or
17 accommodations provided.

18 (ii) Allowing an insurer to request an explanation for and
19 requiring a physician, hospital, clinic, or other person to explain
20 the necessity or indication for treatment, products, services, or
21 accommodations provided.

22 (iii) Appealing determinations.

23 (4) If a physician, hospital, clinic, or other person provides
24 treatment, products, services, or accommodations under this chapter
25 that are not usually associated with, are longer in duration than,
26 are more frequent than, or extend over a greater number of days
27 than the treatment, products, services, or accommodations usually
28 require for the diagnosis or condition for which the patient is
29 being treated, the insurer or the association created under section



1 3104 may require the physician, hospital, clinic, or other person
 2 to explain the necessity or indication for the treatment, products,
 3 services, or accommodations in writing under the procedures
 4 provided under subsection (3).

5 (5) If an insurer or the association created under section
 6 3104 determines that a physician, hospital, clinic, or other person
 7 overutilized or otherwise rendered or ordered inappropriate
 8 treatment, products, services, or accommodations, or that the cost
 9 of the treatment, products, services, or accommodations was
 10 inappropriate under this chapter, the physician, hospital, clinic,
 11 or other person may appeal the determination to the department
 12 under the procedures provided under subsection (3).

13 (6) As used in this section, "utilization review" means the
 14 initial evaluation by an insurer or the association created under
 15 section 3104 of the appropriateness in terms of both the level and
 16 the quality of treatment, products, services, or accommodations
 17 provided under this chapter based on medically accepted standards.

18 Sec. 3157b. Any proprietary information or sensitive
 19 personally identifiable information regarding a patient that is
 20 submitted to the department under section 3157a is exempt from
 21 disclosure under section 13(d) of the freedom of information act,
 22 1976 PA 442, MCL 15.243, and the department shall exempt any such
 23 information from disclosure under any other applicable exemptions
 24 under section 13 of the freedom of information act, 1976 PA 442,
 25 MCL 15.243.

26 Sec. 3163. ~~(1) An insurer authorized to transact automobile~~
 27 ~~liability insurance and personal and property protection insurance~~
 28 ~~in this state shall file and maintain a written certification that~~
 29 ~~any is not required to provide personal protection insurance or~~



1 **property protection insurance benefits under this chapter for**
 2 accidental bodily injury or property damage occurring in this state
 3 arising from the ownership, operation, maintenance, or use of a
 4 motor vehicle as a motor vehicle by an out-of-state resident who is
 5 insured under ~~its~~ **the insurer's** automobile liability insurance
 6 policies, **unless the out-of-state resident is the owner of a motor**
 7 **vehicle that is registered and insured in this state.** ~~, is subject~~
 8 ~~to the personal and property protection insurance system under this~~
 9 ~~act.~~

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

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

22 ~~(4) If an insurer of an out of state resident is required to~~
 23 ~~provide benefits under subsections (1) to (3) to that out-of-state~~
 24 ~~resident for accidental bodily injury for an accident in which the~~
 25 ~~out-of-state resident was not an occupant of a motor vehicle~~
 26 ~~registered in this state, the insurer is only liable for the amount~~
 27 ~~of ultimate loss sustained up to \$500,000.00. Benefits under this~~
 28 ~~subsection are not recoverable to the extent that benefits covering~~
 29 ~~the same loss are available from other sources, regardless of the~~



1 ~~nature or number of benefit sources available and regardless of the~~
 2 ~~nature or form of the benefits.~~

3 Sec. 3172. (1) A person entitled to claim because of
 4 accidental bodily injury arising out of the ownership, operation,
 5 maintenance, or use of a motor vehicle as a motor vehicle in this
 6 state may ~~obtain-claim~~ personal protection insurance benefits
 7 through the assigned claims plan if ~~no~~ **any of the following apply:**

8 **(a) No** personal protection insurance is applicable to the
 9 injury. ~~no~~

10 **(b) No** personal protection insurance applicable to the injury
 11 can be identified. ~~the~~

12 **(c) No** personal protection insurance applicable to the injury
 13 ~~cannot-can~~ be ascertained because of a dispute between 2 or more
 14 automobile insurers concerning their obligation to provide coverage
 15 or the equitable distribution of the loss. ~~or the~~

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

20 **(2) Unpaid** benefits due or coming due **as described in**
 21 **subsection (1)** may be collected under the assigned claims plan, and
 22 the insurer to which the claim is assigned is entitled to
 23 reimbursement from the defaulting insurers to the extent of their
 24 financial responsibility.

