

HOUSE BILL No. 5517

February 6, 2018, Introduced by Reps. Sheppard, LaFave, Bellino, Kahle, Theis and Miller
and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 1833, 1910, 2102, 2103, 2116a, 2118, 2120,
3009, 3020, 3037, 3101, 3102, 3103, 3104, 3131, 3135, 3163, 3171,
3172, 3179, 3303, and 6107 (MCL 500.1833, 500.1910, 500.2102,
500.2103, 500.2116a, 500.2118, 500.2120, 500.3009, 500.3020,
500.3037, 500.3101, 500.3102, 500.3103, 500.3104, 500.3131,
500.3135, 500.3163, 500.3171, 500.3172, 500.3179, 500.3303, and
500.6107), section 1833 as added by 1989 PA 214, sections 1910,
3171, and 3172 as amended by 2012 PA 204, section 2103 as amended
by 2016 PA 449, section 2116a as added and sections 2118 and 2120
as amended by 2007 PA 35, sections 3009 and 3037 as amended by 2016
PA 346, section 3020 as amended by 2006 PA 106, section 3101 as
amended by 2017 PA 140, section 3102 as amended by 1990 PA 79,

section 3103 as amended by 1986 PA 173, section 3104 as amended by 2002 PA 662, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, section 3303 as amended by 1980 PA 461, and section 6107 as amended by 2017 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1833. (1) A risk retention group chartered or doing
2 business in this state shall not join or contribute financially to
3 the property and casualty guaranty association created under
4 chapter 79 or other similar association or mechanism in this state.
5 A risk retention group, its insureds, or claimants against its
6 insureds, shall not receive any benefit from the property and
7 casualty guaranty association or other similar association or
8 mechanism for claims arising under the insurance policies issued by
9 the risk retention group.

10 (2) A purchasing group obtaining insurance covering its
11 members' risks from an **UNAUTHORIZED** insurer ~~not authorized in this~~
12 ~~state~~ or a risk retention group shall not be covered by the
13 property and casualty guaranty association or similar association
14 or mechanism in this state.

15 (3) If a purchasing group obtains insurance covering its
16 members' risks from an **AUTHORIZED** insurer, ~~authorized in this~~
17 ~~state~~, only risks resident or located in this state shall be
18 covered by the property and casualty guaranty association under
19 chapter 79.

20 (4) A risk retention group chartered or doing business in this
21 state ~~which~~ **THAT** offers coverage for the security required under
22 chapter 31, ~~shall be~~ **OR THAT OFFERED COVERAGE FOR THE SECURITY ON**

DECEMBER 31, 2019, IS a participating member in the Michigan automobile insurance placement facility established under chapter 33 for the purpose of sharing in the equitable apportionment among insurers of liability insurance losses and expenses incurred on policies written through that facility. The risk retention group shall submit sufficient information to the ~~commissioner~~, **DIRECTOR**, or to whomever the ~~commissioner~~ **DIRECTOR** may designate, to enable the apportionment on a nondiscriminatory basis of the risk retention group's proportionate share of the losses and expenses.

Sec. 1910. (1) ~~Insurance~~ **A LICENSEE** shall not ~~be placed by a licensee~~ **PLACE INSURANCE** with an unauthorized insurer if coverage is available from an authorized insurer.

(2) There is a rebuttable presumption that the following coverages are available from an authorized insurer:

(a) ~~No-fault~~ **BEFORE JANUARY 1, 2020, NO-FAULT** automobile insurance, as required by section 3101, ~~which~~ **THAT** is not written for a person who is self-insuring motor vehicles under section 3101d.

(B) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE THAT COMPLIES WITH SECTION 3009.

(C) ~~(b)~~ Private passenger automobile physical damage coverage.

(D) ~~(c)~~ Homeowners and property insurance on owner-occupied dwellings, the value of which is less than the maximum limits of coverage that are available for the property under the general rules of the Michigan basic property insurance association.

(E) ~~(d)~~ Any coverage readily available from 3 or more authorized insurers, unless the authorized insurers quote a premium

1 and terms not competitive with the premium and terms quoted by an
2 unauthorized insurer.

3 (F) ~~(e)~~ Worker's compensation insurance that is not written
4 for an employer that is partially self-insured under section 611 of
5 the worker's disability compensation act of 1969, 1969 PA 317, MCL
6 418.611.

7 (3) There is a rebuttable presumption that the following
8 coverages are unavailable from an authorized insurer:

9 (a) Coverages with respect to which 1 portion of the risk is
10 acceptable to authorized insurers, but another portion of the ~~same~~
11 risk is not acceptable. The entire coverage may be placed with
12 eligible unauthorized insurers if it can be shown that eligible
13 unauthorized insurers will accept the entire coverage but not the
14 rejected portion alone.

15 (b) Any coverage that the licensee is unable to procure after
16 diligent search among authorized insurers.

17 (4) The ~~commissioner~~**DIRECTOR** shall maintain, on a current
18 basis, a list of those lines of insurance for which coverages are
19 determined by the ~~commissioner~~**DIRECTOR** to be generally unavailable
20 in the authorized insurance market. Any person may request in
21 writing that the ~~commissioner~~**DIRECTOR** add or remove a coverage
22 from the current list. The ~~commissioner~~**DIRECTOR** shall grant or
23 deny a request within 30 days after receiving the written request.
24 The ~~commissioner~~**DIRECTOR** shall encourage dissemination of
25 information regarding the availability of coverages for which the
26 public interest necessitates additions to or deletions from the
27 list. The list ~~shall~~**MUST** be published at least quarterly and ~~shall~~

1 ~~be~~ revised as required. The ~~commissioner~~ **DIRECTOR** shall make the
 2 list available to all licensees and other members of the public,
 3 ~~upon~~ **ON** request.

4 Sec. 2102. (1) "Affiliate of", or an insurer "affiliated with"
 5 an insurer, means an insurer that directly, or indirectly through 1
 6 or more intermediaries, controls, or is controlled by, or is under
 7 common control with the insurer specified.

8 (2) "Automobile insurance" means insurance for private
 9 passenger nonfleet automobiles which provides any of the following:

10 **(A) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY INSURANCE**
 11 **THAT COMPLIES WITH SECTION 3009.**

12 **(B)** ~~(a)~~ Security required ~~pursuant to~~ **UNDER** section 3101.

13 **(C)** ~~(b)~~ Personal protection, property protection, and residual
 14 liability insurance for amounts in excess of ~~the~~ amounts required
 15 under chapter 31.

16 **(D)** ~~(c)~~ Insurance coverages customarily known as comprehensive
 17 and collision.

18 **(E)** ~~(d)~~ Other insurance coverages for a private passenger
 19 nonfleet automobile as prescribed by rule promulgated by the
 20 ~~commissioner pursuant to Act No. 306 of the Public Acts of 1969, as~~
 21 ~~amended, being sections~~ **DIRECTOR UNDER THE ADMINISTRATIVE**
 22 **PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 to 24.315 of the**
 23 ~~Michigan Compiled Laws. A~~ **24.328. THE DIRECTOR SHALL TRANSMIT IN**
 24 **ADVANCE A** rule proposed for promulgation ~~by the commissioner~~
 25 ~~pursuant to~~ **UNDER** this section shall ~~be transmitted in advance to~~
 26 each member of the standing ~~committee~~ **COMMITTEES** in the house and
 27 ~~in the senate which has~~ **WITH** jurisdiction over insurance.

(3) "Automobile insurance package policy" means a policy ~~which~~
THAT includes more than 1 of the ~~automobile insurance coverages~~
described in ~~section 2102(2)(a), (b), (c), or (d),~~ **SUBSECTION (2)**
in any combination.

(4) "Declination" means any of the following:

(a) Refusal by an agent to submit an application on behalf of
an applicant to any of the insurers represented by the agent.

(b) Refusal by an insurer to issue insurance to a person ~~upon~~
ON receipt of an application for insurance.

(c) Offering insurance at higher rates with a different
insurer than that requested by a person.

(d) Offering coverage with less favorable terms or conditions
than those requested by a person.

Sec. 2103. (1) "Eligible person", for automobile insurance,
means a person who is an owner or registrant of an automobile
registered or to be registered in this state or who holds a valid
license to operate a motor vehicle issued by this state, but does
not include any of the following:

(a) A person who is not required to maintain ~~security under~~
~~section 3101,~~ **LIABILITY INSURANCE ON THE VEHICLE INSURED OR TO BE**
INSURED UNDER THE POLICY, unless the person intends to reside in
this state for 30 days or more and makes a written statement of
that intention on a form approved by the director.

