

# HOUSE BILL No. 5701

May 29, 2012, Introduced by Rep. Lund and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending the title, the heading of chapter 61, and sections 3301, 3330, 4501, 6101, 6105, 6107, and 6110 (MCL 500.3301, 500.3330, 500.4501, 500.6101, 500.6105, 500.6107, and 500.6110), the title as amended by 2002 PA 304, section 4501 as amended by 2012 PA 39, and sections 6101, 6105, 6107, and 6110 as added by 1992 PA 174, and by adding sections 6104, 6104a, 6104b, and 6108; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

TITLE

An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and

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

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

24       Sec. 3301. (1) Every insurer authorized to write automobile  
25 insurance in this state shall participate in an organization for  
26 the purpose of doing all of the following:

27       (a) Providing the guarantee that automobile insurance coverage

1 will be available to any person who is unable to procure that  
2 insurance through ordinary methods.

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

5 **(C) PROVIDING FUNDING FOR THE MICHIGAN AUTOMOBILE INSURANCE**  
6 **FRAUD AND THEFT PREVENTION AUTHORITY.**

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

9 Sec. 3330. (1) The board of governors shall have all power to  
10 direct the operation of the facility, including, at a minimum, all  
11 of the following:

12 (a) To sue and be sued in the name of the facility. A judgment  
13 against the facility shall not create any liabilities in the  
14 individual participating members of the facility.

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

17 (c) To assess participating members on the basis of  
18 participation ratios pursuant to section 3303 to cover anticipated  
19 costs of operation and administration of the facility, to provide  
20 for equitable servicing fees, and to share losses, profits, and  
21 expenses pursuant to the plan of operation.

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

25 (e) To provide for a limited number of participating members  
26 to receive equitable distribution of applicants; or to provide for  
27 a limited number of participating members to service applicants in

1 a plan of sharing of losses in accordance with the subsection  
2 3320(1)(c) and the plan operation.

3 (f) To provide for standards of performance of service for the  
4 participating members designated pursuant to subdivision (e).

5 (g) To adopt a plan of operation and any amendments to the  
6 plan, not inconsistent with this chapter, necessary to assure the  
7 fair, reasonable, equitable, and nondiscriminatory manner of  
8 administering the facility, including compliance with chapter 21,  
9 and to provide for such other matters as are necessary or advisable  
10 to implement this chapter, including matters necessary to comply  
11 with the requirements of chapter 21.

12 **(H) TO ANNUALLY ASSESS PARTICIPATING MEMBERS AND SELF-INSURERS**  
13 **AN AGGREGATE AMOUNT NOT TO EXCEED \$21,000,000.00 TO COVER**  
14 **ANTICIPATED COSTS OF OPERATION AND ADMINISTRATION OF THE MICHIGAN**  
15 **AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY.**

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

25 **(3) ON OR BEFORE JANUARY 1, 2013, THE BOARD OF GOVERNORS SHALL**  
26 **AMEND THE PLAN OF OPERATION TO ESTABLISH APPROPRIATE PROCEDURES**  
27 **NECESSARY TO MAKE ASSESSMENTS FOR AND TO CARRY OUT THE**

1 ADMINISTRATIVE DUTIES AND FUNCTIONS OF THE MICHIGAN AUTOMOBILE  
2 INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY AS PROVIDED IN  
3 CHAPTER 61.

4 Sec. 4501. As used in this chapter:

5 (a) "Authorized agency" means the department of state police;  
6 a city, village, or township police department; a county sheriff's  
7 department; a United States criminal investigative department or  
8 agency; the prosecuting authority of a city, village, township,  
9 county, or state or of the United States; the office of financial  
10 and insurance regulation; **THE MICHIGAN AUTOMOBILE INSURANCE FRAUD**  
11 **AND THEFT PREVENTION AUTHORITY**; or the department of state.

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

15 (c) "Insurance policy" or "policy" means an insurance policy,  
16 benefit contract of a self-funded plan, health maintenance  
17 organization contract, nonprofit dental care corporation  
18 certificate, or health care corporation certificate.