25 **(3) A person entitled to claim personal protection insurance**
 26 **benefits through the assigned claims plan under subsection (1)**
 27 **shall file a completed application on a claim form provided by the**
 28 **Michigan automobile insurance placement facility and provide**
 29 **reasonable proof of loss to the Michigan automobile insurance**



1 placement facility. The Michigan automobile insurance placement
 2 facility or an insurer assigned to administer a claim on behalf of
 3 the Michigan automobile insurance placement facility under the
 4 assigned claims plan shall specify in writing the materials that
 5 constitute a reasonable proof of loss within 60 days after receipt
 6 by the Michigan automobile insurance placement facility of an
 7 application that complies with this subsection.

8 (4) The Michigan automobile insurance placement facility or an
 9 insurer assigned to administer a claim on behalf of the Michigan
 10 automobile insurance placement facility under the assigned claims
 11 plan is not required to pay interest in connection with a claim for
 12 any period of time during which the claim is reasonably in dispute.

13 (5) ~~(2)~~—Except as otherwise provided in this subsection,
 14 personal protection insurance benefits, including benefits arising
 15 from accidents occurring before March 29, 1985, payable through the
 16 assigned claims plan ~~shall~~**must** be reduced to the extent that
 17 benefits covering the same loss are available from other sources,
 18 regardless of the nature or number of benefit sources available and
 19 regardless of the nature or form of the benefits, to a person
 20 claiming personal protection insurance benefits through the
 21 assigned claims plan. This subsection only applies if the personal
 22 protection insurance benefits are payable through the assigned
 23 claims plan ~~because no personal protection insurance is applicable~~
 24 ~~to the injury, no personal protection insurance applicable to the~~
 25 ~~injury can be identified, or the only identifiable personal~~
 26 ~~protection insurance applicable to the injury is, because of~~
 27 ~~financial inability of 1 or more insurers to fulfill their~~
 28 ~~obligations, inadequate to provide benefits up to the maximum~~
 29 ~~prescribed.~~ **under subsection (1) (a), (b), or (d).** As used in this



1 subsection, "sources" and "benefit sources" do not include the
 2 program for medical assistance for the medically indigent under the
 3 social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or
 4 ~~insurance under the health insurance for the aged act, title and~~
 5 **disabled under subchapter XVIII** of the social security act, 42 USC
 6 1395 to ~~1395kkk-1-1395lll~~.

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

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

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

23 (c) ~~An action~~ **The insurer assigned the claim by the Michigan**
 24 **automobile insurance placement facility** shall ~~be~~ immediately
 25 ~~commenced~~ **commence an action** on behalf of the Michigan automobile
 26 insurance placement facility ~~by the insurer to whom the claim is~~
 27 ~~assigned~~ in circuit court to declare the rights and duties of any
 28 interested party.

29 (d) The insurer to whom the claim is assigned shall join as



1 parties defendant to the action commenced under subdivision (c)
2 each insurer disputing either the obligation to provide personal
3 protection insurance benefits or the equitable distribution of the
4 loss among the insurers.

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

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

23 **(7) The Michigan automobile insurance placement facility and**
24 **the insurer to whom a claim is assigned by the Michigan automobile**
25 **insurance placement facility are only required to provide personal**
26 **protection insurance benefits under section 3107(1)(a) up to**
27 **whichever of the following is applicable:**

28 (a) Unless subdivision (b) applies, the limit provided in
29 section 3107c(1)(b) .



