

# HOUSE BILL NO. 5931

March 16, 2022, Introduced by Reps. Rabhi, Rogers, Brixie, Hope, Scott, LaGrand, Aiyash, Hood, Kuppa, Stone, Pohutsky, Steckloff, Brabec, Cynthia Johnson, Ellison, Peterson, Jones and Yancey and referred to the Committee on Insurance.

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), sections 150, 224, 1244, 2038, 2040, 2069, 2105, 2106, 2108, 2111, 2118, 2120, 2151, 3101, 3101a, 3104, 3107, 3112, 3113, 3114, 3115, 3142, 3145, 3148, 3157, 3163, 3172, 3173a, 3174, 3175, and 3177 as amended by 2019 PA 21 and sections 3009, 3109a, 3111, 3135, and 3151 as amended by 2019 PA 22; and to repeal acts and parts of acts.

**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 must be afforded an opportunity for a hearing before the director  
 5 under the administrative procedures act of 1969, 1969 PA 306, MCL  
 6 24.201 to 24.328. If the director finds that a violation has  
 7 occurred, the director shall reduce the findings and decision to  
 8 writing and issue and cause to be served on the person charged with  
 9 the violation a copy of the findings and an order requiring the  
 10 person to cease and desist from the violation. In addition, the  
 11 director may order any of the following:

12           (a) Payment of a civil fine of not more than ~~\$1,000.00~~ **\$500.00**  
 13 for each violation. However, if the person knew or reasonably  
 14 should have known that he or she was in violation of this act, the  
 15 director may order the payment of a civil fine of not more than  
 16 ~~\$5,000.00~~ **\$2,500.00** for each violation. With respect to filings  
 17 made under chapters 21, 22, 23, 24, and 26, "violation" means a  
 18 filing not in compliance with those chapters and does not include  
 19 an action with respect to an individual policy based on a  
 20 noncomplying filing. An order of the director under this  
 21 subdivision must not require the payment of civil fines exceeding

1 ~~\$50,000.00.~~ **\$25,000.00.** A fine collected under this subdivision  
2 must be turned over to the state treasurer and credited to the  
3 general fund.

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

6 (2) After notice and opportunity for hearing, the director may  
7 by order reopen and alter, modify, or set aside, in whole or in  
8 part, an order issued under this section if, in the director's  
9 opinion, conditions of fact or law have changed to require that  
10 action or the public interest requires that action.

11 (3) If a person knowingly violates a cease and desist order  
12 under this section and has been given notice and an opportunity for  
13 a hearing held under the administrative procedures act of 1969,  
14 1969 PA 306, MCL 24.201 to 24.328, the director may order a civil  
15 fine of ~~\$20,000.00~~ **\$10,000.00** for each violation, or a suspension,  
16 limitation, or revocation of the person's license, or both. A fine  
17 collected under this subsection must be turned over to the state  
18 treasurer and credited to the general fund.

19 (4) The director may apply to the court of claims for an order  
20 of the court enjoining a violation of this act.

21 Sec. 224. (1) All actual and necessary expenses incurred in  
22 connection with the examination or other investigation of an  
23 insurer or other person regulated under the director's authority  
24 must be certified by the director, together with a statement of the  
25 work performed including the number of days spent by the director  
26 and each of the director's deputies, assistants, employees, and  
27 others acting under the director's authority. If correct, the  
28 expenses must be paid to the persons by whom they were incurred, on  
29 the warrant of the state treasurer payable from appropriations made

1 by the legislature for this purpose.

2 (2) Except as otherwise provided in subsection (4), the  
3 director shall prepare and present to the insurer or other person  
4 examined or investigated a statement of the expenses and reasonable  
5 cost incurred for each person engaged on the examination or  
6 investigation, including amounts necessary to cover the pay and  
7 allowances granted to the persons by the Michigan civil service  
8 commission, and the administration and supervisory expense  
9 including an amount necessary to cover fringe benefits in  
10 conjunction with the examination or investigation. Except as  
11 otherwise provided in subsection (4), the insurer or other person,  
12 on receiving the statement, shall pay to the director the stated  
13 amount. The director shall deposit the money with the state  
14 treasurer as provided in section 225.

15 (3) The director may employ attorneys, actuaries, accountants,  
16 investment advisers, and other expert personnel not otherwise  
17 employees of this state reasonably necessary to assist in the  
18 conduct of the examination or investigation or proceeding with  
19 respect to an insurer or other person regulated under the  
20 director's authority at the insurer's or other person's expense  
21 except as otherwise provided in subsection (4). Except as otherwise  
22 provided in subsection (4), on certification by the director of the  
23 reasonable expenses incurred under this section, the insurer or  
24 other person examined or investigated shall pay those expenses  
25 directly to the person or firm rendering assistance to the  
26 director. Expenses paid directly to such person or firm and the  
27 regulatory fees imposed by this section are examination expenses  
28 under section 22e of the former single business tax act, 1975 PA  
29 228, or under section 239(1) of the Michigan business tax act, 2007

1 PA 36, MCL 208.1239.

2 (4) An insurer is subject to a regulatory fee instead of the  
3 costs and expenses provided for in subsections (2) and (3). By June  
4 30 of each year or within 30 days after the enactment into law of  
5 any appropriation for the department's operation, the director  
6 shall impose on all insurers authorized to do business in this  
7 state a regulatory fee calculated as follows:

8 (a) As used in this subsection:

9 (i) "A" means total annuity considerations written in this  
10 state in the preceding year.

11 (ii) "B" means base assessment rate. The base assessment rate  
12 must not exceed .00038 and must be a fraction, the numerator of  
13 which is the total regulatory fee and the denominator of which is  
14 the total amount of direct underwritten premiums written in this  
15 state by all insurers for the preceding calendar year, as reported  
16 to the director on the insurer's annual statements filed with the  
17 director.

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

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

23 (v) Total regulatory fee must not exceed 80% of the gross  
24 appropriations for the department's operation for a fiscal year and  
25 must be the difference between the gross appropriations for the  
26 department's operation for that current fiscal year and any  
27 restricted revenues, other than the regulatory fee itself, as  
28 identified in the gross appropriation for the department's  
29 operation.

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

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

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

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

15 (c) Each insurer's regulatory fee must be a minimum fee of  
 16 \$250.00 and must be determined by multiplying the actual assessment  
 17 rate by the assessment base of that insurer as determined by the  
 18 director from the insurer's annual statement for the immediately  
 19 preceding calendar year filed with the director.

20 (5) Not less than ~~55%~~ **67%** of the revenue derived from the  
 21 regulatory fee under subsection (4) may be used for the regulation  
 22 of financial conduct of persons regulated under the director's  
 23 authority and for the regulation of persons regulated under the  
 24 director's authority engaged in the business of health care and  
 25 health insurance in this state.

26 (6) The amount, if any, by which amounts credited to the  
 27 director under section 225 exceed actual expenditures under  
 28 appropriations for the department's operation for a fiscal year  
 29 must be credited toward the appropriation for the department in the

1 next fiscal year.

2 (7) All money paid into the state treasury by an insurer under  
3 this section must be credited as provided under section 225.

4 (8) An insurer shall not treat a regulatory fee under this  
5 section as a levy or excise on premium but as a regulatory burden  
6 that is apportioned in relation to insurance activity in this  
7 state. A regulatory fee under this section reflects the insurance  
8 regulatory burden on this state as a result of this insurance  
9 activity. A foreign or alien insurer authorized to do business in  
10 this state may consider the liability required under this section  
11 as a burden imposed by this state in the calculation of the  
12 insurer's liability required under section 476a.

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

1 license suspended, limited, or revoked as the director considers  
2 warranted until the regulatory fee is paid. If the director  
3 determines that a regulatory fee or a part of a regulatory fee paid  
4 by an insurer is in excess of the amount legally due and payable,  
5 the amount of the excess must be refunded or, at the insurer's  
6 option, be applied as a credit against the regulatory fee for the  
7 next fiscal year. An overpayment of \$100.00 or less must be applied  
8 as a credit against the insurer's regulatory fee for the next  
9 fiscal year unless the insurer had a \$100.00 or less overpayment in  
10 the immediately preceding fiscal year. If the insurer had a \$100.00  
11 or less overpayment in the immediately preceding fiscal year, at  
12 the insurer's option, the current fiscal year overpayment of  
13 \$100.00 or less must be refunded.

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

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

29 (12) As used in this section:



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

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

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

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

25 (b) A refund of any overcharges.

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

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

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

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

16           (4) The director may apply to the court of claims for an order  
17 of the court enjoining a violation of this chapter.

18           Sec. 2038. (1) If, after opportunity for a hearing held under  
19 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201  
20 to 24.328, the director determines that the person complained of  
21 has engaged in methods of competition or unfair or deceptive acts  
22 or practices prohibited by sections 2001 to 2050, the director  
23 shall reduce his or her findings and decision to writing and shall  
24 issue and cause to be served on the person charged with the  
25 violation a copy of the findings and an order requiring the person  
26 to cease and desist from engaging in that method of competition,  
27 act, or practice. The director may also order any of the following:

28           (a) Payment of a monetary penalty of not more than ~~\$1,000.00~~  
29 **\$500.00** for each violation but not to exceed an aggregate penalty

1 of ~~\$10,000.00~~, **\$5,000.00**, unless the person knew or reasonably  
2 should have known he was in violation of this chapter, in which  
3 case the penalty must not be more than ~~\$5,000.00~~ **\$2,500.00** for each  
4 violation and must not exceed an aggregate penalty of ~~\$50,000.00~~  
5 **\$25,000.00** for all violations committed in a 6-month period.

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

9 (c) Refund of any overcharges.

10 (2) The filing of a petition for review does not stay  
11 enforcement of action under this section, but the director may  
12 grant, or the appropriate court may order, a stay on appropriate  
13 terms.

14 (3) If a petition for review has not been filed within the  
15 time allowed under section 244, until the time for filing the  
16 petition expires or, if a petition for review has been filed within  
17 that time, until the transcript of the record in the proceeding has  
18 been filed in the circuit court, as provided in this chapter, the  
19 director, on notice and in a manner as he or she considers proper,  
20 may modify or set aside in whole or in part an order issued under  
21 this section.