(b) A person whose license to operate a vehicle is under
suspension or revocation.

(c) A person who has been convicted within the immediately
preceding 5-year period of fraud or intent to defraud involving an

1 insurance claim or an application for insurance; or an individual
2 who has been successfully denied, within the immediately preceding
3 5-year period, payment by an insurer of a claim in excess of
4 \$1,000.00 under an automobile insurance policy, if there is
5 evidence of fraud or intent to defraud involving an insurance claim
6 or application.

7 (d) A person who, during the immediately preceding 3-year
8 period, has been convicted under, or who has been subject to an
9 order of disposition of the family division of circuit court for a
10 violation of, any of the following:

11 (i) Section 601d of the Michigan vehicle code, 1949 PA 300,
12 MCL 257.601d, or any other law of this state the violation of which
13 constitutes a felony resulting from the operation of a motor
14 vehicle.

15 (ii) Section 625 of the Michigan vehicle code, 1949 PA 300,
16 MCL 257.625.

17 (iii) Section 617, 617a, 618, or 619 of the Michigan vehicle
18 code, 1949 PA 300, MCL 257.617, 257.617a, 257.618, and 257.619.

19 (iv) Section 626 of the Michigan vehicle code, 1949 PA 300,
20 MCL 257.626; or a similar violation under the laws of any other
21 state or a municipality in or outside of this state.

22 (e) A person whose vehicle insured or to be insured under the
23 policy fails to meet the motor vehicle safety requirements of
24 sections 683 to 711 of the Michigan vehicle code, 1949 PA 300, MCL
25 257.683 to 257.711.

26 (f) A person whose policy of automobile insurance has been
27 canceled because of nonpayment of premium or financed premium

1 within the immediately preceding 2-year period, unless the premium
2 due on a policy for which application has been made is paid in full
3 before issuance or renewal of the policy.

4 (g) A person who fails to obtain or maintain membership in a
5 club, group, or organization, if membership is a uniform
6 requirement of the insurer as a condition of providing insurance,
7 and if the dues, charges, or other conditions for membership are
8 applied uniformly throughout this state, are not expressed as a
9 percentage of premium, and do not vary with respect to the rating
10 classification of the member except for the purpose of offering a
11 membership fee to family units. Membership fees may vary in
12 accordance with the amount or type of coverage if the purchase of
13 additional coverage, either as to type or amount, is not a
14 condition for reduction of dues or fees.

15 (h) A person whose driving record for the 3-year period
16 immediately preceding application for or renewal of a policy, has,
17 under section 2119a, an accumulation of more than 6 insurance
18 eligibility points.

19 (2) "Eligible person", for home insurance, means a person who
20 is the owner-occupant or tenant of a dwelling of any of the
21 following types: a house, a condominium unit, a cooperative unit, a
22 room, or an apartment; or a person who is the owner-occupant of a
23 multiple unit dwelling of not more than 4 residential units.
24 Eligible person does not include any of the following:

25 (a) A person who has been convicted, in the immediately
26 preceding 5-year period, of 1 or more of the following:

27 (i) Arson, or conspiracy to commit arson.

1 (ii) A crime under sections 72 to 77, 112, 211a, 377a, 377b,
2 or 380 of the Michigan penal code, 1931 PA 328, MCL 750.72 to
3 750.77, 750.112, 750.211a, 750.377a, 750.377b, and 750.380.

4 (iii) A crime under section 92, 151, 157b, or 218 of the
5 Michigan penal code, 1931 PA 328, MCL 750.92, 750.151, 750.157b,
6 and 750.218, based on a crime described in subparagraph (ii)
7 committed by or on behalf of the person.

8 (b) A person who has been successfully denied, within the
9 immediately preceding 5-year period, payment by an insurer of a
10 claim under a home insurance policy based on evidence of arson,
11 conspiracy to commit arson, fraud, or conspiracy to commit fraud,
12 committed by or on behalf of the person.

13 (c) A person who insures or seeks to insure a dwelling that is
14 being used for an illegal or demonstrably hazardous purpose.

15 (d) A person who refuses to purchase an amount of insurance
16 equal to at least 80% of the replacement cost of the property
17 insured or to be insured under a replacement cost policy.

18 (e) A person who refuses to purchase an amount of insurance
19 equal to at least 100% of the market value of the property insured
20 or to be insured under a repair cost policy.

21 (f) A person who refuses to purchase an amount of insurance
22 equal to at least 100% of the actual cash value of the property
23 insured or to be insured under a tenant or renter's home insurance
24 policy.

25 (g) A person whose policy of home insurance has been canceled
26 because of nonpayment of premium within the immediately preceding
27 2-year period, unless the premium due on the policy is paid in full

1 before issuance or renewal of the policy.

2 (h) A person who insures or seeks to insure a dwelling, if the
3 insured value is not any of the following:

4 (i) For a repair cost policy, at least \$15,000.00.

5 (ii) For a replacement policy, at least \$35,000.00 or another
6 amount established by the director. The director may establish an
7 amount under this subparagraph biennially by a rule promulgated
8 under the administrative procedures act of 1969, 1969 PA 306, MCL
9 24.201 to 24.328, and based on changes in applicable construction
10 cost indices.

11 (i) A person who insures or seeks to insure a dwelling that
12 has physical conditions that clearly present an extreme likelihood
13 of a significant loss under a home insurance policy.

14 (j) A person whose real property taxes with respect to the
15 dwelling insured or to be insured have been and are delinquent for
16 2 or more years at the time of renewal of, or application for, home
17 insurance.

18 (k) A person who has failed to procure or maintain membership
19 in a club, group, or organization, if membership is a uniform
20 requirement of the insurer, and if the dues, charges, or other
21 conditions for membership are applied uniformly throughout this
22 state, are not expressed as a percentage of premium, and do not
23 vary with respect to the rating classification of the member except
24 for the purpose of offering a membership fee to family units.
25 Membership fees may vary in accordance with the amount or type of
26 coverage if the purchase of additional coverage, either as to type
27 or amount, is not a condition for reduction of dues or fees.

1 (3) "Home insurance" means any of the following, but does not
2 include insurance intended to insure commercial, industrial,
3 professional, or business property, obligations, or liabilities:

4 (a) Fire insurance for an insured's dwelling of a type
5 described in subsection (2).

6 (b) If contained in or indorsed to a fire insurance policy
7 providing insurance for the insured's residence, other insurance
8 intended primarily to insure nonbusiness property, obligations, and
9 liabilities.

10 (c) Other insurance coverages for an insured's residence as
11 prescribed by rule promulgated by the director under the
12 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
13 24.328. The director shall transmit a rule proposed for
14 promulgation under this section in advance to each member of the
15 standing committees in the house of representatives and the senate
16 that have jurisdiction over insurance.

17 (4) "Insurance eligibility points" means all of the following:

18 (a) Points calculated, according to the following schedule,
19 for convictions, determinations of responsibility for civil
20 infractions, or findings of responsibility in probate court:

21 (i) For a violation of any lawful speed limit by more than 15
22 miles per hour, or careless driving, 4 points.

23 (ii) For a violation of any lawful speed limit by more than 10
24 miles per hour but less than 16 miles per hour, 3 points.

25 (iii) For a violation of any lawful speed limit by more than 5
26 miles per hour but less than 11 miles per hour, 2 points.

27 (iv) For a violation of any speed limit by more than 5 miles

1 per hour but less than 16 miles per hour on a roadway that had a
2 lawfully posted maximum speed of 70 miles per hour or greater as of
3 January 1, 1974, 2 points.

4 (v) For a violation of a speed limit by less than 6 miles per
5 hour, 1 point.

6 (vi) For all other moving violations pertaining to the
7 operation of motor vehicles, 2 points.

8 (b) Points calculated, according to the following schedule,
9 for determinations that the person was substantially at-fault:

10 (i) For the first substantially at-fault accident, 3 points.

11 (ii) For the second and each subsequent substantially at-fault
12 accident, 4 points.

13 (5) "Insurer" means an insurer authorized to transact in this
14 state the kind or combination of kinds of insurance constituting
15 automobile insurance or home insurance.

16 Sec. 2116a. An automobile insurer shall not refuse to insure,
17 refuse to continue to insure, limit coverage available to, charge a
18 reinstatement fee for, or increase the premiums for automobile
19 insurance solely because a person failed to maintain insurance **THAT**
20 **WAS** required by section 3101 **OR THAT COMPLIED WITH SECTION 3009** for
21 a vehicle owned by the person during the 6-month period immediately
22 preceding application if the person certifies on a form provided by
23 the insurer that the lapse in coverage was because the person was
24 on active duty in the armed forces of the United States for at
25 least 30 consecutive days and that the vehicle was not driven or
26 moved during the 6-month period immediately preceding application
27 or during the period of time the insurance was not maintained,

1 whichever period is shorter. This section applies only to an
2 eligible person.

