

HOUSE BILL NO. 4202

February 19, 2019, Introduced by Reps. Schroeder, Marino, Mueller, Webber, Crawford, Iden and Yaroch and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending the title and sections 134, 3301, 3330, and 4501 (MCL 500.134, 500.3301, 500.3330, and 500.4501), the title as amended by 2002 PA 304, section 134 as amended by 1990 PA 256, section 3330 as amended by 2012 PA 204, and section 4501 as amended by 2012 PA 39, and by adding chapter 63.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE
2 An act to revise, consolidate, and classify the laws relating



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



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

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

29 (2) Any plan of operation adopted by an association or



1 facility, and any premium or assessment levied against an insurer
2 member of that association or facility, is hereby validated
3 retroactively to the date of its original adoption or levy and
4 ~~shall continue~~ **continues** in force and effect according to the terms
5 of the plan of operation, premium, or assessment until otherwise
6 changed by the ~~commissioner~~ **director** or the board of directors of
7 the association or facility pursuant to this act.

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

11 (4) ~~A~~ **Except as otherwise provided in section 6302, a** record
12 of an association or facility ~~shall be exempted~~ **is exempt** from
13 disclosure ~~pursuant to~~ **under** section 13 of the freedom of
14 information act, ~~Act No. 442 of the Public Acts of 1976, being~~
15 ~~section 15.243 of the Michigan Compiled Laws.~~ **1976 PA 442, MCL**
16 **15.243.**

17 (5) Any premium or assessment levied by an association or
18 facility, or any premium or assessment of a similar association or
19 facility formed under a law in force outside this state, is not a
20 burden or special burden for purposes of a calculation under
21 section 476a, and any premium or assessment paid to an association
22 or facility shall not be included in determining the aggregate
23 amount a foreign insurer pays to the ~~commissioner~~ **department of**
24 **treasury** under section 476a.

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



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

3 (b) The Michigan basic property insurance association created
4 under ~~section~~**chapter** 29.

5 (c) The catastrophic claims association created under chapter
6 31.

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

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

11 (f) The property and casualty guaranty association created
12 under chapter 79.

13 (g) The assigned claims facility created under section 3171.
14 Sec. 3301. (1) Every insurer authorized to write automobile
15 insurance in this state shall participate in an organization for
16 the purpose of doing all of the following:

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

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

22 **(c) Providing funding for the Michigan automobile insurance**
23 **fraud authority.**

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

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

29 (a) To sue and be sued in the name of the facility. A judgment



1 against the facility shall not create any liabilities in the
2 individual participating members of the facility.

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

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

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

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

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

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

27 (h) To assess self-insurers and insurers consistent with
28 chapter 31 and the assigned claims plan approved under section
29 3171.



1 (i) Until December 31, 2024, to collect from participating
2 members and self-insurers money paid at the discretion of the
3 members and self-insurers to cover anticipated costs of operation
4 and administration of the Michigan automobile insurance fraud
5 authority. A member or self-insurer that pays money for the costs
6 and administration of the Michigan automobile insurance fraud
7 authority shall not pay the money from premium revenue, but shall
8 pay the money from other earnings or investments. Notwithstanding
9 any other provision of this act to the contrary, an insurer, the
10 director or department, or any other person shall not include or
11 consider the payment of money as described in this subsection with
12 respect to establishing a rate.

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

22 (3) Before March 1, 2020, the board of governors shall amend
23 the plan of operation to establish appropriate procedures necessary
24 to collect money and carry out the administrative duties and
25 functions of the Michigan automobile insurance fraud authority.

26 Sec. 4501. As used in this chapter:

27 (a) "Authorized agency" means the department of state police;
28 a city, village, or township police department; a county sheriff's
29 department; a United States criminal investigative department or



1 agency; the prosecuting authority of a city, village, township,
 2 county, or state or of the United States; the ~~office of financial~~
 3 ~~and insurance regulation; department; the Michigan automobile~~
 4 **insurance fraud authority**; or the department of state.

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

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

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

17 (e) **"Michigan automobile insurance fraud authority" means the**
 18 **Michigan automobile insurance fraud authority created under**
 19 **section 6302.**

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

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

27 (h) ~~(g)~~—"Practitioner" means a licensee of this state
 28 authorized to practice medicine and surgery, psychology,
 29 chiropractic, or law, any other licensee of ~~the~~ **this** state, or an



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

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

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

22 CHAPTER 63

23 MICHIGAN AUTOMOBILE INSURANCE FRAUD AUTHORITY

24 **Sec. 6301. As used in this chapter:**

25 (a) "Authority" means the Michigan automobile insurance fraud
 26 authority created in section 6302.