22 (4) After the expiration of the time allowed for filing a  
23 petition for review, if a petition has not been filed within that  
24 time, the director may at any time, by order, after notice and  
25 opportunity for hearing, reopen and alter, modify, or set aside, in  
26 whole or in part, an order issued under this section, if in the  
27 director's opinion conditions of fact or of law have so changed as  
28 to require that action or if required by the public interest.

29 Sec. 2040. (1) A person who violates a cease and desist order

1 of the director under this chapter while the order is in effect,  
 2 after notice and an opportunity for a hearing and on order of the  
 3 director, may be subject to any of the following:

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

6 (b) Suspension or revocation of the person's license or  
 7 certificate of authority.

8 (2) The filing of a petition for review does not stay  
 9 enforcement under this section, but the director may grant, or the  
 10 appropriate court may order, a stay on appropriate terms.

11 (3) A cease and desist order issued by the director under  
 12 section 2043 must not contain fines or other penalties applicable  
 13 to acts or omissions that occur before the date of the cease and  
 14 desist order.

15 Sec. 2069. An insurer, agent, solicitor, or other person that  
 16 violates section 2064 or 2066 is guilty of a misdemeanor. On  
 17 conviction of violating section 2066, the offender must be  
 18 sentenced to pay a fine of not more than \$100.00 for each  
 19 violation, or in the discretion of the court, to imprisonment in  
 20 the county jail of the county in which the offense is committed. On  
 21 conviction of violating section 2064, the offender must be  
 22 sentenced to pay a fine of not more than ~~\$2,000.00~~**\$1,000.00** for  
 23 each violation, or in the discretion of the court, to imprisonment  
 24 in the county jail of the county in which the offense is committed.

25 Sec. 2105. (1) A policy of automobile insurance or home  
 26 insurance must not be offered, bound, made, issued, delivered or  
 27 renewed in this state unless the policy conforms to this chapter.

28 (2) ~~Except as otherwise expressly provided in subsection (4)~~  
 29 ~~and this chapter, this~~**This** chapter does not apply to insurance

1 written on a group, franchise, blanket policy, or similar basis  
 2 that offers home insurance or automobile insurance to all members  
 3 of the group, franchise plan, or blanket coverage who are eligible  
 4 persons.

5 ~~(3) For purposes of this section, a group plan includes a~~  
 6 ~~franchise plan, and, except as provided in subsection (4), is~~  
 7 ~~exempt from this chapter if the group meets all of the following~~  
 8 ~~criteria:~~

9 ~~(a) Individuals in the group share a common enterprise or an~~  
 10 ~~economic or social affinity or relationship.~~

11 ~~(b) The group was not created for the purposes of obtaining~~  
 12 ~~insurance.~~

13 ~~(c) Membership in the group is not conditioned on the purchase~~  
 14 ~~of insurance.~~

15 ~~(d) The individual members of the group can be specifically~~  
 16 ~~identified.~~

17 ~~(e) Any other criteria as prescribed by a rule promulgated by~~  
 18 ~~the director under the administrative procedures act of 1969, 1969~~  
 19 ~~PA 306, MCL 24.201 to 24.328.~~

20 ~~(4) An insurer, including, but not limited to, an insurer that~~  
 21 ~~writes insurance as described in subsection (2), shall not~~  
 22 ~~establish or maintain rates or rating classifications for~~  
 23 ~~automobile insurance based on a factor that is not allowed, or that~~  
 24 ~~is prohibited, under section 2111. This subsection does not~~  
 25 ~~prohibit a group discount offered to a group based on the losses or~~  
 26 ~~expenses, or both, of the group but does prohibit group membership~~  
 27 ~~based on home ownership or postal zone.~~

28 ~~(5) The amendments to this chapter made by the amendatory act~~  
 29 ~~that added this subsection apply to an insurer exempted from any of~~

1 ~~the requirements of this chapter under section 2129.~~

2 ~~(6) The amendments to this chapter made by the amendatory act~~  
 3 ~~that added this subsection apply beginning July 1, 2020.~~

4 Sec. 2106. (1) Except as specifically provided in this  
 5 chapter, chapter 24 and chapter 26 do not apply to automobile  
 6 insurance and home insurance.

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

9 (2) ~~(3)~~ An insurer may use rates for **automobile insurance or**  
 10 home insurance as soon as those rates are filed.

11 (3) ~~(4)~~ To the extent that other provisions of this act are  
 12 inconsistent with this chapter, this chapter governs with respect  
 13 to automobile insurance and home insurance.

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

27 (2) An insurer may satisfy its obligation to make filings  
 28 under subsection (1) by becoming a member of, or a subscriber to, a  
 29 rating organization licensed under chapter 24 or chapter 26 that

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

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

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

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

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

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

19 (d) Any other relevant information.

20 (5) Except as otherwise provided in this subsection, the  
21 department shall make a filing under this section and any  
22 accompanying information open to public inspection on filing. An  
23 insurer or a rating organization filing on the insurer's behalf may  
24 designate information included in the filing or any accompanying  
25 information as a trade secret. The insurer or the rating  
26 organization filing on behalf of the insurer shall demonstrate to  
27 the director that the designated information is a trade secret. If  
28 the director determines that the information is a trade secret, the  
29 information is not subject to public inspection and is exempt from

1 disclosure under the freedom of information act, 1976 PA 442, MCL  
2 15.231 to 15.246. As used in this subsection, "trade secret" means  
3 that term as defined in section 2 of the uniform trade secrets act,  
4 1998 PA 448, MCL 445.1902. However, trade secret does not include  
5 filings and information accompanying filings under this section  
6 that were subject to public inspection before January 11, 2016.

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

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

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

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



1           (2) Classifications established under this section for  
2 automobile insurance must be based only on 1 or more of the  
3 following factors, which must be applied by an insurer on a uniform  
4 basis throughout this state:

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

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

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

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

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

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

18           (vi) Daily or weekly commuting mileage.

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

23           (viii) Amount of insurance.

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

26           (i) Earned income.

27           (ii) Number of dependents of income earners insured under the  
28 policy.

29           (iii) Coordination of benefits.

1 (iv) Use of a safety belt.

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

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

8 (ii) Vehicle make and model.

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

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

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

17 (i) The course must include a minimum of 8 hours of classroom  
18 instruction.

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

21 (A) The effects of aging on driving behavior.

22 (B) The shapes, colors, and types of road signs.

23 (C) The effects of alcohol and medication on driving.

24 (D) The laws relating to the proper use of a motor vehicle.

25 (E) Accident prevention measures.

26 (F) The benefits of safety belts and child restraints.

27 (G) Major driving hazards.

28 (H) Interaction with other highway users, such as  
29 motorcyclists, bicyclists, and pedestrians.

1           (3) Each insurer shall establish a secondary or merit rating  
 2 plan for automobile insurance, other than comprehensive coverage. A  
 3 secondary or merit rating plan required under this subsection must  
 4 provide for premium surcharges for all coverages for automobile  
 5 insurance, other than comprehensive coverage, based on any of the  
 6 following, when that information becomes 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 must not be merit rated for a civil infraction  
 13 under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL  
 14 257.601 to 257.750, for a period of time longer than that which the  
 15 secretary of state's office carries points for that infraction on  
 16 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 ~~any of the~~  
 19 ~~following:~~

20           ~~(a) Sex.~~

21           ~~(b) Marital **sex or 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 must be based only on 1 or more of the  
14 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 is a factor under the control of the insured  
27 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. 2118. (1) As a condition of maintaining its certificate  
10 of authority, an insurer shall not refuse to insure, refuse to  
11 continue to insure, or limit coverage available to an eligible  
12 person for automobile insurance, except in accordance with  
13 underwriting rules established as provided in this section and  
14 sections 2119 and 2120.

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

17 (a) Criteria identical to the standards set forth in section  
18 2103(1).

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

28 (c) With respect to a vehicle insured or to be insured,  
29 substantial modifications from the vehicle's original manufactured

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

3 (d) Except as otherwise provided in section 2116a, ~~or 2116b,~~  
4 failure by the person to provide proof that insurance required by  
5 section 3101 was maintained in force with respect to any vehicle  
6 that was both owned by the person and driven or moved by the person  
7 or by a member of the household of the person during the 6-month  
8 period immediately preceding application. The proof must take the  
9 form of a certification by the person on a form provided by the  
10 insurer that the vehicle was not driven or moved without  
11 maintaining the insurance required by section 3101 during the 6-  
12 month period immediately preceding application.

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

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

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

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

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

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

1 insurer.

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

6 (i) Total abstinence from the consumption of alcoholic  
7 beverages except if such beverages are consumed as part of a  
8 religious ceremony. However, an insurer shall not use an  
9 underwriting rule based on this subdivision unless the insurer was  
10 authorized to transact automobile insurance in this state before  
11 January 1, 1981, and has consistently used such an underwriting  
12 rule as part of the insurer's automobile insurance underwriting  
13 since being authorized to transact automobile insurance in this  
14 state.

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

20 Sec. 2120. (1) Affiliated insurers may establish underwriting  
21 rules so that each affiliate will provide automobile insurance only  
22 to certain eligible persons. This subsection applies only if an  
23 eligible person can obtain automobile insurance from 1 of the  
24 affiliates. The underwriting rules must be in compliance with this  
25 section and sections 2118 and 2119.

26 (2) An insurer may establish separate rating plans so that  
27 certain eligible persons are provided automobile insurance under 1  
28 rating plan and other eligible persons are provided automobile  
29 insurance under another rating plan. This subsection applies only

1 if all eligible persons can obtain automobile insurance under a  
2 rating plan of the insurer. Underwriting rules consistent with this  
3 section and sections 2118 and 2119 must be established to define  
4 the rating plan applicable to each eligible person.

