

HOUSE BILL NO. 5197

October 24, 2023, Introduced by Reps. Fitzgerald, MacDonell, Wilson, Brenda Carter, Harris, Scott, Bezotte, Breen, Coleman, Stone, Young, Neeley, Dievendorf, Hope, Haadsma, Rheingans, DeBoer, Brabec, Tyrone Carter, Aragona, Farhat, Edwards, Martus and Aiyash and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 4506.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4506. (1) An insurer that reasonably believes or knows
2 that a fraudulent insurance act under section 4503 has occurred
3 shall, not later than 60 days after the insurer determines that the
4 fraudulent insurance act has occurred, send to the director, on a
5 form prescribed by the director, the information requested by the
6 form and any additional information relative to the factual
7 circumstances of the alleged fraudulent insurance act and the

1 parties claiming loss or damages that the director may require. The
2 director shall review each report and take any further
3 investigation the director considers is necessary to determine the
4 validity of the allegations. If the director determines that a
5 fraudulent insurance act has occurred, the director shall report
6 the fraudulent insurance act to the insurer, the appropriate
7 authorized agency, the prosecuting attorney of the county in which
8 the fraudulent insurance act occurred, or the attorney general. If
9 the director determines that a fraudulent insurance act has not
10 occurred, the director shall report that determination to the
11 insurer.

12 (2) This section does not require an insurer to submit to the
13 director the form under subsection (1) in either of the following
14 circumstances:

15 (a) The insurer's initial investigation indicated a
16 potentially fraudulent insurance act, but further investigation
17 revealed that the act was not a fraudulent insurance act.

18 (b) The insurer does not have reasonable grounds to believe
19 that a fraudulent insurance act occurred.

20 (3) This section does not relieve an insurer of the insurer's
21 obligations to also report suspected violations of law to an
22 authorized agency.

23 (4) An authorized agency shall submit all papers, documents,
24 reports, complaints, or other facts or evidence to the director on
25 request. The authorized agency shall otherwise assist and cooperate
26 with the director's investigation under this section.