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

24 **(E) "MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION**  
25 **AUTHORITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT**  
26 **PREVENTION AUTHORITY CREATED UNDER SECTION 6104.**

27 **(F) ~~(e)~~**"Organization" means an organization or internal

1 department of an insurer established to detect and prevent  
2 insurance fraud.

3 (G) ~~(f)~~—"Person" includes an individual, insurer, company,  
4 association, organization, Lloyds, society, reciprocal or inter-  
5 insurance exchange, partnership, syndicate, business trust,  
6 corporation, and any other legal entity.

7 (H) ~~(g)~~—"Practitioner" means a licensee of this state  
8 authorized to practice medicine and surgery, psychology,  
9 chiropractic, or law, any other licensee of the state, or an  
10 unlicensed health care provider whose services are compensated,  
11 directly or indirectly, by insurance proceeds, or a licensee  
12 similarly licensed in other states and nations, or the practitioner  
13 of any nonmedical treatment rendered in accordance with a  
14 recognized religious method of healing.

15 (I) ~~(h)~~—"Runner", "capper", or "steerer" means a person who  
16 receives a pecuniary or other benefit from a practitioner, whether  
17 directly or indirectly, for procuring or attempting to procure a  
18 client, patient, or customer at the direction or request of, or in  
19 cooperation with, a practitioner whose intent is to obtain benefits  
20 under a contract of insurance or to assert a claim against an  
21 insured or an insurer for providing services to the client,  
22 patient, or customer. Runner, capper, or steerer does not include a  
23 practitioner who procures clients, patients, or customers through  
24 the use of public media.

25 (J) ~~(i)~~—"Statement" includes, but is not limited to, any  
26 notice statement, proof of loss, bill of lading, receipt for  
27 payment, invoice, account, estimate of property damages, bill for

1 services, claim form, diagnosis, prescription, hospital or doctor  
 2 record, X-rays, test result, or other evidence of loss, injury, or  
 3 expense.

4 CHAPTER 61

5 AUTOMOBILE **INSURANCE FRAUD AND THEFT PREVENTION** AUTHORITY

6 Sec. 6101. As used in this chapter:

7 (a) "Authority" means the ~~automobile theft prevention~~  
 8 ~~authority~~ **MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION**  
 9 **AUTHORITY.**

10 (B) "AUTOMOBILE INSURANCE FRAUD" MEANS A FRAUDULENT INSURANCE  
 11 ACT AS DESCRIBED IN SECTION 4503, WHICH ACT IS COMMITTED IN  
 12 CONNECTION WITH AN APPLICATION FOR OR A POLICY OF AUTOMOBILE  
 13 INSURANCE.

14 (C) ~~(b)~~ "Board" means the board of directors of the **MICHIGAN**  
 15 automobile **INSURANCE FRAUD AND** theft prevention authority.

16 ~~—— (c) "Economic automobile theft" means automobile theft~~  
 17 ~~perpetrated for financial gain.~~

18 (D) "CAR YEARS" MEANS NET DIRECT PRIVATE PASSENGER AND  
 19 COMMERCIAL NONFLEET VEHICLE YEARS OF INSURANCE PROVIDING THE  
 20 SECURITY REQUIRED BY SECTION 3101(1) WRITTEN IN THIS STATE FOR THE  
 21 CALENDAR YEAR ENDING THE DECEMBER 31 OF THE SECOND PRIOR YEAR AS  
 22 REPORTED TO THE STATISTICAL AGENT OF EACH INSURER.

23 (E) "FACILITY" MEANS THE MICHIGAN AUTOMOBILE INSURANCE  
 24 PLACEMENT FACILITY CREATED UNDER CHAPTER 33.

25 SEC. 6104. (1) BEGINNING JANUARY 1, 2013, THE MICHIGAN  
 26 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY IS  
 27 CREATED WITHIN THE FACILITY. THE FACILITY SHALL PROVIDE STAFF FOR



1 THE AUTHORITY AND SHALL CARRY OUT THE ADMINISTRATIVE DUTIES AND  
2 FUNCTIONS AS DIRECTED BY THE BOARD OF DIRECTORS.

3 (2) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT  
4 PREVENTION AUTHORITY IS NOT A STATE AGENCY, AND THE MONEY OF THE  
5 AUTHORITY IS NOT STATE MONEY. A RECORD OF THE AUTHORITY IS EXEMPT  
6 FROM DISCLOSURE UNDER SECTION 13 OF THE FREEDOM OF INFORMATION ACT,  
7 1976 PA 442, MCL 15.243.

