

HOUSE BILL No. 4097

January 26, 2017, Introduced by Reps. McCready, Leutheuser, Kelly, Graves and Lucido and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 3020 and 3104 (MCL 500.3020 and 500.3104), section 3020 as amended by 2006 PA 106 and section 3104 as amended by 2002 PA 662, and by adding section 2111f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 2111F. (1) FOR AN AUTOMOBILE POLICY THAT PROVIDES THE**
2 **SECURITY REQUIRED UNDER SECTION 3101(1) THAT HAS A TERM OF LESS**
3 **THAN 6 MONTHS, THE PREMIUM MUST BE STRUCTURED SO THAT THE FULL**
4 **ANNUAL AMOUNT THAT REFLECTS THE PREMIUM CHARGED MEMBERS AS REQUIRED**
5 **TO BE INCLUDED IN RATES UNDER SECTION 3104 AND THE FULL AMOUNT FOR**
6 **PERSONAL PROTECTION INSURANCE BENEFITS AS REQUIRED UNDER CHAPTER 31**
7 **ARE INCLUDED IN THE INITIAL PREMIUM.**
8 **(2) AN INSURER THAT ISSUES A POLICY DESCRIBED IN THIS SECTION**
9 **SHALL CHARGE AND COLLECT FROM THE INSURED WITH THE INITIAL PREMIUM**

1 PAYMENT ON THE POLICY THE FULL ANNUAL AMOUNT THAT REFLECTS THE
2 PREMIUM CHARGED MEMBERS AS REQUIRED TO BE INCLUDED IN RATES UNDER
3 SECTION 3104 AND THE FULL AMOUNT FOR PERSONAL PROTECTION INSURANCE
4 BENEFITS AS REQUIRED UNDER CHAPTER 31.

5 (3) SUBJECT TO SUBSECTION (4), IF A POLICY DESCRIBED IN THIS
6 SECTION IS CANCELED, THE INSURER SHALL NOT REFUND TO THE INSURED
7 THE PORTION OF THE INITIAL PREMIUM PAYMENT ON THE POLICY THAT
8 COMPRISES THE FULL ANNUAL AMOUNT THAT REFLECTS THE PREMIUM CHARGED
9 MEMBERS AS REQUIRED TO BE INCLUDED IN RATES UNDER SECTION 3104 AND
10 THE FULL AMOUNT FOR PERSONAL PROTECTION INSURANCE BENEFITS AS
11 REQUIRED UNDER CHAPTER 31.

12 (4) SUBSECTION (3) DOES NOT APPLY IF THE POLICY IS CANCELED
13 FOR 1 OR MORE OF THE REASONS ENUMERATED IN SECTION 3020(2)(C).

14 Sec. 3020. (1) ~~A~~AN AUTHORIZED INSURER SHALL NOT ISSUE OR
15 DELIVER IN THIS STATE A policy of casualty insurance, except
16 worker's compensation and mortgage guaranty insurance, including
17 all classes of motor vehicle coverage, ~~shall not be issued or~~
18 ~~delivered in this state by an insurer authorized to do business in~~
19 ~~this state~~ for which a premium or advance assessment is charged,
20 unless the policy contains the following provisions:

21 (a) That the policy may be canceled at any time at the request
22 of the insured, in which case the insurer shall refund the excess
23 of paid premium or assessment above the pro rata rates for the
24 expired time, except as otherwise provided in subsections (2) ~~7~~
25 ~~(3), and (4).~~TO (5).

26 (b) Except as otherwise provided in subdivision (d), that the
27 policy may be canceled at any time by the insurer by mailing to the

1 insured at the insured's address last known to the insurer or an
2 authorized agent of the insurer, with postage fully prepaid, a not
3 less than 10 days' written notice of cancellation with or without
4 tender of the excess of paid premium or assessment above the pro
5 rata premium for the expired time.