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

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

11 (a) Criteria identical to the standards set forth in section
12 2103(1).

13 (b) The insurance eligibility point accumulation in excess of
14 the amounts established by section 2103(1) of a member of the
15 household of the eligible person insured or to be insured, if the
16 member of the household usually accounts for 10% or more of the use
17 of a vehicle insured or to be insured. For purposes of this
18 subdivision, **THERE IS A REBUTTABLE PRESUMPTION THAT** a person who is
19 the principal driver for 1 automobile insurance policy ~~shall be~~
20 ~~rebuttably presumed~~ **DOES** not ~~to~~ usually account for more than 10%
21 of the use of ~~other vehicles~~ **ANOTHER VEHICLE** of the household **THAT**
22 **IS** not insured under the policy of ~~that~~ **THE** person.

23 (c) With respect to a vehicle insured or to be insured,
24 substantial modifications from the vehicle's original manufactured
25 state for purposes of increasing the speed or acceleration
26 capabilities of the vehicle.

27 (d) Except as otherwise provided in section 2116a, failure by

1 the person to provide proof that insurance **THAT WAS** required by
2 section 3101 **OR THAT COMPLIED WITH SECTION 3009** was maintained in
3 ~~force~~**EFFECT** with respect to any vehicle that was both owned by the
4 person and driven or moved by the person or by a member of the
5 household of the person during the 6-month period immediately
6 preceding application. ~~Such~~**THE** proof ~~shall take the form of~~**MUST**
7 **BE** a certification by the person on a form provided by the insurer
8 that the vehicle was not driven or moved without maintaining the
9 insurance **THAT WAS** required by section 3101 **OR THAT COMPLIED WITH**
10 **SECTION 3009, AS APPLICABLE**, during the 6-month period immediately
11 preceding application.

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

14 (i) The vehicle ~~is~~**BEING** of limited production or of custom
15 manufacture.

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

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

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

27 (g) Payment of a minimum deposit at the time of application or

1 renewal, not to exceed the smallest deposit required under an
2 extended payment or premium finance plan customarily used by the
3 insurer.

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

8 (i) Total abstinence from the consumption of alcoholic
9 beverages except if ~~such~~**THE** beverages are consumed as part of a
10 religious ceremony. However, an insurer shall not utilize an
11 underwriting rule based on this subdivision unless the insurer ~~has~~
12 ~~been~~**WAS** authorized to transact automobile insurance in this state
13 ~~prior to~~**BEFORE** January 1, 1981, and has consistently utilized such
14 an underwriting rule as part of the insurer's automobile insurance
15 underwriting since being authorized to transact automobile
16 insurance in this state.

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

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

1 (2) An insurer may establish separate rating plans so that
2 certain eligible persons are provided automobile insurance under 1
3 rating plan and other eligible persons are provided automobile
4 insurance under another rating plan. This subsection ~~shall apply~~
5 **APPLIES** only if all eligible persons can obtain automobile
6 insurance under a rating plan of the insurer. ~~Underwriting THE~~
7 **INSURER SHALL ESTABLISH UNDERWRITING** rules consistent with this
8 section and sections 2118 and 2119 ~~shall be established~~ to define
9 the rating plan applicable to each eligible person.

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

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

16 (b) Except as otherwise provided in section 2116a, failure of
17 the person to provide proof that insurance **THAT WAS** required by
18 section 3101 **OR THAT COMPLIED WITH SECTION 3009, AS APPLICABLE,** was
19 maintained in force with respect to any vehicle owned and operated
20 by the person or by a member of the household of the person during
21 the 6-month period immediately preceding application or renewal of
22 the policy. ~~Such THE proof shall take the form of~~ **MUST BE** a
23 certification by the person that the required insurance was
24 maintained in force ~~for~~ **EFFECT** for the 6-month period with respect to
25 ~~such THE~~ vehicle.

26 (c) For purposes of insuring persons who have refused a
27 deductible lawfully required under section 2118(2)(h), the claim

1 experience of the person with respect to comprehensive coverage.

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

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

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

10 Sec. 3009. (1) An **INSURER SHALL NOT DELIVER OR ISSUE FOR**
11 **DELIVERY IN THIS STATE WITH RESPECT TO A MOTOR VEHICLE REGISTERED**
12 **OR PRINCIPALLY GARAGED IN THIS STATE AN** automobile liability or
13 motor vehicle liability policy insuring against loss resulting from
14 liability imposed by law for property damage, bodily injury, or
15 death suffered by any person arising out of the ownership,
16 maintenance, or use of a motor vehicle ~~shall not be delivered or~~
17 ~~issued for delivery in this state with respect to any motor vehicle~~
18 ~~registered or principally garaged in this state unless the~~
19 liability coverage is subject to all of the following limits:

20 (a) A limit, exclusive of interest and costs, of not less than
21 \$20,000.00 because of bodily injury to or death of 1 person in any
22 1 accident.

23 (b) Subject to the limit for 1 person in subdivision (a), a
24 limit of not less than \$40,000.00 because of bodily injury to or
25 death of 2 or more persons in any 1 accident.

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

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

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

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

(4) AN INSURER THAT HAS ISSUED AN INSURANCE POLICY ON A MOTOR VEHICLE THAT IS NOT DRIVEN OR MOVED ON A HIGHWAY MAY ALLOW THE INSURED OWNER OR REGISTRANT OF THE MOTOR VEHICLE TO DELETE A PORTION OF THE COVERAGES UNDER THE POLICY AND MAINTAIN THE COMPREHENSIVE COVERAGE PORTION OF THE POLICY IN EFFECT. If an insurer deletes coverages from an automobile insurance policy ~~pursuant to section 3101,~~ **UNDER THIS SECTION,** the insurer shall send documentary evidence of the deletion to the insured.

(5) AFTER DECEMBER 31, 2019, AN INSURER SHALL NOT ISSUE OR RENEW WITH RESPECT TO A MOTOR VEHICLE REGISTERED OR PRINCIPALLY GARAGED IN THIS STATE AN AUTOMOBILE INSURANCE POLICY THAT PROVIDES SECURITY FOR PAYMENT OF BENEFITS UNDER PERSONAL PROTECTION INSURANCE OR PROPERTY PROTECTION INSURANCE UNDER CHAPTER 31.

Sec. 3020. (1) ~~A~~ **AN AUTHORIZED INSURER SHALL NOT ISSUE OR DELIVER IN THIS STATE A** policy of casualty insurance, ~~except~~ **NOT**

1 **INCLUDING** worker's compensation and mortgage guaranty insurance,
2 **BUT** including all classes of motor vehicle coverage, ~~shall not be~~
3 ~~issued or delivered in this state by an insurer authorized to do~~
4 ~~business in this state~~ for which a premium or advance assessment is
5 charged, unless the policy contains the following provisions:

6 (a) ~~That~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2), (3),**
7 **AND (4), THAT** the policy may be canceled at any time at the request
8 of the insured, in which case the insurer ~~shall~~ **WILL** refund the
9 excess of paid premium or assessment above the pro rata rates for
10 the expired time. ~~, except as otherwise provided in subsections~~
11 ~~(2), (3), and (4).~~

12 (b) Except as otherwise provided in subdivision (d), that the
13 policy may be canceled at any time by the insurer by mailing to the
14 insured at the insured's address last known to the insurer or an
15 authorized agent of the insurer, with postage fully prepaid, a not
16 less than 10 days' written notice of cancellation with or without
17 tender of the excess of paid premium or assessment above the pro
18 rata premium for the expired time.

19 (c) That the minimum earned premium on any policy canceled
20 ~~pursuant to~~ **UNDER** this subsection, other than automobile insurance
21 as defined in section 2102(2)(a), ~~and (b), shall~~ **AND (C), WILL** not
22 be less than the pro rata premium for the expired time or \$25.00,
23 whichever is greater.

24 (d) That an insurer may refuse to renew a malpractice
25 insurance policy only by mailing to the insured at the insured's
26 address last known to the insurer or an authorized agent of the
27 insurer, with postage fully prepaid, a not less than 60 days'

1 written notice of refusal to renew. As used in this subdivision,
2 "malpractice insurance" means malpractice insurance as described in
3 section 624(1)(h).

