

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF INGHAM

ELLEN M. ANDARY, a legally incapacitated  
adult, by and through her Guardian and  
Conservator, MICHAEL T. ANDARY, M.D.,  
PHILIP KRUEGER, a legally incapacitated  
adult, by and through his Guardian, RONALD  
KRUEGER, & MORIAH, INC., d/b/a  
EISENHOWER CENTER, a Michigan corporation,

Plaintiffs,

v

USAA CASUALTY INSURANCE COMPANY,  
a foreign corporation, and CITIZENS  
INSURANCE COMPANY OF AMERICA,  
a Michigan corporation,

Defendants.

Case No. 19- 738 -CZ

Hon. WANDA M. STOKES



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**COMPLAINT FOR DECLARATORY JUDGMENT**

**THERE IS NO OTHER PENDING OR RESOLVED CIVIL  
ACTION ARISING OUT OF THE SAME TRANSACTION  
OR OCCURRENCE AS ALLEGED IN THE COMPLAINT.**

NOW COMES Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, and Plaintiff Moriah Inc., d/b/a Eisenhower Center, by and through their attorneys, **Sinas, Dramis, Larkin, Graves & Waldman, P.C.** and **Mark Granzotto, P.C.**, and by way of their Complaint for Declaratory Judgment against Defendant USAA Casualty Insurance Company, a foreign corporation, and Defendant Citizens Insurance Company of America, a Michigan corporation, state the following:

*This Complaint for Declaratory Judgment contains the following Counts:*

**Count I** – Application of the Attendant Care Limitations set forth in MCL 500.3157(10) to Ellen M. Andary Violates her Constitutional Contract Rights Under Article 1 Section 10 of the Michigan Constitution

**Count II** – Application of the Attendant Care Limitations set forth in MCL 500.3157(10) to Ellen M. Andary Violates her Constitutional Due Process Rights Under Article 1 Section 17 of the Michigan Constitution

**Count III** – Application of the Attendant Care Limitations set forth in MCL 500.3157(10) to Ellen M. Andary Violates her Constitutional Equal Protection Rights Under Article 1 Section 2 of the Michigan Constitution

**Count IV** – Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Ellen M. Andary Violates her Constitutional Contract Rights Under Article 1 Section 10 of the Michigan Constitution

**Count V** – Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Ellen M. Andary Violates her Constitutional Due Process Rights Under Article 1 Section 17 of the Michigan Constitution

**Count VI** – Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Ellen M. Andary Violates her Constitutional Equal Protection Rights Under Article 1 Section 2 of the Michigan Constitution



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*Count VII* - Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Philip Krueger for Treatment Rendered to Him by Plaintiff Eisenhower Center Violates his Constitutional Contract Rights Under Article 1 Section 10 of the Michigan Constitution

*Count VIII* - Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Philip Krueger for Treatment Rendered to Him by Plaintiff Eisenhower Center Violates his Constitutional Due Process Rights Under Article 1 Section 17 of the Michigan Constitution

*Count IX* - Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Philip Krueger Violates his Constitutional Equal Protection Rights Under Article 1 Section 2 of the Michigan Constitution

*Count X* - Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Plaintiff Eisenhower Center for Services it Renders to Plaintiff Philip Krueger Violates its Constitutional Contract Rights Under Article 1 Section 10 of the Michigan Constitution

*Count XI* - Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Plaintiff Eisenhower Center Regarding Services it Renders to all Motor Vehicle Accident Victims Past, Present, or Future, Violates its Constitutional Due Process Rights Under Article 1 Section 17 of the Michigan Constitution

*Count XII* - Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to Plaintiff Eisenhower Center Regarding Services it Renders to all Motor Vehicle Accident Victims Past, Present, or Future Violates its Constitutional Equal Protection Rights Under Article 1 Section 2 of the Michigan Constitution

*Count XIII* - Future Application of the Attendant Care Limitations set forth in MCL 500.3157(10) to all Motor Vehicle Accident Victims Past, Present, or Future, Violates the Constitutional Due Process Rights of Those Persons Under Article 1 Section 17 of the Michigan Constitution

*Count XIV* - Future Application of the Attendant Care Limitations set forth in MCL 500.3157(10) to all Motor Vehicle Accident Victims Past, Present, or Future, Violates the Constitutional Equal Protection Rights of Those Persons Under Article 1 Section 2 of the Michigan Constitution

*Count XV* - Future Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to all Motor Vehicle Accident Victims, past, Present, or Future, Violates the Constitutional Due Process Rights of Those Persons Under Article 1 Section 17 of the Michigan Constitution



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*Count XVI* - Future Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to all Motor Vehicle Accident Victims Past, Present, or Future, Violates the Constitutional Equal protection Rights of Those Persons Under Article 1 Section 2 of the Michigan Constitution

*Count XVII* - Future Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to any Michigan Medical Provider Violates the Constitutional Due Process Rights of Those Providers Under Article 1 Section 17 of the Michigan Constitution

*Count XVIII* - Future Application of the Fee Schedule Limitations set forth in MCL 500.3157(7) to any Michigan Medical Provider Violates the Constitutional Equal Protection Rights of Those Providers Under Article 1 Section 2 of the Michigan Constitution

In support of these Counts, Plaintiffs say as follows:

### GENERAL ALLEGATIONS

1. Plaintiffs bring this action requesting declaratory relief from this Honorable Court, pursuant to MCR 2.605, for the purpose of defining the rights of said parties under the respective insurance contracts identified in this lawsuit and in connection therewith to declare that MCL 500.3157(2), MCL 500.3157(7) and MCL 500.3157(10) are unconstitutional pursuant to the Contracts Clause of the Michigan Constitution, Const 1963, art 1 § 10, the Due Process Clause of the Michigan Constitution, Const 1963, art 1 § 17, and the Equal Protection Clause of the Michigan Constitution, Const 1963, art 1 § 2, thereby preventing Defendant USAA Casualty Insurance Company and Defendant Citizens Insurance Company of America from enforcing said unconstitutional provisions with respect to the Plaintiffs and others similarly situated.

2. Defendant USAA Casualty Insurance Company (hereinafter "*Defendant USAA*") is a foreign insurance company authorized to transact the business of no-fault



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insurance in the State of Michigan, and does, in fact, regularly and systematically conduct business in Ingham County, Michigan.

3. Defendant Citizens Insurance Company of America (hereinafter "*Defendant Citizens*") a Michigan insurance company authorized to transact the business of no-fault insurance in the State of Michigan, and does, in fact, regularly and systematically conduct business in Ingham County, Michigan.

4. Venue is proper pursuant to MCR 600.1621(1).

5. Ellen M. Andary was born on February 1, 1957.

6. At all times pertinent hereto, Ellen M. Andary, and Michael T. Andary, M.D. have been husband and wife and have resided together, and continue to reside at, 1461 Foxcroft Road, East Lansing, Ingham County, Michigan.

7. Michael T. Andary, M.D. is a physician in good standing licensed to practice medicine in the State of Michigan and has been so licensed since 1983.

8. On March 19, 2015, Michael T. Andary, M.D. was appointed Guardian and Conservator for Ellen M. Andary, a legally incapacitated adult, pursuant to Orders issued by the Ingham County Probate Court. A copy of these Orders is attached *Exhibit 1*.

9. On December 5, 2014, Ellen M. Andary was a passenger in a motor vehicle traveling southbound on US-127 near Mount Pleasant when said vehicle was struck head-on by a drunk driver proceeding in the wrong direction on the roadway.

10. As a result of the head-on motor vehicle accident described above, Ellen M. Andary suffered nearly fatal injuries, including, but not limited to, a catastrophic brain injury, multiple internal injuries, numerous fractures, and other assorted traumatic



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bodily injuries. These injuries required prolonged in-patient hospitalization from December 5, 2014 to approximately June 5, 2015, multiple surgeries, and extensive rehabilitative training.

11. At the conclusion of Ellen M. Andary's in-patient hospitalization, she was discharged to her home, and was, at that time, and continues to be, totally and permanently disabled and incapable of taking care of herself.

12. Since her discharge from Sparrow Hospital on approximately June 5, 2015, Ellen M. Andary has been prescribed, and continues to receive, 36 hours of in-home attendant care services per day, consisting of approximately 24 hours of unskilled attendant care and 12 hours of skilled attendant care.

13. The majority of Ellen M. Andary's in-home attendant care services are provided by members of her family, including her children, Catherine Andary, Caroline Andary, William Andary, Michelle Andary, and Steven Andary. These in-home attendant care services are supervised by her physician husband, Michael T. Andary, M.D.

14. Since her hospital discharge, the in-home attendant care required by Ellen M. Andary has been provided by her family in accordance with a program that is designed to maximize her rehabilitation and her re-integration into her pre-accident life, to the extent possible. Participation of Ellen M. Andary's family members in this in-home attendant care program has been, and continues to be, essential to maximizing her quality of care.



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15. If Ellen M. Andary were forced to have attendant care services rendered to her by strangers rather than her family members, she would likely suffer serious and deleterious consequences to her overall health status and rehabilitation.

16. Ellen M. Andary continues to require regular medical treatment from various physicians and therapists for her ongoing injuries and related disabilities. This includes, but is not limited to, care and treatment rendered by Rebecca Wyatt, D.O. of Origami Brain Injury Rehabilitation Center; James Sylvian, D.O. of MSU Rehabilitation; John Siano, M.D. of Lansing Internal Medicine; Eric Eggenberger, D.O., Andrew Saxe, M.D., and David Young, D.O. of Sparrow Health System; Mounzer Yassin-Kassab, M.D. and Daniel Havlicheck, M.D. of MSU Clinical Center; Timothy Heilman, D.O. and Charles Bill, M.D. of Lansing Neurosurgery; Rafid Yousif, M.D. of Lansing Institute of Urology; Joseph Conrad, M.S. of Eyecare Associates of DeWitt; Charles Taunt, D.O. of Michigan Orthopedic Center; Daniel Langhosrt, O.D. of Eyecare Associates of Haslett; Beth Spitzley, RPT of the Center for Integrative Medicine of Okemos; Mary Hunt, D.O.; and various therapists at Assessment Rehab Management.

17. At the time of her December 5, 2014 motor vehicle accident, Ellen M. Andary and Michael T. Andary, M.D. were insured under a policy of automobile no-fault insurance issued by Defendant USAA, bearing policy number 00278 70 84C 7102 3. A copy of this policy and declaration sheet is attached as *Exhibit 2*.

18. As a result of the aforementioned catastrophic injuries sustained by Ellen M. Andary, she has been, and continues to be, entitled to receive certain no-fault personal protection (“PIP”) benefits under § 3107(1)(a) of the Michigan No-Fault Act and her no-



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fault insurance policy with Defendant USAA, which benefits include, but are not limited to, allowable expenses defined as all *"reasonable charges incurred for reasonably necessary products, services, and accommodations for an injured person's care, recovery, or rehabilitation."*

19. At the time of the December 5, 2014 motor vehicle accident, the allowable expense benefits set forth in § 3107(1)(a) of the Michigan No-Fault Act, and in Ellen M. Andary's policy with Defendant USAA, entitled her to recover payment for all reasonable charges for all reasonably necessary in-home attendant care services, without regard to the identity of the attendant care service provider, or the number of hours of attendant care services rendered to her by any particular service provider.

20. At the time of the December 5, 2014 motor vehicle accident, the allowable expense benefits set forth in § 3107(1)(a) of the Michigan No-Fault Act and Ellen M. Andary's policy with Defendant USAA entitled her to recover payment for all reasonable charges for all reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation without regard to any form of government or private fee schedules.

21. The premium paid by Ellen M. Andary, and her husband, Michael T. Andary, M.D., for her aforesaid auto insurance policy with Defendant USAA was priced and sold based upon the fact that said policy entitled her to full in-home attendant care services without regard to the identity of the service provider, and further entitled her to reimbursement for all reasonable charges for all reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation without regard to any government or private fee schedules. That premium had been fully paid by Ellen M.



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Andary, and Michael T. Andary, M.D. as of the date of Ellen M. Andary's December 5, 2014 accident, and therefore all rights Ellen M. Andary had as of that date were fully vested.

22. Philip Krueger was born on January 25, 1972.

23. At all times pertinent hereto, Philip Krueger has been a resident of Ann Arbor, Washtenaw County, Michigan.

24. Ronald Krueger is the father of Philip Krueger.

25. In 1997, Ronald Krueger was appointed Guardian for Philip Krueger, a legally incapacitated adult, pursuant to an Order issued by the Genesee County Probate Court.

26. On March 10, 1990, Philip Krueger was a passenger in a pickup truck that was involved in a serious motor vehicle accident.

27. As a result of the motor vehicle accident described above, Philip Krueger suffered injuries, including, but not limited to, a traumatic brain injury, a collapsed lung, a broken pelvis, and a neurological injury to his left foot.

28. Since the March 10, 1990 accident, Philip Krueger has been, and continues to be, totally and permanently disabled and incapable of taking care of himself.

29. At the time of his March 10, 1990 motor vehicle accident, Philip Krueger was insured under a policy of automobile no-fault insurance issued by Defendant Citizens.

30. As a result of the aforementioned catastrophic injuries sustained by Philip Krueger, he has been, and continues to be, entitled to receive certain PIP benefits under §



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3107(1)(a) of the Michigan No-Fault Act and his no-fault insurance policy with Defendant Citizens, which benefits include, but are not limited to, allowable expenses defined as all *“reasonable charges incurred for reasonably necessary products, services, and accommodations for an injured person's care, recovery, or rehabilitation.”*

31. At the time of the March 10, 1990 motor vehicle accident, the allowable expense benefits set forth in § 3107(1)(a) of the Michigan No-Fault Act and Philip Krueger's policy with Defendant Citizens entitled him to recover payment for all reasonable charges for all reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation without regard to any form of government or private fee schedules. Since the March 10, 1990 accident, these benefits have been paid pursuant to Defendant Citizens' claim number 25-90-000439.

32. The premium paid on behalf of Philip Krueger, for his aforesaid auto insurance policy with Defendant Citizens, was priced and sold based upon the fact that said policy entitled him to reimbursement for all reasonable charges for all reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation without regard to any government or private fee schedules. That premium had been fully paid on behalf of Philip Krueger as of the date of his March 10, 1990 accident, and therefore all rights Philip Krueger had as of that date were fully vested.

33. Plaintiff Moriah, Inc., d/b/a Eisenhower Center (hereafter referred to as *“Plaintiff Eisenhower Center”*), is a Michigan corporation engaged in the profession of providing products, services, and accommodations for the care, recovery, or rehabilitation of individuals suffering traumatic brain injuries.



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34. Plaintiff Eisenhower Center has facilities in Ann Arbor, Washtenaw County, Michigan, where it provides inpatient living accommodations to individuals with traumatic brain injuries who are not able to live independently and who require a structured environment due to their disabilities.

35. Plaintiff Eisenhower Center also provides comprehensive neuro-rehabilitation programs and related services to its patients, including, but not limited to, occupational therapy, psychology, program coordination, health education/nursing, supported employment, behavior analysis, supervision, recreation, transportation, substance abuse prevention services, supported apartment living, sustained care, transitional care, social work services, case management services, neuropsychological testing, physical therapy, speech and language pathology, community activities, room and board, and all of the other related and cognate services typically provided by a comprehensive, accredited, and certified neuro-rehabilitation program.

36. The vast majority of Plaintiff Eisenhower Center's patients, like Philip Krueger, have suffered their disabilities as a result of motor vehicle accidents. Presently, of the 156 residential patients at Plaintiff Eisenhower Center's Ann Arbor facility, approximately 130 of those patients are motor vehicle accident victims whose care, recovery, or rehabilitation is funded by no-fault PIP benefits payable under § 3107(1)(a) of the Michigan No-Fault Act.

37. Following the March 10, 1990 motor vehicle accident, in approximately November 1997, Philip Krueger began receiving residential accommodations and other



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reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation from Plaintiff Eisenhower Center.

38. Philip Krueger and Plaintiff Eisenhower Center entered into a contractual relationship (express or implied) in which Plaintiff Eisenhower Center agreed to provide reasonably necessary products, service, and accommodations to Philip Krueger for his care, recovery, or rehabilitation. These parties entered into this contractual relationship relying upon the ability of Philip Krueger to fund his financial obligations to Plaintiff Eisenhower Center. At the time these parties entered into these contractual relationships, Philip Krueger had funding under § 3107(1)(a) of the No-Fault Act, through his insurance policy contract with Defendant Citizens, that enabled him to obtain reimbursement for all reasonably necessary products, services, and accommodations he was receiving from Plaintiff Eisenhower Center. This right to funding vested at the time of Philip Krueger's March 10, 1990 accident and was vested when he entered into the contract with Plaintiff Eisenhower Center. Had Philip Krueger not had this funding source, Plaintiff Eisenhower Center would not have been able to enter into a contractual relationship with Philip Krueger to provide him the reasonably necessary products, services, and accommodations he has been receiving from Plaintiff Eisenhower Center ever since he became a patient.

39. Plaintiff Eisenhower Center also entered into similar contracts (express or implied) with its other motor vehicle accident patients prior to June 11, 2019.

40. On May 25, 2019, the Michigan Legislature passed Enrolled Senate Bill No. 1 (hereinafter "*SB 1*") which was signed into law by Governor Whitmer on May 30, 2019.



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On June 4, 2019, the Legislature passed Enrolled House Bill No. 4397 (hereinafter “HB 4397”), which included some modifications and clarifications to SB 1, and was signed by Governor Whitmer on June 11, 2019. On June 11, 2019, SB 1 and HB 4397 were filed with the Michigan Secretary of State’s Office of the Great Seal and assigned Public Act number 21 of 2019 and Public Act number 22 of 2019 (hereinafter referred to as “PA 21” and “PA 22”). A copy of PA 21 is attached as *Exhibit 3*. A copy of PA 22 is attached as *Exhibit 4*.

41. PA 21 and PA 22 enacted sweeping changes to the existing Michigan No-Fault Act (MCL 500.3101 *et seq.*), many of which went into effect on June 11, 2019. In some circumstances these changes purport to apply to persons injured in motor vehicle accidents that occurred prior to June 11, 2019.

42. Among the many changes, PA 21 enacted significant limitations on the right of an injured person to receive reimbursement for in-home attendant care services rendered by members of the injured person’s family. Essentially, PA 21 provides that no-fault benefits are not payable for in-home family provided attendant care services that exceed a 56 hour per week (8 hours per day) limitation. This limitation is contained in MCL 500.3157(10), which states in pertinent part:

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

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

*(b) An individual who is domiciled in the household of the injured person.*



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

43. The limitation on in-home family provided attendant care set forth in § 3157(10) does not go into effect until July 1, 2021. However, this limitation will supposedly apply to seriously injured motor vehicle accident victims, like Ellen M. Andary, that were injured prior to June 11, 2019.

44. Pursuant to the provisions of PA 21, beginning on July 1, 2021 Ellen M. Andary will presumably no longer be entitled to receive reimbursement for in-home family provided attendant care rendered to her in excess of 56 hours per week (8 hours per day). If this limitation is enforceable, Ellen M. Andary's health and welfare may be adversely affected by the requirement that she receive care from strangers and other non-family members.

45. Moreover, if the aforementioned in-home family provided attendant care limits were to apply to Ellen M. Andary, she would be denied the full benefits under her insurance contract policy with Defendant USAA, which she and her husband, Michael T. Andary, M.D., purchased and which were in full force and effect on the date of her December 5, 2014 accident.

46. In addition to the limitation on in-home family provided attendant care, PA 21 also enacted fee schedules that dramatically limit a no-fault insurer's obligation to reimburse expenses for reasonably necessary products, services, and accommodations rendered for the care, recovery, or rehabilitation of motor vehicle accident victims. These limitations are contained in MCL 500.3157(2) and (7), which state in pertinent part:



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

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

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

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

....

(7) If Medicare does not provide an amount payable for a treatment or rehabilitative occupational training under subsection (2), (3), (5), or (6), the physician, hospital, clinic, or other person that renders the treatment or training is not eligible for payment or reimbursement under this chapter of more than the following, as applicable:

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

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

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

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



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47. The fee schedules set forth in §§ 3157(2) and (7) do not apply until July 1, 2021. However, these fee schedules will presumably apply to motor vehicle accident victims, like Ellen M. Andary and Philip Kruger, that were injured prior to June 11, 2019.

48. The fee schedules set forth in § 3157(7) will supposedly apply to any patients of Plaintiff Eisenhower Center, like Philip Krueger, that were injured prior to June 11, 2019 and were receiving reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation from Plaintiff Eisenhower Center prior to June 11, 2019. Presently, that number of patients is 130.

49. The fee schedules set forth in § 3157(7) that are applicable to non-Medicare compensable products, services, and accommodations are oppressive, confiscatory, and grossly inadequate and, as a result, those fee schedules pose a threat to the ability of many medical providers, who render products, services, and accommodations to motor vehicle accident victims, to remain in business.

50. For the most part, Plaintiff Eisenhower Center's services are not compensable under Medicare, as referenced in § 3157(2). Therefore, the fee schedules set forth in § 3157(7) dictate the amount that Plaintiff Eisenhower Center can be reimbursed for its services rendered to motor vehicle accident victims, such as Philip Krueger.

51. Beginning on July 1, 2021, for motor vehicle accident victims that receive reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation from Plaintiff Eisenhower, including Philip Krueger, Plaintiff Eisenhower Center will only be able to be reimbursed at 55% of the rate at which it charged for such products, services, and accommodations on January 1, 2019. Beginning on July 1, 2022,



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Eisenhower Center will only be able to be reimbursed at 54% of the rate at which it charged for such products, services, and accommodations on January 1, 2019. Beginning on July 1, 2023, Eisenhower Center will only be able to be reimbursed at 52.5% of the rate at which it charged for such products, services, and accommodations on January 1, 2019.

52. If the fee schedules set forth in § 3157(7) apply to the reasonably necessary products, services, and accommodations that Philip Krueger is receiving from Plaintiff Eisenhower Center and to all of Plaintiff Eisenhower Center's patients that are injured in motor vehicle accidents, there exists a substantial likelihood that Plaintiff Eisenhower Center will be unable to continue providing those reasonably necessary products, services, and accommodations to Philip Krueger and these other patients for the reason that the reimbursement rates set forth in the fee schedule contained in § 3157(7) are less than Plaintiff Eisenhower Center's cost of providing said care. Therefore, this creates an unsustainable situation regarding the ability of Plaintiff Eisenhower Center to survive as a viable business, and thus threatens and jeopardizes access to reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation of Philip Krueger and other motor vehicle accident patients.

53. The fee schedules contained in §§ 3157(2) and (7) will also purportedly apply to medical providers who are or will be providing reasonably necessary products, services, and accommodations for Ellen M. Andary's care, recovery, or rehabilitation.

54. If the fee schedules set forth in §§ 3157(2) and (7) apply to Ellen M. Andary's medical providers who are or will be providing reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation, her ability to continue



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receiving that care is at risk if the statutory reimbursement rates contained in those sections are deemed by her providers to be inadequate to enable them to continue caring for her.

55. If the aforementioned fee schedule provisions were to apply, Ellen M. Andary would be denied the full benefits of her insurance contract policy with Defendant USAA, which she and her husband, Michael T. Andary, M.D., purchased and which was in full force and effect on the date of her December 5, 2014 accident.

56. The Michigan Constitution prohibits laws that impair the obligation of contracts. Specifically, the Michigan Constitution states: “*No . . . law impairing the obligation of contract shall be enacted.*” Const 1963, art 1 § 10.

57. The Michigan Constitution contains a substantive due process protection that protects individuals from arbitrary exercise of governmental power. Specifically, the Michigan Constitution States, “*no person shall . . . be deprived of life, liberty, or property, without due process of law.*” Const 1963, art 1 § 17.

58. The Michigan Constitution contains an equal protection clause that protects similarly situated persons and entities from being treated dissimilarly. Specifically, the Michigan Constitution states: “*[n]o person shall be denied the equal protection of the laws; nor shall any person be denied the enjoyment of his civil or political rights or be discriminated against in the exercise thereof because of religion, race, color or national origin.*” Const 1963, art 1 § 2.