6 (c) That the minimum earned premium on any policy canceled
7 ~~pursuant to~~ ~~UNDER~~ this subsection, other than automobile insurance
8 as defined in section 2102(2) (a) ~~and~~ ~~OR~~ (b), ~~shall~~ ~~WILL~~ not be less
9 than the pro rata premium for the expired time or \$25.00, whichever
10 is greater.

11 (d) That an insurer may refuse to renew a malpractice
12 insurance policy only by mailing to the insured at the insured's
13 address last known to the insurer or an authorized agent of the
14 insurer, with postage fully prepaid, a not less than 60 days'
15 written notice of refusal to renew. As used in this subdivision,
16 "malpractice insurance" means malpractice insurance as described in
17 section 624(1) (h).

18 (2) An insurer may file a rule with the ~~commissioner~~ ~~DIRECTOR~~
19 providing for a minimum retention of premium for automobile
20 insurance as defined in section 2102(2) (a) ~~and~~ ~~OR~~ (b). The rule
21 ~~shall~~ ~~MUST~~ describe the circumstances under which the retention is
22 applied and ~~shall~~ ~~MUST~~ set forth the amount to be retained, which
23 is subject to the approval of the ~~commissioner~~ ~~DIRECTOR~~. The rule
24 ~~shall~~ ~~MUST~~ include, but need not be limited to, the following
25 provisions:

26 (a) That a minimum retention ~~shall~~ ~~WILL~~ be applied only when
27 the amount exceeds the amount that would have been retained had the

1 policy been canceled on a pro rata basis.

2 (b) That a minimum retention does not apply to renewal
3 policies.

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

6 (i) The insured is no longer required to maintain security
7 ~~pursuant to~~ **UNDER** section 3101(1).

8 (ii) The insured has replaced the automobile insurance policy
9 being canceled with an automobile insurance policy from another
10 insurer and provides proof of the replacement coverage to the
11 canceling insurer.

12 (3) Notwithstanding subsection (1), an insurer may issue a
13 noncancelable, nonrefundable, 6-month prepaid automobile insurance
14 policy in order for an insured to meet the registration
15 requirements of section 227a of the Michigan vehicle code, 1949 PA
16 300, MCL 257.227a.

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

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

21 (b) "Off-road vehicle" means an ORV as defined in section
22 81101 of the natural resources and environmental protection act,
23 1994 PA 451, MCL 324.81101.

24 (c) "Snowmobile" means that term as defined in section 82101
25 of the natural resources and environmental protection act, 1994 PA
26 451, MCL 324.82101.

27 (d) "Watercraft" means that term as defined in section 80301

1 of the natural resources and environmental protection act, 1994 PA
2 451, MCL 324.80301.

3 (5) IF THE POLICY CANCELED IS A POLICY THAT PROVIDES THE
4 SECURITY REQUIRED UNDER SECTION 3101(1) AND THE POLICY HAS A TERM
5 OF LESS THAN 6 MONTHS, UNLESS THE POLICY IS CANCELED FOR 1 OR MORE
6 OF THE REASONS ENUMERATED IN SUBSECTION (2)(C), THE INSURER SHALL
7 NOT REFUND THE PORTION OF THE PREMIUM THAT COMPRISES THE ANNUAL
8 AMOUNT THAT REFLECTS THE PREMIUMS CHARGED MEMBERS AS REQUIRED TO BE
9 INCLUDED IN RATES UNDER SECTION 3104 AND THE FULL AMOUNT THAT IS
10 FOR PERSONAL PROTECTION INSURANCE BENEFITS AS REQUIRED UNDER
11 CHAPTER 31.

12 (6) ~~(5)~~—Cancellation as prescribed in this section is without
13 prejudice to any claim originating before the cancellation. The
14 mailing of notice is prima facie proof of notice. Delivery of
15 written notice is equivalent to mailing.