4 (2) An insurer may file a rule with the ~~commissioner~~**DIRECTOR**
5 providing for a minimum retention of premium for automobile
6 insurance as defined in section 2102(2)(a), ~~and (b)~~, **AND (C)**. The
7 rule ~~shall~~**MUST** describe the circumstances under which the
8 retention is applied and ~~shall~~ set forth the amount to be retained,
9 which is subject to the approval of the ~~commissioner~~**DIRECTOR**. The
10 rule ~~shall~~**MUST** include, but need not be limited to, the following
11 provisions:

12 (a) That a minimum retention ~~shall~~**WILL** be applied only when
13 the amount exceeds the amount that would have been retained had the
14 policy been canceled on a pro rata basis.

15 (b) That a minimum retention does not apply to renewal
16 policies.

17 (c) That a minimum retention does not apply when a policy is
18 canceled for the following reasons:

19 (i) The insured is no longer required to maintain security
20 ~~pursuant to~~**UNDER** section 3101(1) **OR AN INSURANCE POLICY THAT**
21 **COMPLIES WITH SECTION 3009.**

22 (ii) The insured has replaced the automobile insurance policy
23 being canceled with an automobile insurance policy from another
24 insurer and provides proof of the replacement coverage to the
25 canceling insurer.

26 (3) Notwithstanding subsection (1), an insurer may issue a
27 noncancelable, nonrefundable, 6-month prepaid automobile insurance

1 policy ~~in order for an~~ **THE** insured to meet the registration
2 requirements of section 227a of the Michigan vehicle code, 1949 PA
3 300, MCL 257.227a.

4 (4) An insurer may provide for a short rate premium for
5 insurance on a motorcycle, watercraft, off-road vehicle, or
6 snowmobile. As used in this subsection:

7 (a) "Motorcycle" means that term as defined in section 3101.

8 (b) "Off-road vehicle" means an ORV as defined in section
9 81101 of the natural resources and environmental protection act,
10 1994 PA 451, MCL 324.81101.

11 (c) "Snowmobile" means that term as defined in section 82101
12 of the natural resources and environmental protection act, 1994 PA
13 451, MCL 324.82101.

14 (d) "Watercraft" means that term as defined in section 80301
15 of the natural resources and environmental protection act, 1994 PA
16 451, MCL 324.80301.

17 (5) Cancellation as prescribed in this section is without
18 prejudice to any claim originating before the cancellation. The
19 mailing of notice is prima facie proof of notice. Delivery of
20 written notice is equivalent to mailing.

21 (6) A notice of cancellation, including a cancellation notice
22 under section 3224, ~~shall~~ **MUST** be accompanied by a statement that
23 the insured ~~shall~~ **MAY** not operate or permit the operation of the
24 vehicle to which **THE** notice of cancellation is applicable, or
25 operate any other vehicle, unless the vehicle is insured as
26 required by law.

27 (7) An insurer who wishes to provide for a short rate premium

1 under subsection (4) shall file with the ~~commissioner pursuant to~~
2 **DIRECTOR AS PROVIDED IN** chapter 24 or 26 a rule establishing a
3 short rate premium. The rule ~~shall~~**MUST** describe the circumstances
4 under which the short rate is applied and ~~shall~~ set forth the
5 amount or percentage to be retained.

6 Sec. 3037. (1) At the time a new applicant for the insurance
7 required by section 3101 **OR INSURANCE THAT COMPLIES WITH SECTION**
8 **3009** for a private passenger nonfleet automobile makes an initial
9 written application to ~~the~~**AN** insurer, ~~an~~**THE** insurer shall offer
10 both of the following collision coverages to the applicant:

11 (a) Limited collision coverage, which must pay for collision
12 damage to the insured vehicle without a deductible amount if the
13 operator of the vehicle is not substantially at fault in the
14 accident from which the damage arose.

15 (b) Broad form collision coverage, which must pay for
16 collision damage to the insured vehicle regardless of fault, with
17 deductibles in the amounts as approved by the director, which
18 deductibles must be waived if the operator of the vehicle is not
19 substantially at fault in the accident from which the damage arose.

20 (2) In addition to the coverages offered under subsection (1),
21 **AN INSURER MAY OFFER** standard and limited collision coverage ~~may be~~
22 ~~offered~~ with deductibles as approved by the director.

23 (3) An insurer may limit collision coverage offered under this
24 section as provided in section 3017.

25 (4) If ~~the~~**AN** applicant is required by ~~the~~**AN** insurer to sign
26 ~~the~~**A** written application form described in subsection (1), and if
27 the applicant chooses to reject both of the collision coverages, or

1 limited collision without a deductible, offered under subsection
2 (1), the rejection must be made in writing, either on a separate
3 form, as part of the application, or in some combination of these,
4 as approved by the director. The rejection statement must inform
5 the applicant of his or her rights if there is damage to the
6 insured vehicle under the alternative coverage option selected.

7 (5) If a written application is made by mail, and if the
8 applicant fails to sign or return a written rejection statement as
9 required by subsection (4), the requirements of subsection (4) are
10 considered to be satisfied with respect to the insurer if all of
11 the following occur:

12 (a) The application provides the applicant with an opportunity
13 to select the coverages required to be offered under subsection
14 (1).

15 (b) The applicant is requested to sign the rejection
16 statement, either as part of the application or as a separate form
17 issued with the application, if the applicant fails to select
18 either of the coverages specified in subsection (1).

19 (c) The applicant signed the application as otherwise required
20 by the insurer.

21 (6) At the time of ~~the~~**AN** initial written application
22 described in subsection (1), an agent or insurer shall provide the
23 applicant with a written explanation of collision coverage options
24 in easily understandable language, if ~~that~~**THE** information is not
25 contained in the application form.

26 (7) At least annually in conjunction with the renewal of a
27 private passenger nonfleet automobile insurance policy, or at the

1 time of an addition, deletion, or substitution of a vehicle under
2 an existing policy, other than a group policy, an insurer shall
3 inform the policyholder, on a form approved by the director, of all
4 of the following:

5 (a) The current status of collision coverage, if any, for the
6 vehicle or vehicles affected by the renewal or change and the
7 rights of the insured under the current coverage if the vehicle is
8 damaged.

9 (b) The collision coverages available under the policy and the
10 rights of the insured under each collision option if the vehicle is
11 damaged.

12 (c) Procedures for the policyholder to follow if he or she
13 wishes to change the current collision coverage.

14 (8) As used in this section:

15 (a) "Collision damage" does not include losses customarily
16 insured under comprehensive coverages.

17 (b) "Substantially at fault" means a person's action or
18 inaction was more than 50% of the cause of the accident.

19 Sec. 3101. (1) ~~The~~ **BEFORE JANUARY 1, 2020, THE** owner or
20 registrant of a motor vehicle required to be registered in this
21 state shall maintain security for payment of benefits under
22 personal protection insurance, property protection insurance, and
23 residual liability insurance. Security **UNDER THIS SUBSECTION** is
24 only required to be in effect during the period the motor vehicle
25 is driven or moved on a highway. Notwithstanding any other
26 provision in this act, an insurer that has issued an automobile
27 insurance policy on a motor vehicle that is not driven or moved on

1 a highway may allow the insured owner or registrant of the motor
2 vehicle to delete a portion of the coverages **REQUIRED BY THIS**
3 **SUBSECTION** under the policy and maintain the comprehensive coverage
4 portion of the policy in effect.

5 (2) As used in this chapter:

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

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

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

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

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

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

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

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

22 (c) "Electric bicycle" means that term as defined in section
23 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

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

26 (e) "Highway" means highway or street as that term is defined
27 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL

1 257.20.

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

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

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

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

19 (i) A motorcycle.

20 (ii) A moped.

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

25 (iv) An ORV.

26 (v) A golf cart.

27 (vi) A power-driven mobility device.

1 (vii) A commercial quadricycle.

2 (viii) An electric bicycle.

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

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

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

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

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

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

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

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

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

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

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

26 (4) Security required by subsection (1) may be provided by any
27 other method approved by the secretary of state as affording

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

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

12 Sec. 3102. (1) ~~A-BEFORE JANUARY 1, 2020, A~~ nonresident owner
13 or registrant of a motor vehicle or motorcycle not registered in
14 this state shall not operate or permit the motor vehicle or
15 motorcycle to be operated in this state for an aggregate of more
16 than 30 days in any calendar year unless he or she continuously
17 maintains security for the payment of benefits ~~pursuant to~~ **UNDER**
18 this chapter.