5 (3) Underwriting rules under this section must be based only  
6 on the following:

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

11 (b) Except as otherwise provided in section 2116a, ~~or 2116b,~~  
12 failure of the person to provide proof that insurance required by  
13 section 3101 was maintained in force with respect to any vehicle  
14 owned and operated by the person or by a member of the household of  
15 the person during the 6-month period immediately preceding  
16 application or renewal of the policy. The proof must take the form  
17 of a certification by the person that the required insurance was  
18 maintained in force for the 6-month period with respect to the  
19 vehicle.

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

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

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

29 (f) The type of vehicle insured or to be insured as provided



1 in section 2118(2)(e).

2 Sec. 2151. As used in this chapter:

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

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

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

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

25 ~~(e) "Credit score" means the numerical score ranging from 300~~  
26 ~~to 850 assigned by a consumer reporting agency to measure credit~~  
27 ~~risk and includes FICO credit score.~~

28 (e) ~~(f)~~ "Insurance score" means a number or rating that is  
29 derived from an algorithm, computer application, model, or other

1 process that is based in whole or in part on credit information for  
 2 the purposes of predicting the future insurance loss exposure of an  
 3 individual applicant or insured.

4 (f) ~~(g)~~—"Personal insurance" means property/casualty insurance  
 5 written for personal, family, or household use, including  
 6 automobile, home, motorcycle, mobile home, noncommercial dwelling  
 7 fire, boat, personal watercraft, snowmobile, and recreational  
 8 vehicle, whether written on an individual, group, franchise,  
 9 blanket policy, or similar basis.

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

19 (a) ~~Before July 2, 2020, a~~ **A** limit, exclusive of interest and  
 20 costs, of not less than \$20,000.00 because of bodily injury to or  
 21 death of 1 person in any 1 accident. ~~, and after July 1, 2020, a~~  
 22 ~~limit, exclusive of interest and costs, of not less than~~  
 23 ~~\$250,000.00 because of bodily injury to or death of 1 person in any~~  
 24 ~~1 accident.~~

25 (b) ~~Before July 2, 2020 and subject~~ **Subject** to the limit for 1  
 26 person in subdivision (a), a limit of not less than \$40,000.00  
 27 because of bodily injury to or death of 2 or more persons in any 1  
 28 accident. ~~, and after July 1, 2020, and subject to the limit for 1~~  
 29 ~~person in subdivision (a), a limit of not less than \$500,000.00~~

1 ~~because of bodily injury to or death of 2 or more persons in any 1~~  
2 ~~accident.~~

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

5 (2) If authorized by the insured, automobile liability or  
6 motor vehicle liability coverage may be excluded when a vehicle is  
7 operated by a named person. An exclusion under this subsection is  
8 not valid unless the following notice is on the face of the policy  
9 or the declaration page or certificate of the policy and on the  
10 certificate of insurance:

11 Warning—when a named excluded person operates a vehicle all  
12 liability coverage is void—no one is insured. Owners of the vehicle  
13 and others legally responsible for the acts of the named excluded  
14 person remain fully personally liable.

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

17 (4) If an insurer deletes coverages from an automobile  
18 insurance policy under section 3101, the insurer shall send  
19 documentary evidence of the deletion to the insured.

20 ~~(5) After July 1, 2020, an applicant for or named insured in~~  
21 ~~the automobile liability or motor vehicle liability policy~~  
22 ~~described in subsection (1) may choose to purchase lower limits~~  
23 ~~than required under subsection (1) (a) and (b), but not lower than~~  
24 ~~\$50,000.00 under subsection (1) (a) and \$100,000.00 under subsection~~  
25 ~~(1) (b). To exercise an option under this subsection, the person~~  
26 ~~shall complete a form issued by the director and provided as~~  
27 ~~required by section 3107e, that meets the requirements of~~  
28 ~~subsection (7).~~

29 ~~(6) After July 1, 2020, on application for the issuance of a~~

1 ~~new policy or renewal of an existing policy, an insurer shall do~~  
2 ~~all of the following:~~

3 ~~(a) Provide the applicant or named insured the liability~~  
4 ~~options available under this section.~~

5 ~~(b) Provide the applicant or named insured a price for each~~  
6 ~~option available under this section.~~

7 ~~(c) Offer the applicant or named insured the option and form~~  
8 ~~under this subsection.~~

9 ~~(7) The form required under subsection (5) must do all of the~~  
10 ~~following:~~

11 ~~(a) State, in a conspicuous manner, the risks of choosing~~  
12 ~~liability limits lower than those required by subsection (1) (a) and~~

13 ~~(b).~~

14 ~~(b) Provide a way for the person to mark the form to~~  
15 ~~acknowledge that he or she has received a list of the liability~~  
16 ~~options available under this section and the price for each option.~~

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

20 ~~(d) Allow the person to sign the form.~~

21 ~~(8) After July 1, 2020, if an insurance policy is issued or~~  
22 ~~renewed as described in subsection (1) and the person named in the~~  
23 ~~policy has not made an effective choice under subsection (5), the~~  
24 ~~limits under subsection (1) (a) and (b) apply to the policy.~~

25 Sec. 3101. (1) ~~Except as provided in sections 3107d and 3109a,~~  
26 ~~the~~ **The** owner or registrant of a motor vehicle required to be  
27 registered in this state shall maintain security for payment of  
28 benefits under personal protection insurance and property  
29 protection insurance as required under this chapter, and residual

1 liability insurance. Security is only required to be in effect  
 2 during the period the motor vehicle is driven or moved on a  
 3 highway.

4 ~~(2) Except as provided in section 3107d, all automobile~~  
 5 ~~insurance policies offered in this state must include benefits~~  
 6 ~~under personal protection insurance, and property protection~~  
 7 ~~insurance as provided in this chapter, and residual liability~~  
 8 ~~insurance. Notwithstanding any other provision in this act, an~~  
 9 ~~insurer that has issued an automobile insurance policy~~ **that is not**  
 10 **driven or moved on a highway** may ~~only allow the insured owner or~~  
 11 **registrant of the motor vehicle to** delete ~~portions~~ **a portion** of the  
 12 coverages under the policy and maintain the comprehensive coverage  
 13 ~~portion on a motor vehicle that is not driven or moved on a highway~~  
 14 ~~in accordance with section 3009(4) of the policy in effect.~~

15 (2) ~~(3)~~ As used in this chapter:

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

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

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

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

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

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

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

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

3           (c) "Electric bicycle" means that term as defined in section  
4 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

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

7           (e) "Highway" means highway or street as that term is defined  
8 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL  
9 257.20.

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

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

19          (h) "Motorcycle accident" means a loss that involves the  
20 ownership, operation, maintenance, or use of a motorcycle as a  
21 motorcycle, but does not involve the ownership, operation,  
22 maintenance, or use of a motor vehicle as a motor vehicle.

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

27           (i) A motorcycle.

28           (ii) A moped.

29           (iii) A farm tractor or other implement of husbandry that is not

1 subject to the registration requirements of the Michigan vehicle  
2 code under section 216 of the Michigan vehicle code, 1949 PA 300,  
3 MCL 257.216.

4 (iv) An ORV.

5 (v) A golf cart.

6 (vi) A power-driven mobility device.

7 (vii) A commercial quadricycle.

8 (viii) An electric bicycle.

9 (j) "Motor vehicle accident" means a loss that involves the  
10 ownership, operation, maintenance, or use of a motor vehicle as a  
11 motor vehicle regardless of whether the accident also involves the  
12 ownership, operation, maintenance, or use of a motorcycle as a  
13 motorcycle.

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

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

28 (i) A person renting a motor vehicle or having the use of a  
29 motor vehicle, under a lease or otherwise, for a period that is

1 greater than 30 days.

2 (ii) A person renting a motorcycle or having the use of a  
3 motorcycle under a lease for a period that is greater than 30 days,  
4 or otherwise for a period that is greater than 30 consecutive days.  
5 A person who borrows a motorcycle for a period that is less than 30  
6 consecutive days with the consent of the owner is not an owner  
7 under this subparagraph.

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

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

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

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

25 (3) ~~(4)~~—Security required by subsection (1) may be provided  
26 under a policy issued by an authorized insurer that affords  
27 insurance for the payment of benefits described in subsection (1).  
28 A policy of insurance represented or sold as providing security is  
29 considered to provide insurance for the payment of the benefits.



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

11           (5) ~~(6)~~—An insurer that issues a policy that provides the  
12 security required under subsection (1) may exclude coverage under  
13 the policy as provided in section 3017.

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

25           ~~(2) The secretary of state shall provide policy information~~  
26 ~~received under subsection (1) to the Michigan automobile insurance~~  
27 ~~placement facility as required for the Michigan automobile~~  
28 ~~insurance placement facility to comply with this act. Information~~  
29 ~~received by the Michigan automobile insurance placement facility~~

1 ~~under this subsection is confidential and is not subject to the~~  
2 ~~freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The~~  
3 ~~Michigan automobile insurance placement facility shall only use the~~  
4 ~~information for purposes of administering the assigned claims plan~~  
5 ~~under this chapter and shall not disclose the information to any~~  
6 ~~person unless it is for the purpose of administering the assigned~~  
7 ~~claims plan or in compliance with an order by a court of competent~~  
8 ~~jurisdiction in connection with a fraud investigation or~~  
9 ~~prosecution.~~

10 (2) ~~(3)~~—The secretary of state shall provide policy  
11 information received under subsection (1) to the department of  
12 health and human services as required for the department of health  
13 and human services to comply with 2006 PA 593, MCL 550.281 to  
14 550.289.

15 (3) ~~(4)~~—The secretary of state shall accept as proof of  
16 vehicle insurance a transmission of the insured vehicle's vehicle  
17 identification number. Policy information submitted by an insurer  
18 and received by the secretary of state under this section is  
19 confidential, is not subject to the freedom of information act,  
20 1976 PA 442, MCL 15.231 to 15.246, and must not be disclosed to any  
21 person except the department of health and human services for  
22 purposes of 2006 PA 593, MCL 550.281 to 550.289, or pursuant to an  
23 order by a court of competent jurisdiction in connection with a  
24 claim or fraud investigation or prosecution. The transmission to  
25 the secretary of state of a vehicle identification number is proof  
26 of insurance to the secretary of state for motor vehicle  
27 registration purposes only and is not evidence that a policy of  
28 insurance actually exists between an insurer and an individual.