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COUNT I – APPLICATION OF THE ATTENDANT CARE LIMITATIONS SET FORTH  
IN MCL 500.3157(10) TO ELLEN M. ANDARY VIOLATES HER CONSTITUTIONAL  
CONTRACT RIGHTS UNDER ARTICLE 1 SECTION 10 OF THE MICHIGAN  
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59. Plaintiffs incorporate by reference paragraphs 1 - 58.

60. The attendant care limitations set forth in § 3157(10) limiting in-home family provided attendant care to 56 hours per week, operates as a substantial impairment of the contractual obligations owed to Ellen M. Andary pursuant to her aforementioned auto insurance policy with Defendant USAA. Ellen M. Andary's auto insurance policy with Defendant USAA, as of the date of her injury, did not contain any limitations on the identity of attendant care providers and allowed her to be reimbursed for in-home family provided attendant care that was rendered to her 24 hours per day, seven days per week, without regard to the identity of her caregivers, as long as such attendant care services were reasonably necessary for her care, recovery, or rehabilitation and that the charges were reasonable.

61. The premium paid by Ellen M. Andary and her husband, Michael T. Andary, M.D. for their aforesaid auto insurance policy with Defendant USAA was priced and sold based upon that fact that said policy entitled Ellen M. Andary to full in-home attendant care services without regard to the identity of the service provider. Ellen M. Andary's right to all reasonably necessary in-home family provided attendant care became vested on the date she was injured. Section 3157(10) divests her of that vested contract right, denies her the benefit of the premiums she and Michael T. Andary, M.D. paid to secure it, and, in the process, jeopardizes and diminishes her quality of care.



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62. The State of Michigan has no significant and legitimate public purpose behind the enactment of § 3157(10) to justify the retroactive interference with Ellen M. Andary's vested contractual right to uncapped in-home family provided attendant care between private parties, in that there is no credible evidence that in-home family provided attendant care is somehow fraudulent, or in some other way inappropriate. Moreover, there is no logical support for the proposition that forcing injured persons to hire in-home commercial attendant care agencies will bring down the cost of no-fault insurance.

63. The State of Michigan cannot divest Ellen M. Andary of contractual rights that vested at the time she was injured and cannot retroactively dictate the identity of her in-home attendant care providers. Moreover, the means the State of Michigan chose to alter the contractual rights between Ellen M. Andary and Defendant USAA are clearly unreasonable. In that regard, it is unreasonable for the State of Michigan to dramatically diminish the reimbursement for the in-home family provided attendant care that Ellen M. Andary has been receiving by two-thirds of that care, with no legitimate justification for such a dramatic alteration of her contractual rights.

64. For the reasons stated herein and otherwise, the in-home family provided attendant care limitations set forth in § 3157(10) violate Ellen M. Andary's constitutional contract rights under the Michigan Contracts Clause, Const 1963 Article 1 § 10.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., prays that this Court



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will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Ellen M. Andary, declaring the following:

- a. That the in-home family provided attendant care provisions of § 3157(10) are unconstitutional because they violate Article 1 § 10 of the Michigan Constitution.
- b. That Defendant USAA is prohibited from enforcing the provisions of § 3157(10) as to Plaintiff Ellen M. Andary.

**COUNT II – APPLICATION OF THE ATTENDANT CARE LIMITATIONS SET FORTH  
IN MCL 500.3157(10) TO ELLEN M. ANDARY VIOLATES HER CONSTITUTIONAL  
DUE PROCESS RIGHTS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN  
CONSTITUTION**

65. Plaintiffs incorporate by reference paragraphs 1 - 64.

66. Ellen M. Andary, through her Guardian and Conservator Michael T. Andary, M.D., has a fundamental due process right, pursuant to the Michigan Constitution Article 1 § 17, to privacy and bodily integrity.

67. Ellen M. Andary, through her Guardian and Conservator Michael T. Andary, M.D., has a liberty interest, pursuant to the Michigan Constitution Article 1 § 17, in being able to choose the in-home caregivers that she or her Guardian selects, and who provide care that is most efficacious and beneficial for her.

68. The 56 hour per week in-home family provided attendant care limitation of § 3157(10) is a violation of Ellen M. Andary's fundamental right to privacy and bodily integrity, as it forces her to bring strangers into her home to provide her with very personal and intimate care, such as bathing, dressing, and assisting with using the bathroom. In addition, § 3157(10) is a violation of Ellen M. Andary's liberty interests, as



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it restricts her right to be able to choose the in-home caregivers that she or her Guardian selects, and who provide the care that is most efficacious and beneficial for her.

69. The State of Michigan has no compelling interest to infringe upon Ellen M. Andary's fundamental right to privacy and bodily integrity and her liberty interest in choosing her in-home caregivers by restricting her right to obtain reasonably necessary in-home family provided attendant care. Furthermore, the drastic limitations imposed by § 3157(10) regarding Ellen M. Andary's ability to obtain in-home family provided attendant care are overbroad, overreaching, and not narrowly tailored.

70. For the reasons stated herein and otherwise, the in-home family provided attendant care limitations set forth in § 3157(10) violate Ellen M. Andary's constitutional substantive due process rights under the Michigan Due Process Clause, Const 1963 Article 1 § 17.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Ellen M. Andary, declaring the following:

- a. That the in-home family provided attendant care provisions of § 3157(10) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant USAA is prohibited from enforcing the provisions of § 3157(10) as to Plaintiff Ellen M. Andary.



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**COUNT III – APPLICATION OF THE ATTENDANT CARE LIMITATIONS SET FORTH  
IN MCL 500.3157(10) TO ELLEN M. ANDARY VIOLATES HER CONSTITUTIONAL  
EQUAL PROTECTION RIGHTS UNDER ARTICLE 1 SECTION 2 OF THE MICHIGAN  
CONSTITUTION**

71. Plaintiffs incorporate by reference paragraphs 1 - 70.

72. Ellen M. Andary, through her Guardian and Conservator Michael T. Andary, M.D., has a fundamental equal protection right, pursuant to the Michigan Constitution Article 1 § 2, to privacy and bodily integrity.

73. Section 3157(10) creates two different classes of motor vehicle accident victims that require in-home attendant care: (a) persons that receive in-home family provided attendant care and, (b) persons that receive in-home commercial attendant care. Section 3157(10) discriminates against persons that receive in-home family provided attendant care, such as Ellen M. Andary, by putting a cap on the amount of reimbursement for such care at 56 hours per week, whereas persons who receive in-home commercial attendant care are not subject to any such limitation.

74. In creating the two classes referenced above, § 3157(10) treats similarly situated motor vehicle accident victims in a dissimilar manner, thereby imposing a substantial disadvantage upon motor vehicle accident victims who receive in-home family provided attendant care, such as Ellen M. Andary, who has in reality, benefitted more from the nature and extent of the in-home family provided attendant care she has been receiving since her discharge from the hospital.

75. The 56 hour per week in-home family provided attendant care limitation of § 3157(10) is a violation of Ellen M. Andary's fundamental right to privacy and bodily



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integrity, as it forces her to bring strangers into her home to provide her with very personal and intimate care, such as bathing, dressing, and assisting with using the bathroom. In addition, § 3157(10) violates Ellen M. Andary's liberty interests by restricting her right to be able to choose the in-home caregivers that she or her Guardian selects and who provide the care that is most efficacious and beneficial for her.

76. The State of Michigan has no compelling interest to infringe upon Ellen M. Andary's fundamental right to privacy and bodily integrity and no compelling interest to treat her more harshly than other similarly situated motor vehicle accident victims by restricting her right to receive reasonably necessary in-home family provided attendant care. Furthermore, the significant limitations imposed by § 3157(10) are overbroad, overreaching, and not narrowly tailored.

77. For the reasons stated herein and otherwise, the in-home family provided attendant care limitations set forth in § 3157(10) violate Ellen M. Andary's constitutional equal protection rights under the Michigan Equal Protection Clause, Const 1963 Article 1 § 2.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Ellen M. Andary, declaring the following:

- a. That the in-home family provided attendant care provisions of § 3157(10) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.



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- b. That Defendant USAA is prohibited from enforcing the provisions of § 3157(10) as to Plaintiff Ellen M. Andary.

**COUNT IV – APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN  
MCL 500.3157(7) TO ELLEN M. ANDARY VIOLATES HER CONSTITUTIONAL  
CONTRACT RIGHTS UNDER ARTICLE 1 SECTION 10 OF THE MICHIGAN  
CONSTITUTION**

78. Plaintiffs incorporate by reference paragraphs 1 - 77.

79. The fee schedules set forth in § 3157(7) limiting the amount Ellen M. Andary's providers can be reimbursed from Defendant USAA operate as a substantial impairment of the contractual obligations owed to Ellen M. Andary pursuant to her aforementioned auto insurance policy with Defendant USAA. Ellen M. Andary's auto insurance policy with Defendant USAA, as of the date of her injury, did not contain any such limitations on the reimbursement of her medical providers as long as such reimbursement was for reasonable charges for reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation.

80. The premium paid by Ellen M. Andary and her husband, Michael T. Andary, M.D. for their aforesaid auto insurance policy with Defendant USAA was priced and sold based upon the fact that said policy entitled Ellen M. Andary to reimbursement for all reasonable charges for all reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation. Ellen M. Andary's right to have her medical providers reimbursed for all for reasonable charges for reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation became vested on the date she was injured. Section 3157(7) divests her of that vested contract



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right, denies her the benefit of the premiums she and Michael T. Andary, M.D. paid to secure it, and in the process, jeopardizes and diminishes her quality of care.

81. The State of Michigan has no significant and legitimate public purpose behind the enactment of § 3157(7) to justify the retroactive interference with Ellen M. Andary's vested contractual right to have her medical providers reimbursed without regard to any government or private fee schedules. Moreover, the means the State of Michigan chose to alter those contractual rights between Ellen M. Andary and Defendant USAA are clearly unreasonable. The State of Michigan cannot divest Ellen M. Andary of contractual rights that vested at the time she was injured and cannot dictate the amount her medical providers can be reimbursed to treat her, and such a divestment could jeopardize and diminish her quality of care.

82. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Ellen M. Andary's constitutional contract rights under the Michigan Contracts Clause, Const 1963 Article 1 § 10.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Ellen M. Andary, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 10 of the Michigan Constitution.
- b. That Defendant USAA is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Ellen M. Andary.



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**COUNT V – APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN  
MCL 500.3157(7) TO ELLEN M. ANDARY VIOLATES HER CONSTITUTIONAL  
DUE PROCESS RIGHTS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN  
CONSTITUTION**

83. Plaintiffs incorporate by reference paragraphs 1 - 82.

84. Ellen M. Andary, through her Guardian and Conservator Michael T. Andary, M.D., has a fundamental due process right, pursuant to the Michigan Constitution Article 1 § 17, to privacy and bodily integrity.

85. Ellen M. Andary, through her Guardian and Conservator Michael T. Andary, M.D., has a liberty interest, pursuant to the Michigan Constitution Article 1 § 17, in being able to make personal medical decisions and in being free from governmental interference with the ability to access reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation by limiting the amount her providers can be reimbursed by her insurer under a private insurance contract.

86. The fee schedules set forth in § 3157(7) interfere with Ellen M. Andary's current patient-provider relationships and threaten the continuity of those relationships. Ellen M. Andary's fundamental right to privacy and bodily integrity and her liberty interest in her ability to access to reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation is threatened by the implementation of the aforementioned fee schedules.

87. The fee schedules set forth in § 3157(7) interfere with Ellen M. Andary's fundamental right to privacy and bodily integrity and liberty interest in her ability to access reasonably necessary products, services, and accommodations for her care,



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recovery, or rehabilitation. The reimbursement rates under the fee schedules set forth in § 3157(7) are unsustainable for many Michigan medical providers. Therefore, those providers will be unable or unwilling to treat Ellen M. Andary at such dramatically reduced reimbursement rates, thereby impairing her access to reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation.

88. The State of Michigan has no compelling interest to infringe upon Ellen M. Andary's fundamental right to privacy and bodily integrity and her liberty interest by the imposition of price fixing rules, applicable to private insurance contracts, that interfere with her ability to access reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not narrowly tailored.

89. For the reasons stated herein and otherwise, the fee schedule limitations set forth in §§ 3157(2) and (7) violate Ellen M. Andary's constitutional substantive due process rights under the Michigan Due Process Clause, Const 1963 Article 1 § 17.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Ellen M. Andary, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant USAA is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Ellen M. Andary.



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**COUNT VI – APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN  
MCL 500.3157(7) TO ELLEN M. ANDARY VIOLATES HER CONSTITUTIONAL  
EQUAL PROTECTION RIGHTS UNDER ARTICLE 1 SECTION 2 OF THE MICHIGAN  
CONSTITUTION**

90. Plaintiffs incorporate by reference paragraphs 1 - 89.

91. Ellen M. Andary, through her Guardian and Conservator Michael T. Andary, M.D., has a fundamental equal protection right, pursuant to the Michigan Constitution Article 1 § 2, to privacy and bodily integrity.

92. Sections 3157(2) and (7) create two different fee schedules that discriminate between motor vehicle accident victims that require reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation. The first of these classes consists of motor vehicle accident victims that require and receive reasonably necessary products, services, and accommodations that would be compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(2) at a rate of 190% - 200% of the amount that is compensable by Medicare. The second of these classes consists of motor vehicle accident victims that require and receive reasonably necessary products, services, and accommodations that are not compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(7) only at a rate of 52.5% - 55% of the amount these providers charged for those products, services, and accommodations on January 1, 2019. As such, the fee schedules under § 3157(7) reimburse a patient's providers at a substantially reduced rate in comparison to § 3157(2), thereby restricting the ability of patients, such as



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Ellen M. Andary, to access reasonably necessary products, services, and accommodations for her care, recovery, or rehabilitation.

93. In creating the two classes referenced above, §§ 3157(2) and (7) treat similarly situated motor vehicle accident victims in a dissimilar manner, thereby imposing a substantial disadvantage upon motor vehicle accident victims who receive reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation that are not compensable by Medicare, such as Ellen M. Andary. Stated differently, motor vehicle accident victims controlled by § 3157(7), such as Ellen M. Andary, become second class patients.

94. The State of Michigan has no compelling interest to infringe upon Ellen M. Andary's fundamental right to privacy and bodily integrity and no compelling interest to treat her more harshly than other similarly situated motor vehicle accident victims with respect to provider reimbursement rates for reasonably necessary products, services, and accommodations. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not narrowly tailored.

95. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Ellen M. Andary's constitutional equal protection rights under the Michigan Equal Protection Clause, Const 1963 Article 1 § 2.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Ellen M. Andary, declaring the following:



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- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.
- b. That Defendant USAA is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Ellen M. Andary.

**COUNT VII - APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN MCL 500.3157(7) TO PHILIP KRUEGER FOR TREATMENT RENDERED TO HIM BY PLAINTIFF EISENHOWER CENTER VIOLATES HIS CONSTITUTIONAL CONTRACT RIGHTS UNDER ARTICLE 1 SECTION 10 OF THE MICHIGAN CONSTITUTION**

96. Plaintiffs incorporate by reference paragraphs 1 - 95.

97. The fee schedules set forth in § 3157(7) limiting the amount Philip Krueger's provider, Plaintiff Eisenhower Center, can be reimbursed from Defendant Citizens operate as a substantial impairment of the contractual obligations owed to Philip Krueger pursuant to his aforementioned auto insurance policy with Defendant Citizens. Philip Krueger's auto insurance policy with Defendant Citizens, as of the date of his injury, did not contain any such limitations on the reimbursement of his medical providers as long as such reimbursement was for reasonable charges for reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation.

98. The premium paid on behalf of Philip Krueger for his aforesaid auto insurance policy with Defendant Citizens was priced and sold based upon the fact that said policy entitled him to reimbursement for all reasonable charges for reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation. Philip Krueger's right to have his medical provider, Plaintiff Eisenhower Center, reimbursed for all for reasonable charges for reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation became vested on



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the date he was injured. Section 3157(7) divests him of that vested contract right, denies him the benefit of the premiums paid on his behalf to secure it, and in the process, jeopardizes and diminishes his quality of care.

99. The State of Michigan has no significant and legitimate public purpose behind the enactment of § 3157(7) to justify the retroactive interference with Philip Krueger's vested contractual right to have his medical provider, Plaintiff Eisenhower Center, reimbursed without regard to any government or private fee schedules. Moreover, the means the State of Michigan chose to alter the contractual rights between Philip Krueger and Defendant Citizens are clearly unreasonable. The State of Michigan cannot divest Philip Krueger of contractual rights that vested at the time he was injured and cannot dictate the amount his medical providers can be reimbursed to treat him, and such a divestment could jeopardize and diminish his quality of care.

100. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violates Philip Krueger's constitutional contract rights under the Michigan Contracts Clause, Const 1963 Article 1 § 10.

WHEREFORE, Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Philip Krueger, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 10 of the Michigan Constitution.
- b. That Defendant Citizens is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Philip Krueger for reasonably necessary



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products, services, and accommodation for his care, recovery, or rehabilitation rendered to him by Plaintiff Eisenhower Center.

**COUNT VIII – APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH  
IN MCL 500.3157(7) TO PHILIP KRUEGER FOR TREATMENT RENDERED TO HIM  
BY PLAINTIFF EISENHOWER CENTER VIOLATES HIS CONSTITUTIONAL DUE  
PROCESS RIGHTS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN  
CONSTITUTION**

101. Plaintiffs incorporate by reference paragraphs 1 - 100.

102. Philip Krueger, through his Guardian Ronald Krueger, has a fundamental due process right, pursuant to the Michigan Constitution Article 1 § 17, to privacy and bodily integrity.

103. Philip Krueger, through his Guardian Ronald Krueger, has a liberty interest, pursuant to the Michigan Constitution Article 1 § 17, in being able to make personal medical decisions and in being free from governmental interference with his ability to access reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation by limiting the amount his providers, such as Plaintiff Eisenhower Center, can be reimbursed by his insurer under a private insurance contract.

104. The fee schedules set forth in § 3157(7) interfere with Philip Krueger's fundamental right to privacy and bodily integrity and liberty interest in his ability to access reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation. The reimbursement rates under the fee schedules set forth in § 3157(7) are unsustainable for Plaintiff Eisenhower Center. Therefore, Plaintiff Eisenhower Center will be unable or unwilling to treat Philip Krueger at such dramatically reduced reimbursement rates, thereby impairing his access to reasonably



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necessary products, services, and accommodations for his care, recovery, or rehabilitation.

105. The fee schedules set forth in § 3157(7) interfere with Philip Krueger's current patient-provider relationship with Plaintiff Eisenhower Center, and threaten the continuity of this relationship. Philip Krueger's fundamental right to privacy and bodily integrity and his liberty interest in his ability to access reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation with a medical provider that he has been seeing since 1997 is threatened by the implementation of the aforementioned fee schedules.

106. The State of Michigan has no compelling interest to infringe upon Philip Krueger's fundamental right to privacy and bodily integrity and his liberty interest by the imposition of price fixing rules, applicable to private insurance contracts, that interfere with his ability to access reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not narrowly tailored.

107. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Philip Krueger's constitutional substantive due process rights under the Michigan Due Process Clause, Const 1963 Article 1 § 17.

WHEREFORE, Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Philip Krueger, declaring the following:



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- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant Citizens is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Philip Krueger for treatment rendered to him by Plaintiff Eisenhower Center.

**COUNT IX – APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN  
MCL 500.3157(7) TO PHILIP KRUEGER VIOLATES HIS CONSTITUTIONAL EQUAL  
PROTECTION RIGHTS UNDER ARTICLE 1 SECTION 2 OF THE MICHIGAN  
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108. Plaintiffs incorporate by reference paragraphs 1 - 107.

109. Philip Krueger, through his Guardian Ronald Krueger, has a fundamental equal protection right, pursuant to the Michigan Constitution Article 1 § 2, to privacy and bodily integrity.

110. Sections 3157(2) and (7) create two different fee schedules that discriminate between motor vehicle accident victims that require reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation. The first of these classes consists of motor vehicle accident victims that require and receive reasonably necessary products, services, and accommodations that would be compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(2) at a rate of 190% - 200% of the amount that is compensable by Medicare. The second of these classes consists of motor vehicle accident victims that require and receive reasonably necessary products, services, and accommodations that are not compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are



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reimbursed under § 3157(7) only at a rate of 52.5% - 55% of the amount these providers charged for those products, services, and accommodations on January 1, 2019. As such, the fee schedules under § 3157(7) reimburse a patient's providers at a substantially reduced rate in comparison to § 3157(2), thereby restricting the ability of patients, such as Philip Krueger, to access reasonably necessary products, services, and accommodations for his care, recovery, or rehabilitation.

111. In creating the two classes referenced above, §§ 3157(2) and (7) treat similarly situated motor vehicle accident victims in a dissimilar manner, thereby imposing a substantial disadvantage upon motor vehicle accident victims who receive reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation that are not compensable by Medicare, such as Philip Krueger. Stated differently, motor vehicle accident victims controlled by § 3157(7), such as Philip Krueger, become second class patients.

112. The State of Michigan has no compelling interest to infringe upon Philip Krueger's fundamental right to privacy and bodily integrity and no compelling interest to treat him more harshly than other similarly situated motor vehicle accident victims with respect to provider reimbursement rates for reasonably necessary products, services, and accommodations. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not narrowly tailored.

113. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Philip Krueger's constitutional equal protection rights under the Michigan Equal Protection Clause, Const 1963 Article 1 § 2.



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WHEREFORE, Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Philip Krueger, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.
- b. That Defendant Citizens is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Philip Krueger.

**COUNT X - APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN  
MCL 500.3157(7) TO PLAINTIFF EISENHOWER CENTER FOR SERVICES IT  
RENDERS TO PLAINTIFF PHILIP KRUEGER VIOLATES ITS CONSTITUTIONAL  
CONTRACT RIGHTS UNDER ARTICLE 1 SECTION 10 OF THE MICHIGAN  
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114. Plaintiffs incorporate by reference paragraphs 1 - 113.

115. The fee schedules set forth in § 3157(7) limiting the amount that Plaintiff Eisenhower Center can be reimbursed from Defendant Citizens for reasonably necessary products, services, and accommodations it renders for the care, recovery, or rehabilitation of Philip Krueger operate as a substantial impairment of the contractual relationship between Plaintiff Eisenhower Center and Philip Krueger. In that regard, § 3157(7) prevents Plaintiff Eisenhower Center from being reimbursed for reasonably necessary products, services, and accommodations it renders for the care, recovery, or rehabilitation of Philip Krueger greater than 52.5% - 55% of the rate it charged for such products, services, and accommodations on January 1, 2019. The contract between Plaintiff Eisenhower Center and Philip Krueger, as of the date Philip Krueger began receiving



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products, services, and accommodations from Plaintiff Eisenhower Center, did not contain any such limitations on the reimbursement of Plaintiff Eisenhower Center as long as such reimbursement was for reasonable charges for reasonably necessary products, services, and accommodations it rendered for the care, recovery, or rehabilitation of Philip Krueger.

116. The State of Michigan has no significant and legitimate public purpose behind the enactment of § 3157(7) to justify the retroactive interference with Plaintiff Eisenhower Center's vested contractual right to be reimbursed for all reasonable charges for reasonably necessary products, services, and accommodations it renders for the care, recovery, or rehabilitation of Philip Krueger.

117. The means the State of Michigan chose to alter the contractual rights between Plaintiff Eisenhower Center and Philip Krueger are clearly unreasonable. The fee schedules set forth in § 3157(7) dramatically reduce the amount Plaintiff Eisenhower Center can be reimbursed for the reasonably necessary products, services, and accommodations it renders to Philip Krueger to a level not to exceed 52.5% - 55% of the rate at which it rendered such products, services, and accommodations on January 1, 2019, with no legitimate reasoning for such a dramatic reduction.

118. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Plaintiff Eisenhower Center's constitutional contract rights under the Michigan Contracts Clause, Const 1963 Article 1 § 10.



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WHEREFORE, Plaintiff Eisenhower Center prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Eisenhower Center, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 10 of the Michigan Constitution.
- b. That Defendant Citizens is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Eisenhower Center for reasonably necessary products, services, and accommodations it renders for the for care, recovery, or rehabilitation of Philip Krueger.