19 (2) An owner or registrant of a motor vehicle or motorcycle
20 with respect to which security is required **UNDER THIS CHAPTER**, who
21 operates the motor vehicle or motorcycle or permits it to be
22 operated upon a public highway in this state, without having in
23 full force and effect security complying with this section or
24 section 3101 or 3103 is guilty of a misdemeanor. A person who
25 operates a motor vehicle or motorcycle ~~upon~~ **ON** a public highway in
26 this state with the knowledge that the owner or registrant does not
27 have security in ~~full force and effect~~ **AS REQUIRED UNDER THIS**

1 **CHAPTER** is guilty of a misdemeanor ~~. A person convicted of a~~
 2 ~~misdemeanor under this section shall be fined~~ **PUNISHABLE BY A FINE**
 3 **OF** not less than \$200.00 ~~nor~~ **AND NOT** more than \$500.00 ~~, imprisoned~~
 4 **OR IMPRISONMENT** for not more than 1 year, or both.

5 (3) The failure of a person to produce evidence that a motor
 6 vehicle or motorcycle ~~has~~ **HAD** in ~~full force and effect~~ security
 7 complying with this section or section 3101 or 3103 on the date of
 8 the issuance of the citation, creates a rebuttable presumption in a
 9 prosecution under subsection (2) that the motor vehicle or
 10 motorcycle did not have in ~~full force and effect~~ security complying
 11 with this section or section 3101 or 3103 on the date of the
 12 issuance of the citation.

13 Sec. 3103. (1) An owner or registrant of a motorcycle shall
 14 provide security against loss resulting from liability imposed by
 15 law for property damage, bodily injury, or death suffered by a
 16 person arising out of the ownership, maintenance, or use of ~~that~~
 17 **THE** motorcycle. The security ~~shall conform with~~ **MUST MEET** the
 18 requirements of section 3009(1).

19 (2) Each insurer transacting insurance in this state ~~which~~
 20 **THAT** affords coverage for a motorcycle as described in subsection
 21 (1) also shall offer, to an owner or registrant of a motorcycle,
 22 security for the payment of first-party medical benefits only, in
 23 increments of \$5,000.00, payable ~~in the event~~ **IF** the owner or
 24 registrant is involved in a motorcycle accident. An insurer
 25 providing first-party medical benefits **UNDER THIS SUBSECTION** may
 26 offer, at appropriate premium rates, deductibles, provisions for
 27 the coordination of these benefits, and provisions for the

1 subtraction of other benefits provided or required to be provided
 2 under the laws of any state or the federal government, subject to
 3 the prior approval of the ~~commissioner.~~ **DIRECTOR.** These deductibles
 4 and provisions ~~shall~~ **MUST** apply only to benefits payable to the
 5 person named in the policy, the spouse of the insured, and any
 6 relative of either domiciled in the same household.

7 **(3) THIS SECTION DOES NOT APPLY AFTER DECEMBER 31, 2019.**

8 Sec. 3104. (1) ~~An~~ **THE CATASTROPHIC CLAIMS ASSOCIATION IS**
 9 **CREATED AS AN** unincorporated, nonprofit association. ~~to be known as~~
 10 ~~the catastrophic claims association, hereinafter referred to as the~~
 11 ~~association, is created.~~ Each insurer engaged in writing insurance
 12 coverages that provide the security required by section 3101(1)
 13 ~~within~~ **IN** this state, **OR THAT WAS ENGAGED IN WRITING THOSE**
 14 **COVERAGES ON DECEMBER 31, 2019,** as a condition of its authority to
 15 transact insurance in this state, shall be a member of the
 16 association and ~~shall be~~ **IS** bound by the plan of operation of the
 17 association. ~~Each~~ **AN** insurer engaged in writing insurance coverages
 18 that provide the security required by section 3103(1) ~~within~~ **IN**
 19 this state, **OR THAT WAS ENGAGED IN WRITING THOSE COVERAGES ON**
 20 **DECEMBER 31, 2019,** as a condition of its authority to transact
 21 insurance in this state, ~~shall be~~ **IS** considered **TO BE** a member of
 22 the association, but only for purposes of premiums under subsection
 23 (7)(d). Except as expressly provided in this section, the
 24 association is not subject to any laws of this state with respect
 25 to insurers, but in all other respects the association is subject
 26 to the laws of this state to the extent that the association would
 27 be if it were an insurer organized and subsisting under chapter 50.

1 (2) The association shall provide and each member shall accept
2 indemnification for 100% of the amount of ultimate loss sustained
3 under personal protection insurance coverages in excess of the
4 following amounts in each loss occurrence:

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

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

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

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

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

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

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

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

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

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

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

27 ~~Beginning July 1, 2013, this \$500,000.00 amount shall be increased~~

~~biennially on July 1 of each odd-numbered year, for policies issued or renewed before July 1 of the following odd-numbered year, by the lesser of 6% or the consumer price index, and rounded to the nearest \$5,000.00. This biennial adjustment shall be calculated by the association by January 1 of the year of its July 1 effective date.~~

(I) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED DURING THE PERIOD JULY 1, 2013 TO JUNE 30, 2015, \$530,000.00.

(M) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED DURING THE PERIOD JULY 1, 2015 TO JUNE 30, 2017, \$545,000.00.

(N) FOR A MOTOR VEHICLE ACCIDENT POLICY ISSUED OR RENEWED DURING THE PERIOD JULY 1, 2017 TO DECEMBER 31, 2019, \$555,000.00.

~~(3) An~~ **BEFORE JANUARY 1, 2020, AN** insurer may withdraw from the association only ~~upon~~ **ON** ceasing to write insurance that provides the security required by section 3101(1) in this state. **AFTER DECEMBER 31, 2019, AN INSURER SHALL NOT WITHDRAW FROM THE ASSOCIATION.**

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

(5) An unsatisfied net liability to the association of an insolvent member shall be assumed by and apportioned among the remaining members of the association as provided in the plan of operation. The association has all rights allowed by law on behalf of the remaining members against the estate or funds of the

1 insolvent member for ~~sums~~ **MONEY** due the association.

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

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

9 (a) Assume 100% of all liability as provided in subsection
10 (2).

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

20 (c) Maintain relevant loss and expense data relative to all
21 liabilities of the association and require each member to furnish
22 statistics, in connection with liabilities of the association, at
23 the times and in the form and detail as ~~may be~~ required by the plan
24 of operation.

25 (d) In a manner provided for in the plan of operation,
26 calculate and charge to members of the association a total premium
27 sufficient to cover the expected losses and expenses of the

1 association that the association will likely incur during the
2 period for which the premium is applicable. The premium ~~shall~~**MUST**
3 include an amount to cover incurred but not reported losses for the
4 period and may be adjusted for any excess or deficient premiums
5 from previous periods. Excesses or deficiencies from previous
6 periods may be fully adjusted in a single period or may be adjusted
7 over several periods in a manner provided for in the plan of
8 operation. Each member ~~shall~~**MUST** be charged an amount equal to
9 that member's total written car years of insurance providing the
10 security required by section 3101(1) or 3103(1), or both, **OR, AFTER**
11 **DECEMBER 31, 2019, INSURANCE THAT COMPLIES WITH SECTION 3009,**
12 written in this state during the period to which the premium
13 applies, multiplied by the average premium per car. The average
14 premium per car ~~shall be~~**IS** the total premium calculated divided by
15 the total written car years of insurance providing the security
16 required by section 3101(1) or 3103(1), **OR, AFTER DECEMBER 31,**
17 **2019, INSURANCE THAT COMPLIES WITH SECTION 3009,** written in this
18 state of all members during the period to which the premium
19 applies. A member ~~shall~~**MUST** be charged a premium for a historic
20 vehicle that is insured with the member of 20% of the premium
21 charged for a car insured with the member. As used in this
22 subdivision:

23 (i) "Car" includes a motorcycle but does not include a
24 historic vehicle.

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

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

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

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

8 (f) Receive and distribute all ~~sums~~**MONEY** required by the
9 operation of the association.

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

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

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

27 (b) Reinsure all or any portion of its potential liability

1 with reinsurers licensed to transact insurance in this state or
2 approved by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT**.

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

6 (d) Pursuant to the plan of operation, adopt reasonable rules
7 for the administration of the association, enforce those rules, and
8 delegate authority, as the board considers necessary to assure the
9 proper administration and operation of the association consistent
10 with the plan of operation.

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

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

17 (g) Perform other acts not specifically enumerated in this
18 section that are necessary or proper to accomplish the purposes of
19 the association and that are not inconsistent with this section or
20 the plan of operation.

21 (9) A board of directors is created ~~, hereinafter referred to~~
22 ~~as the board, which shall be responsible for the operation of~~**AND**
23 **SHALL OPERATE** the association consistent with the plan of operation
24 and this section.

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

27 (a) The establishment of necessary facilities.