29 (4) ~~(5)~~—A person who supplies false information to the

1 secretary of state under this section or who issues or uses an  
 2 altered, fraudulent, or counterfeit certificate of insurance is  
 3 guilty of a misdemeanor punishable by imprisonment for not more  
 4 than 1 year or a fine of not more than \$1,000.00, or both.

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

14 (6) ~~(7)~~—As used in this section:

15 (a) "Automobile insurance" means that term as defined in  
 16 section 3303.

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

19 Sec. 3104. (1) The catastrophic claims association is created  
 20 as an unincorporated, nonprofit association. Each insurer engaged  
 21 in writing insurance coverages that provide the security required  
 22 by section 3101(1) in this state, as a condition of its authority  
 23 to transact insurance in this state, shall be a member of the  
 24 association and is bound by the plan of operation of the  
 25 association. An insurer engaged in writing insurance coverages that  
 26 provide the security required by section 3103(1) in this state, as  
 27 a condition of its authority to transact insurance in this state,  
 28 is considered to be a member of the association, but only for  
 29 purposes of premiums under subsection (7) (d). Except as expressly

1 provided in this section, the association is not subject to any  
 2 laws of this state with respect to insurers, but in all other  
 3 respects the association is subject to the laws of this state to  
 4 the extent that the association would be if it were an insurer  
 5 organized and subsisting under chapter 50.

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

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

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

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

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

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

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

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

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

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

1 during the period July 1, 2009 to June 30, 2010, \$460,000.00.

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

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

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

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

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

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

14 Beginning July 1, 2021, this \$580,000.00 amount must be increased  
15 biennially on July 1 of each odd-numbered year, for policies issued  
16 or renewed before July 1 of the following odd-numbered year, by the  
17 lesser of 6% or the Consumer Price Index, and rounded to the  
18 nearest \$5,000.00. The association shall calculate this biennial  
19 adjustment by January 1 of the year of its July 1 effective date.

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

23 (4) An insurer whose membership in the association has been  
24 terminated by withdrawal continues to be bound by the plan of  
25 operation, and on withdrawal, all unpaid premiums that have been  
26 charged to the withdrawing member are payable as of the effective  
27 date of the withdrawal.

28 (5) An unsatisfied net liability to the association of an  
29 insolvent member must be assumed by and apportioned among the

1 remaining members of the association as provided in the plan of  
2 operation. The association has all rights allowed by law on behalf  
3 of the remaining members against the estate or funds of the  
4 insolvent member for money due the association.

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

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

12 (a) Assume 100% of all liability as provided in subsection  
13 (2).

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

23 (c) Maintain relevant loss and expense data relating to all  
24 liabilities of the association and require each member to furnish  
25 statistics, in connection with liabilities of the association, at  
26 the times and in the form and detail as required by the plan of  
27 operation.

28 (d) In a manner provided for in the plan of operation,  
29 calculate and charge to members of the association a total premium

1 sufficient to cover the expected losses and expenses of the  
 2 association that the association will likely incur during the  
 3 period for which the premium is applicable. The total premium must  
 4 include an amount to cover incurred but not reported losses for the  
 5 period and ~~must~~ **may** be adjusted for any excess or deficient  
 6 premiums from previous periods. Excesses or deficiencies from  
 7 previous periods ~~must either~~ **may** be fully adjusted in a single  
 8 period or **may** be adjusted over several periods in a manner provided  
 9 for in the plan of operation. Each member must be charged an amount  
 10 equal to that member's total written car years of insurance  
 11 providing the security required by section 3101(1) or 3103(1), or  
 12 both, written in this state during the period to which the premium  
 13 applies, with the total written car years of insurance multiplied  
 14 by the applicable average premium per car. The average premium per  
 15 car is the total premium, as adjusted for any excesses or  
 16 deficiencies, divided by the total written car years of insurance  
 17 providing the security required by section 3101(1) or 3103(1), or  
 18 both, written in this state of all members during the period to  
 19 which the premium applies. ~~, excluding cars insured under a policy  
 20 with a coverage limit under section 3107c(1)(a), (b), or (c), cars  
 21 as to which an election to not maintain personal protection  
 22 insurance benefits has been made under section 3107d, or as to  
 23 which an exclusion under section 3109a(2) applies, except for any  
 24 portion of total premium that is an adjustment for a deficiency in  
 25 a previous period. A member may not be charged a premium for a car  
 26 insured under a policy with a coverage limit under section  
 27 3107c(1)(a), (b), or (c), as to which an election to not maintain  
 28 personal protection insurance benefits has been made under section  
 29 3107d, or as to which an exclusion under section 3109a(2) applies,~~

1 ~~other than for the portion of the total premium attributable to an~~  
 2 ~~adjustment for a deficiency in a previous period.~~ A member must be  
 3 charged a premium for a historic vehicle that is insured with the  
 4 member of 20% of the premium charged for a car insured with the  
 5 member.

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

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

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

13 (f) Receive and distribute all money required by the operation  
 14 of the association.

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

24 ~~(h) Provide any records necessary or requested by the director~~  
 25 ~~for the actuarial examination under subsection (21).~~

26 ~~(i) Subject to subsection (23), obey an order of the director~~  
 27 ~~for a refund under subsection (22).~~

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



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

7 (b) Reinsure all or any portion of its potential liability  
8 with reinsurers licensed to transact insurance in this state or  
9 approved by the director.

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

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

17 (e) Contract for goods and services, including independent  
18 claims management, actuarial, investment, and legal services, from  
19 others in or outside of this state to assure the efficient  
20 operation of the association.

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

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

27 (9) A board of directors is created and shall operate the  
28 association consistent with the plan of operation and this section.

29 (10) The plan of operation must provide for all of the

1 following:

2 (a) The establishment of necessary facilities.

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

4 (c) Procedures to be utilized in charging premiums, including  
5 adjustments from excess or deficient premiums from prior periods.  
6 ~~The plan must require that any deficiency from a prior period be~~  
7 ~~amortized over not fewer than 15 years.~~

8 ~~(d) Procedures for a refund to members of the association, for~~  
9 ~~distribution to insureds as provided in subsection (24), as ordered~~  
10 ~~by the director under subsection (22). The procedures must provide~~  
11 ~~for a distribution of a refund attributable to a historic vehicle~~  
12 ~~equal to 20% of the refund for a car that is not a historic~~  
13 ~~vehicle.~~

14 (d) ~~(e)~~ Procedures governing the actual payment of premiums to  
15 the association.

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

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

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

22 (11) The board must include members that would contribute a  
23 total of not less than 40% of the total premium calculated under  
24 subsection (7) (d). Each board member is entitled to 1 vote. The  
25 initial term of office of a board member is 2 years.

26 (12) As part of the plan of operation, the board shall adopt  
27 rules providing for the composition of the board and the terms of  
28 board members, consistent with the membership composition  
29 requirements in subsections (11) and (13). Terms of the board

1 members must be staggered so that the terms of all the board  
2 members do not expire at the same time and so that a board member  
3 does not serve a term of more than 4 years.

4 (13) The board must consist of 5 board members and the  
5 director, who shall serve as an ex officio member of the board  
6 without vote.

7 (14) The director shall appoint the board members. A board  
8 member shall serve until his or her successor is selected and  
9 qualified. The board shall elect the chairperson of the board. The  
10 director shall fill any vacancy on the board as provided in the  
11 plan of operation.

12 (15) The board shall meet as often as the chairperson, the  
13 director, or the plan of operation requires, or at the request of  
14 any 3 board members. The chairperson may vote on all issues. Four  
15 board members constitute a quorum.

16 (16) The board shall furnish to each member of the association  
17 an annual report of the operations of the association in a form and  
18 detail as determined by the board.

19 (17) Any amendments to the plan of operation are subject to  
20 majority approval by the board, ratification by a majority of the  
21 membership of the association having a vote, with voting rights  
22 being apportioned according to the premiums charged in subsection  
23 (7) (d), and approval by the director.

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

29 (19) The association is subject to all the reporting, loss

1 reserve, and investment requirements of the director to the same  
2 extent as is a member of the association.

3 (20) Premiums charged members by the association must be  
4 recognized in the rate-making procedures for insurance rates in the  
5 same manner that expenses and premium taxes are recognized. ~~If a~~  
6 ~~member of the association passes on any portion of the premium~~  
7 ~~payable under this section to an insured, the amount passed on must~~  
8 ~~equal the portion of the premium payable by the member under this~~  
9 ~~section attributable to the car or historic vehicle insured,~~  
10 ~~including any adjustments for excesses or deficiencies from a~~  
11 ~~previous period.~~

12 (21) The director or an authorized representative of the  
13 director may visit the association at any time and examine any and  
14 all of the association's affairs. ~~Beginning July 1, 2022, and every~~  
15 ~~third year after 2022, the director shall engage 1 or more~~  
16 ~~independent actuaries to examine the affairs and records of the~~  
17 ~~association for the previous 3 years. The actuarial examination~~  
18 ~~must be conducted using sound actuarial principles consistent with~~  
19 ~~the applicable statements of principles and the code of~~  
20 ~~professional conduct adopted by the Casualty Actuarial Society. By~~  
21 ~~September 1, 2022 and by September 1 of every third year after~~  
22 ~~2022, the director shall provide a report to the legislature on the~~  
23 ~~results of the audit conducted under this subsection.~~

24 ~~(22) If the actuarial examination under subsection (21) shows~~  
25 ~~that the assets of the association exceed 120% of its liabilities,~~  
26 ~~including incurred but not reported liabilities, and if the refund~~  
27 ~~will not threaten the association's ongoing ability to provide~~  
28 ~~reimbursements for personal protection insurance benefits based on~~  
29 ~~sound actuarial principles consistent with the applicable~~

1 ~~statements of principles and the code of professional conduct~~  
2 ~~adopted by the Casualty Actuarial Society, the director shall order~~  
3 ~~the association to refund an amount equal to the difference between~~  
4 ~~the total excess and 120% of the liabilities of the association,~~  
5 ~~including incurred but not reported liabilities, under subsection~~  
6 ~~(10) (d) and order the members of the association to distribute the~~  
7 ~~refunds under subsection (24).~~