27 (b) "Automobile insurance fraud" means a fraudulent insurance
 28 act as described in section 4503 that is committed in connection
 29 with automobile insurance, including an application for automobile



1 insurance.

2 (c) "Board" means the board of directors of the authority.

3 (d) "Car years" means net direct private passenger and
4 commercial nonfleet vehicle years of insurance providing the
5 security required by section 3101(1) written in this state for the
6 second previous calendar year as reported to the statistical agent
7 of each insurer.

8 (e) "Facility" means the Michigan automobile insurance
9 placement facility created under chapter 33.

10 Sec. 6302. (1) The Michigan automobile insurance fraud
11 authority is created within the facility. The facility shall
12 provide staff for the authority and shall carry out the
13 administrative duties and functions as directed by the board.

14 (2) The authority is not a state agency, and the money of the
15 authority is not state money. However, the authority shall comply
16 with the freedom of information act, 1976 PA 442, MCL 15.231 to
17 15.246, as if the authority were a public body. A record or portion
18 of a record, material, data, or other information received,
19 prepared, used, or retained by the authority in connection with the
20 investment of assets or of an insurer that relates to financial or
21 proprietary information and is considered by the person or insurer
22 providing the authority with the record, material, data, or
23 information as confidential and acknowledged by the authority as
24 confidential is not subject to disclosure by the authority. As used
25 in this subsection:

26 (a) "Financial or proprietary information" means information
27 that has not been publicly disseminated or that is unavailable from
28 other sources, the release of which might cause the person
29 providing the information to the authority significant competitive



1 harm. Financial or proprietary information includes, but is not
2 limited to, financial performance data and projections, financial
3 statements, and product and market data.

4 (b) "Public body" means that term as defined in section 2 of
5 the freedom of information act, 1976 PA 442, MCL 15.232.

6 (3) The authority shall do all of the following:

7 (a) Provide financial support to state or local law
8 enforcement agencies for programs designed to reduce the incidence
9 of automobile insurance fraud.

10 (b) Provide financial support to state or local prosecutorial
11 agencies for programs designed to reduce the incidence of
12 automobile insurance fraud.

13 (c) Provide financial support to an independent entity, formed
14 by the director, to investigate the claims practices of insurance
15 companies and to evaluate if those claims practices create
16 unnecessary disputes, treat patients or medical providers unfairly,
17 increase litigation, or cause unnecessary delays in the payment of
18 claims.

19 (4) The authority may provide financial support to law
20 enforcement, prosecutorial, insurance, education, or training
21 associations for programs designed to reduce the incidence of
22 automobile insurance fraud.

23 (5) The purposes, powers, and duties of the authority are
24 vested in and shall be exercised by a board of directors. The board
25 of directors consists of 25 members as follows:

26 (a) Eight members who represent automobile insurers in this
27 state, including the following:

28 (i) At least 2 members who represent insurer groups with
29 350,000 or more car years.



1 (ii) At least 2 members who represent insurer groups with fewer
2 than 350,000 but 100,000 or more car years.

3 (iii) At least 1 member who represents insurer groups with fewer
4 than 100,000 car years.

5 (b) The director or his or her designee.

6 (c) The attorney general or his or her designee.

7 (d) The director of the department of state police or his or
8 her designee.

9 (e) Two members who represent other law enforcement agencies
10 in this state.

11 (f) One member who represents prosecuting attorneys in this
12 state.

13 (g) Two members who represent the general public.

14 (h) Three members who represent consumer rights and patient
15 advocacy groups.

16 (i) One member of the medical community who cares primarily
17 for patients with acute medical needs.

18 (j) Three members of the medical community who care primarily
19 for patients with subacute medical needs.

20 (k) Two licensed attorneys knowledgeable about chapter 31.

21 (6) The members of the board representing insurers shall be
22 elected by authorized insurers that provide automobile insurance in
23 this state from a list of nominees proposed by the board of
24 governors of the facility. In preparing the list of nominees for
25 the members, the board of governors of the facility shall solicit
26 nominations from authorized insurers that provide automobile
27 insurance in this state.

28 (7) The governor shall appoint the members of the board
29 representing law enforcement agencies other than the department of



1 state police. In appointing the members, the governor shall solicit
2 input from various law enforcement associations in this state.