1 (b) If the person is entitled to claim benefits under the
 2 assigned claims plan under section 3107d(6) (c) or 3109a(2) (d) (ii) ,
 3 \$2,000,000.00.

4 Sec. 3173a. (1) The Michigan automobile insurance placement
 5 facility shall **review a claim for personal protection insurance**
 6 **benefits under the assigned claims plan, shall** make an initial
 7 determination of ~~a claimant's~~ ~~the~~ eligibility for benefits under
 8 **this chapter and** the assigned claims plan, and shall deny ~~an~~
 9 ~~obviously ineligible a claim~~ ~~The~~ ~~that~~ **the Michigan automobile**
 10 **insurance placement facility determines is ineligible under this**
 11 **chapter or the assigned claims plan. If a claimant or person making**
 12 **a claim through or on behalf of a claimant fails to cooperate with**
 13 **the Michigan automobile insurance placement facility as required by**
 14 **subsection (2), the Michigan automobile insurance placement**
 15 **facility shall suspend benefits to the claimant under the assigned**
 16 **claims plan. A suspension under this subsection is not an**
 17 **irrevocable denial of benefits, and must continue only until the**
 18 **Michigan automobile insurance placement facility determines that**
 19 **the claimant or person making a claim through or on behalf of a**
 20 **claimant cooperates or resumes cooperation with the Michigan**
 21 **automobile insurance placement facility. The Michigan automobile**
 22 **insurance placement facility shall promptly notify in writing the**
 23 ~~claimant shall be notified promptly in writing and any person that~~
 24 **submitted a claim through or on behalf of a claimant of the a**
 25 **denial and the reasons for the denial.**

26 (2) A claimant or a person making a claim through or on behalf
 27 of a claimant shall cooperate with the Michigan automobile
 28 insurance placement facility in its determination of eligibility
 29 and the settlement or defense of any claim or suit, including, but



1 not limited to, submitting to an examination under oath and
2 compliance with sections 3151 to 3153. There is a rebuttable
3 presumption that a person has satisfied the duty to cooperate under
4 this section if all of the following apply:

5 (a) The person submitted a claim for personal protection
6 insurance benefits under the assigned claims plan by submitting to
7 the Michigan automobile insurance placement facility a complete
8 application on a form provided by the Michigan automobile insurance
9 placement facility in accordance with the assigned claims plan.

10 (b) The person provided reasonable proof of loss under the
11 assigned claims plan as described in section 3172.

12 (c) If required under this subsection to submit to an
13 examination under oath, the person submitted to the examination,
14 subject to all of the following:

15 (i) The person was provided at least 21 days' notice of the
16 examination.

17 (ii) The examination was conducted in a location reasonably
18 convenient for the person.

19 (iii) Any reasonable request by the person to reschedule the
20 date, time, or location of the examination was accommodated.

21 (3) The Michigan automobile insurance placement facility may
22 perform its functions and responsibilities under this section and
23 the assigned claims plan directly or through an insurer assigned by
24 the Michigan automobile insurance placement facility to administer
25 the claim on behalf of the Michigan automobile insurance placement
26 facility. The assignment of a claim by the Michigan automobile
27 insurance placement facility to an insurer is not a determination
28 of eligibility under this chapter or the assigned claims plan, and
29 a claim assigned to an insurer by the Michigan automobile insurance



1 placement facility may later be denied if the claim is not eligible
2 under this chapter or the assigned claims plan.

3 (4) ~~(2)~~—A person who presents or causes to be presented an
4 oral or written statement, including computer-generated
5 information, as part of or in support of a claim to the Michigan
6 automobile insurance placement facility, **or to an insurer to which**
7 **the claim is assigned under the assigned claims plan**, for payment
8 or another benefit knowing that the statement contains false
9 information concerning a fact or thing material to the claim
10 commits a fraudulent insurance act under section 4503 that is
11 subject to the penalties imposed under section 4511. A claim that
12 contains or is supported by a fraudulent insurance act as described
13 in this subsection is ineligible for payment ~~or~~ **of personal**
14 **protection insurance** benefits under the assigned claims plan.