8 (3) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT  
9 PREVENTION AUTHORITY SHALL DO ALL OF THE FOLLOWING:

10 (A) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL LAW  
11 ENFORCEMENT AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE  
12 OF AUTOMOBILE INSURANCE FRAUD AND THEFT.

13 (B) PROVIDE FINANCIAL SUPPORT TO STATE OR LOCAL PROSECUTORIAL  
14 AGENCIES FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
15 AUTOMOBILE INSURANCE FRAUD AND THEFT.

16 (4) THE MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT  
17 PREVENTION AUTHORITY MAY PROVIDE FINANCIAL SUPPORT TO LAW  
18 ENFORCEMENT, PROSECUTORIAL, INSURANCE, EDUCATION, OR TRAINING  
19 ASSOCIATIONS FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF  
20 AUTOMOBILE INSURANCE FRAUD AND THEFT.

21 (5) THE PURPOSES, POWERS, AND DUTIES OF THE MICHIGAN  
22 AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY SHALL BE  
23 VESTED IN AND EXERCISED BY A BOARD OF DIRECTORS. THE BOARD OF  
24 DIRECTORS SHALL CONSIST OF 15 MEMBERS AS FOLLOWS:

25 (A) NINE MEMBERS WHO REPRESENT AUTOMOBILE INSURERS IN THIS  
26 STATE SUBJECT TO THE FOLLOWING:

27 (i) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH

1 350,000 OR MORE CAR YEARS.

2 (ii) AT LEAST 2 MEMBERS WHO REPRESENT INSURER GROUPS WITH LESS  
3 THAN 350,000 BUT 100,000 OR MORE CAR YEARS.

4 (iii) AT LEAST 1 MEMBER WHO REPRESENTS INSURER GROUPS WITH LESS  
5 THAN 100,000 CAR YEARS.

6 (B) THE COMMISSIONER OR HIS OR HER DESIGNEE.

7 (C) THE ATTORNEY GENERAL OR HIS OR HER DESIGNEE.

8 (D) TWO MEMBERS WHO REPRESENT LAW ENFORCEMENT AGENCIES IN THIS  
9 STATE.

10 (E) ONE MEMBER WHO REPRESENTS PROSECUTING ATTORNEYS IN THIS  
11 STATE.

12 (F) ONE MEMBER WHO REPRESENTS THE GENERAL PUBLIC.

13 (6) THE INSURER MEMBERS ON THE BOARD UNDER SUBSECTION (5)  
14 SHALL BE ELECTED BY AUTOMOBILE INSURERS DOING BUSINESS IN THIS  
15 STATE FROM A LIST OF NOMINEES PROPOSED BY THE BOARD OF GOVERNORS OF  
16 THE FACILITY. IN PREPARING THE LIST OF NOMINEES FOR THE INSURER  
17 MEMBERS, THE BOARD OF GOVERNORS OF THE FACILITY SHALL SOLICIT  
18 NOMINATIONS FROM AUTOMOBILE INSURERS DOING BUSINESS IN THIS STATE.

19 (7) THE LAW ENFORCEMENT MEMBERS ON THE BOARD UNDER SUBSECTION  
20 (5) SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT  
21 OF THE SENATE. IN APPOINTING THE LAW ENFORCEMENT MEMBERS, THE  
22 GOVERNOR SHALL COMPLY WITH ALL OF THE FOLLOWING:

23 (A) HE OR SHE SHALL SOLICIT INPUT FROM VARIOUS LAW ENFORCEMENT  
24 ASSOCIATIONS IN THIS STATE.

25 (B) HE OR SHE SHALL NOT APPOINT A MEMBER WHO REPRESENTS THE  
26 SAME TYPE OF LAW ENFORCEMENT AGENCY AS THE OTHER MEMBER WHO  
27 REPRESENTS LAW ENFORCEMENT AGENCIES ON THE BOARD.