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

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

4 (d) Procedures governing the actual payment of premiums to the
5 association.

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

9 (f) The investment policy of the association.

10 (g) Any other matters required by or necessary to effectively
11 implement this section.

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

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

24 (13) The board ~~shall~~ **MUST** consist of 5 directors ~~—~~ and the
25 ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT, WHO** shall ~~be~~ **SERVE AS** an
26 ex officio member of the board without vote.

27 (14) ~~Each director shall be appointed by the commissioner and~~

1 **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS. A**
2 **DIRECTOR** shall serve until ~~that member's~~ **HIS OR HER** successor is
3 selected and qualified. The ~~chairperson of the board shall be~~
4 ~~elected by the board. A~~ **ELECT A CHAIRPERSON. THE DIRECTOR OF THE**
5 **DEPARTMENT SHALL FILL ANY** vacancy on the board ~~shall be filled by~~
6 ~~the commissioner consistent with~~ **AS PROVIDED IN** the plan of
7 operation.

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

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

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

27 ~~—— (18) The plan of operation, unless approved sooner in writing,~~

~~shall be considered to meet the requirements of this section if it is not disapproved by written order of the commissioner within 30 days after the date of its submission. Before disapproval of all or any part of the proposed plan of operation, the commissioner shall notify the board in what respect the plan of operation fails to meet the requirements and objectives of this section. If the board fails to submit a revised plan of operation that meets the requirements and objectives of this section within the 30-day period, the commissioner shall enter an order accordingly and shall immediately formulate and place into effect a plan consistent with the requirements and objectives of this section.~~

(17) ~~(19)~~ The proposed plan of operation or **ANY** amendments to the plan of operation **OF THE ASSOCIATION** are subject to majority approval by the board, ~~ratified~~ **RATIFICATION** by a majority of the membership having a vote, with voting rights being apportioned according to the premiums charged in subsection (7) (d), and ~~are~~ subject to approval by the ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT**.

(18) ~~(20)~~ Upon approval by the commissioner and ratification by the members of the plan submitted, or upon the promulgation of a plan by the commissioner, each insurer authorized to write insurance providing the security required by section 3101(1) in this state, as provided in this section, **A MEMBER OF THE ASSOCIATION** is bound by and shall formally subscribe to and participate in the plan ~~approved~~ **OF OPERATION** as a condition of maintaining its authority to transact insurance in this state.

(19) ~~(21)~~ The association is subject to all the reporting, loss reserve, and investment requirements of the ~~commissioner~~

1 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member~~ **ARE**
 2 **THE MEMBERS** of the association.

3 (20) ~~(22)~~ Premiums charged members by the association ~~shall~~
 4 **MUST** be recognized in the rate-making procedures for insurance
 5 rates in the same manner that expenses and premium taxes are
 6 recognized.

7 (21) ~~(23)~~ The ~~commissioner~~ **DIRECTOR OF THE DEPARTMENT** or an
 8 authorized representative of the ~~commissioner~~ **DIRECTOR OF THE**
 9 **DEPARTMENT** may visit the association at any time and examine any
 10 and all **OF** the association's affairs.

11 (22) ~~(24)~~ The association does not have liability for losses
 12 occurring before July 1, 1978 **OR FOR LOSS OCCURRENCES UNDER MOTOR**
 13 **VEHICLE ACCIDENT POLICIES ISSUED OR RENEWED AFTER DECEMBER 31,**
 14 **2019.**

15 (23) ~~(25)~~ As used in this section:

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

23 (A) **"ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION**
 24 **CREATED IN SUBSECTION (1) .**

25 (B) **"BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION**
 26 **CREATED IN SUBSECTION (9) .**

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

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

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

6 Sec. 3131. (1) Residual liability insurance ~~shall~~ **MUST** cover
7 bodily injury and property damage ~~which~~ **THAT** occurs ~~within~~ **IN** the
8 United States, its territories and possessions, or in Canada. This
9 insurance ~~shall~~ **MUST** afford coverage equivalent to that required as
10 evidence of automobile liability insurance under the financial
11 responsibility laws of the place in which the injury or damage
12 occurs. In this state, this insurance ~~shall~~ **MUST** afford coverage
13 for automobile liability retained by section 3135.

14 (2) This section ~~shall~~ **DOES** not require coverage in this state
15 other than that required by section 3009(1). This section ~~shall~~
16 ~~apply~~ **APPLIES** to all insurance contracts in force as of October 1,
17 1973, or entered into after ~~that date~~ **OCTOBER 1, 1973 AND BEFORE**
18 **JANUARY 1, 2020.**

19 Sec. 3135. (1) A person **WHOSE TORT LIABILITY IS ABOLISHED**
20 **UNDER SUBSECTION (3)** remains subject to tort liability for
21 noneconomic loss caused by his or her ownership, maintenance, or
22 use of a motor vehicle only if the injured person has suffered
23 death, serious impairment of body function, or permanent serious
24 disfigurement.

25 (2) For a cause of action for damages pursuant to subsection
26 (1) filed on or after July 26, 1996, all of the following apply:

27 (a) The issues of whether the injured person has suffered

1 serious impairment of body function or permanent serious
2 disfigurement are questions of law for the court if the court finds
3 either of the following:

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

6 (ii) There is a factual dispute concerning the nature and
7 extent of the person's injuries, but the dispute is not material to
8 the determination whether the person has suffered a serious
9 impairment of body function or permanent serious disfigurement.

10 However, for a closed-head injury, a question of fact for the jury
11 is created if a licensed allopathic or osteopathic physician who
12 regularly diagnoses or treats closed-head injuries testifies under
13 oath that there may be a serious neurological injury.

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

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

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

25 **SUBSECTION APPLIES AFTER DECEMBER 31, 2019 ONLY IF THE INSURANCE**
26 **POLICY THAT PROVIDES THE SECURITY WAS ISSUED OR MOST RECENTLY**
27 **RENEWED BEFORE JANUARY 1, 2020. THIS SUBSECTION DOES NOT APPLY TO:**

1 (a) Intentionally caused harm to persons or property. Even
2 though a person knows that harm to persons or property is
3 substantially certain to be caused by his or her act or omission,
4 the person does not cause or suffer that harm intentionally if he
5 or she acts or refrains from acting for the purpose of averting
6 injury to any person, including himself or herself, or for the
7 purpose of averting damage to tangible property.

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

10 (c) Damages for allowable expenses, work loss, and survivor's
11 loss as defined in sections 3107 to 3110 in excess of the daily,
12 monthly, and 3-year limitations contained in those sections. The
13 party liable for damages is entitled to an exemption reducing his
14 or her liability by the amount of taxes that would have been
15 payable on account of income the injured person would have received
16 if he or she had not been injured.

17 (d) Damages for economic loss by a nonresident in excess of
18 the personal protection insurance benefits provided under section
19 3163(4). Damages under this subdivision are not recoverable to the
20 extent that benefits covering the same loss are available from
21 other sources, regardless of the nature or number of benefit
22 sources available and regardless of the nature or form of the
23 benefits.

24 (e) Damages up to \$1,000.00 to a motor vehicle, to the extent
25 that the damages are not covered by insurance. An action for
26 damages under this subdivision ~~shall~~ **MUST** be conducted as provided
27 in subsection (4).

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

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

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

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

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

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

19 (5) As used in this section, "serious impairment of body
20 function" means an objectively manifested impairment of an
21 important body function that affects the person's general ability
22 to lead his or her normal life.

23 Sec. 3163. (1) ~~An~~**BEFORE JANUARY 1, 2020, AN** insurer
24 authorized to transact automobile liability insurance and personal
25 and property protection insurance in this state shall file and
26 maintain a written certification that any accidental bodily injury
27 or property damage occurring in this state arising from the

1 ownership, operation, maintenance, or use of a motor vehicle as a
2 motor vehicle by an out-of-state resident who is insured under its
3 automobile liability insurance policies, is subject to the personal
4 and property protection insurance system under this ~~act~~**CHAPTER.**

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

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

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

27 Sec. 3171. (1) Until an assigned claims plan is approved under

1 subsection (3), the secretary of state shall organize and maintain
2 an assigned claims facility and plan. A self-insurer and insurer
3 writing insurance as provided by this chapter in this state, **OR**
4 **THAT WAS WRITING INSURANCE PROVIDED BY THIS CHAPTER ON DECEMBER 31,**
5 **2019,** shall participate in the assigned claims plan. Costs incurred
6 in the operation of the facility and the plan ~~shall~~**MUST** be
7 allocated fairly among insurers and self-insurers. The secretary of
8 state shall promulgate rules to implement the facility and plan in
9 accordance with and subject to the administrative procedures act of
10 1969, 1969 PA 306, MCL 24.201 to 24.328. After an assigned claims
11 plan is approved under subsection (3), the secretary of state shall
12 continue to maintain the assigned claims facility and plan
13 organized under this subsection as required by the plan approved
14 under subsection (3).