16 (7) ~~(6)~~—A notice of cancellation, including a cancellation
17 notice under section 3224, ~~shall~~**MUST** be accompanied by a statement
18 that the insured shall not operate or permit the operation of the
19 vehicle to which notice of cancellation is applicable, or operate
20 any other vehicle, unless the vehicle is insured as required by
21 law.

22 (8) ~~(7)~~—An insurer who wishes to provide for a short rate
23 premium under subsection (4) shall file with the ~~commissioner~~
24 ~~pursuant to~~**DIRECTOR UNDER** chapter 24 or 26 a rule establishing a
25 short rate premium. The rule ~~shall~~**MUST** describe the circumstances
26 under which the short rate is applied and ~~shall~~ set forth the
27 amount or percentage to be retained.

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

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

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

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

27 (c) For a motor vehicle accident policy issued or renewed

1 during the period July 1, 2003 to June 30, 2004, \$325,000.00.

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

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

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

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

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

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

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

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

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

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

22 Beginning July 1, 2013, ~~2017~~, this ~~\$500,000.00~~ **\$545,000.00** amount
23 ~~shall~~ **MUST** be increased biennially on July 1 of each odd-numbered
24 year, for policies issued or renewed before July 1 of the following
25 odd-numbered year, by the lesser of 6% or the consumer price index,
26 and rounded to the nearest \$5,000.00. ~~This~~ **THE ASSOCIATION SHALL**
27 **CALCULATE THE** biennial adjustment ~~shall be calculated by the~~

1 ~~association~~ by January 1 of the year of its July 1 effective date.

2 (3) An insurer may withdraw from the association only ~~upon~~**ON**
3 ceasing to write insurance that provides the security required by
4 section 3101(1) in this state.

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

10 (5) An unsatisfied net liability to the association of an
11 insolvent member shall be assumed by and apportioned among the
12 remaining members of the association as provided in the plan of
13 operation. The association has all rights allowed by law on behalf
14 of the remaining members against the estate or funds of the
15 insolvent member for ~~sums~~**MONEY** due the association.

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

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

23 (a) Assume 100% of all liability as provided in subsection
24 (2).

25 (b) Establish procedures by which members ~~shall~~ promptly
26 report to the association each claim that, on the basis of the
27 injuries or damages sustained, may reasonably be anticipated to

1 involve the association if the member is ultimately held legally
2 liable for the injuries or damages. Solely for the purpose of
3 reporting claims, the member shall in all instances consider itself
4 legally liable for the injuries or damages. The member shall also
5 advise the association of subsequent developments likely to
6 materially affect the interest of the association in the claim.

7 (c) Maintain relevant loss and expense data relative to all
8 liabilities of the association and require each member to furnish
9 statistics, in connection with liabilities of the association, at
10 the times and in the form and detail as ~~may be~~ required by the plan
11 of operation.

12 (d) In a manner provided for in the plan of operation,
13 calculate and charge to members of the association a total premium
14 sufficient to cover the expected losses and expenses of the
15 association that the association will likely incur during the
16 period for which the premium is applicable. The premium ~~shall~~**MUST**
17 include an amount to cover incurred but not reported losses for the
18 period and may be adjusted for any excess or deficient premiums
19 from previous periods. Excesses or deficiencies from previous
20 periods may be fully adjusted in a single period or may be adjusted
21 over several periods in a manner provided for in the plan of
22 operation. Each member ~~shall~~**MUST** be charged an amount equal to
23 that member's total written car years of insurance providing the
24 security required by section 3101(1) or 3103(1), or both, written
25 in this state during the period to which the premium applies,
26 multiplied by the average premium per car. The average premium per
27 car ~~shall be~~**IS** the total premium calculated divided by the total

1 written car years of insurance providing the security required by
2 section 3101(1) or 3103(1) written in this state of all members
3 during the period to which the premium applies. A member ~~shall~~**MUST**
4 be charged a premium for a historic vehicle that is insured with
5 the member of 20% of the premium charged for a car insured with the
6 member. As used in this subdivision:

7 (i) "Car" includes a motorcycle but does not include a
8 historic vehicle.