8 ~~(23) Within 30 days after receiving an order from the director~~  
9 ~~under subsection (22), the association may request a hearing to~~  
10 ~~review the order by filing a written request with the director. The~~  
11 ~~department shall conduct the review as a contested case under the~~  
12 ~~administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to~~  
13 ~~24.328.~~

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

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

29 ~~(a) The number of claims opened during the preceding 12~~

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

3 ~~(b) For each of the preceding 10 years, the total number of~~  
4 ~~open claims, the amount expended on the claims, and the anticipated~~  
5 ~~future costs of the claims.~~

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

8 ~~(d) For each of the preceding 10 years, the ratio of claims~~  
9 ~~opened to claims closed.~~

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

12 ~~(f) A statement of the current financial condition of the~~  
13 ~~association and the reasons for any deficit or surplus in collected~~  
14 ~~assessments compared to losses.~~

15 ~~(g) A statement of the assumptions, methodology, and data used~~  
16 ~~to make revenue projections. As used in this subdivision, "revenue"~~  
17 ~~means return on investments.~~

18 ~~(h) A statement of the assumptions, methodology, and data used~~  
19 ~~to make cost projections.~~

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

23 ~~(j) The total amount of the association's discounted and~~  
24 ~~undiscounted liabilities and a description and explanation of the~~  
25 ~~liabilities, including an explanation of the association's~~  
26 ~~definition of the terms discounted and undiscounted.~~

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

28 ~~(l) A statement explaining what portion of the assessment to~~  
29 ~~insureds as recognized in rates under subsection (20) is~~

1 ~~attributable to claims occurring in the previous 12 months,~~  
2 ~~administrative costs, and the amount, if any, to adjust for past~~  
3 ~~deficits.~~

4 ~~(m) A statement explaining any qualifications identified by~~  
5 ~~the independent auditors in the most recent audit report prepared~~  
6 ~~under subsection (21).~~

7 ~~(n) A loss payment summary for each of the preceding years by~~  
8 ~~category.~~

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

14 ~~(p) A summary of investment returns over the preceding 10~~  
15 ~~years showing the investment balance, the investment gain, and the~~  
16 ~~percentage return on the investment balance.~~

17 ~~(q) A summary of the mortality assumptions used in making cost~~  
18 ~~projections.~~

19 ~~(r) A summary of any financial practices that differ from~~  
20 ~~those found in the National Association of Insurance Commissioners~~  
21 ~~Accounting Practices and Procedures Manual.~~

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

27 ~~(a) An executive summary.~~

28 ~~(b) A discussion of the mortality assumptions used by the~~  
29 ~~association in making cost projections.~~

1           ~~(c) An evaluation of the accuracy of the association's~~  
2 ~~actuarial assumptions over the preceding 5 years.~~

3           ~~(d) The annual consumer statement prepared under subsection~~  
4 ~~(25).~~

5           ~~(e) Anything else the association determines is necessary to~~  
6 ~~advise the legislature about the operations of the association.~~

7           **(22)** ~~(27)~~The association does not have liability for losses  
8 occurring before July 1, 1978. ~~After July 1, 2020, the association~~  
9 ~~does not have liability for an ultimate loss under personal~~  
10 ~~protection insurance coverage for a motor vehicle accident policy~~  
11 ~~to which a limit under section 3107c(1) (a), (b), or (c) is~~  
12 ~~applicable.~~

13           **(23)** ~~(28)~~As used in this section:

14           (a) "Association" means the catastrophic claims association  
15 created in subsection (1).

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

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

20           (d) "Consumer Price Index" means the percentage of change in  
21 the Consumer Price Index for all urban consumers in the United  
22 States city average for all items for the 24 months before October  
23 1 of the year before the July 1 effective date of the biennial  
24 adjustment under subsection (2) (o) as reported by the United States  
25 Department of Labor, Bureau of Labor Statistics, and as certified  
26 by the director.

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



1 (f) "Motor vehicle accident policy" means a policy providing  
2 the coverages required under section 3101(1).

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

7 Sec. 3107. (1) ~~Subject to the exceptions and limitations in~~  
8 ~~this chapter, and subject to chapter 31A, **Except as provided in**~~  
9 **subsection (2)**, personal protection insurance benefits are payable  
10 for the following:

11 (a) Allowable expenses consisting of reasonable charges  
12 incurred for reasonably necessary products, services and  
13 accommodations for an injured person's care, recovery, or  
14 rehabilitation. Allowable expenses do not include either of the  
15 following:

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

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

22 (b) Work loss consisting of loss of income from work an  
23 injured person would have performed during the first 3 years after  
24 the date of the accident if he or she had not been injured. Work  
25 loss does not include any loss after the date on which the injured  
26 person dies. Because the benefits received from personal protection  
27 insurance for loss of income are not taxable income, the benefits  
28 payable for the loss of income must be reduced 15% unless the  
29 claimant presents to the insurer in support of his or her claim

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

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

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

14 ~~(2) For an insurance policy issued or renewed after July 1,~~  
 15 ~~2020, the insurer shall offer to an applicant or named insured that~~  
 16 ~~selects a personal protection benefit limit under section~~  
 17 ~~3107c(1)(b) an exclusion related to qualified health coverage. All~~  
 18 ~~of the following apply to that exclusion:~~

19 ~~(a) If the named insured has qualified health coverage as~~  
 20 ~~defined in section 3107d(7)(b)(i) that will cover injuries that~~  
 21 ~~occur as the result of a motor vehicle accident and if the named~~  
 22 ~~insured's spouse and any relatives of either the named insured or~~  
 23 ~~the spouse domiciled in the same household have qualified health~~  
 24 ~~coverage that will cover injuries that occur as the result of a~~  
 25 ~~motor vehicle accident, the premium for the personal protection~~  
 26 ~~insurance benefits payable under section 3107(1)(a) under the~~  
 27 ~~policy must be reduced by 100%.~~

28 ~~(b) If a member, but not all members, of the household covered~~  
 29 ~~by the insurance policy has qualified health coverage that will~~

1 ~~cover injuries that occur as the result of a motor vehicle~~  
 2 ~~accident, the insurer shall offer a reduced premium that reflects~~  
 3 ~~reasonably anticipated reductions in losses, expenses, or both. The~~  
 4 ~~reduction must be in addition to the rate rollback required by~~  
 5 ~~section 2111f and the share of the premium reduction for the policy~~  
 6 ~~attributable to any person with qualified health coverage must be~~  
 7 ~~100%.~~

8 ~~(c) Subject to subdivision (d), a person subject to an~~  
 9 ~~exclusion under this subsection is not eligible for personal~~  
 10 ~~protection benefits under the insurance policy.~~

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

16 ~~(i) The named insured shall, within 30 days after the effective~~  
 17 ~~date of the termination of the qualified health coverage, obtain~~  
 18 ~~insurance that provides the security required under section 3101(1)~~  
 19 ~~that includes coverage that was excluded under this subsection.~~

20 ~~(ii) During the period described in subparagraph (i), if any~~  
 21 ~~person excluded suffers accidental bodily injury arising from a~~  
 22 ~~motor vehicle accident, the person is entitled to claim benefits~~  
 23 ~~under the assigned claims plan.~~

24 ~~(e) If the named insured does not obtain insurance that~~  
 25 ~~provides the security required under section 3101(1) that includes~~  
 26 ~~the coverage excluded under this subsection during the period~~  
 27 ~~described in subdivision (d) (i) and the named insured or any person~~  
 28 ~~excluded under the policy suffers accidental bodily injury arising~~  
 29 ~~from a motor vehicle accident, unless the injured person is~~

1 ~~entitled to coverage under some other policy, the injured person is~~  
2 ~~not entitled to be paid personal protection insurance benefits~~  
3 ~~under section 3107(1) (a) for the injury that occurred during the~~  
4 ~~period in which coverage under this section was excluded.~~

5 ~~(3) An automobile insurer shall not refuse to prospectively~~  
6 ~~insure, limit coverage available to, charge a reinstatement fee~~  
7 ~~for, or increase the premiums for automobile insurance for an~~  
8 ~~eligible person, as that term is defined in section 2103, solely~~  
9 ~~because the person previously failed to obtain insurance that~~  
10 ~~provides the security required under section 3101(1) in the time~~  
11 ~~period provided under subsection (2) (d) (i).~~

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

15 ~~(5) As used in this section, "qualified health coverage" means~~  
16 ~~that term as defined in section 3107d.~~

17 Sec. 3111. Personal protection insurance benefits are payable  
18 for accidental bodily injury suffered in an accident occurring out  
19 of this state, if the accident occurs within the United States, its  
20 territories and possessions, or Canada, and the person whose injury  
21 is the basis of the claim was at the time of the accident a named  
22 insured under a personal protection insurance policy, the spouse of  
23 a named insured, a relative of either domiciled in the same  
24 household, or an occupant of a vehicle involved in the accident, ~~if~~  
25 ~~the occupant was a resident of this state or if the owner or~~  
26 registrant of the vehicle was insured under a personal protection  
27 insurance policy or provided security approved by the secretary of  
28 state under section 3101(5).

29 Sec. 3112. Personal protection insurance benefits are payable

1 to or for the benefit of an injured person or, in case of his or  
2 her death, to or for the benefit of his or her dependents. ~~A health~~  
3 ~~care provider listed in section 3157 may make a claim and assert a~~  
4 ~~direct cause of action against an insurer, or under the assigned~~  
5 ~~claims plan under sections 3171 to 3175, to recover overdue~~  
6 ~~benefits payable for charges for products, services, or~~  
7 ~~accommodations provided to an injured person.~~ Payment by an insurer  
8 in good faith of personal protection insurance benefits, to or for  
9 the benefit of a person who it believes is entitled to the  
10 benefits, discharges the insurer's liability to the extent of the  
11 payments unless the insurer has been notified in writing of the  
12 claim of some other person. If there is doubt about the proper  
13 person to receive the benefits or the proper apportionment among  
14 the persons entitled to the benefits, the insurer, the claimant, or  
15 any other interested person may apply to the circuit court for an  
16 appropriate order. The court may designate the payees and make an  
17 equitable apportionment, taking into account the relationship of  
18 the payees to the injured person and other factors as the court  
19 considers appropriate. In the absence of a court order directing  
20 otherwise the insurer may pay:

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

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

26 Sec. 3113. A person is not entitled to be paid personal  
27 protection insurance benefits for accidental bodily injury if at  
28 the time of the accident any of the following circumstances  
29 existed:

1 (a) The person was willingly operating or willingly using a  
2 motor vehicle or motorcycle that was taken unlawfully, and the  
3 person knew or should have known that the motor vehicle or  
4 motorcycle was taken unlawfully.