15 (5) **The Michigan automobile insurance placement facility may**
16 **contract with other persons for all or a portion of the goods and**
17 **services necessary for operating and maintaining the assigned**
18 **claims plan.**

19 Sec. 3174. A person claiming through the assigned claims plan
20 shall notify the Michigan automobile insurance placement facility
21 of his or her claim within ~~the time that would have been allowed~~
22 ~~for filing an action for personal protection insurance benefits if~~
23 ~~identifiable coverage applicable to the claim had been in effect.~~
24 **The 1 year after the date of the accident. On an initial**
25 **determination of a claimant's eligibility for benefits through the**
26 **assigned claims plan, the Michigan automobile insurance placement**
27 **facility shall promptly assign the claim in accordance with the**
28 **plan and notify the claimant of the identity and address of the**
29 **insurer to which the claim is assigned. An action by ~~the~~ a claimant**



1 ~~shall not be commenced more than 30 days after receipt of notice of~~
 2 ~~the assignment or the last date on which the action could have been~~
 3 ~~commenced against an insurer of identifiable coverage applicable to~~
 4 ~~the claim, whichever is later.~~ **must be commenced as provided in**
 5 **section 3145.**

6 Sec. 3175. (1) The assignment of claims under the assigned
 7 claims plan ~~shall~~ **must** be made according to procedures established
 8 in the assigned claims plan that assure fair allocation of the
 9 burden of assigned claims among insurers doing business in this
 10 state on a basis reasonably related to the volume of automobile
 11 liability and personal protection insurance they write on motor
 12 vehicles or the number of self-insured motor vehicles. An insurer
 13 to whom claims have been assigned shall make prompt payment of loss
 14 in accordance with this act. An insurer is entitled to
 15 reimbursement by the Michigan automobile insurance placement
 16 facility for the payments, the established loss adjustment cost,
 17 and an amount determined by use of the average annual 90-day United
 18 States treasury bill yield rate, as reported by the ~~council of~~
 19 ~~economic advisers~~ **Council of Economic Advisers** as of December 31 of
 20 the year for which reimbursement is sought, as follows:

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

25 (b) For the period from the end of the calendar year in which
 26 claims are paid by the insurer to the date payments for the
 27 operation of the assigned claims plan are due, the amount ~~shall~~
 28 **must** be determined by applying the annual yield rate specified in
 29 this subsection to the total claims payments and loss adjustment



1 costs multiplied by a fraction, the denominator of which is 365 and
 2 the numerator of which is equal to the number of days that have
 3 elapsed between the end of the calendar year and the date payments
 4 for the operation of the assigned claims plan are due.

5 (2) ~~The~~ **An insurer assigned a claim by the Michigan automobile**
 6 **insurance placement facility under the assigned claims plan or a**
 7 **person authorized to act on behalf of the plan may bring an action**
 8 **for reimbursement and indemnification of the claim on behalf of the**
 9 **Michigan automobile insurance placement facility. The** insurer to
 10 ~~whom claims have~~ **which the claim has** been assigned shall preserve
 11 and enforce rights to indemnity or reimbursement against third
 12 parties and account to the Michigan automobile insurance placement
 13 facility for the rights and shall assign the rights to the Michigan
 14 automobile insurance placement facility on reimbursement by the
 15 Michigan automobile insurance placement facility. This section does
 16 not preclude an insurer from entering into reasonable compromises
 17 and settlements with third parties against whom rights to indemnity
 18 or reimbursement exist. The insurer shall account to the Michigan
 19 automobile insurance placement facility for any compromises and
 20 settlements. The procedures established under the assigned claims
 21 plan ~~shall~~ **of operation must** establish reasonable standards for
 22 enforcing rights to indemnity or reimbursement against third
 23 parties, including a standard establishing an amount below which
 24 actions to preserve and enforce the rights need not be pursued.