1 (C) HE OR SHE SHALL NOT APPOINT A MEMBER REPRESENTING THE SAME  
2 LAW ENFORCEMENT AGENCY TO THE BOARD FOR MORE THAN 2 CONSECUTIVE  
3 TERMS.

4 (8) THE PROSECUTING ATTORNEY MEMBER ON THE BOARD UNDER  
5 SUBSECTION (5) SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE  
6 AND CONSENT OF THE SENATE. IN APPOINTING THE PROSECUTING ATTORNEY  
7 MEMBER, THE GOVERNOR SHALL SOLICIT INPUT FROM VARIOUS PROSECUTING  
8 ATTORNEY ASSOCIATIONS IN THIS STATE.

9 (9) THE PUBLIC MEMBER ON THE BOARD UNDER SUBSECTION (5) SHALL  
10 BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE  
11 SENATE. THE PUBLIC MEMBER SHALL BE A RESIDENT OF THIS STATE AND  
12 SHALL NOT BE EMPLOYED BY OR UNDER CONTRACT WITH ANY STATE OR LOCAL  
13 UNIT OF GOVERNMENT OR ANY INSURER.

14 (10) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, MEMBERS  
15 OF THE BOARD SHALL SERVE FOR A TERM OF 4 YEARS AND UNTIL THEIR  
16 SUCCESSORS ARE APPOINTED AND QUALIFIED. FOR THE MEMBERS FIRST  
17 ELECTED OR APPOINTED UNDER THIS SECTION, 3 INSURER MEMBERS AND 1  
18 LAW ENFORCEMENT MEMBER SHALL SERVE FOR A TERM OF 2 YEARS; 3 INSURER  
19 MEMBERS, THE PROSECUTING ATTORNEY MEMBER, AND THE GENERAL PUBLIC  
20 MEMBER SHALL SERVE FOR A TERM OF 3 YEARS; AND 3 INSURER MEMBERS AND  
21 1 LAW ENFORCEMENT MEMBER SHALL SERVE FOR A TERM OF 4 YEARS.

22 SEC. 6104A. (1) MEMBERS OF THE BOARD SHALL SERVE WITHOUT  
23 COMPENSATION FOR THEIR MEMBERSHIP ON THE BOARD, EXCEPT THAT MEMBERS  
24 OF THE BOARD SHALL RECEIVE REASONABLE REIMBURSEMENT FOR NECESSARY  
25 TRAVEL AND EXPENSES.

26 (2) A MAJORITY OF THE MEMBERS OF THE BOARD SHALL CONSTITUTE A  
27 QUORUM FOR THE TRANSACTION OF BUSINESS AT A MEETING, OR THE

1 EXERCISE OF A POWER OR FUNCTION OF THE AUTHORITY, NOTWITHSTANDING  
2 THE EXISTENCE OF 1 OR MORE VACANCIES. NOTWITHSTANDING ANY OTHER  
3 PROVISION OF LAW, ACTION MAY BE TAKEN BY THE AUTHORITY AT A MEETING  
4 UPON A VOTE OF THE MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR  
5 THROUGH THE USE OF AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY  
6 THE BYLAWS OR PLAN OF OPERATION OF THE BOARD. THE AUTHORITY SHALL  
7 MEET AT THE CALL OF THE CHAIR OR AS MAY BE PROVIDED IN THE BYLAWS  
8 OF THE AUTHORITY. MEETINGS OF THE AUTHORITY MAY BE HELD ANYWHERE  
9 WITHIN THE STATE OF MICHIGAN.

10 (3) THE BOARD SHALL ADOPT A PLAN OF OPERATION BY A MAJORITY  
11 VOTE OF THE BOARD. VACANCIES ON THE BOARD SHALL BE FILLED IN  
12 ACCORDANCE WITH THE PLAN OF OPERATION.

13 SEC. 6104B. ON OR BEFORE JANUARY 1, 2013, THE DEPARTMENT OF  
14 STATE POLICE SHALL TRANSFER ALL ASSETS OF THE AUTOMOBILE THEFT  
15 PREVENTION AUTHORITY TO THE FACILITY FOR THE BENEFIT OF THE  
16 MICHIGAN AUTOMOBILE INSURANCE FRAUD AND THEFT PREVENTION AUTHORITY.