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

8 (c) The person was not a resident of this state, ~~unless the~~  
9 ~~person owned a motor vehicle that was registered and insured in~~  
10 ~~this state.~~ **the person was an occupant of a motor vehicle or**  
11 **motorcycle not registered in this state, and the motor vehicle or**  
12 **motorcycle was not insured by an insurer that has filed a**  
13 **certification in compliance with section 3163.**

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

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

20 Sec. 3114. (1) Except as provided in subsections (2), (3), and  
21 (5), a personal protection insurance policy described in section  
22 3101(1) applies to accidental bodily injury to the person named in  
23 the policy, the person's spouse, and a relative of either domiciled  
24 in the same household, if the injury arises from a motor vehicle  
25 accident. A personal injury insurance policy described in section  
26 3103(2) applies to accidental bodily injury to the person named in  
27 the policy, the person's spouse, and a relative of either domiciled  
28 in the same household, if the injury arises from a motorcycle  
29 accident. If personal protection insurance benefits or personal

1 injury benefits described in section 3103(2) are payable to or for  
 2 the benefit of an injured person under his or her own policy and  
 3 would also be payable under the policy of his or her spouse,  
 4 relative, or relative's spouse, the injured person's insurer shall  
 5 pay all of the benefits ~~up to the coverage level applicable under~~  
 6 ~~section 3107e to the injured person's policy,~~ and is not entitled  
 7 to recoupment from the other insurer.

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

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

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

19 (c) A bus operating under a government sponsored  
 20 transportation program.

21 (d) A bus operated by or providing service to a nonprofit  
 22 organization.

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

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

27 (g) A transportation network company vehicle.

28 ~~(h) A motor vehicle insured under a policy for which the~~  
 29 ~~person named in the policy has elected to not maintain coverage for~~



1 ~~personal protection insurance benefits under section 3107d or as to~~  
 2 ~~which an exclusion under section 3109a(2) applies.~~

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

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

22 (a) **The insurer of the owner or registrant of the vehicle**  
 23 **occupied.**

24 (b) **The insurer of the operator of the vehicle occupied.**

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

1 of priority:

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

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

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

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

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

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

26 ~~(6)~~ (8) Subject to subsections (6) and (7), if **If** 2 or more  
27 insurers are in the same order of priority to provide personal  
28 protection insurance benefits under subsection (5), an insurer that  
29 pays benefits due is entitled to partial recoupment from the other

1 insurers in the same order of priority, and a reasonable amount of  
 2 partial recoupment of the expense of processing the claim, in order  
 3 to accomplish equitable distribution of the loss among all of the  
 4 insurers.

5 (7) ~~(9)~~—As used in this section:

6 (a) "Personal vehicle", "transportation network company  
 7 digital network", and "transportation network company prearranged  
 8 ride" mean those terms as defined in section 2 of the limousine,  
 9 taxicab, and transportation network company act, 2016 PA 345, MCL  
 10 257.2102.

11 (b) "Transportation network company vehicle" means a personal  
 12 vehicle while the driver is logged on to the transportation network  
 13 company digital network or while the driver is engaged in a  
 14 transportation network company prearranged ride.

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

20 (a) **Insurers of owners or registrants of motor vehicles**  
 21 **involved in the accident.**

22 (b) **Insurers of operators of motor vehicles involved in the**  
 23 **accident.**

24 (2) **If 2 or more insurers are in the same order of priority to**  
 25 **provide personal protection insurance benefits, an insurer that**  
 26 **pays benefits that are due is entitled to partial recoupment from**  
 27 **the other insurers in the same order of priority, and to a**  
 28 **reasonable amount of partial recoupment of the expense of**  
 29 **processing the claim, in order to accomplish equitable distribution**

1 of the loss among the insurers.

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

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

11 (2) For a cause of action for damages under subsection (1), ~~or~~  
12 ~~(3)(d)~~, all of the following apply:

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

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

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

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

1 (c) Damages must not be assessed in favor of a party who was  
2 operating his or her own vehicle at the time the injury occurred  
3 and did not have in effect for that motor vehicle the security  
4 required by section 3101(1) at the time the injury occurred.

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

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

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

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

29 (d) Damages for economic loss by a nonresident ~~. However, to~~

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

9 (e) Damages up to \$1,000.00 to a motor vehicle, ~~or, for motor~~  
10 ~~vehicle accidents that occur after July 1, 2020, up to \$3,000.00 to~~  
11 ~~a motor vehicle,~~ to the extent that the damages are not covered by  
12 insurance. An action for damages under this subdivision must be  
13 conducted as provided in subsection (4).

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

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

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

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

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

29 (e) Damages must not be assessed if the damaged motor vehicle

1 was being operated at the time of the damage without the security  
2 required by section 3101(1).

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

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

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

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

21 Sec. 3142. (1) Personal protection insurance benefits are  
22 payable as loss accrues.

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

1 **Any** part of the remainder of the claim that is later supported by  
 2 reasonable proof is overdue if not paid within 30 days after the  
 3 proof is received by the insurer. For the purpose of calculating  
 4 the extent to which benefits are overdue, payment must be treated  
 5 as made on the date a draft or other valid instrument was placed in  
 6 the United States mail in a properly addressed, postpaid envelope,  
 7 or, if not so posted, on the date of delivery.

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

14 **(3)** ~~(4)~~ An overdue payment bears simple interest at the rate  
 15 of 12% per annum.

16 Sec. 3145. (1) An action for recovery of personal protection  
 17 insurance benefits payable under this chapter for an accidental  
 18 bodily injury may not be commenced later than 1 year after the date  
 19 of the accident that caused the injury unless written notice of  
 20 injury as provided in subsection ~~(4)~~ **(3)** has been given to the  
 21 insurer within 1 year after the accident or unless the insurer has  
 22 previously made a payment of personal protection insurance benefits  
 23 for the injury.

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



1 which the action was commenced.

2 ~~(3) A period of limitations applicable under subsection (2) to~~  
 3 ~~the commencement of an action and the recovery of benefits is~~  
 4 ~~tolled from the date of a specific claim for payment of the~~  
 5 ~~benefits until the date the insurer formally denies the claim. This~~  
 6 ~~subsection does not apply if the person claiming the benefits fails~~  
 7 ~~to pursue the claim with reasonable diligence.~~

8 **(3)** ~~(4)~~—The notice of injury required by subsection (1) may be  
 9 given to the insurer or any of its authorized agents by a person  
 10 claiming to be entitled to benefits for the injury, or by someone  
 11 in the person's behalf. The notice must give the name and address  
 12 of the claimant and indicate in ordinary language the name of the  
 13 person injured and the time, place, and nature of the person's  
 14 injury.

15 **(4)** ~~(5)~~—An action for recovery of property protection  
 16 insurance benefits may not be commenced later than 1 year after the  
 17 accident.

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

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

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

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

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

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

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

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

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

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

27       ~~(a) If care is being provided to the person to be examined by~~  
28 ~~a specialist, the examining physician must specialize in the same~~  
29 ~~specialty as the physician providing the care, and if the physician~~

1 ~~providing the care is board certified in the specialty, the~~  
2 ~~examining physician must be board certified in that specialty.~~

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

6 ~~(i) The active clinical practice of medicine and, if~~  
7 ~~subdivision (a) applies, the active clinical practice relevant to~~  
8 ~~the specialty.~~

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

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

22 ~~(2) Subject to subsections (3) to (14), a physician, hospital,~~  
23 ~~elinic, or other person that renders treatment or rehabilitative~~  
24 ~~occupational training to an injured person for an accidental bodily~~  
25 ~~injury covered by personal protection insurance is not eligible for~~  
26 ~~payment or reimbursement under this chapter for more than the~~  
27 ~~following:~~

28 ~~(a) For treatment or training rendered after July 1, 2021 and~~  
29 ~~before July 2, 2022, 200% of the amount payable to the person for~~

1 ~~the treatment or training under Medicare.~~

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

5 ~~(c) For treatment or training rendered after July 1, 2023,~~  
6 ~~190% of the amount payable to the person for the treatment or~~  
7 ~~training under Medicare.~~

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

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

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

20 ~~(c) For treatment or training rendered after July 1, 2023,~~  
21 ~~220% of the amount payable to the person for the treatment or~~  
22 ~~training under Medicare.~~

23 ~~(4) Subject to subsection (5), subsection (3) only applies to~~  
24 ~~a physician, hospital, clinic, or other person if either of the~~  
25 ~~following applies to the person rendering the treatment or~~  
26 ~~training:~~

27 ~~(a) On July 1 of the year in which the person renders the~~  
28 ~~treatment or training, the person has 20% or more, but less than~~  
29 ~~30%, indigent volume determined pursuant to the methodology used by~~

1 ~~the department of health and human services in determining~~  
 2 ~~inpatient medical/surgical factors used in measuring eligibility~~  
 3 ~~for Medicaid disproportionate share payments.~~

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

10 ~~(i) The hospital has staff with specialized and demonstrated~~  
 11 ~~rehabilitation medicine expertise.~~

12 ~~(ii) The hospital possesses sophisticated technology and~~  
 13 ~~specialized facilities.~~

14 ~~(iii) The hospital participates in rehabilitation research and~~  
 15 ~~clinical education.~~

16 ~~(iv) The hospital assists patients to achieve excellent~~  
 17 ~~rehabilitation outcomes.~~