**COUNT XI - APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN MCL 500.3157(7) TO PLAINTIFF EISENHOWER CENTER REGARDING SERVICES IT RENDERS TO ALL MOTOR VEHICLE ACCIDENT VICTIMS PAST, PRESENT, OR FUTURE, VIOLATES ITS CONSTITUTIONAL DUE PROCESS RIGHTS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN CONSTITUTION**

119. Plaintiffs incorporate by reference paragraphs 1 – 118.

120. Plaintiff Eisenhower Center has a property interest, pursuant to the Michigan Constitution Article 1 § 17, in the survival of its business and the perpetuation of its financial operations without government interference in the form of oppressive price control legislation that threatens the survivability of Plaintiff Eisenhower Center.

121. The fee schedules set forth in § 3157(7) violate Plaintiff Eisenhower Center's property rights by dramatically and unreasonably reducing the amount Plaintiff Eisenhower Center can be reimbursed for providing reasonably necessary products, services, and accommodations for care, recovery, or rehabilitation to all motor vehicle accident victims, past, present, or future, including, but not limited to, Philip Krueger, under the provisions of the No-Fault Act. In that regard, § 3157(7) prevents Plaintiff



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Eisenhower Center from being reimbursed more than 52.5% - 55% of the rate Plaintiff Eisenhower Center charged for those products, services, and accommodations on January 1, 2019.

122. Plaintiff Eisenhower Center's ability to stay in business at such patently unreasonable reimbursement rates is effectively destroyed by § 3157(7). As such, Plaintiff Eisenhower Center will be unable to provide reasonably necessary products, services, and accommodations for care, recovery, or rehabilitation to all motor vehicle accident victims, past, present, or future, including, but not limited to, Philip Krueger, at the confiscatory and unconscionable reimbursement rates set forth by § 3157(7).

123. Accordingly, § 3157(7) violates Plaintiff Eisenhower Center's substantive due process rights by taking away Plaintiff Eisenhower Center's property and rendering it unable to continue its business of providing reasonably necessary products, services, and accommodations for care, recovery, or rehabilitation of all motor vehicle accident victims, past, present, or future, including, but not limited to, Philip Krueger.

124. The infringement upon Plaintiff Eisenhower Center's substantive due process rights is particularly egregious given the fact that the government's enactment of the Michigan No-Fault Act in 1973 codified and embraced the clear public policy that motor vehicle accident victims, such as Philip Krueger, should have uncapped lifetime care for all reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation. In enacting that law, the State of Michigan fostered and encouraged the birth and development of a significant sector of the Michigan health care industry. People and businesses throughout Michigan invested substantial funds and



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resources in order to create specialized medical treatment facilities to serve the population of catastrophically injured motor vehicle accident victims that the State had decreed should be fully served under the No-Fault Act. The enactment of the fee schedules set forth in § 3157(7) has sabotaged that sector of Michigan's health care industry which the State of Michigan encouraged to be developed and will likely destroy the substantial financial investment that providers, like Plaintiff Eisenhower Center, have made in their businesses.

125. The limitations imposed by § 3157(7) are overbroad, overreaching, and not rationally related to any legitimate government purpose.

126. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Plaintiff Eisenhower Center's constitutional substantive due process rights under the Due Process Clause, Const 1963 Article 1 § 17, with regard to reasonably necessary products, services, and accommodations for care, recovery, or rehabilitation it renders to all motor vehicle accident victims, past, present, or future, including, but not limited to, Philip Krueger.

WHEREFORE, Plaintiff Eisenhower Center prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Eisenhower Center, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant Citizens is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Eisenhower Center.



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**COUNT XII - APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN  
MCL 500.3157(7) TO PLAINTIFF EISENHOWER CENTER REGARDING SERVICES  
IT RENDERS TO ALL MOTOR VEHICLE ACCIDENT VICTIMS PAST, PRESENT, OR  
FUTURE VIOLATES ITS CONSTITUTIONAL EQUAL PROTECTION RIGHTS UNDER  
ARTICLE 1 SECTION 2 OF THE MICHIGAN CONSTITUTION**

127. Plaintiffs incorporate by reference paragraphs 1 – 126.

128. Sections 3157(2) and (7) create two different fee schedules that discriminate between Michigan medical providers that render reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation of motor vehicle accident victims. The first of these classes consists of Michigan medical providers that render reasonably necessary products, services, and accommodations that would be compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(2) at a rate of 190% - 200% of the amount that is compensable by Medicare. The second of these classes consists of Michigan medical providers that render reasonably necessary products, services, and accommodations that are not compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(7) only at a rate of 52.5% - 55% of the amount these providers charged for those products, services, and accommodations on January 1, 2019. As such, the fee schedules under § 3157(7) reimburse Michigan medical providers at a substantially reduced rate in comparison to § 3157(2).

129. In creating the two classes referenced above, §§ 3157(2) and (7) treat similarly situated Michigan medical providers in a dissimilar manner, thereby imposing



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a substantial disadvantage upon Michigan medical providers that render reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation of motor vehicle accident victims that are not compensable by Medicare, such as Plaintiff Eisenhower Center.

130. The State of Michigan has no rational basis for treating Plaintiff Eisenhower Center more harshly than other medical providers that render reasonably necessary products, services, and accommodations that are compensable by Medicare. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not rationally related to any legitimate government purpose.

131. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate Plaintiff Eisenhower Center's constitutional equal protection rights under the Equal Protection Clause, Const 1963 Article 1 § 2.

WHEREFORE, Plaintiff Eisenhower Center prays that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiff Eisenhower Center, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.
- b. That Defendant Citizens is prohibited from enforcing the provisions of § 3157(7) as to Plaintiff Eisenhower Center.



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COUNT XIII – FUTURE APPLICATION OF THE ATTENDANT CARE LIMITATIONS  
SET FORTH IN MCL 500.3157(10) TO ALL MOTOR VEHICLE ACCIDENT VICTIMS  
PAST, PRESENT, OR FUTURE, VIOLATES THE CONSTITUTIONAL DUE PROCESS  
RIGHTS OF THOSE PERSONS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN  
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132. Plaintiffs incorporate by reference paragraphs 1 – 131.

133. Pursuant to MCR 2.605, Plaintiffs in the case have standing to bring this declaratory judgment action on behalf of all motor vehicle accident victims, past, present, or future, alleging that § 3157(10) is unconstitutional as applied to all motor vehicle accident victims, past, present, or future, for the reason that the § 3157(10) limitations on in-home family provided attendant care involve an actual controversy that, if not immediately resolved, present the threat of imminent harm to any Michigan citizens seriously injured in a motor vehicle accident.

134. All Michigan citizens, including motor vehicle accident victims, past, present, or future, have a fundamental due process right, pursuant to the Michigan Constitution Article 1 § 17, to privacy and bodily integrity.

135. All Michigan citizens, including motor vehicle accident victims, past, present, or future, have a liberty interest, pursuant to the Michigan Constitution Article 1 § 17, in being able to select the in-home caregivers that are most appropriate for their individual needs and in being able to choose the in-home caregivers that provide the care that is most efficacious and beneficial for them.

136. The 56 hour per week in-home family provided attendant care limitation of § 3157(10) is a violation of the fundamental right to privacy and bodily integrity of all



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seriously injured motor vehicle accident victims, past, present, or future as it forces them to bring strangers into their homes to provide them with very personal and intimate care, such as bathing, dressing, and assisting with using the bathroom. In addition, § 3157(10) is a violation of the liberty interests of all seriously injured motor vehicle accident victims, past, present, or future, as it restricts their right to be able to choose the in-home caregivers that they select, and who provide the care that is most efficacious and beneficial for them.

137. The State of Michigan has no compelling interest to infringe upon the fundamental right to privacy and bodily integrity of all seriously injured motor vehicle accident victims, past present, and future by restricting their right to obtain reasonably necessary in-home family provided attendant care. Furthermore, the drastic limitations imposed by § 3157(10) regarding the ability of all motor vehicle accident victims, past, present, and future, to obtain in-home family provided attendant care are overbroad, overreaching, and not narrowly tailored.

138. For the reasons stated herein and otherwise, the in-home family provided attendant care limitations set forth in § 3157(10) violate the constitutional substantive due process rights of all motor vehicle accident victims, past, present, or future, under the Due Process Clause, Const 1963 Article 1 § 17.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian Ronald Krueger, and



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Plaintiff Eisenhower Center pray that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiffs, declaring the following:

- a. That the in-home family provided attendant care provisions of § 3157(10) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant USAA and Defendant Citizens are prohibited from enforcing the provisions of § 3157(10) as to all motor vehicle accident victims, past, present, or future.

**COUNT XIV – FUTURE APPLICATION OF THE ATTENDANT CARE LIMITATIONS  
SET FORTH IN MCL 500.3157(10) TO ALL MOTOR VEHICLE ACCIDENT VICTIMS  
PAST, PRESENT, OR FUTURE, VIOLATES THE CONSTITUTIONAL EQUAL  
PROTECTION RIGHTS OF THOSE PERSONS UNDER ARTICLE 1 SECTION 2 OF THE  
MICHIGAN CONSTITUTION**

139. Plaintiffs incorporate by reference paragraphs 1 – 138.

140. Pursuant to MCR 2.605, Plaintiffs in the case have standing to bring this declaratory judgment action on behalf of all motor vehicle accident victims, past, present, or future, alleging that § 3157(10) is unconstitutional as applied to all motor vehicle accident victims, past, present, or future, for the reason that the § 3157(10) limitations on in-home family provided attendant care involve an actual controversy that, if not immediately resolved, presents the threat of imminent harm to any Michigan citizens seriously injured in a motor vehicle accident.

141. All Michigan citizens, including motor vehicle accident victims, past, present, or future, have a fundamental equal protection right, pursuant to the Michigan Constitution Article 1 § 2, to privacy and bodily integrity.



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142. Section 3157(10) creates two different classes of motor vehicle accident victims that require in-home attendant care: (a) persons that receive in-home family provided attendant care and, (b) persons that receive in-home commercial attendant care. Section 3157(10) discriminates against persons that receive in-home family provided attendant by putting a cap on the amount of reimbursement for such care at 56 hours per week, whereas persons who receive in-home commercial attendant care are not subject to any such limitation.

143. In creating the two classes referenced above, § 3157(10) treats similarly situated motor vehicle accident victims in a dissimilar manner, thereby imposing a substantial disadvantage upon motor vehicle accident victims who receive in-home family provided attendant care.

144. The 56 hour per week in-home family provided attendant care limitation of § 3157(10) is a violation of the fundamental right to privacy and bodily integrity of all seriously injured motor vehicle accident victims, past, present, or future, as it forces them to bring strangers into their homes to provide them with very personal and intimate care, such as bathing, dressing, and assisting with using the bathroom. In addition, § 3157(10) violates the liberty interests of all seriously injured motor vehicle accident victims, past, present, or future by restricting their right to be able to choose the in-home caregivers that they select and who provide the care that is most efficacious and beneficial for them.

145. The State of Michigan has no compelling interest to infringe the fundamental right to privacy and bodily integrity of all seriously injured motor vehicle accident victims past, present, or future that receive in-home family provided attendant



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care, and no compelling interest to treat them dissimilarly than other similarly situated seriously injured motor vehicle accident victims by restricting their right to obtain reasonably necessary in-home family provided attendant care. Furthermore, the drastic limitations imposed by § 3157(10) regarding the ability of all seriously injured motor vehicle accident victims, past, present, and future, to obtain in-home family provided attendant care are overbroad, overreaching, and not narrowly tailored.

146. For the reasons stated herein and otherwise, the in-home family provided attendant care limitations set forth in § 3157(10) violate the constitutional equal protection rights of all motor vehicle accident victims, past, present, or future under the Michigan Equal Protection Clause, Const 1963 Article 1 § 2.

WHEREFORE, Plaintiff Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian Ronald Krueger, and Plaintiff Eisenhower Center pray that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiffs, declaring the following:

- a. That the in-home family provided attendant care provisions of § 3157(10) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.
- b. That Defendant USAA and Defendant Citizens are prohibited from enforcing the provisions of § 3157(10) as to all motor vehicle accident victims, past, present, or future.



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COUNT XV - FUTURE APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET  
FORTH IN MCL 500.3157(7) TO ALL MOTOR VEHICLE ACCIDENT VICTIMS,  
PAST, PRESENT, OR FUTURE, VIOLATES THE CONSTITUTIONAL DUE PROCESS  
RIGHTS OF THOSE PERSONS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN  
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147. Plaintiffs incorporate by reference paragraphs 1 - 146.

148. Pursuant to MCR 2.605, Plaintiffs in the case have standing to bring this declaratory judgment action on behalf of all motor vehicle accident victims, past, present, or future, alleging that § 3157(7) is unconstitutional as applied to all motor vehicle accident victims, past, present, or future, for the reason that the fee schedules set forth in § 3157(7) involve an actual controversy that, if not immediately resolved, present the threat of imminent injury to any Michigan citizens involved in a motor vehicle accident.

149. All Michigan citizens, including motor vehicle accident victims, past, present, or future, have a fundamental due process right to privacy and bodily integrity, pursuant to the Michigan Constitution Article 1 § 17.

150. All Michigan citizens, including motor vehicle accident victims, past, present, or future, have a liberty interest, pursuant to the Michigan Constitution Article 1 § 17, in being free from governmental interference with the ability to access reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation, by limiting the amount their providers can be reimbursed by their insurers under a private insurance contract.

151. The fee schedules set forth in § 3157(7) interfere with the patient-provider relationships of all motor vehicle accident victims, past, present, or future. The



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fundamental right to privacy and bodily integrity and liberty interests of all motor vehicle accident victims, past, present, or future, in their ability to access reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation is threatened by the implementation of the aforementioned fee schedules. The reimbursement rates under the fee schedules set forth in § 3157(7) are unsustainable for many Michigan medical providers. Therefore, those providers will be unable or unwilling to treat motor vehicle accident victims at such dramatically reduced reimbursement rates, thereby impairing their access to reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation.

152. The State of Michigan has no compelling interest to infringe upon the fundamental right to privacy and bodily integrity and the liberty interests of all motor vehicle accident victims, past, present, or future, by the imposition of price fixing rules, applicable to private contracts, that interfere with the ability to access reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not narrowly tailored.

153. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate the constitutional substantive due process rights of all motor vehicle accident victims, past, present, or future, under the Due Process Clause, Const 1963 Article 1 § 17.

WHEREFORE, Plaintiff, Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., and Plaintiff Philip



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Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, and Plaintiff Eisenhower Center pray that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiffs, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant USAA and Defendant Citizens are prohibited from enforcing the provisions of § 3157(7) as to all motor vehicle accident victims, past, present, or future.

**COUNT XVI - FUTURE APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN MCL 500.3157(7) TO ALL MOTOR VEHICLE ACCIDENT VICTIMS PAST, PRESENT, OR FUTURE, VIOLATES THE CONSTITUTIONAL EQUAL PROTECTION RIGHTS OF THOSE PERSONS UNDER ARTICLE 1 SECTION 2 OF THE MICHIGAN CONSTITUTION**

154. Plaintiffs incorporate by reference paragraphs 1 – 153.

155. Pursuant to MCR 2.605, Plaintiffs in the case have standing to bring this declaratory judgment action on behalf of any such all motor vehicle accident victims, past, present, or future, alleging that § 3157(7) is unconstitutional as applied to all motor vehicle accident victims, past, present, or future, for the reason that the fee schedules set forth in § 3157(7) involve an actual controversy that, if not immediately resolved, present the threat of imminent injury to any Michigan citizens involved in a motor vehicle accident.

156. All Michigan citizens, including motor vehicle accident victims, past, present, or future, have a fundamental equal protection right to privacy and bodily integrity pursuant to the Michigan Constitution Article 1 § 2.



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157. Sections 3157(2) and (7) create two different fee schedules that discriminate between motor vehicle accident victims who require reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation. The first of these classes consists of motor vehicle accident victims that require and receive reasonably necessary products, services, and accommodations that would be compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(2) at a rate of 190% - 200% of the amount that is compensable by Medicare. The second of these classes consists of motor vehicle accident victims that require and receive reasonably necessary products, services, and accommodations that are not compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(7) only at a rate of 52.5% - 55% of the amount these providers charged for those products, services, and accommodations on January 1, 2019. As such, the fee schedules under § 3157(7) reimburse a patient's providers at a substantially reduced rate in comparison to § 3157(2), thereby restricting the ability of patients to access reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation.

158. In creating the two classes referenced above, §§ 3157(2) and (7) treat similarly situated motor vehicle accident victims in a dissimilar manner, thereby imposing a substantial disadvantage upon all motor vehicle accident victims, past, present, or future, who receive reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation that are not compensable by



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Medicare. Stated differently, motor vehicle accident victims controlled by § 3157(7) become second class patients.

159. The State of Michigan has no compelling interest to infringe upon the fundamental right to privacy and bodily integrity of all motor vehicle accident victims, past, present, or future, who receive reasonably necessary products, services, and accommodations for their care, recovery, or rehabilitation that are not compensable by Medicare and no compelling interest to treat these motor vehicle accident victims more harshly than other similarly motor vehicle accident victims with respect to provider reimbursement rates for reasonably necessary products, services, and accommodations. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not narrowly tailored.

160. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate the constitutional equal protection rights of all motor vehicle accident victims, past, present, or future, under the Equal Protection Clause, Const 1963 Article 1 § 2.

WHEREFORE, Plaintiff, Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., and Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, and Plaintiff Eisenhower Center pray that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiffs, declaring the following:

- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.



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- b. That Defendant USAA and Defendant Citizens are prohibited from enforcing the provisions of § 3157(7) as to all motor vehicle accident victims, past, present, or future.

**COUNT XVII - FUTURE APPLICATION OF THE FEE SCHEDULE LIMITATIONS SET FORTH IN MCL 500.3157(7) TO ANY MICHIGAN MEDICAL PROVIDER VIOLATES THE CONSTITUTIONAL DUE PROCESS RIGHTS OF THOSE PROVIDERS UNDER ARTICLE 1 SECTION 17 OF THE MICHIGAN CONSTITUTION**

161. Plaintiffs incorporate by reference paragraphs 1 – 160.

162. Pursuant to MCR 2.605, Plaintiffs in this case have standing to bring this declaratory judgment action on behalf of all Michigan medical providers who treat motor vehicle accident victims in this State, alleging that § 3157(7) is unconstitutional as applied to such Michigan medical providers for the reason that the fee schedules set forth in § 3157(7) involve an actual controversy that, if not immediately resolved, present the threat of imminent injury to all Michigan medical providers that treat motor vehicle accident victims.

163. All Michigan medical providers that render reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation of motor vehicle accident victims have a property interest, pursuant to the Michigan Constitution Article 1 § 17, in the survival of their business and the perpetuation of their financial operations without government interference in the form of oppressive price control legislation that threatens the survivability of those businesses.

164. The fee schedules set forth in § 3157(7) violate the property rights of all Michigan medical providers that render products, services, and accommodations for the care, recovery, or rehabilitation of motor vehicle accident victims by dramatically and



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unreasonably reducing the amount they can be reimbursed for providing such products, services, and accommodations that are payable to motor vehicle accident victims under the provisions of the No-Fault Act. In that regard, § 3157(7) prevents all Michigan medical providers from being reimbursed more than 52.5% - 55% of the rate at which these providers charged for such products, services, and accommodations on January 1, 2019.

165. The ability of Michigan medical providers to stay in business at such patently unreasonable reimbursement rates is effectively destroyed by § 3157(7). As such, those medical providers will be unable to provide reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation to motor vehicle accident victims at the confiscatory and unconscionable reimbursement rates set forth by § 3157(7).

166. Accordingly, § 3157(7) violates the substantive due process rights of all Michigan medical providers that treat motor vehicle accident victims by taking away their property and rendering them unable to continue their business of providing reasonably necessary products, services, and accommodations for the care, recovery, and rehabilitation of motor vehicle accident victims.

167. The infringement upon the substantive due process rights of these Michigan medical providers is particularly egregious given the fact that the government's enactment of the Michigan No-Fault Act in 1973 codified and embraced the clear public policy that motor vehicle accident victims should have uncapped lifetime care for all reasonably necessary products, services, and accommodations for their care, recovery, or



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rehabilitation. In enacting that law, the State of Michigan fostered and encouraged the birth and development of a significant sector of the Michigan health care industry. People and businesses throughout Michigan invested substantial funds and resources in order to create specialized medical treatment facilities to serve the population of catastrophically injured motor vehicle accident victims that the State had decreed should be fully served under the No-Fault Act. The enactment of the fee schedules set forth in § 3157(7) has sabotaged that sector of Michigan's health care industry which the State of Michigan encouraged to be developed and will likely destroy the substantial financial investment that Michigan medical providers have made in their businesses.

168. The limitations imposed by § 3157(7) are overbroad, overreaching, and not rationally related to any legitimate government purpose.

169. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate the constitutional substantive due process rights of Michigan medical providers under the Due Process Clause, Const 1963 Article 1 § 17, with regard to reasonably necessary products, services, and accommodations for care, recovery, or rehabilitation they render to motor vehicle accident victims.

WHEREFORE, Plaintiff, Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., and Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, and Plaintiff Eisenhower Center pray that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiffs, declaring the following:



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- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 17 of the Michigan Constitution.
- b. That Defendant USAA and Defendant Citizens are prohibited from enforcing the provisions of § 3157(7) as to any Michigan medical provider.

**COUNT XVIII – FUTURE APPLICATION OF THE FEE SCHEDULE LIMITATIONS  
SET FORTH IN MCL 500.3157(7) TO ANY MICHIGAN MEDICAL PROVIDER  
VIOLATES THE CONSTITUTIONAL EQUAL PROTECTION RIGHTS OF THOSE  
PROVIDERS UNDER ARTICLE 1 SECTION 2 OF THE MICHIGAN CONSTITUTION**

170. Plaintiffs incorporate by reference paragraphs 1 – 169.

171. Pursuant to MCR 2.605, Plaintiffs in this case have standing to bring this declaratory judgment action on behalf of all Michigan medical providers who treat motor vehicle accident victims in this State, alleging that § 3157(7) is unconstitutional as applied to such Michigan medical providers for the reason that the fee schedules set forth in § 3157(7) involve an actual controversy that, if not immediately resolved, present the threat of imminent injury to all Michigan medical providers that treat motor vehicle accident victims.

172. Sections 3157(2) and (7) create two different fee schedules that discriminate between Michigan medical providers that render reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation of motor vehicle accident victims. The first of these classes consists of Michigan medical providers that render reasonably necessary products, services, and accommodations that would be compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(2) at a rate of 190%



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- 200% of the amount that is compensable by Medicare. The second of these classes consists of Michigan medical providers that render reasonably necessary products, services, and accommodations that are not compensable under the Medicare laws. Providers rendering such products, services, and accommodations to patients in this class are reimbursed under § 3157(7) only at a rate of 52.5% - 55% of the amount these providers charged for those products, services, and accommodations on January 1, 2019. As such, the fee schedules under § 3157(7) reimburse Michigan medical providers at a substantially reduced rate in comparison to § 3157(2).

173. In creating the two classes referenced above, §§ 3157(2) and (7) treat similarly situated Michigan medical providers in a dissimilar manner, thereby imposing a substantial disadvantage upon Michigan medical providers that render reasonably necessary products, services, and accommodations for the care, recovery, or rehabilitation of motor vehicle accident victims that are not compensable by Medicare.

174. The State of Michigan has no rational basis for treating Michigan medical providers that render products, services, and accommodations that are not compensable by Medicare more harshly than the Michigan medical providers that render products, services, and accommodations that are compensable by Medicare. Furthermore, the significant limitations imposed by § 3157(7) are overbroad, overreaching, and not rationally related to any legitimate government purpose.

175. For the reasons stated herein and otherwise, the fee schedule limitations set forth in § 3157(7) violate the constitutional equal protection rights of all Michigan medical providers that render products, services, and accommodations for the care, recovery, or



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rehabilitation of motor vehicle accident victims that are not compensable by Medicare under the Equal Protection Clause, Const 1963 Article 1 § 2.