15 (2) The Michigan automobile insurance placement facility shall
16 adopt and maintain an assigned claims plan. A self-insurer or
17 insurer writing insurance as provided by this chapter in this state
18 shall participate in the assigned claims plan. Costs incurred in
19 the administration of the assigned claims plan ~~shall~~**MUST** be
20 allocated fairly among insurers and self-insurers. On approval
21 under subsection (3), the Michigan automobile insurance placement
22 facility shall implement the assigned claims plan.

23 (3) By August 1, 2012, the Michigan automobile insurance
24 placement facility board of governors shall adopt an assigned
25 claims plan by majority vote and shall submit it to the
26 ~~commissioner~~**DIRECTOR** for his or her approval. The ~~commissioner~~
27 **DIRECTOR** shall review the plan within 30 days and respond in

1 writing as provided in this subsection. If the ~~commissioner~~
2 **DIRECTOR** finds that the plan meets the requirements of this
3 chapter, he or she shall approve it. If the ~~commissioner~~**DIRECTOR**
4 finds that the plan fails to meet the requirements of this chapter,
5 he or she shall state in what respects the plan is deficient and
6 shall afford the Michigan automobile insurance placement facility
7 board of governors 10 days within which to correct the deficiency.
8 If the ~~commissioner~~**DIRECTOR** and the Michigan automobile insurance
9 placement facility board of governors fail to agree that the plan
10 submitted, with any corrections, meets the requirements of this
11 chapter, either party to the controversy may submit the issue to
12 the circuit court for Ingham ~~county~~**COUNTY** for a determination. If
13 the ~~commissioner~~**DIRECTOR** fails to render a written decision on the
14 assigned claims plan within 30 days after receipt of the plan, the
15 plan ~~shall be~~**IS** considered approved. The Michigan automobile
16 insurance placement facility shall forward a plan approved under
17 this subsection to the secretary of state. The plan takes effect on
18 approval by the ~~commissioner~~**DIRECTOR**.

19 (4) Amendments to the assigned claims plan approved under
20 subsection (3) ~~shall~~**MUST** be adopted by the board of governors and
21 approved by the ~~commissioner~~**DIRECTOR** as provided in subsection
22 (3). Until the date established in the plan under subsection
23 (5)(c), the board of governors shall give the secretary of state
24 advance notice of any proposed amendments to the plan.

25 (5) The plan adopted under subsection (3) ~~shall~~**MUST** include
26 all of the following:

27 (a) The date on and after which all claims for benefits

1 through the assigned claims plan under section 3172 ~~shall~~**MUST** be
2 filed with the Michigan automobile insurance placement facility.

3 (b) The date by which existing claims that have been assigned
4 under the plan maintained by the secretary of state under
5 subsection (1) will be transferred to the Michigan automobile
6 insurance placement facility to be included in and administered
7 under the adopted plan.

8 (c) A date by which all functions of the assigned claims plan
9 maintained by the secretary of state, with the exception of driver
10 license and vehicle sanctions, will be transferred to the Michigan
11 automobile insurance placement facility.

12 (d) Requirements for the transfer of records relating to
13 assigned claims from the secretary of state to the Michigan
14 automobile insurance placement facility and the disposition by the
15 secretary of state of records relating to assigned claims.

16 (e) Reimbursement of the secretary of state by the Michigan
17 automobile insurance placement facility for all of the following:

18 (i) Expenses of developing the plan under subsection (6).

19 (ii) Expenses of transferring operations from the assigned
20 claims facility to the Michigan automobile insurance placement
21 facility.

22 (iii) Expenses incurred by the secretary of state after the
23 transfer of operations from the assigned claims facility to the
24 Michigan automobile insurance placement facility for operations
25 performed by the secretary of state on behalf of the Michigan
26 automobile insurance placement facility.

27 (6) The secretary of state and the Michigan automobile

1 insurance placement facility shall cooperate and mutually develop
2 the aspects of the plan to be adopted under subsection (3) that are
3 required under subsection (5).

4 (7) The secretary of state shall provide the Michigan
5 automobile insurance placement facility with all information
6 necessary for the operation of the assigned claims fund.

7 (8) One year after the date established under subsection
8 (5)(c), the ~~commissioner~~**DIRECTOR** shall report in writing to the
9 senate and house of representatives standing committees on
10 insurance issues on the cost of the transfer of the assigned claims
11 plan to the Michigan automobile insurance placement facility and
12 the effectiveness of operations under the new plan.

13 (9) As used in this section:

14 (a) "Michigan automobile insurance placement facility" means
15 the Michigan automobile insurance placement facility created under
16 chapter 33.

17 (b) "Michigan automobile insurance placement facility board of
18 governors" means the board of governors created under section 3310.

19 Sec. 3172. (1) A person entitled to claim because of
20 accidental bodily injury arising out of the ownership, operation,
21 maintenance, or use of a motor vehicle as a motor vehicle in this
22 state may obtain personal protection insurance benefits through the
23 assigned claims plan **UNDER 1 OR MORE OF THE FOLLOWING**

24 **CIRCUMSTANCES:**

25 **(A) FOR ACCIDENTAL BODILY INJURY THAT OCCURS BEFORE JANUARY 1,**
26 **2020,** if no personal protection insurance is applicable to the
27 injury.

1 **(B) FOR ACCIDENTAL BODILY INJURY THAT OCCURS BEFORE JANUARY 1,**
2 **2020, IF** no personal protection insurance applicable to the injury
3 can be identified.

4 **(C) FOR ACCIDENTAL BODILY INJURY REGARDLESS OF WHEN IT OCCURS,**
5 **IF** the personal protection insurance applicable to the injury
6 cannot be ascertained because of a dispute between 2 or more
7 automobile insurers concerning their obligation to provide coverage
8 or the equitable distribution of the loss. ~~or~~

9 **(D) FOR ACCIDENTAL BODILY INJURY REGARDLESS OF WHEN IT OCCURS,**
10 **IF** the only identifiable personal protection insurance applicable
11 to the injury is, because of financial inability of 1 or more
12 insurers to fulfill their obligations, inadequate to provide
13 benefits up to the maximum prescribed. ~~In that case, IF THIS~~
14 **SUBDIVISION APPLIES,** unpaid benefits due or coming due may be
15 collected under the assigned claims plan and the insurer to which
16 the claim is assigned is entitled to reimbursement from the
17 defaulting insurers to the extent of their financial
18 responsibility.

19 (2) Except as otherwise provided in this subsection, personal
20 protection insurance benefits, including benefits arising from
21 accidents occurring before March 29, 1985, payable through the
22 assigned claims plan ~~shall~~ **MUST** be reduced to the extent that
23 benefits covering the same loss are available from other sources,
24 regardless of the nature or number of benefit sources available and
25 regardless of the nature or form of the benefits, to a person
26 claiming personal protection insurance benefits through the
27 assigned claims plan. This subsection only applies if the personal

1 protection insurance benefits are payable through the assigned
2 claims plan because no personal protection insurance is applicable
3 to the injury, no personal protection insurance applicable to the
4 injury can be identified, or the only identifiable personal
5 protection insurance applicable to the injury is, because of
6 financial inability of 1 or more insurers to fulfill their
7 obligations, inadequate to provide benefits up to the maximum
8 prescribed. As used in this subsection, "sources" and "benefit
9 sources" do not include the program for medical assistance for the
10 medically indigent under the social welfare act, 1939 PA 280, MCL
11 400.1 to 400.119b, or insurance under the health insurance for the
12 aged act, ~~title~~**SUBCHAPTER** XVIII of the social security act, 42 USC
13 1395 to ~~1395kkk-1~~**1395lll**.

14 (3) If the obligation to provide personal protection insurance
15 benefits cannot be ascertained because of a dispute between 2 or
16 more automobile insurers concerning their obligation to provide
17 coverage or the equitable distribution of the loss, and if a method
18 of voluntary payment of benefits cannot be agreed upon among or
19 between the disputing insurers, all of the following apply:

20 (a) The insurers who are parties to the dispute shall, or the
21 claimant may, immediately notify the Michigan automobile insurance
22 placement facility of their inability to determine their statutory
23 obligations.

24 (b) The claim ~~shall~~**MUST** be assigned by the Michigan
25 automobile insurance placement facility to an insurer and the
26 insurer shall immediately provide personal protection insurance
27 benefits to the claimant or claimants entitled to benefits.