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

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

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

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

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

21 (g) Establish procedures for reviewing claims procedures and
22 practices of members of the association. If the claims procedures
23 or practices of a member are considered inadequate to properly
24 service the liabilities of the association, the association may
25 undertake or may contract with another person, including another
26 member, to adjust or assist in the adjustment of claims for the
27 member on claims that create a potential liability to the

1 association and may charge the cost of the adjustment to the
2 member.

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

5 (a) Sue and be sued in the name of the association. A judgment
6 against the association ~~shall~~**DOES** not create any direct liability
7 against the individual members of the association. The association
8 may provide for the indemnification of its members, members of the
9 board of directors of the association, and officers, employees, and
10 other persons lawfully acting on behalf of the association.

11 (b) Reinsure all or any portion of its potential liability
12 with reinsurers licensed to transact insurance in this state or
13 approved by the ~~commissioner~~**DIRECTOR OF THE DEPARTMENT**.

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

17 (d) Pursuant to the plan of operation, adopt reasonable rules
18 for the administration of the association, enforce those rules, and
19 delegate authority, as the board considers necessary to assure the
20 proper administration and operation of the association consistent
21 with the plan of operation.

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

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

1 (g) Perform other acts not specifically enumerated in this
2 section that are necessary or proper to accomplish the purposes of
3 the association and that are not inconsistent with this section or
4 the plan of operation.

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

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

11 (a) The establishment of necessary facilities.

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

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

15 (d) Procedures governing the actual payment of premiums to the
16 association.

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

20 (f) The investment policy of the association.

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

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

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

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

11 (14) ~~Each director shall be appointed by the commissioner and~~
12 **THE DIRECTOR OF THE DEPARTMENT SHALL APPOINT THE DIRECTORS. A**
13 **DIRECTOR** shall serve until ~~that member's~~**HIS OR HER** successor is
14 selected and qualified. The ~~chairperson of the board shall be~~
15 ~~elected by the board. A~~**ELECT A CHAIRPERSON. THE DIRECTOR OF THE**
16 **DEPARTMENT SHALL FILL ANY** vacancy on the board ~~shall be filled by~~
17 ~~the commissioner consistent with~~**AS PROVIDED IN** the plan of
18 operation.

19 (15) ~~After the board is appointed, the~~**THE** board shall meet as
20 often as the chairperson, the ~~commissioner,~~**DIRECTOR OF THE**
21 **DEPARTMENT,** or the plan of operation ~~shall require,~~**REQUIRES,** or at
22 the request of any 3 members of the board. The chairperson ~~shall~~
23 ~~retain the right to~~**MAY** vote on all issues. Four members of the
24 board constitute a quorum.

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

1 ~~—— (17) Not more than 60 days after the initial organizational~~
2 ~~meeting of the board, the board shall submit to the commissioner~~
3 ~~for approval a proposed plan of operation consistent with the~~
4 ~~objectives and provisions of this section, which shall provide for~~
5 ~~the economical, fair, and nondiscriminatory administration of the~~
6 ~~association and for the prompt and efficient provision of~~
7 ~~indemnity. If a plan is not submitted within this 60-day period,~~
8 ~~then the commissioner, after consultation with the board, shall~~
9 ~~formulate and place into effect a plan consistent with this~~
10 ~~section.~~

11 ~~—— (18) The plan of operation, unless approved sooner in writing,~~
12 ~~shall be considered to meet the requirements of this section if it~~
13 ~~is not disapproved by written order of the commissioner within 30~~
14 ~~days after the date of its submission. Before disapproval of all or~~
15 ~~any part of the proposed plan of operation, the commissioner shall~~
16 ~~notify the board in what respect the plan of operation fails to~~
17 ~~meet the requirements and objectives of this section. If the board~~
18 ~~fails to submit a revised plan of operation that meets the~~
19 ~~requirements and objectives of this section within the 30-day~~
20 ~~period, the commissioner shall enter an order accordingly and shall~~
21 ~~immediately formulate and place into effect a plan consistent with~~
22 ~~the requirements and objectives of this section.~~