WHEREFORE, Plaintiff, Ellen M. Andary, a legally incapacitated adult, by and through her Guardian and Conservator, Michael T. Andary, M.D., and Plaintiff Philip Krueger, a legally incapacitated adult, by and through his Guardian, Ronald Krueger, and Plaintiff Eisenhower Center pray that this Court will enter a declaratory judgment, pursuant to MCR 2.605, in favor of Plaintiffs, declaring the following:

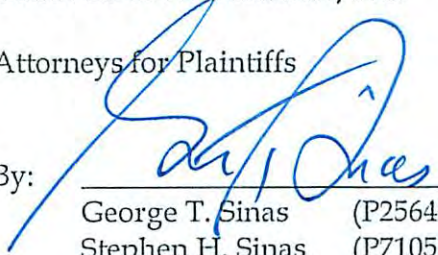
- a. That the fee schedule provisions of § 3157(7) are unconstitutional because they violate Article 1 § 2 of the Michigan Constitution.
- b. That Defendant USAA and Defendant Citizens are prohibited from enforcing the provisions of § 3157(7) as to any Michigan medical provider.

Respectfully submitted:

SINAS, DRAMIS, LARKIN,  
GRAVES & WALDMAN, P.C.

Attorneys for Plaintiffs

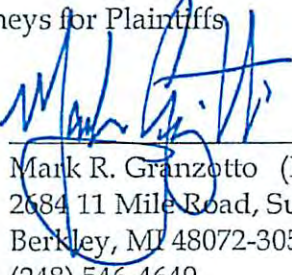
By:

  
George T. Sinas (P25643)  
Stephen H. Sinas (P710581)  
Thomas G. Sinas (P77223)  
Lauren E. Kissel (P82971)  
3380 Pine Tree Road  
Lansing, MI 48911-4207  
(517) 394-7500

MARK GRANZOTTO, P.C.

Attorneys for Plaintiffs

By:

  
Mark R. Granzotto (P31492)  
2684 11 Mile Road, Suite 100  
Berkley, MI 48072-3050  
(248) 546-4649

Dated: October 3, 2019

Dated: October 3, 2019



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# EXHIBIT 1



STATE OF MICHIGAN PROBATE COURT COUNTY OF INGHAM	ORDER REGARDING APPOINTMENT OF GUARDIAN OF INCAPACITATED INDIVIDUAL	FILE NO. 15-184-GA
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In the matter of ELLEN M. ANDARY

Court ORI	Date of birth 2/1/1957	Race caucasian	Sex female	Current address of incapacitated individual 1461 Foxcroft Road East Lansing, MI 48823
-----------	---------------------------	-------------------	---------------	---

1. Date of hearing: March 19, 2015 Judge: Richard J. Garcia P38996  
Bar no.

**THE COURT FINDS:**

2. Notice of hearing was given to or waived by all interested persons.

☐ 3. The individual is not in need of a guardian.☒ 4. Upon the presentation of clear and convincing evidence, the individual named above, by reason of☐ mental illness☐ mental deficiency☐ chronic use of drugs☐ chronic intoxication☒ physical illness or disability☐ other: \_\_\_\_\_

is impaired to the extent of lacking sufficient understanding or capacity to make or communicate informed decisions and is an incapacitated individual.

☐ 5. Upon the presentation of clear and convincing evidence, appointment of a guardian is necessary as a means of providing continuing care and supervision of the individual.☐ 6. The individual is ☐ partially ☐ totally without the capacity to care for himself/herself.☐ 7. There is no competent, suitable person willing to act as guardian, and the appointment of a professional guardian is in the best interests of the adult. A bond must be filed.☐ 8. Financial protection is required for the individual.**IT IS ORDERED:**9. The petition for appointment of guardian is ☒ granted. ☐ denied on the merits. ☐ dismissed/withdrawn.☒ 10. Michael T. Andary, whose address and telephone number are:

Name (type or print)

1461 Foxcroft RoadEast Lansing, MI 48823(517) 719-8898

Address

City

State

Zip

Telephone no.

is appointed ☐ limited ☒ full guardian of the adult and shall qualify by filing an acceptance of appointment.

☐ Bond at \$\_\_\_\_\_ must be filed.

The guardian is not permitted to act until letters of guardianship are issued. After qualification, the guardian shall comply with all relevant requirements under the law.

☐ 11. Upon acceptance of appointment, the guardian shall petition for the appointment of a conservator or for another protective order under MCL 700.5401 et seq.☐ 12. The limited guardian shall have only the following powers:

13. If a guardian is appointed, the Michigan Department of State Police shall immediately enter the legally incapacitated individual's identifying information in this court order on the law enforcement information network.

☐ 14. **IT IS FURTHER ORDERED:**March 19, 2015

Date



Judge Richard J. Garcia

Knaggs, Harter, Brake &amp; Schneider, P.C.

David R. BrakeP38633

Attorney name (type or print)

Bar no.

7521 Westshire Drive, Suite 100Lansing, MI 48917(517) 622-0590

Address

City

State

Zip

Telephone no.

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A TRUE COPY:

George M. Strander

PROBATE REGISTER



STATE OF MICHIGAN  
PROBATE COURT  
COUNTY OF INGHAM

ORDER REGARDING  
APPOINTMENT OF CONSERVATOR  
☒ ADULT      ☐ MINOR

FILE NO.  
15-183-CA

Estate of ELLEN M. ANDARY, a protected individual

1. Date of hearing: March 19, 2015 Judge: Richard J. Garcia P38996  
Bar no.

THE COURT FINDS:

2. Notice of hearing was given to or waived by all interested persons.

☐ 3. The individual is not in need of a conservator.

☒ 4. Upon presentation of clear and convincing evidence, the **adult** individual is in need of a conservator because s/he is unable to manage his/her property and business affairs effectively because of

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> mental illness.               | <input type="checkbox"/> mental deficiency.    | <input checked="" type="checkbox"/> physical illness or disability. |
| <input type="checkbox"/> chronic use of drugs.         | <input type="checkbox"/> chronic intoxication. | <input type="checkbox"/> confinement.                               |
| <input type="checkbox"/> detention by a foreign power. | <input type="checkbox"/> disappearance.        | <input type="checkbox"/> other: _____                               |

and ☒ a. the individual has property that will be wasted or dissipated unless proper management is provided, or  
☐ b. money is needed for the support, care, and welfare of the individual or those entitled to be supported by the individual and that protection is necessary to obtain or provide the money.

☐ 5. The individual is mentally competent but because of age or physical infirmity is unable to manage his or her property and affairs effectively and, recognizing this disability, has requested a conservator's appointment.

☐ 6. Upon presentation of clear and convincing evidence, the **minor** individual is in need of a conservator because the minor

- |   |
|---|
| <input type="checkbox"/> a. owns money or property that requires management or protection that cannot otherwise be provided.            |
| <input type="checkbox"/> b. has or may have business affairs that may be jeopardized or prevented by the person's minority.             |
| <input type="checkbox"/> c. needs money for support and education, and protection is necessary or desirable to obtain or provide money. |

☐ 7. It is in the ward's best interests for the guardian to sell or otherwise dispose of the ward's real property or interest in real property. The guardian should be appointed as special conservator to petition for sale of the real estate.

☐ 8. There is no qualified, suitable individual willing to act as conservator and the appointment of a professional conservator is in the best interests of the adult/minor. A bond must be filed.

☐ 9. The value of cash and property that is readily convertible into cash in the estate exceeds the limit for administering the estate under MCL 700.3982.

- |  |
|--|
| <input type="checkbox"/> a. Bond must be filed.  |
| <input type="checkbox"/> b. Bond is not required under MCL 700.5410(1) because   |
| <input type="checkbox"/> the estate contains no property readily convertible to cash, and the cash is already in a restricted account with a financial institution or will be deposited in a restricted account. |
| <input type="checkbox"/> the conservator has trust powers pursuant to MCL 487.14401.   |
| <input type="checkbox"/> requiring a bond would impose a financial hardship on the estate.   |
| <input type="checkbox"/> other: _____  |

(SEE SECOND PAGE FOR ORDER)

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A TRUE COPY:

George M. Strander  
CLERK OF PROBATE



**IT IS ORDERED:**

10. The petition for conservator is ☐ granted. ☐ denied on the merits. ☐ dismissed/withdrawn.  
The conservator is not permitted to act until letters of conservatorship are issued.

[x] 11. Michael T. Andary, whose address and telephone number are  
Name (type or print)

1461 Foxcroft Road East Lansing, MI 48823 (517) 719-8898, is appointed  
Address City State Zip Telephone no.

☐ a. conservator of all assets of the individual's estate.

☐ b. limited conservator of the following assets: \_\_\_\_\_

\_\_\_\_\_. The individual retains title to all other assets in the estate.

☐ c. special conservator with authority to proceed under MCL 700.5423(3) in order to dispose of real property.

Acceptance of appointment must be filed.

☐ Bond at \$ \_\_\_\_\_ must be filed.

☐ \$ \_\_\_\_\_ shall be deposited in a restricted account. (Verification must be filed using form PC 669 pursuant to MCR 5.409[C][4].)

The conservator is not permitted to act until letters of conservatorship are issued. After qualification, the conservator shall comply with all relevant requirements under the law.

☐ 12. The conservator is not required to file an annual account.

[x] 13. **IT IS FURTHER ORDERED:**

Assets held by the protected person jointly with her husband are excluded from the conservatorship.

March 19, 2015

Date

Knaggs, Harter, Brake & Schneider, P.C.

David R. Brake

P38633

Attorney name (type or print)

Bar no.

7521 Westshire Drive, Suite 100

Address

Lansing, MI 48917

(517) 622-0590

City, state, zip

Telephone no.



\_\_\_\_\_  
Judge Richard J. Garcia

# EXHIBIT 2





## AUTOMOBILE POLICY PACKET

DR MICHAEL T ANDARY MD  
1461 FOXCROFT RD  
EAST LANSING MI 48823-2192

CIC 00276 70 84 7102 3

POLICY PERIOD: EFFECTIVE OCT 21 2014 TO APR 21 2015

### IMPORTANT MESSAGES

Refer to your Declarations Page and endorsements to verify that coverages, limits, deductibles and other policy details are correct and meet your insurance needs. Required information forms are also enclosed for your review.

Thank you for renewing your policy and allowing us to continue servicing your insurance needs. If you have any concerns or need to modify or cancel the renewal policy, please contact us immediately.

Your Uninsured Motorists Coverage (UM) and Underinsured Motorists Coverage (UIM) selection/rejection remains in effect. You may quote different coverage limits and make changes at any time to your policy on [usaa.com](http://usaa.com). Or you may call us at 1-800-531-USAA (8722).

Your Personal Injury Protection (PIP) selection/rejection remains in effect. You may quote different coverage limits and make changes at any time to your policy on [usaa.com](http://usaa.com). Or you may call us at 1-800-531-USAA (8722).

**TEXTING & DRIVING ... It Can Wait!** Join USAA in the movement against distracted driving by going to <http://itcanwait.usaa.com> to watch powerful videos and take the pledge to not text and drive!

USAA considers many factors when determining your premium. Maintaining safe driving habits is one of the most important steps you can take in keeping your premium as low as possible. A history of claim or driving activity and your USAA payment history may affect your policy premium.

We have provided your ID cards in this packet. You can use the cards to show proof of insurance, if necessary.


This is not a bill. Any premium charge or change for this policy will be reflected on your next regular monthly statement. Your current billing statement should still be paid by the due date indicated.

**To receive this document and others electronically, or manage your Auto Policy online, go to [usaa.com](http://usaa.com).**

For U.S. calls: Policy Service (800) 531-8111. Claims (800) 531-8222.

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 <p>9800 Fredericksburg Road San Antonio, Texas 78288</p> <p>SECRETARY OF STATE'S COPY</p> <p>STATE OF MICHIGAN CERTIFICATE OF NO FAULT INSURANCE</p> <p>This certifies that an authorized Michigan insurer has issued a policy complying with ACT 294, P.A. 1972, as amended for the described motor vehicle.</p> <p><b>Name</b> MICHAEL T ANDARY</p> <p>1461 FOXCROFT RD EAST LANSING MI 48823-2192</p> <p><b>Policy Number</b> 00276 70 84C7102 3 <b>Effective Date</b> 10/21/14 <b>Expiration Date</b> 04/21/15 <b>Year Make/Model</b> 2003 CHEV <b>Vehicle Identification Number</b> 1GNFK16Z13J260784</p> <p>USAA CASUALTY INSURANCE COMPANY 25968</p> <p><b>CONTACT US: 210-531-USAA(8722)</b> OR 800-531-USAA Additional copies available at <a href="http://usaa.com">usaa.com</a></p>	<p>back</p> <p>Michigan Law (MCLA 500.3101) requires that the owner or registrant of a motor vehicle registered in this state must have insurance or other approved security for the payment of no-fault benefits on the vehicle at all times. An owner or registrant who drives or permits a vehicle to be driven upon a public highway without the proper insurance or other security is guilty of a misdemeanor.</p> <p>f o l d</p> <p>WARNING: KEEP THIS CERTIFICATE IN YOUR VEHICLE AT ALL TIMES. If you fail to produce it upon a police officer's request, you will be responsible for a civil infraction.</p> <p>A person who supplies false information to the secretary of state under this section or who issues or uses an invalid certificate of insurance is guilty of a misdemeanor punishable by imprisonment for not more than 1 year, or a fine of not more than \$1,000.00, or both.</p>
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### Certificate of No Fault Insurance


We've issued two certificates of no fault insurance as evidence of insurance for your vehicle(s). These certificates are valid only as long as insurance remains in force.


You may be required to produce your certificate at vehicle registration or inspection, when applying for a driver's license, following an accident, and upon a law enforcement officer's request.

For your convenience, additional copies are available on [usaa.com](http://usaa.com).

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You may be required to produce your certificate at vehicle registration or inspection, when applying for a driver's license, following an accident, and upon a law enforcement officer's request.


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583MI3 Rev. 6-13

54157-0513\_\_01

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583MI4 Rev. 6-13

54157-0513\_\_01

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583MI5 Rev. 6-13

54157-0513\_\_01

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# USAA CASUALTY INSURANCE COMPANY

(A Stock Insurance Company)

9800 Fredericksburg Road - San Antonio, Texas 78288

MICHIGAN AUTO POLICY

RENEWAL DECLARATIONS

(ATTACH TO PREVIOUS POLICY)

ADDL INFO ON NEXT PAGE MAIL MCH-M-I

RENEWAL OF

State	09	10	12	13	Veh	POLICY NUMBER			
MI	125	125	125	125	Terr	00276 70 84C 7102 3			
POLICY PERIOD:						(12:01 A.M. standard time)			
EFFECTIVE OCT 21 2014 TO APR 21 2015									
OPERATORS									
01 DR MICHAEL T ANDARY MD									
03 ELLEN M ANDARY									
05 CAROLINE M ANDARY									
06 WILLIAM M ANDARY									
07 MICHELLE L ANDARY									
08 STEVEN ANDARY									

## Named Insured and Address

DR MICHAEL T ANDARY MD  
1461 FOXCROFT RD  
EAST LANSING MI 48823-2192

## Description of Vehicle(s)

VEH	YEAR	TRADE NAME	MODEL	BODY TYPE	ANNUAL MILEAGE	IDENTIFICATION NUMBER	VEH USE*	WORK SCHOOL	Miles One Way	Days Per Week
09	03	CHEV	SUBRBN 1500	4 DOOR	7000	1GNFK16Z13J260784		P		
10	03	BUICK	PARK AVENUE	4 DOOR	10000	1G4CU541334146435		P		
12	04	FORD	TAURUS	4 DOOR	7000	1FAFP55U44A130089		P		
13	07	BUICK	LACROSSE	4 DOOR	7000	2G4WC582571143380		P		

The Vehicle(s) described herein is principally garaged at the above address unless otherwise stated. \* W/C=Work/School; B=Business; F=Farm; P=Pleasure

VEH 09 EAST LANSING MI 48823-2192 VEH 12 EAST LANSING MI 48823-2192  
VEH 10 EAST LANSING MI 48823-2192 VEH 13 EAST LANSING MI 48823-2192

**This policy provides ONLY those coverages where a premium is shown below. The limits shown may be reduced by policy provisions and may not be combined regardless of the number of vehicles for which a premium is listed unless specifically authorized elsewhere in this policy.**

COVERAGES	LIMITS OF LIABILITY ("ACV" MEANS ACTUAL CASH VALUE)	VEH 09		VEH 10		VEH 12		VEH 13	
		D=DED	6-MONTH PREMIUM	D=DED	6-MONTH PREMIUM	D=DED	6-MONTH PREMIUM	D=DED	6-MONTH PREMIUM
PART A - LIABILITY		AMOUNT	\$	AMOUNT	\$	AMOUNT	\$	AMOUNT	\$
BODILY INJURY	EA PER \$ 500,000								
	EA ACC \$ 500,000		51.30		54.28		103.81		53.72
PROPERTY DAMAGE	EA ACC \$ 100,000		11.67		11.04		17.60		11.32
PART B - PERSONAL INJURY PROTECTION									
NO DEDUCTIBLE			70.45		104.84		109.94		104.33
PART B - PROPERTY PROTECTION INS			6.60		6.23		10.13		6.40
PART C - UNINSURED MOTORISTS									
BODILY INJURY	EA PER \$ 500,000								
	EA ACC \$ 500,000		4.34		5.48		4.57		4.80
PART C - UNDERINSURED MOTORISTS									
	EA PER \$ 500,000								
	EA ACC \$ 500,000		7.94		10.03		8.36		8.78
PART D - PHYSICAL DAMAGE COVERAGE									
COMPREHENSIVE LOSS	ACV LESS	D 200	36.36	D 200	72.77	D 200	46.65	D 200	67.23
BROAD COLL COV	ACV LESS	D 500	113.38	D 500	218.56	D 500	228.00	D 500	199.61
TOWING AND LABOR			7.00		7.00		7.00		7.00
VEHICLE TOTAL PREMIUM			309.04		490.23		536.06		463.19

TOTAL PREMIUM - SEE FOLLOWING PAGE(S)

ENDORSEMENTS: ADDED 10-21-14 - NONE

REMAIN IN EFFECT(REFER TO PREVIOUS POLICY) - ACCFOR(01) A402(01) 5100MI(06)

INFORMATION FORMS: 342MI(08)

F2										000										000										000										000									
V	09	RMF5700100								V	10	RSF2610100								V	12	RSM1800000						V	13	RSM2400000																			

In WITNESS WHEREOF, we have caused this policy to be signed by our President and Secretary at San Antonio, Texas, on this date SEPTEMBER 13, 2014

Steven Alan Bennett, Secretary

Alan W. Krapf, President





## USAA CASUALTY INSURANCE COMPANY

(A Stock Insurance Company)

9800 Fredericksburg Road - San Antonio, Texas 78288

MICHIGAN AUTO POLICY

RENEWAL DECLARATIONS

(ATTACH TO PREVIOUS POLICY)

### Named Insured and Address

DR MICHAEL T ANDARY MD  
1461 FOXCROFT RD  
EAST LANSING MI 48823-2192

State	14	Veh	POLICY NUMBER	
MI	125	Terr	00276 70 84C 7102 3	
POLICY PERIOD:			(12:01 A.M. standard time)	
EFFECTIVE OCT 21			2014 TO APR 21 2015	

<b>Description of Vehicle(s)</b>
----------------------------------

VEH	YEAR	TRADE NAME	MODEL	BODY TYPE	ANNUAL MILEAGE	IDENTIFICATION NUMBER	SYM	Miles One Way	Days Per Week
14	09	GMC	YKN XL 1500	4 DOOR	15000	1GKF6D6249R233115		P	

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VEH 14 EAST LANSING MI 48823-2192

This policy provides ONLY those coverages where a premium is shown below. The limits shown may be reduced by policy provisions and may not be combined regardless of the number of vehicles for which a premium is listed unless specifically authorized elsewhere in this policy.

VEH 14 6-MONTH				VEH		VEH		VEH	
COVERAGES		LIMITS OF LIABILITY		D=DED	PREMIUM	D=DED	PREMIUM	D=DED	PREMIUM
("ACV" MEANS ACTUAL CASH VALUE)		AMOUNT	\$	AMOUNT	\$	AMOUNT	\$	AMOUNT	\$
PART A - LIABILITY									
BODILY INJURY	EA PER \$	500,000							
	EA ACC \$	500,000		55.43					
PROPERTY DAMAGE	EA ACC \$	100,000		12.16					
PART B - PERSONAL INJURY PROTECTION									
NO DEDUCTIBLE									
PART B - PROPERTY PROTECTION INS									
PART C - UNINSURED MOTORISTS									
BODILY INJURY	EA PER \$	500,000							
	EA ACC \$	500,000		4.71					
PART C - UNDERINSURED MOTORISTS									
	EA PER \$	500,000							
	EA ACC \$	500,000		8.61					
PART D - PHYSICAL DAMAGE COVERAGE									
COMPREHENSIVE LOSS	ACV LESS	D 200		77.96					
BROAD COLL COV	ACV LESS	D 500		141.61					
RENTAL REIMBURSEMENT									
MULTIPASSENGER/TRUCK CLASS									
TOWING AND LABOR									

VEHICLE TOTAL PREMIUM	411.74
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6 MONTH PREMIUM \$ 2267.10

PREMIUM DUE AT INCEPTION. THIS IS NOT A BILL, STATEMENT TO FOLLOW.

ADDITIONAL MESSAGE(S) - SEE FOLLOWING PAGE(S)

[illegible]

In WITNESS WHEREOF, we have caused this policy to be signed by our President and Secretary at San Antonio, Texas,  
on this date SEPTEMBER 13, 2014



## USAA CASUALTY INSURANCE COMPANY

(A Stock Insurance Company)

9800 Fredericksburg Road - San Antonio, Texas 78288

MICHIGAN AUTO POLICY

RENEWAL DECLARATIONS

(ATTACH TO PREVIOUS POLICY)

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MI		Terr	00276 70 84C 7102 3			
POLICY PERIOD: (12:01 A.M. standard time)						
EFFECTIVE OCT 21 2014 TO APR 21 2015						

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EAST LANSING MI 48823-2192

## Description of Vehicle(s)

VEH	YEAR	TRADE NAME	MODEL	BODY TYPE	ANNUAL MILEAGE	IDENTIFICATION NUMBER	VEH USE*	WORK/SCHOOL Miles One Way	Days Per Week

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COVERAGES ("ACV" MEANS ACTUAL CASH VALUE)	LIMITS OF LIABILITY	VEH		VEH		VEH		VEH	
		D=DED AMOUNT	PREMIUM \$	D=DED AMOUNT	PREMIUM \$	D=DED AMOUNT	PREMIUM \$	D=DED AMOUNT	PREMIUM \$
\$ 56.84 IS INCLUDED IN YOUR 6 MONTH PREMIUM FOR ACCIDENT FORGIVENESS.									
\$ 64.41 INCLUDED IN PREMIUM FOR VEH 10 AS A RESULT OF AN ACCIDENT(S).									
\$ 19.41 INCLUDED IN PREMIUM FOR VEH 13 AS A RESULT OF A CONVICTION(S).									
MCCA ASSESSMENT PREMIUM		\$ 471.00							
THE FOLLOWING COVERAGE(S) DEFINED IN THIS POLICY ARE NOT PROVIDED FOR:									
VEH 09 - RENTAL REIMBURSEMENT									
VEH 10 - RENTAL REIMBURSEMENT									
VEH 12 - RENTAL REIMBURSEMENT									
VEH 13 - RENTAL REIMBURSEMENT									

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*Steven Alan Bennett*  
Steven Alan Bennett, Secretary

*Alan W. Krapf*  
Alan W. Krapf, President





## SUPPLEMENTAL INFORMATION

EFFECTIVE OCT 21 2014 TO APR 21 2015

The following approximate premium discounts or credits have already been applied to reduce your policy premium costs.

NOTE: Age or **senior citizen** status, if allowed by your state/location, was taken into consideration when your rates were set and your premiums have already been adjusted.