3 (8) The governor shall appoint the member of the board
4 representing prosecuting attorneys. In appointing the member, the
5 governor shall solicit input from the Prosecuting Attorneys
6 Association of Michigan.

7 (9) The governor shall appoint the members of the board
8 representing the general public. The governor shall appoint
9 individuals who are residents of this state and not employed by or
10 under contract with a state or local unit of government or an
11 insurer.

12 (10) The governor shall appoint the 4 medical community
13 members of the board. In appointing these members, the governor
14 shall solicit input from the medical community in this state. The
15 governor shall appoint individuals who are residents of this state
16 and are not employed by or under contract with a state or local
17 unit of government or an insurer.

18 (11) The governor shall appoint the 3 consumer rights and
19 patient advocacy members of the board. In appointing these members,
20 the governor shall solicit input from consumer rights and patient
21 advocacy groups in this state. The governor shall appoint
22 individuals who are residents of this state and are not employed by
23 or under contract with a state or local unit of government or an
24 insurer.

25 (12) The State Bar of Michigan shall elect the 2 attorney
26 members of the board.

27 (13) Except as otherwise provided in this subsection, a member
28 of the board shall serve for a term of 4 years or until his or her
29 successor is elected, designated, or appointed, whichever occurs



1 later. Of the members first elected or appointed under this
2 section, 2 members representing insurers, 1 member representing law
3 enforcement agencies, and 1 member who represents the general
4 public shall serve for a term of 2 years, 3 members representing
5 insurers, the member representing prosecuting attorneys, 1 member
6 who represents the general public, 2 members who represent consumer
7 rights and patient advocacy groups, 2 members of the medical
8 community, and 1 of the attorneys elected by the State Bar of
9 Michigan shall serve for a term of 3 years, and 3 members
10 representing insurers, 1 member representing law enforcement
11 agencies, 1 member who represents consumer rights and patient
12 advocacy groups, 2 members of the medical community, and 1 of the
13 attorneys elected by the State Bar of Michigan shall serve for a
14 term of 4 years.

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

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

19 (2) A majority of the members of the board constitute a quorum
20 for the transaction of business at a meeting or the exercise of a
21 power or function of the authority, notwithstanding the existence
22 of 1 or more vacancies. Notwithstanding any other provision of law
23 to the contrary, action may be taken by the authority at a meeting
24 on a vote of the majority of its members present in person or
25 through the use of amplified telephonic equipment, if authorized by
26 the bylaws or plan of operation of the board. The authority shall
27 meet at the call of the chair or as may be provided in the bylaws
28 of the authority. Meetings of the authority may be held anywhere in
29 this state.



1 (3) The board shall adopt a plan of operation by a majority
2 vote of the board. Vacancies on the board shall be filled in
3 accordance with the plan of operation.

4 (4) The board shall conduct its business at meetings that are
5 held in this state, open to the public, and held in a place that is
6 available to the general public. However, the board may establish
7 reasonable rules to minimize disruption of a meeting of the board.
8 At least 10 days but not more than 60 days before a meeting, the
9 board shall provide public notice of the meeting at the board's
10 principal office and on a publicly accessible internet website. The
11 board shall include in the public notice of its meeting the address
12 where minutes of the board may be inspected by the public. The
13 board may meet in a closed session for any of the following
14 purposes:

15 (a) To consider the hiring, dismissal, suspension,
16 disciplining, or evaluation of officers or employees of the
17 authority.

18 (b) To consult with its attorney.

19 (c) To comply with state or federal law, rules, or regulations
20 regarding privacy or confidentiality.

21 (5) The board shall display information concerning the
22 authority's operations and activities, including, but not limited
23 to, the annual financial report required under section 6310, on a
24 publicly accessible internet website.

25 (6) The board shall keep minutes of each board meeting. The
26 board shall make the minutes open to public inspection and
27 available at the address designated on the public notice of its
28 meetings. The board shall make copies of the minutes available to
29 the public at the reasonable estimated cost for printing and



1 copying. The board shall include all of the following in the
2 minutes:

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

4 (b) The names of board members who are present and board
5 members who are absent.

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

8 (d) All roll call votes taken at the meeting.

9 Sec. 6304. On January 1, 2025, the authority is dissolved.

10 Sec. 6305. The board has the powers necessary to carry out its
11 duties under this act, including, but not limited to, the power to
12 do the following:

13 (a) Sue and be sued in the name of the authority.