23 ~~(17) (19) The proposed plan of operation or **ANY** amendments to~~
24 ~~the plan of operation **OF THE ASSOCIATION** are subject to majority~~
25 ~~approval by the board, ~~ratified~~ **RATIFICATION** by a majority of the~~
26 ~~membership having a vote, with voting rights being apportioned~~
27 ~~according to the premiums charged in subsection (7) (d), and ~~are~~~~

1 ~~subject to approval by the commissioner.~~**DIRECTOR OF THE DEPARTMENT.**

2 **(18)** ~~(20) Upon approval by the commissioner and ratification~~
3 ~~by the members of the plan submitted, or upon the promulgation of a~~
4 ~~plan by the commissioner, each~~**AN** insurer authorized to write
5 insurance providing the security required by section 3101(1) in
6 this state, as provided in this section, is bound by and shall
7 formally subscribe to and participate in the plan ~~approved~~**OF**
8 **OPERATION** as a condition of maintaining its authority to transact
9 insurance in this state.

10 **(19)** ~~(21) The association is subject to all the reporting,~~
11 ~~loss reserve, and investment requirements of the commissioner~~
12 **DIRECTOR OF THE DEPARTMENT** to the same extent as ~~would a member~~**ARE**
13 **THE MEMBERS** of the association.

14 **(20)** ~~(22) Premiums charged members by the association shall~~
15 **MUST** be recognized in the rate-making procedures for insurance
16 rates in the same manner that expenses and premium taxes are
17 recognized. **RATES ESTABLISHED UNDER THIS SUBSECTION MUST BE**
18 **STRUCTURED SO THAT, FOR POLICIES WITH A TERM OF LESS THAN 6 MONTHS,**
19 **THE FULL ANNUAL AMOUNT THAT REFLECTS THE PREMIUMS CHARGED MEMBERS**
20 **IS INCLUDED IN THE INITIAL PREMIUM CHARGED TO THE POLICY HOLDER.**

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

25 **(22)** ~~(24) The association does not have liability for losses~~
26 ~~occurring before July 1, 1978.~~

27 **(23)** ~~(25) As used in this section:~~

1 (A) "ASSOCIATION" MEANS THE CATASTROPHIC CLAIMS ASSOCIATION
2 CREATED IN SUBSECTION (1) .

3 (B) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE ASSOCIATION
4 CREATED IN SUBSECTION (9) .

5 (C) ~~(a)~~-"Consumer price index" means the percentage of change
6 in the consumer price index for all urban consumers in the United
7 States city average for all items for the 24 months ~~prior to~~**BEFORE**
8 October 1 of the year ~~prior to~~**BEFORE** the July 1 effective date of
9 the biennial adjustment under subsection ~~(2) (k)~~**(2) (M)** as reported
10 by the United States ~~department~~**DEPARTMENT** of ~~labor, bureau~~**LABOR,**
11 **BUREAU** of ~~labor statistics,~~**LABOR STATISTICS,** and as certified by
12 the ~~commissioner.~~**DIRECTOR.**

13 (D) ~~(b)~~-"Motor vehicle accident policy" means a policy
14 providing the coverages required under section 3101(1) .

15 (E) ~~(c)~~-"Ultimate loss" means the actual loss amounts that a
16 member is obligated to pay and that are paid or payable by the
17 member, and do not include claim expenses. An ultimate loss is
18 incurred by the association on the date that the loss occurs.

19 Enacting section 1. This amendatory act takes effect 90 days
20 after the date it is enacted into law.