25 (3) An action to enforce rights to indemnity or reimbursement
 26 against a third party ~~shall~~ **must** not be commenced after the later
 27 of ~~2~~ **the following:**

28 (a) **Two** years after the assignment of the claim to the
 29 insurer. ~~or 1~~



1 (b) One year after the date of the last payment to the
2 claimant.

3 (c) One year after the date the responsible third party is
4 identified.

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

8 (5) The Michigan automobile insurance placement facility may
9 enter into a written agreement with the debtor permitting the
10 payment of the judgment or acknowledgment of debt in installments
11 payable to the Michigan automobile insurance placement facility. A
12 default in payment of installments under a judgment as agreed
13 subjects the debtor to suspension or revocation of his or her motor
14 vehicle license or registration in the same manner as for the
15 failure by an uninsured motorist to pay a judgment by installments
16 under section 3177, **including responsibility for expenses as**
17 **provided in section 3177(4).**

18 Sec. 3177. (1) ~~An~~ **The** insurer obligated to pay personal
19 protection insurance benefits for accidental bodily injury to a
20 person arising out of the ownership, maintenance, or use of an
21 uninsured motor vehicle as a motor vehicle may recover ~~such all~~
22 **benefits paid, and appropriate incurred** loss adjustment costs **and**
23 **expenses, and incurred attorney fees** from the owner or registrant
24 of the uninsured motor vehicle or from his or her estate. Failure
25 of ~~such a person~~ **the owner or registrant** to make payment within 30
26 days after **a judgment is entered in an action for recovery under**
27 **this subsection** is a ground for suspension or revocation of his or
28 her motor vehicle registration and license as defined in section 25
29 of the Michigan vehicle code, ~~Act No. 300 of the Public Acts of~~



1 ~~1949, being section 257.25 of the Michigan Compiled Laws. An 1949~~
 2 **PA 300, MCL 257.25. For purposes of this section, an** uninsured
 3 motor vehicle ~~for the purpose of this section~~ is a motor vehicle
 4 with respect to which security as required by sections ~~3101-3101(1)~~
 5 and 3102 is not in effect at the time of the accident.

6 (2) **The Michigan automobile insurance placement facility may**
 7 **make a written agreement with the owner or registrant of an**
 8 **uninsured vehicle or his or her estate permitting the payment of a**
 9 **judgment described in subsection (1) in installments payable to the**
 10 **Michigan automobile insurance placement facility.** The motor vehicle
 11 registration and license ~~shall of an owner or registrant who makes~~
 12 **a written agreement under this subsection must** not be suspended or
 13 ~~revoked and, the motor vehicle registration and license shall if~~
 14 **already suspended or revoked under subsection (1), must** be restored
 15 ~~if the debtor enters into a written agreement with the secretary of~~
 16 ~~state permitting the payment of the judgment in installments, if~~
 17 the payment of any installments is not in default.

18 (3) The secretary of state, ~~upon~~ **on** receipt of a certified
 19 abstract of court record of a judgment **described in subsection (1)**
 20 or notice from ~~the~~ **an insurer or the Michigan automobile insurance**
 21 **placement facility or its designee** of an acknowledgment of a debt
 22 **described in subsection (1),** shall notify the owner or registrant
 23 ~~of an uninsured vehicle~~ of the provisions of subsection (1) at ~~that~~
 24 ~~person's~~ **the owner or registrant's** last ~~recorded~~ **recorded**
 25 with the secretary of state and inform ~~that person~~ **the owner or**
 26 **registrant** of the right to enter into a written agreement **under**
 27 **this section** with the ~~secretary of state~~ **Michigan automobile**
 28 **insurance placement facility or its designee** for the payment of the
 29 judgment or debt in installments.



1 (4) Expenses for the suspension, revocation, or reinstatement
 2 of a motor vehicle registration or license under this section are
 3 the responsibility of the owner or registrant or of his or her
 4 estate. An owner or registrant whose registration or license is
 5 suspended under this section shall pay any reinstatement fee as
 6 required under section 320e of the Michigan vehicle code, 1949 PA
 7 300, MCL 257.320e.