## VEHICLE 09

ANNUAL MILEAGE DISCOUNT	-\$	13.33
ANTI-THEFT DISCOUNT	-\$	7.71
DAYTIME RUNNING LIGHTS DISCOUNT	-\$	2.92
MULTI-CAR DISCOUNT	-\$	5.16
PASSIVE RESTRAINT DISCOUNT	-\$	9.19

## VEHICLE 10

DAYTIME RUNNING LIGHTS DISCOUNT	-\$	6.18
MULTI-CAR DISCOUNT	-\$	8.85
PASSIVE RESTRAINT DISCOUNT	-\$	15.26

## VEHICLE 12

GOOD STUDENT DISCOUNT	-\$	51.94
OPERATOR 08		
MULTI-CAR DISCOUNT	-\$	9.80
PASSIVE RESTRAINT DISCOUNT	-\$	16.16

## VEHICLE 13

DAYTIME RUNNING LIGHTS DISCOUNT	-\$	5.59
MULTI-CAR DISCOUNT	-\$	8.32
PASSIVE RESTRAINT DISCOUNT	-\$	15.17

## VEHICLE 14

DAYTIME RUNNING LIGHTS DISCOUNT	-\$	3.80
DRIVER TRAINING DISCOUNT	-\$	16.09
OPERATOR 07		
GOOD STUDENT DISCOUNT	-\$	33.98
OPERATOR 07		
MULTI-CAR DISCOUNT	-\$	6.53
OCCASIONAL OPERATOR DISCOUNT	-\$	53.97
OPERATOR 07		
PASSIVE RESTRAINT DISCOUNT	-\$	7.41
STUDENT AWAY AT SCHOOL W/O A CAR	-\$	76.44
OPERATOR 07		

## ACCIDENT FORGIVENESS

When a premium for Accident Forgiveness is shown on the Declarations:

1. If **you** or any **family member** shown as an operator on the Declarations:
  - a. Is involved in an at-fault accident that occurs after the effective date of this endorsement, **we** will waive any premium increase under this policy that would otherwise be applied for the first such at-fault accident.
  - b. Was involved in an at-fault accident forgiven in a policy written by **us** or one of **our** affiliates and such operator was removed from that policy and added to this policy without any gap in coverage, **we** will continue to forgive the accident on this policy for the remainder of the period of time the premium increase would have occurred under this policy if there are no other at-fault accidents for which premium is waived under this policy.

**We** will waive the premium increase for only one at-fault accident per policy period, regardless of the number of operators shown on the Declarations.

2. **We** will waive the premium increase for the at-fault accident in Section I for the period of time during which:
  - a. This endorsement is in effect; and
  - b. A premium increase for such at-fault accident would have otherwise applied to this policy.

The Accident Forgiveness Endorsement must remain in effect during any renewal period of this policy over the full accident forgiveness period for the premium increase waiver to remain in effect.



## AMENDATORY ENDORSEMENT

The coverage provided by this Endorsement is subject to all the provisions of the policy and amendments except as they are modified as follows.

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### PART D - PHYSICAL DAMAGE COVERAGE

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#### INSURING AGREEMENT

Paragraph A. is replaced in its entirety by the following:

A. Comprehensive Coverage (excluding **collision**).

1. Physical damage. **We** will pay for **loss** caused by other than **collision** to **your covered auto**, including its equipment, and personal property contained in **your covered auto**, minus any applicable deductible shown on the Declarations. The deductible will be waived for **loss** to window glass that can be repaired rather than replaced. In cases where the repair proves unsuccessful and the window glass must be replaced, the full amount of the deductible, if any, must be paid.
2. Transportation expenses. **We** will also pay:
  - a. The reasonable amount for transportation expenses incurred by **you** or any **family member**, but no more than the cost of renting an Economy Class vehicle, as defined under Rental Reimbursement Coverage. This applies only in the event of a total theft of **your covered auto**. **We** will pay only transportation expenses incurred during the period beginning 48 hours after the theft and ending when **your covered auto** is returned to use or, if not recovered or not **repairable**, up to seven days after **we** have made a settlement offer.

- b. If Rental Reimbursement Coverage is afforded, the vehicle class for transportation expenses is the vehicle class shown on the Declarations for Rental Reimbursement for that vehicle.

#### LIMIT OF LIABILITY

Paragraph A of the Limit of Liability section is amended to add the following:

3. If Car Replacement Assistance is shown on the Features Declarations for this **your covered auto**, **we** will pay an additional 20% of the **actual cash value** of the vehicle at the time of a total loss. This additional amount:
  - a. Is separate from the limit available for **loss to your covered auto** under Comprehensive Coverage or Collision Coverage; and
  - b. Is available if the total loss is paid:
    - (1) Under this policy's Comprehensive Coverage or Collision Coverage; or
    - (2) Because of the **PD** by or on behalf of persons or organizations who may be legally responsible.

However, Car Replacement Assistance does not apply to total loss to any **nonowned vehicle**.

Paragraph D. is replaced in its entirety by the following:

D. Under Rental Reimbursement Coverage, **our** maximum limit of liability is the reasonable amount necessary to reimburse **you** for expenses incurred to rent a vehicle in the applicable class shown on the Declarations:

1. Economy Class. For purposes of this endorsement, Economy Class means "mini," small or compact 2- and 4-door cars, including convertibles, that are not considered sports or luxury vehicles and are not the station wagon type.
2. Standard Class. For purposes of this endorsement, Standard Class means standard and full size 2- and 4-door cars, including convertibles, that are not considered sports or luxury vehicles and are not the station wagon type.

3. Multipassenger/Truck Class. For purposes of this endorsement, Multipassenger/Truck Class means:

- a. Sports and luxury cars of any size;
- b. Station wagons;
- c. Minivans;
- d. Mid-size cargo and passenger **vans**;
- e. Pickup trucks; and
- f. "Mini," small and midsize sport utility vehicles (SUVs) that are not considered luxury SUVs.

4. Large SUV Class. For purposes of this endorsement, Large SUV Class means luxury SUVs of any size, large SUVs and large cargo or passenger **vans**.

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## PART E - GENERAL PROVISIONS

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### OUR RIGHT TO RECOVER PAYMENT

The Our Right to Recover Payment section is amended to add the following:

**Our** rights in this section do not apply with respect to amounts paid in excess of the **actual cash value of your covered auto** because of Car Replacement Assistance.





**USAA**  
9800 Fredericksburg Road  
San Antonio, Texas 78288

## **MICHIGAN AUTO POLICY**

### **READ YOUR POLICY, DECLARATIONS AND ENDORSEMENTS CAREFULLY**

The automobile insurance contract between the named insured and the company shown on the Declarations page consists of this policy plus the Declarations page and any applicable endorsements. The Quick Reference section outlines essential information contained on the Declarations and the major parts of the policy.

**The policy provides the coverages and amounts of insurance shown on the Declarations for which a premium is shown.**

This is a participating policy. You are entitled to dividends as may be declared by the company's board of directors.

If this policy is issued by United Services Automobile Association ("USAA"), a reciprocal interinsurance exchange, the following apply:

- By purchasing this policy you are a member of USAA and are subject to its bylaws.
- This is a non-assessable policy. You are liable only for the amount of your premium as USAA has a free surplus in compliance with Article 19.03 of the Texas Insurance Code of 1951, as amended.
- The board of directors may annually allocate a portion of USAA's surplus to Subscriber's Accounts. Amounts allocated to such accounts remain a part of USAA's surplus and may be used as necessary to support the operations of the Association. A member shall have no right to any balance in the member's account except until following termination of membership, as provided in the bylaws.

## **QUICK REFERENCE**

<b>DECLARATIONS PAGE</b>	
	Named Insured and Address Policy Period Operators Description of Vehicle(s) Coverages, Amounts of Insurance and Premiums Endorsements
Beginning on Page <b>3</b>	<b>Agreement and Definitions</b>
<b>Part A 5</b>	<b>Liability Coverage</b>
	Definitions Insuring Agreement Bodily Injury Liability Coverage and Property Damage Liability Coverage Limit of Liability Supplementary Payments Exclusions Out of State Coverage Other Insurance
<b>Part B 8</b>	<b>Personal Injury Protection Coverage and Property Protection Insurance Coverage</b>
	Definitions Insuring Agreement Personal Injury Protection Coverage Property Protection Insurance Coverage Limit of Liability Exclusions Duplication of Benefits Other Insurance Priority of Coverage
<b>Part B 14</b>	<b>Medical Payments Coverage</b>
	Definitions Insuring Agreement Limit of Liability Exclusions Other Insurance Special Provisions
	(Quick Reference continued on Page 2)

<b>Part C 16</b>	<b>Uninsured Motorists Coverage Underinsured Motorists Coverage</b>	<b>Part E 24</b>	<b>General Provisions</b>
	Definitions Insuring Agreement Uninsured Motorists Coverage Underinsured Motorists Coverage Limit of Liability Exclusions Other Insurance Non-Duplication		Bankruptcy Changes Conformity to Law Duties After an Accident or Loss Legal Action Against Us Misrepresentation Non-Duplication of Payment Our Right to Recover Payment Ownership Policy Period and Territory Premium Recomputation Reducing the Risk of Loss and Other Benefits Spouse Access Termination Transfer of Your Interest in this Policy Two or More Auto Policies
<b>Part D 19</b>	<b>Physical Damage Coverage</b>		
	Definitions Insuring Agreement Comprehensive Coverage Standard Collision Coverage Broadened Collision Coverage Limited Collision Coverage Rental Reimbursement Coverage USAA Roadside Assistance Limit of Liability Payment of Loss Loss Payable Clause Waiver of Collision Deductible Exclusions No Benefit to Bailee Other Sources of Recovery Appraisal		



# MICHIGAN AUTO POLICY

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## AGREEMENT

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In return for payment of the premium and subject to all the terms of this policy, we will provide the coverages and limits of liability for which a premium is shown on the Declarations.

---

## DEFINITIONS

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The words defined below are used throughout this policy. They are in **boldface** when used.

- A. **"You"** and **"your"** refer to the "named insured" shown on the Declarations and spouse if a resident of the same household.

If the spouse ceases to be a resident of the same household during the policy period or prior to the inception of this policy, the spouse will be considered **you** and **your** under this policy but only until the earlier of:

1. The effective date of another policy listing the spouse as the named insured; or
2. The end of the policy period.

- B. **"We," "us,"** and **"our"** refer to the Company providing this insurance.

- C. **"Auto business"** means the business of altering, customizing, leasing, parking, repairing, road testing, delivering, selling, servicing, towing, repossessing or storing vehicles.

- D. **"Bodily injury"** (referred to as **BI**).

1. **"Bodily injury"** means bodily harm, sickness, disease or death.
2. **"Bodily injury"** does not include mental injuries such as emotional distress, mental anguish, humiliation, mental distress, or any similar injury unless it arises out of physical injury to some person.

- E. **"Driving contest or challenge"** includes, but is not limited to:

1. A competition against other people, vehicles, or time; or
2. An activity that challenges the speed or handling characteristics of a vehicle or improves or demonstrates driving skills, provided the activity occurs on a track or course that is closed from non-participants.

- F. **"Family member"** means a person related to **you** by blood, marriage or adoption who resides primarily in **your** household. This includes a ward or foster child.

- G. **"Fungi"** means any type or form of fungi, including mold or mildew, and includes any mycotoxins, spores, scents or byproducts produced or released by fungi.

- H. **"Miscellaneous vehicle"** means the following motorized vehicles: motor home; golf cart; snowmobile; all-terrain vehicle; or dune buggy.

- I. **"Moped"** means a 2- or 3-wheeled vehicle which is equipped with a motor that does not exceed 50 cubic centimeters piston displacement, produces 2.0 brake horsepower or less, and cannot propel the vehicle at a speed greater than 30 miles per hour on a level surface. The power drive system shall not require the operator to shift gears.

J. **"Motorcycle"** means a vehicle having a saddle or seat for the use of the rider, designed to travel on not more than 3 wheels in contact with the ground, which is equipped with a motor that exceeds 50 cubic centimeters piston displacement. The wheels on any attachment to the vehicle shall not be considered as wheels in contact with the ground. **"Motorcycle"** does not include a **moped**.

K. **"Newly acquired vehicle."**

1. **"Newly acquired vehicle"** means a vehicle, not insured under another policy, that is acquired by **you** or any **family member** during the policy period and is:
  - a. A private passenger auto, pickup, **trailer**, or **van**;
  - b. A **miscellaneous vehicle** that is not used in any business or occupation; or
  - c. A **motorcycle**, but only if a **motorcycle** is shown on the current Declarations.
2. **We** will automatically provide for the **newly acquired vehicle** the broadest coverages as are provided for any vehicle shown on the Declarations. If **your** policy does not provide Comprehensive Coverage or Collision Coverage, **we** will automatically provide these coverages for the **newly acquired vehicle** subject to a \$500 deductible for each loss.
3. Any automatic provision of coverage under K.2. will apply for up to 30 days after the date **you** or any **family member** becomes the owner of the **newly acquired vehicle**. If **you** wish to continue coverage for the **newly acquired vehicle** beyond this 30-day period, **you** must request it during this 30-day period, and **we** must agree to provide the coverage **you** request for this vehicle. If **you** request coverage after this 30-day period, any coverage that **we** agree to provide will be effective at the date and time of **your**

request unless **we** agree to an earlier date.

L. **"Occupying"** means in, on, getting into or out of.

M. **"Property damage"** (referred to as **PD**).

1. **"Property damage"** means physical injury to, destruction of, or loss of use of tangible property.
2. For purposes of this policy, electronic data is not tangible property. Electronic data means information, facts or programs:
  - a. Stored as or on;
  - b. Created or used on; or
  - c. Transmitted to or from;computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

N. **"Reasonably necessary products and services"** are those services or supplies provided or prescribed by a licensed hospital, licensed physician, or other licensed medical provider that are required to identify or treat **BI** caused by an auto accident and sustained by a **covered person** and that are:

1. Consistent with the symptoms, diagnosis, and treatment of the **covered person's** injury and appropriately documented in the **covered person's** medical records;
2. Provided in accordance with recognized standards of care for the **covered person's** injury at the time the charge is incurred;
3. Consistent with published practice guidelines and technology, and assessment standards of national organizations or multi-disciplinary medical groups;



4. Not primarily for the convenience of the **covered person**, his or her physician, hospital, or other health care provider;
5. The most appropriate supply or level of service that can be safely provided to the **covered person**; and
6. Not excessive in terms of scope, duration, or intensity of care needed to provide safe, adequate, and appropriate diagnosis and treatment.

However, "**reasonably necessary products and services**" do not include the following:

1. Nutritional supplements or over-the-counter drugs;
2. Experimental services or supplies, which means services or supplies that have not been scientifically proven as safe and effective for treatment of the condition for which its use is proposed; or

3. Inpatient services or supplies provided to the **covered person** when these could safely have been provided to the **covered person** as an outpatient.

- O. "**Trailer**" means a vehicle designed to be pulled by a private passenger auto, pickup, **van**, or **miscellaneous vehicle**. It also means a farm wagon or implement while towed by such vehicles.
- P. "**Van**" means a four-wheeled land motor vehicle of the van type with a load capacity of not more than 2,000 pounds.
- Q. "**Your covered auto**," except as modified in Part B – Property Protection Insurance Coverage (PPI), means:

1. Any vehicle shown on the Declarations.
2. Any **newly acquired vehicle**.
3. Any **trailer you own**.

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## PART A - LIABILITY COVERAGE

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### DEFINITIONS

"**Covered person**" as used in this Part means:

1. **You** or any **family member** for the ownership, maintenance, or use of any auto or **trailer**.
2. Any person using **your covered auto**.
3. Any other person or organization, but only with respect to legal liability imposed on them for the acts or omissions of a person for whom coverage is afforded in 1. or 2. above. With respect to an auto or **trailer** other than **your covered auto**, this provision only applies if the other person or organization does not own or hire the auto or **trailer**.

The following are not **covered persons** under Part A:

1. The United States of America or any of its agencies.

2. Any person with respect to **BI** or **PD** resulting from the operation of an auto by that person as an employee of the United States Government. This applies only if the provisions of Section 2679 of Title 28, United States Code as amended, require the Attorney General of the United States to defend that person in any civil action which may be brought for the **BI** or **PD**.

### INSURING AGREEMENT

- A. **We** will pay compensatory damages for **BI** or **PD** for which any **covered person** becomes legally liable because of an auto accident. **We** will settle or defend, as **we** consider appropriate, any claim or suit asking for these damages. **Our** duty to settle or defend ends when **our** limit of liability for these coverages has been paid or tendered. **We** have no duty to defend any suit or settle any claim for **BI** or **PD** not covered under this policy.

**(PART A Cont'd.)**

- B. **We** will pay, for auto accidents in Michigan, only as set forth in Section 500.3135 of the Michigan Insurance Code, up to \$1,000 for damages to a motor vehicle for which a **covered person** becomes legally responsible, to the extent that the damages are not covered by insurance.

**LIMIT OF LIABILITY**

For **BI** sustained by any one person in any one auto accident, **our** maximum limit of liability for all resulting damages, including, but not limited to, all direct, derivative or consequential damages recoverable by any persons, is the limit of liability shown on the Declarations for "each person" for **BI** Liability. Subject to this limit for "each person," the limit of liability shown on the Declarations for "each accident" for **BI** Liability is **our** maximum limit of liability for all damages for **BI** resulting from any one auto accident. The limit of liability shown on the Declarations for "each accident" for **PD** Liability is **our** maximum limit of liability for all damages to all property resulting from any one auto accident.

These limits are the most **we** will pay regardless of the number of:

1. **Covered persons**;
2. Claims made;
3. Vehicles or premiums shown on the Declarations; or
4. Vehicles involved in the auto accident.

However, if a policy provision that would defeat coverage for a claim under this Part is declared to be unenforceable as a violation of the state's financial responsibility law, **our** limit of liability will be the minimum required by the state's financial responsibility law.

**SUPPLEMENTARY PAYMENTS**

In addition to **our** limit of liability, **we** will pay on behalf of a **covered person**:

1. Premiums on appeal bonds and bonds to release attachments in any suit **we** defend. But **we** will not pay the premium for bonds with a face value over **our** limit of liability shown on the Declarations.
2. Prejudgment interest awarded against the **covered person** on that part of the judgment **we** pay. If **we** make an offer to pay the applicable limit of liability, **we** will not pay any prejudgment interest based on that period of time after the offer.
3. Interest accruing, in any suit **we** defend, on that part of a judgment that does not exceed **our** limit of liability. **Our** duty to pay interest ends when **we** offer to pay that part of the judgment that does not exceed **our** limit of liability.
4. Up to \$250 a day for loss of wages because of attendance at hearings or trials at **our** request.
5. The amount a **covered person** must pay to the United States Government because of damage to a government-owned private passenger auto, pickup, or **van** which occurs while the vehicle is in the care, custody, or control of a **covered person**. The most **we** will pay is an amount equal to one month of the basic salary of the **covered person** at the time of a loss. Only Exclusions A.1. and A.8. apply.
6. Other reasonable expenses incurred at **our** request.
7. All defense costs **we** incur.

**EXCLUSIONS**

- A. **We** do not provide Liability Coverage for any **covered person**:
1. Who intentionally acts or directs to cause **BI** or **PD**, or who acts or directs to cause with reasonable expectation of causing **BI** or **PD**. This exclusion (A.1.) applies only to the extent that the limits of liability for this coverage for **BI** exceed \$20,000 for each person or \$40,000 for each accident and for **PD** exceed \$10,000 for each accident.



(PART A Cont'd.)

2. For **PD** to property owned or being transported by a **covered person**.
  3. For **PD** to property rented to, used by, or in the care of any **covered person**. This exclusion (A.3.) does not apply to damage to a residence or garage.
  4. For **BI** to an employee of that person which occurs during the course of employment. This exclusion (A.4.) does not apply to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.
  5. For that person's liability arising out of the ownership or operation of a vehicle while it is being used to carry persons for a fee. This exclusion (A.5.) does not apply to a share-the-expense car pool or for reimbursement of normal operating expenses when the vehicle is used for charitable purposes.
  6. While employed or otherwise engaged in the **auto business**. This exclusion (A.6.) does not apply to the ownership, maintenance, or use of **your covered auto** by **you**, any **family member**, or any partner, agent, or employee of **you** or any **family member**.
  7. Maintaining or using any vehicle while that person is employed or otherwise engaged in any business or occupation other than the **auto business**, farming, or ranching. This exclusion (A.7.) does not apply:
    - a. To the maintenance or use of a private passenger auto; a pickup or **van** owned by **you** or any **family member**; or a **trailer** used with these vehicles; or
    - b. To the maintenance or use of a pickup or **van** not owned by **you** or any **family member** if the vehicle's owner has valid and collectible primary liability insurance or self-insurance in force at the time of the accident.
  8. Using a vehicle without expressed or implied permission.
  9. For **BI** or **PD** for which that person is an insured under any nuclear energy liability policy. This exclusion (A.9.) applies even if that policy is terminated due to exhaustion of its limit of liability.
  10. For **BI** or **PD** occurring while **your covered auto** is rented or leased to others, or shared as part of a personal vehicle sharing program.
  11. For punitive or exemplary damages.
  12. For **BI** sustained as a result of exposure to **fungi**, wet or dry rot, or bacteria.
  13. For **BI** to a relative who resides primarily in that **covered person's** household. This exclusion (A.13.) applies only to the extent that the limits of liability for this coverage for **BI** exceed the minimum limits of liability required by the Michigan financial responsibility law.
- B. **We** do not provide Liability Coverage for the ownership, maintenance, or use of:
1. Any vehicle that is not **your covered auto** unless that vehicle is:
    - a. A four- or six-wheel land motor vehicle designed for use on public roads;
    - b. A moving van for personal use;
    - c. A **miscellaneous vehicle**; or
    - d. A vehicle used in the business of farming or ranching.

(PART A Cont'd.)

2. Any vehicle, other than **your covered auto**, that is owned by **you**, or furnished or available for **your** regular use. This exclusion (B.2.) does not apply to a vehicle not owned by **you** if the vehicle's owner has valid and collectible primary liability insurance or self-insurance in force at the time of the accident.
  3. Any vehicle, other than **your covered auto**, that is owned by or furnished or available for the regular use of, any **family member**. This exclusion (B.3.) does not apply:
    - a. To **your** maintenance or use of such vehicle; or
    - b. To a vehicle not owned by any **family member** if the vehicle's owner has valid and collectible primary liability insurance or self-insurance in force at the time of the accident.
  4. Any vehicle while being operated in, or in practice for, any **driving contest or challenge**.
- C. There is no coverage for liability assumed by any **covered person** under any contract or agreement.

**OUT OF STATE COVERAGE**

If an auto accident to which this policy applies occurs in any state or province other than the one in which **your covered auto** is principally garaged, **your** policy will provide at least the minimum amounts and types of liability coverages required by law. However, no one will be entitled to duplicate payments for the same elements of loss.

**OTHER INSURANCE**

If there is other applicable liability insurance, **we** will pay only **our** share of the loss. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide to a **covered person** for a vehicle **you** do not own shall be excess over:

1. Any other applicable liability insurance; or
2. Any self-insurance in compliance with a state's financial responsibility law or mandatory insurance law.

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**PART B - PERSONAL INJURY PROTECTION COVERAGE** (referred to as PIP Coverage)  
**PROPERTY PROTECTION INSURANCE COVERAGE** (referred to as PPI Coverage)

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**DEFINITIONS**

- A. "**Covered person**" as used in this Part means:
1. **You** or any **family member**.
  2. Any other person:
    - a. While **occupying your covered auto**;
    - b. While **occupying a motor vehicle** other than **your covered auto**, which is operated by **you** or any **family member** and to which Part A - Liability of this policy applies; or
    - c. While not **occupying any motor vehicle** if the accident involves **your covered auto**.



(PART B Cont'd.)

- B. "**Funeral expenses**" means all reasonable funeral and burial expenses for a **covered person**.
- C. "**Income loss**" means the contributions a deceased **covered person's** spouse and dependents would have received as dependents if the **covered person** had not died. The contributions must be tangible things of economic value, not including services.
- D. "**Medical expenses**" means all reasonable fees for **reasonably necessary products and services** and accommodations for a **covered person's** care, recovery, or rehabilitation.
- E. "**Motor vehicle**" as used in this Part means a vehicle or **trailer** operated or designed for use on public roads.

However, it does not include:

1. A **motorcycle** or **moped**;
  2. A farm tractor or other implement of husbandry which is not subject to the registration requirements of the Michigan Vehicle Code; or
  3. A vehicle operated by muscular power or with fewer than three wheels.
- F. "**Motor vehicle accident**" means a loss involving the ownership, operation, maintenance, or use of a **motor vehicle** as a **motor vehicle** regardless of whether the accident also involves the ownership, operation, maintenance, or use of a **motorcycle** as a **motorcycle**.
- G. "**Replacement services**" means services to replace those a **covered person** would have done without pay and for the benefit of the **covered person** or the **covered person's** dependents.