17 Sec. 6105. The ~~authority~~ **BOARD** shall have the powers necessary  
18 ~~or convenient to carry out and effectuate the purposes and~~  
19 ~~provisions of this chapter and the purposes of the authority and~~  
20 ~~the powers delegated by other laws~~ **ITS DUTIES UNDER THIS ACT,**  
21 including, but not limited to, the power to **DO THE FOLLOWING:**

22 (a) Sue and be sued ; ~~to have a seal and alter the same at~~  
23 ~~pleasure; to have perpetual succession; to make, execute, and~~  
24 ~~deliver contracts, conveyances, and other instruments necessary or~~  
25 ~~convenient to the exercise of its powers; and to make and amend~~  
26 ~~bylaws~~ **IN THE NAME OF THE AUTHORITY.**

27 (b) Solicit and accept gifts, grants, loans, ~~funds collected~~

1 ~~and placed in the automobile theft prevention fund, and other aids~~  
2 ~~from any person or the federal, state, or a local government or any~~  
3 ~~agency thereof.~~

4 (c) Make grants and investments.

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

7 (e) Invest any money held in reserve or sinking funds, or any  
8 money not required for immediate use or disbursement, at its  
9 discretion and to name and use depositories for its money.

10 (f) Contract for goods and services and engage personnel as is  
11 necessary. ~~, including the services of private consultants,~~  
12 ~~managers, counsel, auditors, and others for rendering professional,~~  
13 ~~management, and technical assistance and advice, payable out of any~~  
14 ~~money of the fund legally available for this purpose.~~

15 (g) Indemnify and procure insurance indemnifying any member of  
16 the board from personal loss or accountability from liability  
17 resulting from a member's action or inaction as a member of the  
18 board.

19 ~~(h) Do all other things necessary or convenient to achieve the~~  
20 ~~objectives and purposes of the authority, this chapter, or other~~  
21 ~~laws~~ **PERFORM OTHER ACTS NOT SPECIFICALLY ENUMERATED IN THIS SECTION**  
22 **THAT ARE NECESSARY OR PROPER TO ACCOMPLISH THE PURPOSES OF THE**  
23 **AUTHORITY AND THAT ARE NOT INCONSISTENT WITH THIS SECTION OR THE**  
24 **PLAN OF OPERATION.**

25 Sec. 6107. (1) Prior to April 1 of each year, each insurer **AND**  
26 **EACH SELF-INSURER** engaged in writing insurance coverages ~~which~~ **THAT**  
27 provide the security required by section 3101(1) within this state,

1 as a condition of its authority to transact insurance in this  
2 state, shall pay to the ~~authority~~ **FACILITY, FOR DEPOSIT INTO THE**  
3 **ACCOUNT OF THE AUTHORITY**, an assessment equal to ~~\$1.00~~ multiplied  
4 by the ~~insurer's total earned car years of insurance providing the~~  
5 ~~security required by section 3101(1) written in this state during~~  
6 ~~the immediately preceding calendar year.~~ **DETERMINED BY THE FACILITY**  
7 **AS PROVIDED IN THE PLAN OF OPERATION. THE ASSESSMENT TO EACH**  
8 **INSURER AND SELF-INSURER SHALL BE BASED ON THE RATIO OF ITS CAR**  
9 **YEARS WRITTEN TO THE STATEWIDE TOTAL CAR YEARS FOR ALL INSURERS AND**  
10 **SELF-INSURERS.**

11 (2) Money received pursuant to subsection (1), and all other  
12 money received by the authority, shall be segregated and ~~placed in~~  
13 ~~a fund to be known as the automobile theft prevention fund. The~~  
14 ~~automobile theft prevention fund shall be administered by the~~  
15 ~~authority~~ **FROM OTHER MONEY OF THE FACILITY, IF APPLICABLE, AND**  
16 **SHALL ONLY BE EXPENDED AS DIRECTED BY THE BOARD.**

17 ~~—— (3) Money in the automobile theft prevention fund shall be~~  
18 ~~expended in the following order of priority:~~

19 ~~—— (a) To pay the costs of administration of the authority.~~

20 ~~—— (b) To achieve the purposes and objectives of this chapter,~~  
21 ~~which may include, but not be limited to, the following:~~