18 ~~(v) The hospital coordinates necessary post-discharge~~  
 19 ~~services.~~

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

22 ~~(vii) The hospital serves the rehabilitation needs of~~  
 23 ~~catastrophically injured patients in this state.~~

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

25 ~~(5) To qualify for a payment under subsection (4) (a), a~~  
 26 ~~physician, hospital, clinic, or other person shall provide the~~  
 27 ~~director with all documents and information requested by the~~  
 28 ~~director that the director determines are necessary to allow the~~  
 29 ~~director to determine whether the person qualifies. The director~~

1 ~~shall annually review documents and information provided under this~~  
2 ~~subsection and, if the person qualifies under subsection (4) (a),~~  
3 ~~shall certify the person as qualifying and provide a list of~~  
4 ~~qualifying persons to insurers and other persons that provide the~~  
5 ~~security required under section 3101(1). A physician, hospital,~~  
6 ~~clinic, or other person that provides 30% or more of its total~~  
7 ~~treatment or training as described under subsection (4) (a) is~~  
8 ~~entitled to receive, instead of an applicable percentage under~~  
9 ~~subsection (3), 250% of the amount payable to the person for the~~  
10 ~~treatment or training under Medicare.~~

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

18 ~~(a) For treatment rendered after July 1, 2021 and before July~~  
19 ~~2, 2022, 240% of the amount payable to the hospital for the~~  
20 ~~treatment under Medicare.~~

21 ~~(b) For treatment rendered after July 1, 2022 and before July~~  
22 ~~2, 2023, 235% of the amount payable to the hospital for the~~  
23 ~~treatment under Medicare.~~

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

26 ~~(7) If Medicare does not provide an amount payable for a~~  
27 ~~treatment or rehabilitative occupational training under subsection~~  
28 ~~(2), (3), (5), or (6), the physician, hospital, clinic, or other~~  
29 ~~person that renders the treatment or training is not eligible for~~

1 ~~payment or reimbursement under this chapter of more than the~~  
2 ~~following, as applicable:~~

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

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

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

14 ~~(iii) For treatment or training rendered after July 1, 2023,~~  
15 ~~52.5%.~~

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

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

25 ~~(ii) For treatment or training rendered after July 1, 2022 and~~  
26 ~~before July 2, 2023, 68%.~~

27 ~~(iii) For treatment or training rendered after July 1, 2023,~~  
28 ~~66.5%.~~

29 ~~(c) For a person to which subsection (5) applies, 78% of the~~



1 ~~amount payable for the treatment or training under the person's~~  
 2 ~~charge description master in effect on January 1, 2019 or, if the~~  
 3 ~~person did not have a charge description master on that date, 78%~~  
 4 ~~of the average amount the person charged for the treatment on~~  
 5 ~~January 1, 2019.~~

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

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

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

17 ~~(iii) For treatment or training rendered after July 1, 2023,~~  
 18 ~~71%.~~

19 ~~(8) For any change to an amount payable under Medicare as~~  
 20 ~~provided in subsection (2), (3), (5), or (6) that occurs after the~~  
 21 ~~effective date of the amendatory act that added this subsection,~~  
 22 ~~the change must be applied to the amount allowed for payment or~~  
 23 ~~reimbursement under that subsection. However, an amount allowed for~~  
 24 ~~payment or reimbursement under subsection (2), (3), (5), or (6)~~  
 25 ~~must not exceed the average amount charged by the physician,~~  
 26 ~~hospital, clinic, or other person for the treatment or training on~~  
 27 ~~January 1, 2019.~~

28 ~~(9) An amount that is to be applied under subsection (7) or~~  
 29 ~~(8), that was in effect on January 1, 2019, including any prior~~

1 ~~adjustments to the amount made under this subsection, must be~~  
2 ~~adjusted annually by the percentage change in the medical care~~  
3 ~~component of the Consumer Price Index for the year preceding the~~  
4 ~~adjustment.~~

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

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

12 ~~(b) An individual who is domiciled in the household of the~~  
13 ~~injured person.~~

14 ~~(c) An individual with whom the injured person had a business~~  
15 ~~or social relationship before the injury.~~

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

18 ~~(12) A neurological rehabilitation clinic is not entitled to~~  
19 ~~payment or reimbursement for a treatment, training, product,~~  
20 ~~service, or accommodation unless the neurological rehabilitation~~  
21 ~~clinic is accredited by the Commission on Accreditation of~~  
22 ~~Rehabilitation Facilities or a similar organization recognized by~~  
23 ~~the director for purposes of accreditation under this subsection.~~  
24 ~~This subsection does not apply to a neurological rehabilitation~~  
25 ~~clinic that is in the process of becoming accredited as required~~  
26 ~~under this subsection on July 1, 2021, unless 3 years have passed~~  
27 ~~since the beginning of that process and the neurological~~  
28 ~~rehabilitation clinic is still not accredited.~~

29 ~~(13) Subsections (2) to (12) do not apply to emergency medical~~

1 ~~services rendered by an ambulance operation. As used in this~~  
2 ~~subsection:~~

3 ~~(a) "Ambulance operation" means that term as defined in~~  
4 ~~section 20902 of the public health code, 1978 PA 368, MCL~~  
5 ~~333.20902.~~

6 ~~(b) "Emergency medical services" means that term as defined in~~  
7 ~~section 20904 of the public health code, 1978 PA 368, MCL~~  
8 ~~333.20904.~~

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

11 ~~(2) (15) As used in this section:~~

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

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

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

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

23 ~~(e) "Medicaid" means a program for medical assistance~~  
24 ~~established under subchapter XIX of the social security act, 42 USC~~  
25 ~~1396 to 1396w-5.~~

26 ~~(f) "Medicare" means fee for service payments under part A, B,~~  
27 ~~or D of the federal Medicare program established under subchapter~~  
28 ~~XVIII of the social security act, 42 USC 1395 to 1395lll, without~~  
29 ~~regard to the limitations unrelated to the rates in the fee~~

1 ~~schedule such as limitation or supplemental payments related to~~  
 2 ~~utilization, readmissions, recaptures, bad debt adjustments, or~~  
 3 ~~sequestration.~~

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

6 (a) ~~(h)~~ "Person", as provided in section 114, includes, but is  
 7 not limited to, an institution.

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

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

12 (b) ~~(k)~~ "Treatment" includes, but is not limited to, products,  
 13 services, and accommodations.

14 Sec. 3163. (1) An insurer authorized to transact automobile  
 15 liability insurance and personal and property protection insurance  
 16 in this state ~~is not required to provide personal protection~~  
 17 ~~insurance or property protection insurance benefits under this~~  
 18 ~~chapter for~~ **shall file and maintain a written certification that**  
 19 **any** accidental bodily injury or property damage occurring in this  
 20 state arising from the ownership, operation, maintenance, or use of  
 21 a motor vehicle as a motor vehicle by an out-of-state resident who  
 22 is insured under the insurer's automobile liability insurance  
 23 policies ~~, unless the out-of-state resident is the owner of a motor~~  
 24 ~~vehicle that is registered and insured in this state.~~ **is subject to**  
 25 **the personal and property protection insurance system under this**  
 26 **chapter.**

27 (2) **A nonadmitted insurer may voluntarily file a certification**  
 28 **described in subsection (1).**

29 (3) **Except as otherwise provided in subsection (4), if a**

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

10 (4) If an insurer of an out-of-state resident is required to  
11 provide benefits under subsections (1) to (3) to that out-of-state  
12 resident for accidental bodily injury for an accident in which the  
13 out-of-state resident was not an occupant of a motor vehicle  
14 registered in this state, the insurer is liable only for the amount  
15 of ultimate loss sustained up to \$500,000.00. Benefits under this  
16 subsection are not recoverable to the extent that benefits covering  
17 the same loss are available from other sources, regardless of the  
18 nature or number of benefit sources available and regardless of the  
19 nature or form of the benefits.

20 Sec. 3172. (1) A person entitled to claim because of  
21 accidental bodily injury arising out of the ownership, operation,  
22 maintenance, or use of a motor vehicle as a motor vehicle in this  
23 state may claim personal protection insurance benefits through the  
24 assigned claims plan if any of the following apply:

25 (a) No personal protection insurance is applicable to the  
26 injury.

27 (b) No personal protection insurance applicable to the injury  
28 can be identified.

29 (c) No personal protection insurance applicable to the injury

1 can be ascertained because of a dispute between 2 or more  
2 automobile insurers concerning their obligation to provide coverage  
3 or the equitable distribution of the loss.

4 (d) The only identifiable personal protection insurance  
5 applicable to the injury is, because of financial inability of 1 or  
6 more insurers to fulfill their obligations, inadequate to provide  
7 benefits up to the maximum prescribed.

8 (2) Unpaid benefits due or coming due as described in  
9 subsection (1) may be collected under the assigned claims plan, and  
10 the insurer to which the claim is assigned is entitled to  
11 reimbursement from the defaulting insurers to the extent of their  
12 financial responsibility.

13 ~~(3) A person entitled to claim personal protection insurance~~  
14 ~~benefits through the assigned claims plan under subsection (1)~~  
15 ~~shall file a completed application on a claim form provided by the~~  
16 ~~Michigan automobile insurance placement facility and provide~~  
17 ~~reasonable proof of loss to the Michigan automobile insurance~~  
18 ~~placement facility. The Michigan automobile insurance placement~~  
19 ~~facility or an insurer assigned to administer a claim on behalf of~~  
20 ~~the Michigan automobile insurance placement facility under the~~  
21 ~~assigned claims plan shall specify in writing the materials that~~  
22 ~~constitute a reasonable proof of loss within 60 days after receipt~~  
23 ~~by the Michigan automobile insurance placement facility of an~~  
24 ~~application that complies with this subsection.~~

25 ~~(4) The Michigan automobile insurance placement facility or an~~  
26 ~~insurer assigned to administer a claim on behalf of the Michigan~~  
27 ~~automobile insurance placement facility under the assigned claims~~  
28 ~~plan is not required to pay interest in connection with a claim for~~  
29 ~~any period of time during which the claim is reasonably in dispute.~~

1           (3) ~~(5)~~—Except as otherwise provided in this subsection,  
2 personal protection insurance benefits, including benefits arising  
3 from accidents occurring before March 29, 1985, payable through the  
4 assigned claims plan must be reduced to the extent that benefits  
5 covering the same loss are available from other sources, regardless  
6 of the nature or number of benefit sources available and regardless  
7 of the nature or form of the benefits, to a person claiming  
8 personal protection insurance benefits through the assigned claims  
9 plan. This subsection only applies if the personal protection  
10 insurance benefits are payable through the assigned claims plan  
11 under subsection (1)(a), (b), or (d). As used in this subsection,  
12 "sources" and "benefit sources" do not include the program for  
13 medical assistance for the medically indigent under the social  
14 welfare act, 1939 PA 280, MCL 400.1 to 400.119b, or health  
15 insurance for the aged and disabled under subchapter XVIII of the  
16 social security act, 42 USC 1395 to 1395III.