- H. "**Survivor's loss**" means **income loss** and **replacement services**.

1. A deceased **covered person's** spouse must have either resided with or been dependent on the **covered person** at the time of death. The benefits end for a spouse at remarriage or death.
2. Any other person who was dependent upon the deceased **covered person** at the time of death qualifies for benefits if, and as long as that dependent is:
  - a. Under age 18; or
  - b. Physically or mentally unable to earn a living; or
  - c. In a full time formal program of academic or vocational education or training.

- I. "**Work loss**" means actual loss of income from work a **covered person** would have performed if that person had not been injured.

- J. "**Your covered auto**" as used in this Part means a **motor vehicle** to which the Property Damage Liability Coverage of this policy applies and:

1. Which is owned by **you** or any **family member** and for which **you** are required to maintain security under Chapter 31 of the Michigan Insurance Code.
2. Which is operated, but not owned, by **you** or any **family member** and for which no security as required by Chapter 31 of the Michigan Insurance Code is in effect.

(PART B Cont'd.)

**INSURING AGREEMENT**

A. PIP Coverage.

1. **We** will pay the following benefits to or for a **covered person** who sustains **BI** accidentally caused by a **motor vehicle accident**, as set forth in Chapter 31 of the Michigan Insurance Code:
  - a. **Medical expenses**;
  - b. **Funeral expenses**;
  - c. **Work loss**;
  - d. **Replacement services**; and
  - e. **Survivor's loss**.
2. **We** or someone on **our** behalf will review, by audit or otherwise, claims for PIP Coverage. **We** are obligated to pay only those expenses that are reasonable charges incurred for:
  - a. **Reasonably necessary products and services**; and
  - b. Reasonably necessary accommodations for a **covered person's** care, recovery, and rehabilitation.

B. PPI Coverage.

**We** will pay only as set forth in Chapter 31 of the Michigan Insurance Code for accidental **PD** resulting from the ownership, maintenance, or use of **your covered auto** as a **motor vehicle**. These benefits apply only to accidents that occur in Michigan.

**LIMIT OF LIABILITY**

The following provisions represent the most **we** will pay regardless of the number of **covered persons**, claims made, vehicles or premiums shown on the Declarations, vehicles involved in the accident or insurers providing no-fault coverage.

A. PIP Coverage.

1. **Medical Expenses.**

- a. There is no maximum dollar amount for reasonable and necessary **medical expenses** incurred for a **covered person's** care, recovery, or rehabilitation. However, only semiprivate room charges will be paid unless special or intensive care is required.
- b. If Coordination of Benefits for **medical expenses** is indicated on the Declarations, **medical expenses** is not payable to **you** or any **family member** to the extent that similar benefits are paid or payable under any other insurance, service, benefit, or reimbursement plan, excluding Medicare benefits provided by the Federal Government.

2. **Funeral Expenses.** The maximum amount payable for **funeral expenses** shall not exceed \$2,000 per **covered person**.

3. **Work Loss.**

- a. The maximum amount payable for **work loss** for any 30 day period shall not exceed the amount established under Chapter 31 of the Michigan Insurance Code.
- b. **We** will not pay more than 85% of a **covered person's work loss**. Any income a **covered person** earns during the 30 day period is included in determining the income benefit **we** will pay.
- c. This benefit is payable for loss sustained during the three years after the accident.
- d. This benefit does not apply after a **covered person** dies.
- e. **We** will prorate this benefit for any period less than 30 days.



(PART B Cont'd.)

- f. If Coordination of Benefits for **work loss** is indicated on the Declarations, **work loss** is not payable to **you** or any **family member** to the extent that similar benefits are paid or payable under any other insurance, service, benefit, or reimbursement plan.
  - g. **Work loss** is excluded if that exclusion is indicated on the Declarations for the named insured and/or **family member(s)** age 60 or older.
4. **Survivor's Loss.** The maximum amount payable for **survivor's loss** for any 30 day period due to death of a **covered person** shall not exceed the amount established under the Michigan Insurance Code. This amount includes **replacement services** to a maximum of \$20 per day. These benefits are payable for loss sustained during the three years after the accident.
- B. PPI Coverage.
- 1. **Our** maximum limit of liability under this Part for all **PD** resulting from any one **motor vehicle accident** is \$1,000,000.
  - 2. Subject to the maximum limit of liability in Paragraph 1. above, **we** will pay the lesser of reasonable repair costs or replacement costs minus depreciation and, if applicable, the value of loss of use.
- C. Benefits payable under PIP Coverage shall be reduced by:
- 1. Any amounts paid, payable or required to be provided by state or federal law except any amounts paid, payable or required to be provided by Medicare, provided that the benefits:
    - a. Serve the same purpose as any of the PIP Coverages paid or payable to a **covered person** under this policy;
    - b. Are provided or required to be provided as a result of the same accident for which this insurance is payable. However, this insurance shall not be reduced by any amount of workers' compensation benefits, if workers' compensation benefits that are required to be provided are not available to the **covered person**; and
    - c. Are not subject to subrogation or reimbursement by the payer or provider.
  - 2. The applicable deductible shown on the Declarations. However, the deductible applies only to **you** and any **family member**.

**EXCLUSIONS**

- A. **We** do not provide PIP Coverage to any **covered person** for **BI**:
- 1. Intentionally caused by that person.
  - 2. Sustained by that person using a **motor vehicle** or **motorcycle** which that person had taken unlawfully. However, this exclusion (A.2.) does not apply if the person had expressed or implied permission to use the **motor vehicle** or **motorcycle**.
  - 3. Sustained by that person while **occupying**, or when struck by while not **occupying**, any **motor vehicle** other than **your covered auto** that is owned by or registered to **you** or any **family member**.
  - 4. Sustained by the owner or registrant of a **motor vehicle** or **motorcycle** involved in the accident and for which the security required by the Michigan Insurance Code is not in effect.

(PART B Cont'd.)

5. Sustained while that person is entitled to Michigan no-fault benefits as a named insured under another policy except while an operator or passenger of a **motorcycle** involved in the accident. However, this exclusion (A.5.) does not apply to the named insured under this policy.
6. Sustained while **occupying a motor vehicle** located for use as a residence or premises.
7. Sustained while a participant in, or in practice for, any **driving contest or challenge**.
8. Sustained as a result of a **covered person's** exposure to **fungi**, wet or dry rot, or bacteria.
9. Sustained while **occupying a motor vehicle** operated in the business of transporting passengers for which the security required by the Michigan Insurance Code is in effect. However, this exclusion (A.9.) does not apply to **BI** to **you** or any **family member** while a passenger in a:
  - a. School bus;
  - b. Certified common carrier;
  - c. Bus operated under a government sponsored transportation program;
  - d. Bus operated by or servicing a non-profit organization;
  - e. Bus operated by a watercraft, bicycle, or horse livery used only to transport passengers to or from a destination point; or
  - f. Taxicab.
10. Sustained by **you** or any **family member** while **occupying a motor vehicle** which is owned or registered by **your** employer or any **family member's** employer and for which the security required under the Michigan Insurance Code is in effect.

- B. **We** do not provide PIP Coverage to any **covered person** who is not **you** or a **family member** for **BI** sustained:
  1. By that person while not **occupying a motor vehicle** if the accident takes place outside Michigan.
  2. While that person is entitled to Michigan no-fault benefits as a **family member** under another policy except while an operator or passenger of a **motorcycle** involved in the accident.
  3. While **occupying**, or when struck by while not **occupying**, a **motor vehicle** other than **your covered auto** if:
    - a. Operated by **you** or any **family member**; and
    - b. The owner or registrant has the security required by the Michigan Insurance Code.
- C. **We** do not provide PIP Coverage for any **covered person** for **BI** arising out of the ownership, operation, maintenance or use of a parked **motor vehicle**. This exclusion (C.) does not apply if:
  1. The **motor vehicle** was parked in such a way as not to cause unreasonable risk of the **BI**; or
  2. The **BI** resulted from physical contact with:
    - a. Equipment permanently mounted on the **motor vehicle** while the equipment was being used; or
    - b. Property being lifted onto or lowered from the **motor vehicle**; or
  3. The **BI** was sustained while **occupying** the **motor vehicle**.

However, exceptions 2. and 3. to this exclusion (C.) do not apply to any employee who has benefits available under any workers' compensation law or similar disability benefits law and who sustains **BI**



(PART B Cont'd.)

in the course of employment while entering into, alighting from, loading, unloading or doing mechanical work on a **motor vehicle**, unless the injury arises from the use or operation of another **motor vehicle**.

As used above, "another **motor vehicle**" does not include a **motor vehicle** being loaded on, unloaded from, or secured to, as cargo or freight, a **motor vehicle**.

D. **We** do not provide PPI Coverage for any **PD**:

1. Intentionally suffered or caused by the claimant.
2. To the property of any person using **your covered auto** without **your** expressed or implied consent.
3. To **your covered auto** or its contents.
4. To any **motor vehicle** which is not **your covered auto** or its contents. This exclusion (D.4.) does not apply if the **motor vehicle** was:
  - a. Damaged by **your covered auto**; and
  - b. Parked in such a way as not to cause unreasonable risk of the **PD**.
5. To property owned by either **you** or any **family member** if **you** or any **family member** were the owner, operator, or registrant of a **motor vehicle** involved in the accident which caused the **PD**.
6. Resulting from an accident involving a **motor vehicle** not owned by, but used by, **you** or any **family member** to the extent the owner or registrant has the security required under Chapter 31 of the Michigan Insurance Code.
7. To utility transmission lines, wires or cables arising from the failure of a municipality, utility company or cable television company to comply with the requirements of Section 247.186 of the Michigan Compiled Laws.

8. Occurring within the course of the business of an **auto business**.
9. Sustained while a participant in, or in practice for, any **driving contest or challenge**.
10. Caused by **fungi**, wet or dry rot, or bacteria.

**DUPLICATION OF BENEFITS**

No one will be entitled to duplicate payments for the same elements of loss under this Part regardless of the number of:

1. **Motor vehicles** covered; or
2. Insurers (including self-insurers) providing security in accordance with the Michigan Insurance Code or any other similar law.

**OTHER INSURANCE**

The limit upon the amount of PIP Coverage available because of **BI** to one person arising from one **motor vehicle accident** shall be determined without regard to the number of policies applicable to the accident.

**PRIORITY OF COVERAGE**

- A. PIP Coverage. A **covered person** who, while an operator or passenger of a **motorcycle**, sustains **BI** resulting from a **motor vehicle accident** shall claim PIP Coverage in the following order of priority:
1. The insurer of the owner or registrant of the **motor vehicle** involved in the accident.
  2. The insurer of the operator of the **motor vehicle** involved in the accident.
  3. The **motor vehicle** insurer of the operator of the **motorcycle** involved in the accident.
  4. The **motor vehicle** insurer of the owner or registrant of the **motorcycle** involved in the accident.

(PART B Cont'd.)

However, if priorities 1, 2, 3, or 4 do not apply, a passenger on a **motorcycle** shall claim PIP Coverage from that passenger's **motor vehicle** insurer.

B. PPI Coverage. If there is other applicable PPI Coverage, **we** will pay only **our** share of the loss. PPI Coverage shall be claimed in the following order of priority:

1. The insurer of the owner or registrant of the **motor vehicle** involved in the accident.

2. The insurer of the operator of the **motor vehicle** involved in the accident.

C. When two or more insurers are in the same order of priority to provide PIP Coverage or PPI Coverage, an insurer paying benefits due is entitled to partial recoupment from the other insurers in the same order of priority, together with a reasonable amount of partial recoupment of the expense of processing the claim, in order to accomplish equitable distribution of the loss among such insurers.

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## PART B - MEDICAL PAYMENTS COVERAGE

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### DEFINITIONS

"Covered person" as used in this Part means:

1. **You** or any **family member** while **occupying** any auto.
2. Any other person while **occupying your covered auto**.
3. **You** or any **family member** while not **occupying** a motor vehicle if injured by:
  - a. A motor vehicle designed for use mainly on public roads;
  - b. A **miscellaneous vehicle**; or
  - c. A **trailer**.

charges are reasonable fees for **reasonably necessary products and services** or reasonable expenses for funeral services. A provider of medical or funeral services may charge more than the reasonable fees and reasonable expenses, but such additional charges are not covered.

C. **We** will not be liable for pending or subsequent benefits if a **covered person** or assignee of benefits under Medical Payments Coverage unreasonably refuses to submit to an examination as required in Part E - General Provisions, Duties After An Accident or Loss.

### INSURING AGREEMENT

A. **We** will pay only the reasonable fee for **reasonably necessary products and services** and the reasonable expense for funeral services. These fees and expenses must:

1. Result from **BI** sustained by a **covered person** in an auto accident; and
2. Be incurred for services rendered within one year from the date of the auto accident.

B. **We** or someone on **our** behalf will review, by audit or otherwise, claims for benefits under this coverage to determine if the

### LIMIT OF LIABILITY

A. The limit of liability shown on the Declarations for Medical Payments Coverage is the maximum limit of liability for each **covered person** injured in any one accident. This is the most **we** will pay regardless of the number of:

1. **Covered persons**;
2. Claims made;
3. Vehicles or premiums shown on the Declarations; or
4. Vehicles involved in an auto accident.

B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and Part A or Part C of this policy.



**(PART B Cont'd.)**

- C. In no event will a **covered person** be entitled to receive duplicate payments for the same elements of loss.

**EXCLUSIONS**

**We** do not provide benefits under this Part for any **covered person** for **BI**:

1. Sustained while **occupying** any vehicle that is not **your covered auto** unless that vehicle is:
  - a. A four- or six-wheel land motor vehicle designed for use on public roads;
  - b. A moving van for personal use;
  - c. A **miscellaneous vehicle**; or
  - d. A vehicle used in the business of farming or ranching.
2. Sustained while **occupying your covered auto** when it is being used to carry persons for a fee. This exclusion (2.) does not apply to a share-the-expense car pool or for reimbursement of normal operating expenses when the vehicle is used for charitable purposes.
3. Sustained while **occupying** any vehicle located for use as a residence.
4. Occurring during the course of employment if workers' compensation benefits are required or available.
5. Sustained while **occupying**, or when struck by, any vehicle, other than **your covered auto**, that is owned by **you**.
6. Sustained while **occupying**, or when struck by, any vehicle, other than **your covered auto**, that is owned by any **family member**. This exclusion (6.) does not apply to **you**.
7. Sustained while **occupying** a vehicle without expressed or implied permission.
8. Sustained while **occupying** a vehicle when it is being used in the business or occupation of a **covered person**. This exclusion (8.) does not apply to **BI** sustained while **occupying** a private passenger auto, pickup, or **van**, or a **trailer** used with these vehicles.
9. Caused by or as a consequence of war, insurrection, revolution, nuclear reaction, or radioactive contamination.
10. Sustained while **occupying your covered auto** while it is rented or leased to others, or shared as part of a personal vehicle sharing program.
11. Sustained while a participant in, or in practice for, any **driving contest or challenge**.
12. Sustained as a result of a **covered person's** exposure to **fungi**, wet or dry rot, or bacteria.

**OTHER INSURANCE**

If there is other applicable auto medical payments insurance, **we** will pay only **our** share of the loss. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide with respect to a vehicle **you** do not own shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

**SPECIAL PROVISIONS**

If **your covered auto** and every other motor vehicle **you** own are within the policy territory referred to in Part E - General Provisions, then coverage under Part B - Medical Payments Coverage will apply to **you** and any **family member** anywhere in the world.

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**PART C - UNINSURED MOTORISTS COVERAGE** (referred to as UM Coverage)  
**UNDERINSURED MOTORISTS COVERAGE** (referred to as UIM Coverage)

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**DEFINITIONS**

A. **"Covered person"** as used in this Part means:

1. **You** or any **family member**.
2. Any other person **occupying your covered auto**.
3. Any person for damages that person is entitled to recover because of **BI** to which this coverage applies sustained by a person described in 1. or 2. above.

However, **"covered person"** does not include the United States of America or any of its agencies.

B. **"Underinsured motor vehicle"** means a land motor vehicle or **trailer** of any type to which a liability bond or policy applies at the time of the accident but its limit for bodily injury liability is less than the limit of liability for UM Coverage under this policy.

However, **"underinsured motor vehicle"** does not include an **uninsured motor vehicle**.

C. **"Uninsured motor vehicle"** means a land motor vehicle or **trailer** of any type:

1. To which no liability bond or policy applies at the time of the accident.
2. To which a liability bond or policy applies at the time of the accident but its limit for bodily injury liability is less than the minimum limit for liability specified by the Michigan financial responsibility law.

3. That is a hit-and-run motor vehicle. This means a motor vehicle whose owner or operator cannot be identified and that hits:

- a. **You** or any **family member**;
- b. A vehicle **you** or any **family member** is **occupying**; or
- c. **Your covered auto**.

4. To which a liability bond or policy applies at the time of the accident but the bonding or insuring company denies coverage or is or becomes insolvent.

D. **"Uninsured motor vehicle"** and **"underinsured motor vehicle"** do not include any vehicle or equipment:

1. Owned by or furnished or available for the regular use of **you** or any **family member**.
2. Owned or operated by a self-insurer under any applicable motor vehicle law.
3. Owned by any governmental unit or agency.
4. Operated on rails or crawler treads, except for a snowmobile.
5. Designed mainly for use off public roads while not on public roads.
6. While located for use as a residence or premises.



(PART C Cont'd.)

**INSURING AGREEMENT**

A. Uninsured Motorists Coverage.

1. **We** will pay compensatory damages which a **covered person** is legally entitled to recover from the owner or operator of an **uninsured motor vehicle** because of **BI** sustained by a **covered person** and caused by an auto accident if the claim for damages is made within three years of the date of the accident.
2. The owner's or operator's liability for these damages must arise out of the ownership, maintenance, or use of the **uninsured motor vehicle**. Any judgment for damages arising out of a suit brought without **our** written consent is not binding on **us** unless:
  - a. **Our** consent was requested and **we** did not respond within a reasonable amount of time; or
  - b. **Our** consent was unreasonably withheld.
3. **We** will pay under this coverage only after the limits of liability under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements. This provision applies only to Definition C.2. under this Part.

B. Underinsured Motorists Coverage.

1. **We** will pay compensatory damages which a **covered person** is legally entitled to recover from the owner or operator of an **underinsured motor vehicle** because of **BI** sustained by a **covered person** and caused by an auto accident if the claim for damages is made within three years of the date of the accident.

2. The owner's or operator's liability for these damages must arise out of the ownership, maintenance, or use of the **underinsured motor vehicle**.
3. **We** will pay under this coverage only after the limits of liability under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements.

**LIMIT OF LIABILITY**

- A. For **BI** sustained by any one person in any one accident, **our** maximum limit of liability for all resulting damages, including, but not limited to, all direct, derivative, or consequential damages recoverable by any persons, is the limit of liability shown on the Declarations for "each person" for UM Coverage or for UIM Coverage, whichever is applicable. Subject to this limit for "each person," the limit of liability shown on the Declarations for "each accident" for UM Coverage or for UIM Coverage is **our** maximum limit of liability for all damages for **BI** resulting from any one accident. These limits are the most **we** will pay regardless of the number of:

1. **Covered persons;**
2. Claims made;
3. Vehicles or premiums shown on the Declarations;
4. Premiums paid; or
5. Vehicles involved in the accident.

- B. The limit of liability (each person and each accident) under UM Coverage or UIM Coverage shall be reduced by all sums paid for the same elements of loss because of the **BI** by or on behalf of persons or organizations who may be legally responsible. This includes all sums:

1. Paid under Part A - Liability Coverage and Part B - PIP Coverage of this policy;

**(PART C Cont'd.)**

2. Paid or payable under any workers' compensation law or similar disability benefits law; or
3. Paid or payable under any automobile medical expense coverage.

**EXCLUSIONS**

- A. **We** do not provide UM Coverage for **BI** sustained by any **covered person** while **occupying**, or when struck by, any motor vehicle owned by **you** or any **family member** which is not insured for UM Coverage under this policy. This includes a **trailer** of any type used with that vehicle.
- B. **We** do not provide UIM Coverage for **BI** sustained by any **covered person** while **occupying**, or when struck by, any motor vehicle owned by **you** or any **family member** which is not insured for UIM Coverage under this policy. This includes a **trailer** of any type used with that vehicle.
- C. **We** do not provide UM Coverage or UIM Coverage for **BI** sustained by any **covered person**:
  1. If that person or the legal representative settles the **BI** claim without **our** consent.
  2. While **occupying your covered auto** when it is being used to carry persons for a fee. This exclusion (C.2.) does not apply to a share-the-expense car pool or for reimbursement of normal operating expenses when the vehicle is used for charitable purposes.
  3. Using a vehicle without expressed or implied permission.
  4. While **your covered auto** is rented or leased to others, or shared as part of a personal vehicle sharing program.
  5. While **occupying** any vehicle when it is being operated in, or in practice for, any **driving contest or challenge**.
- D. UM Coverage or UIM Coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any workers' compensation law or similar disability benefits law.
- E. **We** do not provide UM Coverage or UIM Coverage for punitive or exemplary damages.

**OTHER INSURANCE**

If there is other applicable insurance for UM Coverage or UIM Coverage available under one or more policies or provisions of coverage:

- A. Any recovery for damages under all such policies or provisions of coverage may equal but not exceed the highest applicable limit for any one vehicle under any insurance providing coverage on either a primary or excess basis.
- B. Any insurance **we** provide with respect to a vehicle **you** do not own or to a person other than **you** or any **family member** will be excess over any collectible insurance.
- C. If the coverage under this policy is provided:
  1. On a primary basis, **we** will pay only **our** share of the loss that must be paid under insurance providing coverage on a primary basis. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits of liability for coverage provided on a primary basis.
  2. On an excess basis, **we** will pay only **our** share of the loss that must be paid under insurance providing coverage on an excess basis. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits of liability for coverage provided on an excess basis.

**NON-DUPLICATION**

No **covered person** will be entitled to receive duplicate payments under this coverage for the same elements of loss which were:



(PART C Cont'd.)

1. Paid because of the **BI** by or on behalf of persons or organizations who may be legally responsible.
2. Paid or payable under any workers' compensation law or similar disability benefits law.
3. Paid under another provision or coverage in this policy.
4. Paid under any auto policy medical expense coverage.

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## PART D - PHYSICAL DAMAGE COVERAGE

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### DEFINITIONS

- A. "**Actual cash value**" means the amount that it would cost, at the time of **loss**, to buy a comparable vehicle. As applied to **your covered auto**, a comparable vehicle is one of the same make, model, model year, body type, and options with substantially similar mileage and physical condition.
- B. "**Collision**" means the impact with an object and includes upset of a vehicle. **Loss** caused by the following is covered under Comprehensive Coverage and is not considered **collision**: fire; missiles or falling objects; hail, water or flood; malicious mischief or vandalism; theft or larceny; riot or civil commotion; explosion or earthquake; contact with bird or animal; windstorm; or breakage of window glass. If breakage of window glass is caused by a **collision**, **you** may elect to have it considered a loss caused by **collision**.
- C. "**Custom equipment**."
- "**Custom equipment**" means equipment, furnishings and parts permanently installed in or upon **your covered auto**, other than:
1. Original manufacturer equipment, furnishings or parts;
  2. Any replacement of original manufacturer equipment, furnishings or parts with other equipment, furnishings or parts of like kind and quality;
  3. Equipment, furnishings or parts designed to assist disabled persons;
  4. Anti-theft devices and devices intended to monitor or record driving activity; and
  5. Tires of a substantially similar size as those installed by the manufacturer.
- D. "**Loss**" means direct and accidental damage to the operational safety, function, or appearance of, or theft of, **your covered auto** or personal property contained in **your covered auto**. **Loss** includes a total loss, but does not include any damage other than the cost to **repair** or replace. **Loss** does not include any loss of use, or diminution in value that would remain after **repair** or replacement of the damaged or stolen property.
- E. "**Nonowned vehicle**."
1. "**Nonowned vehicle**" means any private passenger auto, pickup, **van**, **miscellaneous vehicle**, or **trailer** not owned by, or furnished or available for the regular use of, **you** or any **family member**. This applies only when the vehicle is in the custody of or being operated by **you** or any **family member**.
  2. A **nonowned vehicle** does not include any of the following vehicles used in any business or occupation other than farming or ranching:
    - a. A pickup;
    - b. A **van**; or
    - c. A **miscellaneous vehicle**.