1 (c) An action ~~shall~~**MUST** be immediately commenced on behalf of
2 the Michigan automobile insurance placement facility by the insurer
3 to whom the claim is assigned in circuit court to declare the
4 rights and duties of any interested party.

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

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

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

1 Sec. 3179. ~~(1) This act~~ **SUBJECT TO SUBSECTION (2), THIS**
 2 **CHAPTER** applies to motor vehicle accidents occurring on or after
 3 October 1, 1973.

4 **(2) UNLESS EXPRESSLY PROVIDED OTHERWISE IN THIS CHAPTER, THIS**
 5 **CHAPTER DOES NOT APPLY TO A MOTOR VEHICLE ACCIDENT IF LOSS**
 6 **RESULTING FROM THE ACCIDENT IS INSURED AGAINST UNDER AN AUTOMOBILE**
 7 **INSURANCE POLICY ISSUED OR RENEWED AFTER DECEMBER 31, 2019.**

8 Sec. 3303. As used in this chapter:

9 (a) "Automobile insurance" means insurance for automobiles
 10 which provides any of the following:

11 (i) Security required ~~pursuant to~~ **UNDER** section 3101.

12 (ii) Personal protection, property protection, and residual
 13 liability insurance for amounts in excess of the amounts required
 14 under chapter 31.

15 **(iii) AUTOMOBILE LIABILITY OR MOTOR VEHICLE LIABILITY**
 16 **INSURANCE THAT COMPLIES WITH SECTION 3009.**

17 (iv) ~~(iii)~~ Insurance coverage customarily known as
 18 comprehensive and collision.

19 (v) ~~(iv)~~ Other insurance coverages for a private passenger
 20 nonfleet automobile as prescribed by rule promulgated by the
 21 ~~commissioner.~~ **DIRECTOR.**

22 (b) "Qualified applicant", for automobile insurance, means a
 23 person who is an owner or registrant of an automobile registered or
 24 to be registered in this state or who holds a valid license to
 25 operate a motor vehicle, but does not include any of the following:

26 (i) A person who is not required to maintain security ~~pursuant~~
 27 ~~to~~ **UNDER** section 3101 **OR MAINTAIN INSURANCE THAT COMPLIES WITH**

1 **SECTION 3009**, unless the person intends to reside in this state for
 2 30 days or more and makes a written statement of that intention on
 3 a form approved by the ~~commissioner~~**DIRECTOR**.

4 (ii) A person whose license to operate a vehicle is under
 5 suspension or revocation, unless the suspension was made pursuant
 6 ~~to~~**UNDER** section 310, ~~310b~~, 310d, 315, 321a, 324, 328, 512, 515,
 7 625, 625b, 625f, 748, 801c, or 907 of ~~Act No. 300 of the Public~~
 8 ~~Acts of 1949, as amended, being sections~~ **THE MICHIGAN VEHICLE CODE,**
 9 **1949 PA 300, MCL** 257.310, ~~257.310b~~, 257.310d, 257.315, 257.321a,
 10 257.324, 257.328, 257.512, 257.515, 257.625, 257.625b, 257.625f,
 11 257.748, 257.801c, and 257.907. ~~of the Michigan Compiled Laws.~~

12 (iii) A person whose policy of automobile insurance has been
 13 cancelled because of nonpayment of premium or finance premium
 14 within the immediately preceding 2-year period, unless the
 15 applicant or insured pays in full a premium installment developed
 16 under section 3350(a) before issuance, continuation, or renewal of
 17 the policy.

18 (c) "Facility" means the automobile insurance placement
 19 facility created ~~pursuant to~~**UNDER** this chapter.

20 (d) "Participating member" means an insurer who is required by
 21 this chapter to be a member of the facility and who in ~~any given~~**A**
 22 calendar year has a participation ratio greater than zero in the
 23 facility for that year.

24 (e) "Participation ratio" means the ratio of the participating
 25 member's Michigan premiums or exposure units to the comparable
 26 statewide totals for all participating members, as follows:

27 (i) For private passenger nonfleet automobile insurance, for

1 distribution of risk or distribution of loss, the ratio ~~shall~~**MUST**
2 be based on voluntary net direct automobile insurance car years
3 written in this state for the calendar year ending December 31 of
4 the second prior year as reported to the statistical agent of each
5 participating member as private passenger nonfleet exposure.

6 (ii) For all other automobile insurance, including insurance
7 for fleets, commercial vehicles, public vehicles, and garages, the
8 ratio for distribution of risks or distribution of loss ~~shall~~**MUST**
9 be based on the total Michigan automobile insurance gross direct
10 premiums written, including policy and membership fees, less return
11 premiums and premiums on policies not taken, without including
12 reinsurance assumed and without deducting reinsurance ceded,
13 reduced by the amount of premiums reported as private passenger
14 nonfleet for the calendar year ending December 31 of the second
15 prior year.

16 (iii) For expenses of operation of the facility and for voting
17 rights, the ratio ~~shall~~**MUST** be based on the total Michigan
18 automobile insurance gross direct premiums written, including
19 policy and membership fees, less return premiums and premiums on
20 policies not taken, without including reinsurance assumed and
21 without deducting reinsurance ceded for the calendar year ending
22 December 31 of the second prior year.

23 (f) "Private passenger nonfleet automobile" means a motorized
24 vehicle designed for transporting passengers or goods, subject to
25 specific contemporary definitions for insurance purposes as
26 provided in the plan of operation.

27 Sec. 6107. (1) Before April 1 of each year, ~~each~~**AN** insurer

1 engaged in writing insurance coverages that provide the security
2 required by section 3101(1) **OR INSURANCE POLICIES THAT COMPLY WITH**
3 **SECTION 3009** in this state, as a condition of its authority to
4 transact insurance in this state, shall pay to the authority an
5 assessment equal to \$1.00 multiplied by the insurer's total written
6 car years of insurance ~~providing~~**THAT PROVIDE** the security required
7 by section 3101(1) **OR UNDER INSURANCE POLICIES THAT COMPLY WITH**
8 **SECTION 3009** written in this state during the preceding year.

9 (2) The authority shall segregate and deposit money received
10 under subsection (1), and all other money received by the
11 authority, in a fund to be known as the automobile theft prevention
12 fund. The authority shall administer the automobile theft
13 prevention fund.

14 (3) The authority shall expend money in the automobile theft
15 prevention fund in the following order of priority:

16 (a) To pay the costs of administration of the authority.

17 (b) To achieve the purposes and objectives of this chapter,
18 which may include, but not be limited to, the following:

19 (i) Providing financial support to the department of state
20 police and local law enforcement agencies for economic automobile
21 theft enforcement teams.

22 (ii) Providing financial support to state or local law
23 enforcement agencies for programs designed to reduce the incidence
24 of economic automobile theft.

25 (iii) Providing financial support to local prosecutors for
26 programs designed to reduce the incidence of economic automobile
27 theft.

1 (iv) Providing financial support to judicial agencies for
2 programs designed to reduce the incidence of economic automobile
3 theft.

4 (v) Providing financial support for neighborhood or community
5 organizations or business organizations for programs designed to
6 reduce the incidence of automobile theft.

7 (vi) Conducting educational programs designed to inform
8 automobile owners of methods of preventing automobile theft and to
9 provide equipment, for experimental purposes, to enable automobile
10 owners to prevent automobile theft.

11 (4) Money in the automobile theft prevention fund must only be
12 used for automobile theft prevention efforts and must be
13 distributed based on need and efficacy as determined by the
14 authority.

15 (5) Money in the automobile theft prevention fund is not state
16 money.

17 (6) As used in this section, "written car year" means the
18 portion of a year during which a vehicle is insured as determined
19 by the catastrophic claims association and used to calculate
20 premium charges under section 3104.

21 Enacting section 1. This amendatory act does not take effect
22 unless all of the following bills of the 99th Legislature are
23 enacted into law:

24 (a) Senate Bill No. ____ or House Bill No. 5518 (request no.
25 04146'17 a).

26 (b) Senate Bill No. ____ or House Bill No. 5522 (request no.
27 04146'17 b).

1 (c) Senate Bill No. _____ or House Bill No. 5519 (request no.
2 04146'17 c).

3 (d) Senate Bill No. _____ or House Bill No. 5521 (request no.
4 04146'17 d).

5 (e) Senate Bill No. _____ or House Bill No. 5520 (request no.
6 04146'17 e).

7 (f) Senate Bill No. _____ or House Bill No. 5523 (request no.
8 04146'17 f).