17           (4) ~~(6)~~—If the obligation to provide personal protection  
18 insurance benefits cannot be ascertained because of a dispute  
19 between 2 or more automobile insurers concerning their obligation  
20 to provide coverage or the equitable distribution of the loss, and  
21 if a method of voluntary payment of benefits cannot be agreed upon  
22 among or between the disputing insurers, all of the following  
23 apply:

24           (a) The insurers who are parties to the dispute shall, or the  
25 claimant may, immediately notify the Michigan automobile insurance  
26 placement facility of their inability to determine their statutory  
27 obligations.

28           (b) The Michigan automobile insurance placement facility shall  
29 assign the claim to an insurer and the insurer shall immediately

1 provide personal protection insurance benefits to the claimant or  
2 claimants entitled to benefits.

3 (c) The insurer assigned the claim by the Michigan automobile  
4 insurance placement facility shall immediately commence an action  
5 on behalf of the Michigan automobile insurance placement facility  
6 in circuit court to declare the rights and duties of any interested  
7 party.

8 (d) The insurer to whom the claim is assigned shall join as  
9 parties defendant to the action commenced under subdivision (c)  
10 each insurer disputing either the obligation to provide personal  
11 protection insurance benefits or the equitable distribution of the  
12 loss among the insurers.

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

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



1 court.

2 ~~(7) The Michigan automobile insurance placement facility and~~  
 3 ~~the insurer to whom a claim is assigned by the Michigan automobile~~  
 4 ~~insurance placement facility are only required to provide personal~~  
 5 ~~protection insurance benefits under section 3107(1)(a) up to~~  
 6 ~~whichever of the following is applicable:~~

7 ~~(a) Unless subdivision (b) applies, the limit provided in~~  
 8 ~~section 3107c(1)(b).~~

9 ~~(b) If the person is entitled to claim benefits under the~~  
 10 ~~assigned claims plan under section 3107d(6)(c) or 3109a(2)(d)(ii),~~  
 11 ~~\$2,000,000.00.~~

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

1 insurance placement facility shall promptly notify in writing the  
2 claimant and any person that submitted a claim through or on behalf  
3 of a claimant of a denial and the reasons for the denial.

4 ~~(2) A claimant or a person making a claim through or on behalf~~  
5 ~~of a claimant shall cooperate with the Michigan automobile~~  
6 ~~insurance placement facility in its determination of eligibility~~  
7 ~~and the settlement or defense of any claim or suit, including, but~~  
8 ~~not limited to, submitting to an examination under oath and~~  
9 ~~compliance with sections 3151 to 3153. There is a rebuttable~~  
10 ~~presumption that a person has satisfied the duty to cooperate under~~  
11 ~~this section if all of the following apply:~~

12 ~~(a) The person submitted a claim for personal protection~~  
13 ~~insurance benefits under the assigned claims plan by submitting to~~  
14 ~~the Michigan automobile insurance placement facility a complete~~  
15 ~~application on a form provided by the Michigan automobile insurance~~  
16 ~~placement facility in accordance with the assigned claims plan.~~

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

19 ~~(c) If required under this subsection to submit to an~~  
20 ~~examination under oath, the person submitted to the examination,~~  
21 ~~subject to all of the following:~~

22 ~~(i) The person was provided at least 21 days' notice of the~~  
23 ~~examination.~~

24 ~~(ii) The examination was conducted in a location reasonably~~  
25 ~~convenient for the person.~~

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

28 ~~(3) The Michigan automobile insurance placement facility may~~  
29 ~~perform its functions and responsibilities under this section and~~

1 ~~the assigned claims plan directly or through an insurer assigned by~~  
 2 ~~the Michigan automobile insurance placement facility to administer~~  
 3 ~~the claim on behalf of the Michigan automobile insurance placement~~  
 4 ~~facility. The assignment of a claim by the Michigan automobile~~  
 5 ~~insurance placement facility to an insurer is not a determination~~  
 6 ~~of eligibility under this chapter or the assigned claims plan, and~~  
 7 ~~a claim assigned to an insurer by the Michigan automobile insurance~~  
 8 ~~placement facility may later be denied if the claim is not eligible~~  
 9 ~~under this chapter or the assigned claims plan.~~

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

22       ~~(5) The Michigan automobile insurance placement facility may~~  
 23 ~~contract with other persons for all or a portion of the goods and~~  
 24 ~~services necessary for operating and maintaining the assigned~~  
 25 ~~claims plan.~~

26       Sec. 3174. A person claiming through the assigned claims plan  
 27 shall notify the Michigan automobile insurance placement facility  
 28 of his or her claim within ~~1 year after the date of the accident.~~  
 29 ~~On an initial determination of a claimant's eligibility for~~

1 ~~benefits through the assigned claims plan, the~~ **time that would have**  
2 **been allowed for filing an action for personal protection insurance**  
3 **benefits if identifiable coverage applicable to the claim had been**  
4 **in effect. The** Michigan automobile insurance placement facility  
5 shall promptly assign the claim in accordance with the plan and  
6 notify the claimant of the identity and address of the insurer to  
7 which the claim is assigned. ~~An action by a~~ **A** claimant ~~must be~~  
8 ~~commenced as provided in section 3145.~~ **shall not commence an action**  
9 **more than 30 days after whichever of the following is later:**

10 (a) **Receipt of notice of the assignment.**

11 (b) **The last date on which the action could have been**  
12 **commenced against an insurer of identifiable coverage applicable to**  
13 **the claim.**

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

29 (a) For the calendar year in which claims are paid by the

1 insurer, the amount must be determined by applying the specified  
2 annual yield rate specified in this subsection to 1/2 of the total  
3 claims payments and loss adjustment costs.

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

13 (2) An insurer assigned a claim by the Michigan automobile  
14 insurance placement facility under the assigned claims plan ~~or a~~  
15 ~~person authorized to act on behalf of the plan may bring an action~~  
16 ~~for reimbursement and indemnification of the claim on behalf of the~~  
17 ~~Michigan automobile insurance placement facility. The insurer to~~  
18 ~~which the claim has been assigned shall preserve and enforce rights~~  
19 to indemnity or reimbursement against third parties and account to  
20 the Michigan automobile insurance placement facility for the rights  
21 and shall assign the rights to the Michigan automobile insurance  
22 placement facility on reimbursement by the Michigan automobile  
23 insurance placement facility. This section does not preclude an  
24 insurer from entering into reasonable compromises and settlements  
25 with third parties against whom rights to indemnity or  
26 reimbursement exist. The insurer shall account to the Michigan  
27 automobile insurance placement facility for any compromises and  
28 settlements. The procedures established under the assigned claims  
29 plan of operation must establish reasonable standards for enforcing

1 rights to indemnity or reimbursement against third parties,  
 2 including a standard establishing an amount below which actions to  
 3 preserve and enforce the rights need not be pursued.

4 (3) An action to enforce rights to indemnity or reimbursement  
 5 against a third party must not be commenced after the later of the  
 6 following:

7 (a) Two years after the assignment of the claim to the  
 8 insurer.

9 (b) One year after the date of the last payment to the  
 10 claimant.

11 ~~(c) One year after the date the responsible third party is~~  
 12 ~~identified.~~

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

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

25 Sec. 3177. (1) The insurer obligated to pay personal  
 26 protection insurance benefits for accidental bodily injury to a  
 27 person arising out of the ownership, maintenance, or use of an  
 28 uninsured motor vehicle as a motor vehicle may recover ~~all the~~  
 29 benefits paid ~~and~~ **and appropriate** incurred loss adjustment costs ~~and~~

1 ~~expenses, and incurred attorney fees~~ from the owner or registrant  
2 of the uninsured motor vehicle or from his or her estate. Failure  
3 of the owner or registrant to make payment within 30 days after a  
4 judgment is entered in an action for recovery under this subsection  
5 is a ground for suspension or revocation of his or her motor  
6 vehicle registration and license as defined in section 25 of the  
7 Michigan vehicle code, 1949 PA 300, MCL 257.25. For purposes of  
8 this section, an uninsured motor vehicle is a motor vehicle with  
9 respect to which security as required by sections 3101(1) and 3102  
10 is not in effect at the time of the accident.

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

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

1 facility or its designee for the payment of the judgment or debt in  
2 installments.

3 ~~(4) Expenses for the suspension, revocation, or reinstatement~~  
4 ~~of a motor vehicle registration or license under this section are~~  
5 ~~the responsibility of the owner or registrant or of his or her~~  
6 ~~estate. An owner or registrant whose registration or license is~~  
7 ~~suspended under this section shall pay any reinstatement fee as~~  
8 ~~required under section 320e of the Michigan vehicle code, 1949 PA~~  
9 ~~300, MCL 257.320e.~~

10 Enacting section 1. Sections 261, 271, 2013a, 2111f, 2116b,  
11 2162, 3107c, 3107d, 3107e, 3157a, and 3157b and chapters 31A and 63  
12 of the insurance code of 1956, 1956 PA 218, MCL 500.261, 500.271,  
13 500.2013a, 500.2111f, 500.2116b, 500.2162, 500.3107c, 500.3107d,  
14 500.3107e, 500.3157a, 500.3157b, 500.3181 to 500.3189, and 500.6301  
15 to 500.6304, are repealed.