(PART D Cont'd.)

F. "Repair."

1. "Repair" means restoring the damaged property to its pre-**loss** operational safety, function, and appearance. This may include the replacement of component parts.
2. **Repair** does not require:
  - a. A return to the pre-**loss** market value of the property;
  - b. Restoration, alteration, or replacement of undamaged property, unless such is needed for the operational safety of the vehicle; or
  - c. Rekeying of locks following theft or misplacement of keys.

G. "**Substantially at fault**" means a person's action or inaction was more than 50% of the cause of the accident.

H. "**Your covered auto**" as used in this Part includes:

1. **Custom equipment**, up to a maximum of \$5,000, in or on **your covered auto**.
2. A **nonowned vehicle**. If there is a **loss** to a **nonowned vehicle**, we will provide the broadest coverage shown on the Declarations.

**INSURING AGREEMENT**

A. Comprehensive Coverage (excluding **collision**).

1. Physical damage. **We** will pay for **loss** caused by other than **collision** to **your covered auto**, including its equipment, and personal property contained in **your covered auto**, minus any applicable deductible shown on the Declarations. The deductible will be waived for **loss** to window glass that can be repaired rather than replaced. In cases where the repair proves unsuccessful and the

window glass must be replaced, the full amount of the deductible, if any, must be paid.

2. Transportation expenses. **We** will also pay:

- a. Up to \$30 a day, to a maximum of \$900, for transportation expenses incurred by **you** or any **family member**. This applies only in the event of a total theft of **your covered auto**. **We** will pay only transportation expenses incurred during the period beginning 48 hours after the theft and ending when **your covered auto** is returned to use or, if not recovered or not **repairable**, up to seven days after **we** have made a settlement offer.

- b. If Rental Reimbursement Coverage is afforded, limits for transportation expenses are the limits of liability shown on the Declarations for Rental Reimbursement for that vehicle.

B. Standard Collision Coverage. **We** will pay for **loss** caused by **collision** to **your covered auto**, including its equipment, and personal property contained in **your covered auto**, minus any applicable deductible shown on the Declarations.

C. Broadened Collision Coverage. **We** will pay for **loss** caused by **collision** to **your covered auto**, including its equipment, and personal property contained in **your covered auto**, regardless of fault, minus any applicable deductible shown on the Declarations. The deductible amount will be waived when the operator of **your covered auto** is not **substantially at fault** for the accident which resulted in the **collision** damage.



(PART D Cont'd.)

- D. Limited Collision Coverage. **We** will pay for **loss** caused by **collision to your covered auto** if the operator of **your covered auto** is not **substantially at fault** for the accident which resulted in the **collision** damage. No deductible will apply.
- E. Rental Reimbursement Coverage (for **loss** other than total theft).
1. **We** will reimburse **you** for expenses **you** or any **family member** incurs to rent a substitute for **your covered auto**. This coverage applies only if:
    - a. **Your covered auto** is withdrawn from use for more than 24 hours due to a **loss**, other than a total theft, to that auto; and
    - b. The **loss** is covered under Comprehensive Coverage or caused by **collision**, and the cause of **loss** is not otherwise excluded under Part D of this policy.
  2. **We** will reimburse **you** only for that period of time reasonably required to **repair** or replace **your covered auto**. If **we** determine **your covered auto** is a total loss, the rental period will end no later than seven days after **we** have made a settlement offer.
- F. USAA Roadside Assistance. **We** will pay the reasonable costs **you** or any **family member** incurs for one of the following each time **your covered auto** is disabled:
1. Mechanical labor up to one hour at the place of breakdown.
  2. Locksmith services to gain entry to **your covered auto**. This does not include the rekeying of locks following theft or misplacement of keys.
  3. Towing, to the nearest place where necessary repairs can be made during regular business hours, if the vehicle will not run or is stranded on or immediately next to a public road.

4. Delivery of gas or oil to, or a change of tire on a disabled vehicle. However, **we** do not pay for the cost of these items.

**LIMIT OF LIABILITY**

- A. Total loss to **your covered auto**. **Our** limit of liability under Comprehensive Coverage and Collision Coverage is the **actual cash value** of the vehicle, inclusive of any **custom equipment**.
1. The maximum amount **we** will include for **loss to custom equipment** in or on **your covered auto** is \$5,000.
  2. **We** will declare **your covered auto** to be a total loss if, in **our** judgment, the cost to **repair** it would be greater than its **actual cash value** minus its salvage value after the **loss**.
- B. Other than a total loss to **your covered auto**:
1. **Our** limit of liability under Comprehensive Coverage and Collision Coverage is the amount necessary to **repair the loss** based on **our** estimate or an estimate that **we** approve, if submitted by **you** or a third party. Upon request, **we** will identify at least one facility that is willing and able to complete the **repair** for the amount of the estimate.
  2. **Our** estimate may specify used, rebuilt, remanufactured, or non-Original Equipment Manufacturer (non-OEM) parts.
  3. **You** may request that damaged parts be replaced with new Original Equipment Manufacturer (OEM) parts. **You** will be responsible, however, for any cost difference between the parts included in **our** estimate and the new OEM parts used in the **repair**.

## (PART D Cont'd.)

4. **We** will not take a deduction for depreciation. **We** will take a deduction if prior damage has not been **repaired**. Prior damage does not include wear and tear.
- C. Personal property contained in **your covered auto**. The limits of liability described below are separate from the limits available for a **loss to your covered auto**.
  1. **Our** limit of liability under Comprehensive Coverage and Collision Coverage is the lesser of:
    - a. The amount necessary to replace the damaged or stolen property; or
    - b. \$250.
  2. **We** will not take a deduction for depreciation.
- D. Under Rental Reimbursement Coverage, **our** maximum limits of liability are the limits of liability shown on the Declarations for Rental Reimbursement Coverage for that vehicle.
- E. Under USAA Roadside Assistance, **our** limit of liability is the reasonable price for the covered service.

## PAYMENT OF LOSS

**We** may pay for **loss** in money, or **repair** or replace the damaged or stolen property. **We** may, at **our** expense, return any stolen property to **you** or to the address shown on the Declarations. If **we** return stolen property, **we** will pay for any damage resulting from the theft. **We** may keep all or part of the damaged or stolen property and pay **you** an agreed or appraised value for it. **We** cannot be required to assume the ownership of damaged property. **We** may settle a claim either with **you** or with the owner of the property.

## LOSS PAYABLE CLAUSE

**Loss** or damage under this policy will be paid, as interest may appear, to the named insured

and the loss payee shown on the Declarations. This insurance, with respect to the interest of the loss payee, will not become invalid because of your fraudulent acts or omissions unless the loss results from **your** conversion, secretion, or embezzlement of **your covered auto**. **We** may cancel the policy as permitted by policy terms and the cancellation will terminate this agreement as to the loss payee's interest. **We** will give the same advance notice of cancellation to the loss payee as **we** give to the named insured shown on the Declarations. **We** may send notices to the loss payee either by mail or by electronic means. However, if the loss payee requests in writing that **we** not send notices, including a notice of cancellation, **we** will abide by that request. When **we** pay the loss payee **we** will, to the extent of payment, be subrogated to the loss payee's rights of recovery.

## WAIVER OF COLLISION DEDUCTIBLE

**We** will not apply the deductible to **loss** caused by **collision** with another vehicle if all of these conditions are met:

1. The **loss to your covered auto** is greater than the deductible amount; and
2. The owner and driver of the other vehicle are identified; and
3. The owner or driver of the other vehicle has a liability policy covering the **loss**; and
4. The driver of **your covered auto** is not legally responsible, in any way, for causing or contributing to the **loss**.

## EXCLUSIONS

**We** will not pay for:

1. **Loss to your covered auto** which occurs while it is being used to carry persons for a fee. This exclusion (1.) does not apply to a share-the-expense car pool or for reimbursement of normal operating expenses when the vehicle is used for charitable purposes.



**(PART D Cont'd.)**

2. Damage due and confined to:
  - a. Road damage to tires;
  - b. Wear and tear;
  - c. Freezing; or
  - d. Mechanical or electrical breakdown or failure, including such damage resulting from negligent servicing or repair of **your covered auto** or its equipment. **We** will pay for ensuing damage only to the extent the damage occurs outside of the major component (such as transmission/transaxle, electrical system, engine including cooling and lubrication thereof, air conditioning, computer, suspension, braking, drive assembly, and steering) in which the initial mechanical or electrical breakdown or failure occurs.

This exclusion (2.) does not apply if the damage results from the total theft of **your covered auto**, and it does not apply to USAA Roadside Assistance.

3. **Loss** due to or as a consequence of war, insurrection, revolution, nuclear reaction, or radioactive contamination.
4. **Loss** to a camper body or **trailer** owned by **you** or any **family member** that is not shown on the Declarations. This exclusion (4.) does not apply to one **you** or any **family member** acquires during the policy period and asks **us** to insure within 30 days after **you** or any **family member** becomes the owner.
5. **Loss** to any **nonowned vehicle** when used by **you** or any **family member** without a reasonable belief that **you** or that **family member** is entitled to do so.
6. **Loss** to equipment designed or used to evade or avoid the enforcement of motor vehicle laws.
7. **Loss** to any **nonowned vehicle** arising out of its use by **you** or any **family**

**member** while employed or otherwise engaged in **auto business** operations.

8. **Loss** to **your covered auto** while it is rented or leased to others, or shared as part of a personal vehicle sharing program.
9. **Loss** to any vehicle while it is being operated in, or in practice for, any **driving contest or challenge**.
10. **Loss** resulting from:
  - a. The acquisition of a stolen vehicle;
  - b. Any legal or governmental action to return a vehicle to its legal owner; or
  - c. Any confiscation or seizure of a vehicle by governmental authorities.

This exclusion (10.) does not apply to innocent purchasers of stolen vehicles for value under circumstances that would not cause a reasonable person to be suspicious of the sales transaction or the validity of the title.

11. **Loss** resulting from use in any illicit or prohibited trade or transportation.
12. Any **loss** arising out of any act committed:
  - a. By or at the direction of **you** or any **family member**; and
  - b. With the intent to cause a **loss**.
13. **Loss** caused by **fungi**, wet or dry rot, or bacteria. This means the presence, growth, proliferation, spread, or any activity of **fungi**, wet or dry rot, or bacteria. This exclusion (13.) does not apply to damage directly resulting from a **loss** covered under Comprehensive Coverage or Collision Coverage.

**NO BENEFIT TO BAILEE**

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

(PART D Cont'd.)

## OTHER SOURCES OF RECOVERY

If other sources of recovery also cover the **loss**, **we** will pay only **our** share of the **loss**. **Our** share is the proportion that **our** limit of liability bears to the total of all applicable limits. However, any insurance **we** provide with respect to a **nonowned vehicle** will be excess over any other collectible source of recovery including, but not limited to:

1. Any coverage provided by the owner of the **nonowned vehicle**.
2. Any other applicable physical damage insurance.
3. Any other source of recovery applicable to the **loss**.

This provision does not apply to USAA Roadside Assistance.

## APPRAISAL

If **we** and **you** do not agree on the amount of **loss**, either may demand an appraisal. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the **actual cash value** and the amount of **loss**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will pay its chosen appraiser and share the expenses of the umpire equally. Neither **we** nor **you** waive any rights under this policy by agreeing to an appraisal.

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## PART E - GENERAL PROVISIONS

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### BANKRUPTCY

Bankruptcy or insolvency of the **covered person**, as defined in this policy, shall not relieve **us** of any obligations under this policy.

### CHANGES

- A. The premium is based on information **we** have received from **you** and other sources. **You** agree to cooperate with **us** in determining if this information is correct and complete. **You** agree that if this information changes, or is incorrect or incomplete, **we** may adjust **your** premiums accordingly during the policy period.
- B. If, during the policy period, the risk exposure changes for any of the following reasons, **we** will make the necessary premium adjustments effective the date of change in exposure. Change in exposure means the occurrence of an event listed in B.1. through B.7. or in E. below, or a similar event that may increase or decrease the policy premium. **You** agree to give **us** notice of any exposure change as soon as is reasonably possible. Changes that may result in a premium adjustment include, but are not limited to, the following:

1. Change in location where any vehicle is garaged.
2. Change in description, equipment, purchase date, registration, cost, usage, miles driven annually, or operators of any vehicle.
3. Replacement or addition of any vehicle. A replacement or additional vehicle is a **newly acquired vehicle**.
4. Deletion of a vehicle. The named insured may request that a vehicle shown on the Declarations be deleted from this policy. The effective date of this change cannot be earlier than the date of the named insured's request unless **we** agree to an earlier date.
5. Change in date of birth, marital status, driver's license information, or driving record of any operator.
6. Addition or deletion of an operator.
7. Change, addition, or deletion of any coverage or limits.



**(PART E Cont'd.)**

- C. **We** will make any calculations or adjustments of **your** premium using the applicable rules, rates, and forms as of the effective date of the change.
- D. If **we** make a change which broadens coverage under this edition of **our** policy without additional premium charge, that change will automatically apply to **your** insurance as of the date **we** implement that change in **your** location. This paragraph does not apply to changes implemented with a revision that includes both broadenings and restrictions in coverage. Otherwise, this policy includes all of the agreements between **you** and **us**. Its terms may not be changed or waived except by endorsement issued by **us**.

E. Deployment.

1. If, because of **your** active-duty deployment in one of the military services of the United States, **you** have reduced the coverage on **your covered auto** and placed the vehicle in storage, then, upon **your** return from the deployment, **we** will reinstate the coverage that was on the vehicle prior to the deployment-caused reduction beginning on the date the vehicle is removed from storage.
2. Any reinstatement of coverage under E.1. will apply for up to 60 days after the date **you** returned from deployment. If **you** wish to continue the reinstated coverage beyond the 60-day period, **you** must request it during the 60-day period. If **you** request reinstated coverage after this 60-day period, any coverage **we** agree to provide will be effective at the date and time of **your** request unless **we** agree to an earlier date.
3. **You** must pay an additional premium, as set out in Part E., Changes, B.7., for the reinstated coverage. However, if **you** return from deployment on furlough or emergency leave for a period of 30 days or less, **we** will waive any increase in the premium for the period of time **you** are on furlough or emergency

leave, provided that no claim for coverage under this policy is made for a loss that occurs during that time period. If a loss occurs **we** will, as of the date of the loss, reinstate the coverage that was on the vehicle prior to the deployment-caused reduction, and **you** must pay an additional premium for that coverage.

**CONFORMITY TO LAW**

If any of the terms of this policy conflict with state or local law, state or local law will apply.

**DUTIES AFTER AN ACCIDENT OR LOSS**

**We** will not be required to provide coverage under this policy unless there has been full compliance with the following duties:

- A. **We** must be notified promptly of how, when, and where an accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.

Notice to **our** authorized representatives is considered notice to **us**. Failure to give any notice required by this policy shall not invalidate any claim made by a person seeking coverage if it shall be shown not to have been reasonably possible to give such notice promptly and that notice was given as soon as was reasonably possible. A claim under UM Coverage or UIM Coverage must be made to **us** within three years of the accident.

- B. A person or entity seeking any coverage or payment of any benefits except payment under Part A - Liability must:
1. Cooperate with **us** in the investigation, settlement, or defense of any claim or suit.
  2. Promptly send **us** copies of any notices or legal papers received in connection with a suit, accident, or loss.
  3. Submit, as often as **we** reasonably require:
    - a. To physical exams by physicians **we** select. **We** will pay for these exams.

**(PART E Cont'd.)**

- b. To examination under oath, while not in the presence of any other **covered person**, as defined in this policy. The examination must be signed. This duty (B.3.b.) does not apply to Part B - PIP Coverage and PPI Coverage.
  - 4. Authorize **us** to obtain medical reports and other pertinent records.
  - 5. Submit a proof of loss when required by **us**.
  - 6. Promptly notify the police if a hit-and-run driver is involved.
- C. A person seeking coverage for **PD** under Part B - PIP Coverage and PPI Coverage must also:
- 1. Take reasonable steps after loss, at **our** expense, to protect the damaged property. Any loss due to failure to protect the property will not be paid under this insurance.
  - 2. Permit **us** to inspect and appraise the damaged property before its repair or disposal.
- D. A person seeking coverage under Part D - Physical Damage Coverage must also:
- 1. Take reasonable steps after loss to protect **your covered auto** and its equipment from further loss. **We** will pay reasonable expenses incurred to do this.
  - 2. Promptly notify the police if **your covered auto** is stolen.
  - 3. Permit **us** to inspect and appraise the damaged property before its repair or disposal.

**LEGAL ACTION AGAINST US**

- A. No legal action may be brought against **us** until:
- 1. There has been full compliance with all the terms of this policy; and

2. With respect to Part A:

- a. **We** agree in writing that the **covered person**, as defined in Part A, has an obligation to pay; or
- b. The amount of that obligation has been finally determined by judgment after trial.

3. This paragraph (A.) does not apply:

- a. If **we** fail to agree within a reasonable time after a written request:
  - (1) That the **covered person** has an obligation to pay; or
  - (2) To resolve a dispute.
- b. If **we** have acted inappropriately in handling **your** claim.

- B. No legal action may be brought against **us** under Part B - PIP Coverage and PPI Coverage after one year from the date of the accident causing the **BI** or **PD**.

However, this (B.) does not apply to PIP Coverage if:

- 1. Written notice of the **BI** has been given to **us** within one year from the date of the accident; or
- 2. **We** have already paid any PIP benefits for the injury.

Action must be brought within one year from the date the most recent allowable **medical expense, funeral expense, work loss or survivor's loss** was incurred. No one may recover benefits for any portion of the loss incurred more than one year before the date on which the action was begun.

- C. No legal action can be brought against **us** under Part C - Uninsured Motorists Coverage and Underinsured Motorists Coverage:

- 1. For any claim involving an **uninsured motor vehicle** unless the action is brought within six years from the date of the accident.



**(PART E Cont'd.)**

2. For any claim involving an **underinsured motor vehicle** unless the action is brought within:

- a. Six years from the date of the accident; or
- b. One year from the date that the **covered person** is aware or should have been aware of a claim for which coverage would apply;

whichever is later.

- D. No person or organization has any right under this policy to bring **us** into any action to determine the liability of a **covered person**, as defined in this policy.
- E. Unless **we** agree otherwise, any legal action against **us** must be brought in a court of competent jurisdiction in the county and state where the **covered person** lived at the time of the accident.

**MISREPRESENTATION**

**We** do not provide any coverage under this policy for any person who has knowingly concealed or misrepresented any material fact or circumstance relating to this insurance:

1. At the time application was made; or
2. At any time during the policy period; or
3. In connection with the presentation or settlement of a claim.

**NON-DUPLICATION OF PAYMENT**

When a claim, or part of a claim, is payable under more than one provision of this policy, **we** will pay the claim only once under this policy.

**OUR RIGHT TO RECOVER PAYMENT**

- A. If **we** make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, **we** will be subrogated to that right. The person to or for whom payment was made shall do whatever is necessary to

enable **us** to exercise **our** rights, and shall do nothing after loss to prejudice them. However, **our** rights in this paragraph do not apply under Part D, against any person using **your covered auto** with a reasonable belief that that person is entitled to do so, nor under Part B - Medical Payments Coverage.

- B. If **we** make a payment under this policy and the person to or for whom payment was made recovers damages from another, the person to or for whom payment was made shall hold in trust for **us** the proceeds of the recovery and reimburse **us** to the extent of **our** payment. **Our** right is subject to any applicable limitations stated in the Michigan Insurance Code.
- C. If **we** make a payment under Part C - Uninsured Motorists Coverage and Underinsured Motorists Coverage, **we** shall be entitled to recovery under paragraphs A. and B. of this provision only after the person to or for whom payment was made has been fully compensated for damages by another party.
- D. If the **covered person**, as defined in this policy, recovers from the party at fault and **we** share in the recovery, **we** will pay **our** share of the legal expenses. **Our** share is that percent of the legal expenses that the amount **we** recover bears to the total recovery. This does not apply to any amounts recovered or recoverable by **us** from any other insurer under any inter-insurer arbitration agreement.

- E. If **we** make payment for a claim under Part A, and the **covered person**, as defined in Part A:

1. Knowingly concealed or misrepresented any material fact or circumstance relating to this insurance; or
2. Failed or refused to comply with the duties specified in this policy and prejudiced **our** defense of the liability claim by such failure or refusal;

then, the **covered person** shall reimburse **us** to the extent of **our** payment and cost of defense.

**(PART E Cont'd.)**

F. If **we** make payment for a claim under Part D and **you** or any **family member** has knowingly concealed or misrepresented any material fact or circumstance relating to this insurance, then **you** shall reimburse **us** to the extent of **our** payment.

**OWNERSHIP**

A. For purposes of Part A - Liability Coverage and Part B - PIP Coverage and PPI Coverage of this policy, "owner" means any of the following:

1. A person renting a motor vehicle or having the use thereof, under a lease for a period that is greater than 30 days.
2. A person who holds the legal title to a vehicle, other than a person engaged in the business of leasing motor vehicles, who is the lessor of a motor vehicle pursuant to a lease providing for the use of the motor vehicle by the lessee for a period that is greater than 30 days.
3. A person who has the immediate right of possession of a motor vehicle under an installment sale contract.

B. For purposes of this policy, except those Parts listed in Paragraph A. above, a vehicle is deemed to be owned by a person if leased under a written agreement to that person for a continuous period of at least six months.

**POLICY PERIOD AND TERRITORY**

A. This policy applies only to accidents and losses which occur during the policy period as shown on the Declarations and within the policy territory. The policy territory is the United States of America (USA), its territories and possessions, Puerto Rico, and Canada, including transportation of **your covered auto** between any ports of these locations.

B. The policy territory also includes Mexico, subject to the following conditions:

1. All coverages afforded by the policy are extended to include coverage during trips into Mexico. This applies only to loss or accident that occurs within 75 miles of the USA border.
2. Any liability coverage afforded by the policy is extended to include the remainder of Mexico, but only if **you** have valid and collectible liability coverages from a licensed Mexican insurance company at the time of loss. This paragraph (B.2.) applies only if the original liability suit for **BI** or **PD** is brought in the USA.
3. Coverage under this policy does not extend:
  - a. To any **covered person**, as defined in this policy, who does not live in the USA.
  - b. To any **covered person**, as defined in this policy, **occupying** a vehicle which is not principally garaged and used in the USA.
  - c. To any vehicle which is not principally garaged and used in the USA.
4. The words "state or province" as used in the Out of State Coverage provision in Part A of the policy do not include a "state or province" of Mexico.
5. Losses payable under Part D of the policy will be paid in the USA. If the vehicle must be repaired in Mexico, **our** limit of liability will be determined at the nearest point in the USA where repairs can be made.
6. Any insurance **we** provide will be excess over any other similar valid and collectible insurance.

**(PART E Cont'd.)**

**PREMIUM RECOMPUTATION**

The Michigan Insurance Code places certain limitations on a person's right to sue for damages. The premium for this policy reflects these limitations. A court from which there is no appeal can declare any of these limitations unenforceable. If this occurs, **we** will have the right to recompute the premium. **You** can choose to delete any coverage as the result of the court's decision. If **you** do, **we** will compute any refund or premiums on a pro rata basis.

**REDUCING THE RISK OF LOSS AND OTHER BENEFITS**

**We** may occasionally provide **you** with products or services that assist **you** in preventing or reducing the risk of loss, and may provide an incentive for **your** use of these items. **We** may also occasionally provide you with items, offers or services **we** think may benefit **you** or **your family members**. Such items, offers and services may be provided in any form **we** choose.

**SPOUSE ACCESS**

- A. The named insured and **we** agree that the named insured and resident spouse are "customers" for purposes of state and federal privacy laws. The resident spouse will have access to the same information available to the named insured and may initiate the same transactions as the named insured.
- B. The named insured may notify **us** that he/she no longer agrees that the resident spouse shall be treated as a "customer" for purposes of state and federal privacy laws, and **we** will not permit the resident spouse to access policy information.