8 CHAPTER 31A

9 MANAGED CARE

10 Sec. 3181. As used in this chapter, "managed care option"
 11 means an optional coverage selected by an insured at the time a
 12 policy is issued that includes, but is not limited to, the
 13 monitoring and adjudication of an injured person's care, the use of
 14 a preferred provider program or other network, or other similar
 15 option.

16 Sec. 3182. This chapter applies to all automobile insurance
 17 whether written on an individual or group basis.

18 Sec. 3183. An automobile insurer may offer a managed care
 19 option that provides for allowable expenses consisting of all
 20 reasonable charges incurred for reasonably necessary products,
 21 services, and accommodations for an injured person's care,
 22 recovery, or rehabilitation. This managed care option is subject to
 23 all of the following:

24 (a) It must be uniformly offered in all areas where the
 25 managed care option is available.

26 (b) It must provide a discount that reflects reasonably
 27 anticipated reductions in losses or expenses or both.

28 (c) It must not apply to emergency care. Emergency care
 29 includes, but is not limited to, all care necessary to the point



1 where no material deterioration of a condition is likely, within
 2 reasonable medical probability, to result from or occur during
 3 transfer of the patient.

4 Sec. 3184. An automobile insurer that offers a managed care
 5 option under this chapter shall also offer personal protection
 6 insurance benefits under section 3107(1) (a) that are not subject to
 7 the managed care option.

8 Sec. 3185. The managed care option must apply to the insured
 9 who selects the managed care option and any person who resides in
 10 an area where the managed care option is available and who is
 11 claiming personal protection insurance benefits under the policy
 12 with the managed care option.

13 Sec. 3186. A managed care option may provide for deductibles,
 14 co-pays, or both deductibles and co-pays.

15 Sec. 3187. A managed care option must provide for all of the
 16 following:

17 (a) That personal protection insurance benefits are primary
 18 and will not be coordinated with other health and accident coverage
 19 on the individual claiming personal protection insurance benefits
 20 under the policy with the managed care option.

21 (b) That personal protection insurance benefits must be
 22 exhausted by the individual claiming those benefits under the
 23 policy with the managed care option before the individual may seek
 24 benefits from another health or accident coverage provider.

25 (c) That deductibles, co-pays, or other similar sanctions will
 26 not be assessed or collected from other health and accident
 27 coverage providers for the individual claiming personal protection
 28 insurance benefits under the policy with the managed care option.

29 Sec. 3188. At the time of the initial selection of the managed



1 care option by the insured, an automobile insurer shall obtain a
 2 signed acknowledgment that the insured received a written
 3 disclosure statement approved by the director or a written
 4 disclosure statement that includes all of the following:

5 (a) A summary of the provisions of the managed care option.

6 (b) The estimated range of the percentage of the discount
 7 provided by the managed care option.

8 (c) A general description of the differences between a managed
 9 care option under this chapter and personal protection insurance
 10 benefits under section 3107(1)(a) that are not subject to the
 11 managed care option, including any procedural differences in
 12 seeking treatment and filing a claim.

13 (d) The consequences for violating any provisions of the
 14 managed care option, including the possibility of a claim denial,
 15 the payment of a deductible and the amount of that deductible, and
 16 any additional out-of-pocket expenses that may be incurred.

17 (e) An explanation of whether the insurer offers an opt-out
 18 provision that would enable the insured to change his or her policy
 19 from a managed care option to personal protection insurance
 20 benefits under section 3107(1)(a) that are not subject to the
 21 managed care option and any restrictions placed upon the insured in
 22 regard to opting out of the managed care option.

23 Sec. 3189. The disclosure statement under section 3188 must
 24 include a postal mailing address and either a toll-free telephone
 25 number or an internet website address that insureds or applicants
 26 for insurance may write, call, or otherwise access for information
 27 on the managed care option.