22 ~~—— (i) Provide financial support to the department of state police~~  
23 ~~and local law enforcement agencies for economic automobile theft~~  
24 ~~enforcement teams.~~

25 ~~—— (ii) Provide financial support to state or local law~~  
26 ~~enforcement agencies for programs designed to reduce the incidence~~  
27 ~~of economic automobile theft.~~

1 ~~—— (iii) Provide financial support to local prosecutors for~~  
2 ~~programs designed to reduce the incidence of economic automobile~~  
3 ~~theft.~~

4 ~~—— (iv) Provide financial support to judicial agencies for~~  
5 ~~programs designed to reduce the incidence of economic automobile~~  
6 ~~theft.~~

7 ~~—— (v) Provide financial support for neighborhood or community~~  
8 ~~organizations or business organizations for programs designed to~~  
9 ~~reduce the incidence of automobile theft.~~

10 ~~—— (vi) Conduct educational programs designed to inform automobile~~  
11 ~~owners of methods of preventing automobile theft and to provide~~  
12 ~~equipment, for experimental purposes, to enable automobile owners~~  
13 ~~to prevent automobile theft.~~

14 ~~—— (4) Money in the automobile theft prevention fund shall only~~  
15 ~~be used for automobile theft prevention efforts and shall be~~  
16 ~~distributed based on need and efficacy as determined by the~~  
17 ~~authority.~~

18 ~~—— (5) Money in the automobile theft prevention fund shall not be~~  
19 ~~considered state money.~~

20 **(3) FROM THE MONEY RECEIVED ANNUALLY UNDER SUBSECTION (1), THE**  
21 **BOARD SHALL NOT REDUCE THE AMOUNT OF MONEY AVAILABLE TO PROVIDE**  
22 **FINANCIAL SUPPORT FOR PROGRAMS DESIGNED TO REDUCE THE INCIDENCE OF**  
23 **AUTOMOBILE THEFT BELOW \$6,000,000.00.**

24 **SEC. 6108. (1) EACH INSURER AUTHORIZED TO TRANSACT AUTOMOBILE**  
25 **INSURANCE IN THIS STATE, AS A CONDITION OF ITS AUTHORITY TO**  
26 **TRANSACT INSURANCE IN THIS STATE, SHALL REPORT AUTOMOBILE INSURANCE**  
27 **FRAUD DATA TO THE AUTHORITY USING THE FORMAT AND PROCEDURES SET**

1 FORTH BY THE BOARD.

2 (2) THE DEPARTMENT OF STATE POLICE SHALL COOPERATE WITH THE  
3 AUTHORITY AND SHALL PROVIDE AVAILABLE MOTOR VEHICLE FRAUD AND THEFT  
4 STATISTICS TO THE AUTHORITY UPON REQUEST.

5 Sec. 6110. ~~(1) The authority shall develop and implement a~~  
6 ~~plan of operation.~~

7 ~~—— (2) The plan of operation shall include an assessment of the~~  
8 ~~scope of the problem of automobile theft, including particular~~  
9 ~~areas of the state where the problem is greatest; an analysis of~~  
10 ~~various methods of combating the problem of automobile theft and~~  
11 ~~economic automobile theft; a plan for providing financial support~~  
12 ~~to combat automobile theft and economic automobile theft; and an~~  
13 ~~estimate of the funds required to implement the plan.~~

14 ~~—— (3) The authority shall report annually on or before February~~  
15 **APRIL 1** to the ~~governor~~ **COMMISSIONER** and the legislature on its  
16 activities in the preceding year.

17 Enacting section 1. Sections 6103 and 6111 of the insurance  
18 code of 1956, 1956 PA 218, MCL 500.6103 and 500.6111, are repealed  
19 effective January 1, 2013.

20 Enacting section 2. The title and sections 4501, 6101, 6105,  
21 6107, and 6110 of the insurance code of 1956, 1956 PA 218, MCL  
22 500.4501, 500.6101, 500.6105, 500.6107, and 500.6110, as amended by  
23 this amendatory act, and sections 6104a and 6108 of the insurance  
24 code of 1956, 1956 PA 218, as added by this amendatory act, take  
25 effect January 1, 2013.