14 (b) Solicit and accept gifts, grants, loans, and other aid
15 from any person, the federal government, this state, a local unit
16 of government, or an agency of the federal government, this state,
17 or a local unit of government.

18 (c) Make grants and investments.

19 (d) Procure insurance against any loss in connection with its
20 property, assets, or activities.

21 (e) Invest at its discretion any money held in reserve or
22 sinking funds or any money not required for immediate use or
23 disbursement and to select and use depositories for its money.

24 (f) Contract for goods and services and engage personnel as
25 necessary.

26 (g) Indemnify and procure insurance indemnifying any member of
27 the board for personal loss or accountability resulting from the
28 member's action or inaction as a member of the board.

29 (h) Perform other acts not specifically enumerated in this



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

4 Sec. 6307. (1) An insurer or self-insurer engaged in writing
5 insurance coverages that provide the security required by section
6 3101(1) in this state may pay to the facility, for deposit into the
7 account of the authority, money to be used by the authority to
8 carry out its duties under this chapter.

9 (2) The facility shall segregate all money received under
10 subsection (1), and all other money received by the authority for
11 the purpose, from other money of the facility, if applicable. The
12 facility shall only expend the money received under subsection (1)
13 as directed by the board.

14 Sec. 6308. (1) An insurer authorized to transact automobile
15 insurance in this state, as a condition of its authority to
16 transact insurance in this state, shall report automobile insurance
17 fraud data and claims practices information to the authority using
18 the format and procedures adopted by the board.

19 (2) The department of state police shall cooperate with the
20 authority and shall provide available motor vehicle fraud and theft
21 statistics to the authority on request.

22 (3) The board shall develop performance metrics that are
23 consistent, controllable, measurable, and attainable. The board
24 shall use the metrics each year to evaluate new applications
25 submitted for funding consideration and to renew funding for
26 existing programs.

27 Sec. 6310. (1) Beginning January 1 of the year after the
28 effective date of the amendatory act that added this section, the
29 authority shall prepare and publish an annual financial report, and



1 beginning July 1 of the year after the effective date of the
2 amendatory act that added this section, the authority shall prepare
3 and publish an annual report to the legislature on the authority's
4 efforts to prevent automobile insurance fraud, unfair claims
5 practices of insurance companies, and cost savings that have
6 resulted from those efforts.

7 (2) The annual report to the legislature required by this
8 section must detail the automobile insurance fraud and unfair
9 claims practices of insurance companies occurring in this state for
10 the previous year, assess the impact of the fraud and unfair claims
11 practices of insurance companies on rates charged for automobile
12 insurance, summarize prevention programs, and outline allocations
13 made by the authority. The members of the board, insurers, and the
14 director shall cooperate in developing the report as requested by
15 the authority and shall make available to the authority records and
16 statistics concerning automobile insurance fraud and unfair claims
17 practices of insurance companies, including the number of instances
18 of suspected and confirmed insurance fraud, number of prosecutions
19 and convictions involving automobile insurance fraud, automobile
20 insurance fraud recidivism, unfair settlement practices and claims
21 practices, including the claims practices of the catastrophic
22 claims association under section 3104, reimbursement rate
23 practices, timeliness of claims practices, and the use of
24 independent medical examiners and special investigation units. The
25 authority shall evaluate the impact automobile insurance fraud has
26 on the citizens of this state and the costs incurred by the
27 citizens through insurance, police enforcement, prosecution, and
28 incarceration because of automobile insurance fraud. The authority
29 shall evaluate the impact unfair claims practices by insurers have



1 on the citizens of this state and shall determine the costs
2 incurred by the citizens through unnecessary litigation and bad-
3 faith practices that delay, withhold, or deny policyholder benefits
4 that are based on legitimate claims, including special
5 investigation units that report suspected fraud and abuse cases
6 that are not based on independent, appropriate, and good-faith
7 investigation. The authority shall also report on all of the
8 following:

9 (a) Processing, submission, and billing practices, and shall
10 recommend appropriate standardization practices.

11 (b) The costs of unnecessary litigation and bad-faith
12 practices that delay, withhold, or deny policyholder benefits, and
13 shall recommend any changes to existing laws to reduce these costs.

14 (3) The authority shall submit the annual report to the
15 legislature required by this section to the senate and house of
16 representatives standing committees with primary jurisdiction over
17 insurance issues and the director.

18 Enacting section 1. This amendatory act takes effect January
19 1, 2020.