28 CHAPTER 63

29 ANTI-FRAUD UNIT



1 Sec. 6301. (1) An anti-fraud unit is established as a criminal
2 justice agency in the department, dedicated to prevention and
3 investigation of criminal and fraudulent activities in the
4 insurance market.

5 (2) The anti-fraud unit is a criminal justice agency with full
6 access to criminal justice information and criminal justice
7 information systems. The anti-fraud unit may investigate all
8 persons, including, but not limited to, persons subject to the
9 department's regulatory authority, consumers, insureds, and any
10 other persons allegedly engaged in criminal and fraudulent
11 activities in the insurance market. The anti-fraud unit may
12 investigate criminal and fraudulent activity related to any matter
13 under the jurisdiction and authority of the department under
14 Executive Reorganization Order No. 2013-1, MCL 550.991.

15 (3) The anti-fraud unit may do any of the following:

16 (a) Conduct criminal background checks on applicants for
17 licenses and current licensees in accordance with state and federal
18 law.

19 (b) Collect and maintain claims of criminal and fraudulent
20 activities in the insurance industry.

21 (c) Investigate claims of criminal and fraudulent activity in
22 the insurance market that, if true, would constitute a violation of
23 applicable state or federal law, including, but not limited to, the
24 Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, and this
25 act.

26 (d) Maintain records of criminal investigations.

27 (e) Share records of its investigations with other criminal
28 justice agencies.

29 (f) Review information from other criminal justice agencies to



1 assist in the enforcement and investigation of all matters under
2 the authority of the director.

3 (g) Conduct outreach and coordination efforts with local,
4 state, and federal law enforcement and regulatory agencies to
5 promote investigation and prosecution of criminal and fraudulent
6 activities in the insurance market.

7 Sec. 6302. (1) A document, material, or information related to
8 an investigation of the anti-fraud unit is confidential by law and
9 privileged, is not subject to the freedom of information act, 1976
10 PA 442, MCL 15.231 to 15.246, is not subject to subpoena, and is
11 not subject to discovery or admissible in evidence in any private
12 civil action. However, the director may use the documents,
13 materials, or information in the furtherance of any supervisory
14 activity or legal action brought as part of the director's duties.

15 (2) The director, or any person that received documents,
16 materials, or information while acting on behalf of the anti-fraud
17 unit, is not permitted and may not be required to testify in any
18 private civil action concerning any confidential documents,
19 materials, or information described in subsection (1).

20 (3) To assist in the performance of the anti-fraud unit's
21 duties, the director may do any of the following:

22 (a) Share documents, materials, or information, including the
23 confidential and privileged documents, materials, or information
24 that is subject to subsection (1), with any of the following:

25 (i) Other state, federal, and international regulatory
26 agencies.

27 (ii) Other state, federal, and international law enforcement
28 authorities, if the recipient agrees to maintain the
29 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
28 be construed as a waiver of, any privilege applicable to or claim
29 of confidentiality in those documents, materials, or information.



1 Sec. 6303. (1) Beginning July 1 of the year after the
2 effective date of the amendatory act that added this section, the
3 anti-fraud unit shall prepare and publish an annual report to the
4 legislature on the anti-fraud unit's efforts to prevent automobile
5 insurance fraud.

6 (2) The anti-fraud unit shall submit the annual report to the
7 legislature required by this section to the standing committees of
8 the senate and house of representatives with primary jurisdiction
9 over insurance issues and the director.

10 Sec. 6304. This chapter does not limit the power of the anti-
11 fraud unit to conduct activities under Executive Order No. 2018-9
12 with respect to the financial services industry or markets.

13 Enacting section 1. Section 3112 of the insurance code of
14 1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act,
15 applies to products, services, or accommodations provided after the
16 effective date of this amendatory act.

17 Enacting section 2. Section 3135 of the insurance code of
18 1956, 1956 PA 218, MCL 500.3135, as amended by this amendatory act,
19 is intended to codify and give full effect to the opinion of the
20 Michigan supreme court in *McCormick v Carrier*, 487 Mich 180 (2010).