**TERMINATION**

- A. Cancellation. This policy may be cancelled during the policy period as follows:
1. **You** may cancel this policy at any time, but the effective date of cancellation cannot be earlier than the date of the request unless **we** agree to an earlier date.

2. **We** may cancel this policy by mailing a notice to the named insured shown on the Declarations at the most recent address **you** provided to **us** by giving:
    - a. At least ten days notice by first class mail, if cancellation is for nonpayment of premium; or
    - b. At least 20 days notice by first class mail, if notice is mailed during the first 55 days this policy is in effect and this is not a renewal policy; or
    - c. At least 30 days notice by certified mail, return receipt requested, in all other cases.
  3. After this policy is in effect for 55 days, or if this is a renewal policy, **we** will cancel only:
    - a. For nonpayment of premium; or
    - b. If **your** driver's license or that of any driver who lives with **you** or who customarily uses **your covered auto** has been suspended or revoked and the suspension or revocation has become final. This must have occurred:
      - (1) During the policy period; or
      - (2) Since the last anniversary of the original effective date if the policy period is other than one year.
  4. **We** may cancel for any other reason not prohibited by law.
- B. Nonrenewal. If **we** decide not to renew this policy, **we** will mail notice to the named insured shown on the Declarations at the most recent address **you** provided to **us**. Notice will be mailed at least 30 days before the end of the policy period.



**(PART E Cont'd.)**

**C. Automatic Termination.**

1. If **we** offer to renew and **you** or **your** representative do not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal premium when due will mean that **you** have not accepted **our** offer.
2. If **you** obtain other insurance on **your covered auto**, any similar insurance provided by this policy will terminate as to that auto on the effective date of the other insurance. This does not apply to liability coverage purchased for travel in Mexico.

**D. Other Termination Provisions.**

1. Proof of mailing of any notice will be sufficient proof of notice.
2. If this policy is cancelled, the named insured shown on the Declarations may be entitled to a premium refund. The premium refund, if any, will be computed in accordance with Michigan law. However, making or offering to make the refund is not a condition of cancellation.
3. The effective date of cancellation stated in the notice will become the end of the policy period.

**TRANSFER OF YOUR INTEREST IN THIS POLICY**

**Your** rights and duties under this policy may not be assigned without **our** written consent. However, if the named insured shown on the Declarations dies, **we** will provide coverage until the end of the policy period for:

1. The surviving spouse at the time of death. Coverage applies to the spouse as if the named insured shown on the Declarations; and
2. The legal representative of the deceased person as if the named insured shown on the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use **your covered auto**.

**TWO OR MORE AUTO POLICIES**

If this policy and any other auto insurance policy **we** issued to **you** apply to the same accident, the maximum limit of **our** liability under all the policies will not exceed the highest applicable limit of liability under any one policy.

## MICHIGAN PHYSICAL DAMAGE COVERAGES

The information in this form is a brief, general discussion. Coverages are subject to all the provisions and exclusions contained in your insurance policy. PLEASE READ YOUR POLICY FOR DETAILS OF COVERAGE.

Because Michigan law limits your right to sue for collision damage, to have adequate protection, we advise that you carry one of the three Collision Coverages available in Michigan.

Michigan law allows you to sue the driver of another insured vehicle for damage to your vehicle if your operator is not more than 50% at fault, and then, only for an amount up to \$1,000 for damage which is not covered by insurance. This is commonly known as the "mini tort" law. We cannot file the suit for you. If you file suit against the other driver in civil court, the award to you may be reduced by the percentage of your negligence in the accident.

Here's an example. You're in an accident, and the other driver is at fault. Your car is a total loss of \$4,500 and you have no Collision coverage. Even if you sued the other driver in small claims court and won, the maximum you could collect is \$1,000. Who pays the remaining \$3,500?

### **WITHOUT COLLISION COVERAGE, YOU DO!**

Your Michigan Collision Coverage options for each vehicle are:

#### **Broadened Collision Coverage (BCC)**

- BCC pays for damage to your vehicle anywhere in the policy territory, no matter who's at fault.
- If the operator of your vehicle is not more than 50% at fault, we will waive your deductible.\*\*

#### **Standard Collision Coverage (SCC)**

- SCC pays for damage to your vehicle anywhere in the policy territory, no matter who's at fault, less your deductible.
- If you are not more than 50% at fault, you may sue for the amount of your deductible, up to \$500.

#### **Limited Collision Coverage (LCC)**

- LCC pays for damage to your vehicle only if the operator of your vehicle is not more than 50% at fault.\*\*
- There is no deductible for you to pay.
- If the operator of your vehicle is more than 50% at fault, LCC does not pay for damage to your vehicle.

\*\*With BCC and LCC, if the other driver isn't identified, (hit-and-run, for example), you may be required to give evidence that you were not more than 50% at fault.

**Comprehensive Coverage** pays you, minus the deductible, for direct and accidental loss of, or damage to your vehicle caused by fire, theft, earthquake, hail, flood, windstorm, vandalism and other perils not specifically excluded in the policy. Breakage of glass is also covered.

**Rental Reimbursement Coverage** may be added for an additional premium charge. It is available only on private passenger automobiles when Comprehensive coverage is carried. Rental Reimbursement pays for you or a family member to rent a vehicle in the class you choose if you're without your automobile for more than 24 hours while it's being repaired after a loss caused by collision or due to a loss under Comprehensive coverage other than total theft. The available classes are: Economy; Standard; Multipassenger/Truck; and Large SUV. In Michigan, with few exceptions, even when the other driver is at fault in an accident, his insurance company will not pay for your rental car while you wait for repairs or shop for a new vehicle. For this reason, it is advisable that you carry Rental Reimbursement Coverage.

**If you would like to add, revise or delete Collision Coverage for any of your vehicles, please check this box ☐ and complete the back of this page.**

## MICHIGAN COVERAGE SELECTION CHARTS

Your current coverages are stated on your Michigan Auto Policy Declarations.

To add, change, or delete a coverage on a particular vehicle, describe the vehicle and indicate your choice with an "X". Sign your name below.

Example: 1999 Ford Ranger with Broadened Collision Coverage and \$200 deductible.

Vehicles		MICHIGAN COLLISION COVERAGES																Reject ALL Coll. Covgs.
		Broadened Collision Coverage								Standard Collision Coverage								
		DEDUCTIBLES								DEDUCTIBLES								
Year	Make/Model	50	100	150	200	250	300	500	1000	50	100	150	200	250	300	500	1000	*
EX 99	FORD RANGER				X													

\* There are no deductibles with Limited Collision Coverage (LCC).

**Rental Reimbursement Coverages:** Rental Reimbursement (RR) may be carried only if Comprehensive Coverage (Comp.) is carried. Therefore, if you reject Comp., you also reject RR.

### MICHIGAN COMPREHENSIVE and RENTAL REIMBURSEMENT COVERAGES

Vehicles		Comprehensive Coverage Deductibles									Reject Comp., & RR	Add RR (enter class)	Reject RR
		FULL	\$50	\$100	\$150	\$200	\$250	\$300	\$500	\$1000			
Year	Make/Model												

I have read and understand the explanations of all of the Michigan coverages stated on page 1 of this form and request that my Michigan coverage selections be revised as I have noted above.

If this form is sent by facsimile machine (fax), the sender adopts the document received by USAA as a duplicate original and adopts the signature produced by the receiving fax machine as the sender's original signature.

Signature of named insured \_\_\_\_\_ Date \_\_\_\_\_

(      )                                      (      )

USAA Number \_\_\_\_\_ Home Phone \_\_\_\_\_ Business Phone \_\_\_\_\_

Please return to:

**USAA**

**9800 Fredericksburg Road, San Antonio, TX 78288-0508**

**Fax # 1-800-531-8877**



# EXHIBIT 3

Act No. 21  
Public Acts of 2019  
Approved by the Governor  
May 30, 2019  
Filed with the Secretary of State  
June 11, 2019  
EFFECTIVE DATE: June 11, 2019

**STATE OF MICHIGAN  
100TH LEGISLATURE  
REGULAR SESSION OF 2019**

**Introduced by Senators Nesbitt, Theis, LaSata, Horn, McBroom, Barrett, Lauwers and VanderWall**

# **ENROLLED SENATE BILL No. 1**

AN ACT to amend 1956 PA 218, entitled “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 associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” by amending sections 150, 224, 1244, 2038, 2040, 2069, 2105, 2106, 2108, 2111, 2118, 2120, 2151, 3009, 3101, 3101a, 3104, 3107, 3109a, 3111, 3112, 3113, 3114, 3115, 3135, 3142, 3145, 3148, 3151, 3157, 3163, 3172, 3173a, 3174, 3175, and 3177 (MCL 500.150, 500.224, 500.1244, 500.2038, 500.2040, 500.2069, 500.2105, 500.2106, 500.2108, 500.2111, 500.2118, 500.2120, 500.2151, 500.3009, 500.3101, 500.3101a, 500.3104, 500.3107, 500.3109a, 500.3111, 500.3112, 500.3113, 500.3114, 500.3115, 500.3135, 500.3142, 500.3145, 500.3148, 500.3151, 500.3157, 500.3163, 500.3172, 500.3173a, 500.3174, 500.3175, and 500.3177), section 150 as amended by 1992 PA 182, section 224 as amended by 2007 PA 187, section 1244 as amended by 2001 PA 228, section 2069 as amended by 1989 PA 306, section 2108 as amended by 2015 PA 141, section 2111 as amended by 2012 PA 441, sections 2118 and 2120 as amended by 2007 PA 35, section 2151 as added by 2012 PA 165, sections 3009 and 3113 as amended by 2016 PA 346, section 3101 as amended by 2017 PA 140, section 3101a as amended by 2018 PA 510, section 3104 as amended by 2002

PA 662, section 3107 as amended by 2012 PA 542, section 3109a as amended by 2012 PA 454, section 3114 as amended by 2016 PA 347, section 3135 as amended by 2012 PA 158, section 3163 as amended by 2002 PA 697, sections 3172, 3173a, 3174, and 3175 as amended by 2012 PA 204, and section 3177 as amended by 1984 PA 426, and by adding sections 261, 271, 2013a, 2111f, 2116b, 2162, 3107c, 3107d, 3107e, 3157a, and 3157b and chapters 31A and 63.

*The People of the State of Michigan enact:*

Sec. 150. (1) Any person who violates any provision of this act for which a specific penalty is not provided under any other provision of this act or of other laws applicable to the violation must be afforded an opportunity for a hearing before the director under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. If the director finds that a violation has occurred, the director shall reduce the findings and decision to writing and issue and cause to be served on the person charged with the violation a copy of the findings and an order requiring the person to cease and desist from the violation. In addition, the director may order any of the following:

(a) Payment of a civil fine of not more than \$1,000.00 for each violation. However, if the person knew or reasonably should have known that he or she was in violation of this act, the director may order the payment of a civil fine of not more than \$5,000.00 for each violation. With respect to filings made under chapters 21, 22, 23, 24, and 26, "violation" means a filing not in compliance with those chapters and does not include an action with respect to an individual policy based on a noncomplying filing. An order of the director under this subdivision must not require the payment of civil fines exceeding \$50,000.00. A fine collected under this subdivision must be turned over to the state treasurer and credited to the general fund.

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

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

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

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

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

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

(3) The director may employ attorneys, actuaries, accountants, investment advisers, and other expert personnel not otherwise employees of this state reasonably necessary to assist in the conduct of the examination or investigation or proceeding with respect to an insurer or other person regulated under the director's authority at the insurer's or other person's expense except as otherwise provided in subsection (4). Except as otherwise provided in subsection (4), on certification by the director of the reasonable expenses incurred under this section, the insurer or other person examined or investigated shall pay those expenses directly to the person or firm rendering assistance to the director. Expenses paid directly to such person or firm and the regulatory fees imposed by this section are examination expenses under section 22e of the former single business tax act, 1975 PA 228, or under section 239(1) of the Michigan business tax act, 2007 PA 36, MCL 208.1239.

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

(a) As used in this subsection:

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



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

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

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

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

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

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

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

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

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

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

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

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

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

(9) An insurer may file with the director a protest to the regulatory fee imposed not later than 15 days after receipt of the regulatory fee. The director shall review the grounds for the protest and hold a conference with the insurer at the insurer's request. The director shall transmit his or her findings to the insurer with a restatement of the regulatory fee based on the findings. Statements of regulatory fees to which protests have not been made and restatements of regulatory fees are due and must be paid not later than 30 days after their receipt. Regulatory fees that are not paid when due bear interest on the unpaid fee, which must be calculated at 6-month intervals from the date the fee was due at a rate of interest equal to 1% plus the average interest rate paid at auctions of 5-year United States treasury notes during the 6 months preceding July 1 and January 1, as certified by the state treasurer, and compounded annually, until the assessment is paid in full. An insurer who fails to pay its regulatory fee within the prescribed time limits may have its certificate of authority or license suspended, limited, or revoked as the director considers warranted until the regulatory fee is paid. If the director determines that a regulatory fee or a part of a regulatory fee paid by an insurer is in excess of the amount legally due and payable, the amount of the excess must be refunded or, at the insurer's option, be applied as a credit against the regulatory fee for the next fiscal year. An overpayment of \$100.00 or less must be applied as a credit against the insurer's regulatory fee for the next fiscal year unless the insurer had a \$100.00 or less overpayment in the immediately preceding fiscal year. If the insurer had a \$100.00 or less overpayment in the immediately preceding fiscal year, at the insurer's option, the current fiscal year overpayment of \$100.00 or less must be refunded.

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

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

(12) As used in this section:

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

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

Sec. 261. (1) The department shall maintain on its internet website a page that does all of the following:

(a) Advises that the department may be able to assist a person who believes that an automobile insurer is not paying benefits, not making timely payments, or otherwise not performing as it is obligated to do under an insurance policy.

(b) Advises the person of selected important rights that the person has under chapter 20 that specifically relate to automobile insurers and the payment of benefits by automobile insurers.

(c) Allows the person to submit an explanation of the facts of the person's problems with the automobile insurer.

(d) Allows the person to submit electronically, or instructs the person how to provide paper copies of, any documentation to support the facts submitted under subdivision (c).

(e) Explains to the person the steps that the department will take and that may be taken after information is submitted under this section.

(2) The department shall maintain on its internet website a page that advises consumers about the changes to automobile insurance in this state that were made by the amendatory act that added this section, including, among any other information that the director determines to be important, ways to shop for insurance.

(3) The department shall maintain on its internet website a page or pages that allow a person to report fraud and unfair settlement and claims practices.

Sec. 271. By December 31 of 2022 and every year afterward through 2030, the department shall review the effect of changes made to section 3157 by the amendatory act that added this section and provide a report to the legislature on the department's findings.

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

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

(b) A refund of any overcharges.

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

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

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

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

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

Sec. 2013a. (1) The failure of an insurer to materially comply with section 3107e is an unfair method of competition and an unfair or deceptive act or practice in the business of insurance.

(2) This section does not affect any other right of a person under this chapter.

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

(a) Payment of a monetary penalty of not more than \$1,000.00 for each violation but not to exceed an aggregate penalty of \$10,000.00, unless the person knew or reasonably should have known he was in violation of this chapter; in which case the penalty must not be more than \$5,000.00 for each violation and must not exceed an aggregate penalty of \$50,000.00 for all violations committed in a 6-month period.

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

(c) Refund of any overcharges.

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

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

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

Sec. 2040. (1) A person who violates a cease and desist order of the director under this chapter while the order is in effect, after notice and an opportunity for a hearing and on order of the director, may be subject to any of the following:

(a) A monetary penalty of not more than \$20,000.00 for each violation.

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

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

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

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

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

(2) Except as otherwise expressly provided in subsection (4) and this chapter, this chapter does not apply to insurance written on a group, franchise, blanket policy, or similar basis that offers home insurance or automobile insurance to all members of the group, franchise plan, or blanket coverage who are eligible persons.

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

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

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

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

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



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

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

(5) The amendments to this chapter made by the amendatory act that added this subsection apply to an insurer exempted from any of the requirements of this chapter under section 2129.

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

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

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

(3) An insurer may use rates for home insurance as soon as those rates are filed.

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

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

(2) An insurer may satisfy its obligation to make filings under subsection (1) by becoming a member of, or a subscriber to, a rating organization licensed under chapter 24 or chapter 26 that makes the filings, and by filing with the director a copy of its authorization of the rating organization to make the filings on its behalf. This chapter does not require an insurer to become a member of or a subscriber to a rating organization. An insurer may file and use deviations from filings made on its behalf. The deviations are subject to this chapter.

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

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

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

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

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

(d) Any other relevant information.

(5) Except as otherwise provided in this subsection, the department shall make a filing under this section and any accompanying information open to public inspection on filing. An insurer or a rating organization filing on the insurer's behalf may designate information included in the filing or any accompanying information as a trade secret. The insurer or the rating organization filing on behalf of the insurer shall demonstrate to the director that the designated information is a trade secret. If the director determines that the information is a trade secret, the information is not subject to public inspection and is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this subsection, "trade secret" means that term as defined in section 2 of the uniform trade secrets act, 1998 PA 448, MCL 445.1902. However, trade secret does not include filings and information accompanying filings under this section that were subject to public inspection before January 11, 2016.

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

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

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

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

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

(a) With respect to all automobile insurance coverages:

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

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

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

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

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

(vi) Daily or weekly commuting mileage.

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

(viii) Amount of insurance.

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

(i) Earned income.

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

(iii) Coordination of benefits.

(iv) Use of a safety belt.

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

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

(ii) Vehicle make and model.

(iii) Vehicle design characteristics related to vehicle damageability.

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

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

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

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

(A) The effects of aging on driving behavior.

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

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

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

(E) Accident prevention measures.

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

(G) Major driving hazards.

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

(3) Each insurer shall establish a secondary or merit rating plan for automobile insurance, other than comprehensive coverage. A secondary or merit rating plan required under this subsection must provide for premium surcharges for all coverages for automobile insurance, other than comprehensive coverage, based on any of the following, when that information becomes available to the insurer:

(a) Substantially at-fault accidents.

(b) Convictions for, determinations of responsibility for civil infractions for, or findings of responsibility in probate court for civil infractions for violations under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750. However, an insured must not be merit rated for a civil infraction under chapter VI of the Michigan vehicle code, 1949 PA 300, MCL 257.601 to 257.750, for a period of time longer than that which the secretary of state's office carries points for that infraction on the insured's motor vehicle record.

(4) An insurer shall not establish or maintain rates or rating classifications for automobile insurance based on any of the following:

- (a) Sex.
  - (b) Marital status.
  - (c) Home ownership.
  - (d) Educational level attained.
  - (e) Occupation.
  - (f) The postal zone in which the insured resides.
  - (g) Credit score as provided in section 2162.
- (5) Notwithstanding other provisions of this chapter, automobile insurance risks may be grouped by territory.

(6) This section does not limit insurers or rating organizations from establishing and maintaining statistical reporting territories. This section does not prohibit an insurer from establishing or maintaining, for automobile insurance, a premium discount plan for senior citizens in this state who are 65 years of age or older, if the plan is uniformly applied by the insurer throughout this state. If an insurer has not established and maintained a premium discount plan for senior citizens, the insurer shall offer reduced premium rates to senior citizens in this state who are 65 years of age or older and who drive less than 3,000 miles per year, regardless of statistical data.

(7) Classifications established under this section for home insurance other than inland marine insurance provided by policy floaters or endorsements must be based only on 1 or more of the following factors:

- (a) Amount and types of coverage.
- (b) Security and safety devices, including locks, smoke detectors, and similar, related devices.
- (c) Repairable structural defects reasonably related to risk.
- (d) Fire protection class.
- (e) Construction of structure, based on structure size, building material components, and number of units.
- (f) Loss experience of the insured, based on prior claims attributable to factors under the control of the insured that have been paid by an insurer. An insured's failure, after written notice from the insurer, to correct a physical condition that presents a risk of repeated loss is a factor under the control of the insured for purposes of this subdivision.
- (g) Use of smoking materials within the structure.
- (h) Distance of the structure from a fire hydrant.
- (i) Availability of law enforcement or crime prevention services.

(8) Notwithstanding other provisions of this chapter, home insurance risks may be grouped by territory.

(9) An insurer may use factors in addition to those permitted by this section for insurance if the plan is consistent with the purposes of this act and reflects reasonably anticipated reductions or increases in losses or expenses.

Sec. 2111f. (1) Before July 1, 2020, an insurer that offers automobile insurance in this state shall file premium rates for personal protection insurance coverage for automobile insurance policies effective after July 1, 2020.

(2) Subject to subsections (6) and (7), the premium rates filed as required by subsection (1), and any subsequent premium rates filed by the insurer for personal protection insurance coverage under automobile insurance policies effective before July 1, 2028, must result, as nearly as practicable, in an average reduction per vehicle from the premium rates for personal protection insurance coverage that were in effect for the insurer on May 1, 2019 as follows:

- (a) For policies subject to the coverage limits under section 3107c(1)(a), an average 45% or greater reduction per vehicle.
- (b) For policies subject to the coverage limits under section 3107c(1)(b), an average 35% or greater reduction per vehicle.
- (c) For policies subject to the coverage limits under section 3107c(1)(c), an average 20% or greater reduction per vehicle.
- (d) For policies not subject to any coverage limit under section 3107c(1)(d), an average 10% or greater reduction per vehicle.

(3) For a policy under which an election under section 3107d has been made to not maintain coverage for personal protection insurance benefits payable under section 3107(1)(a), or for a policy to which an exclusion under section 3109a(2)



applies, the premium rates filed under subsection (1), and any subsequent premium rates filed by the insurer for personal protection insurance coverage must result in no premium charge for coverage for personal protection insurance benefits payable under section 3107(1)(a).

(4) The director shall review a filing submitted by an insurer under subsections (1) to (3) for compliance with this section. Subject to subsection (7), the director shall disapprove a filing if after review the director determines that the filing does not result in the premium reductions required by subsections (2) and (3).

(5) If the director disapproves a premium rate filing under subsection (4), the insurer shall submit a revised premium rate filing to the director within 15 days after the disapproval. The premium rate filing is subject to review in the same manner as an original premium rate filing under subsection (4).

(6) For policies issued or renewed in the year beginning July 1, 2024 and for the year beginning July 1, 2026, an automobile insurer that offers automobile insurance in this state shall make filings demonstrating its compliance with this section.

(7) At any time, an insurer may apply to the director for approval to file rates that result in a lower premium reduction level or an exemption from the requirements of subsection (2) and the director shall approve the application if the rates otherwise comply with this act and compliance with the premium reductions required by subsection (2) will result in any of the following:

(a) The insurer reaching the company action level risk-based capital.

(b) A violation of the Fourteenth Amendment of the United States Constitution as to the insurer. This subdivision does not apply after July 1, 2023.

(c) A violation of section 17 of article I of the state constitution of 1963, as to deprivation of property without due process. This subdivision does not apply after July 1, 2023.

(8) An insurer shall pass on, in filings to which this section applies, savings realized from the application of section 3157(2) to (12) to treatment, products, services, accommodations, or training rendered to individuals who suffered accidental bodily injury from motor vehicle accidents that occurred before the effective date of the amendatory act that added this section. An insurer shall provide the director with all documents and information requested by the director that the director determines are necessary to allow the director to evaluate the insurer's compliance with this subsection. After July 1, 2022, the director shall review all rate filings to which this section applies for compliance with this subsection.

(9) This section does not prohibit an increase for any individual insurance policy premium if the increase results from applying rating factors as approved under this chapter, including the requirements of this section.

(10) After July 1, 2020 and before July 1, 2028, an insurer shall not issue or renew an automobile insurance policy in this state unless the premium rates filed by the insurer for personal protection insurance coverage are approved under this section.

(11) For purposes of calculating a personal protection insurance premium or premium rate under this section, the premium must include the catastrophic claims assessment imposed under section 3104.

(12) If subsection (2) or the application of subsection (2) to any insurer is found to be invalid by a court, the remaining portions of the amendatory act that added this section are not severable and shall be deemed invalid and inoperable.

(13) As used in this section:

(a) "Authorized control level RBC" means the number determined under the risk-based capital formula in accordance with the RBC report, including risk-based capital instructions adopted by the National Association of Insurance Commissioners and the director.

(b) "Company action level risk-based capital" means 2 times the insurer's authorized control level RBC.

(c) "RBC report" means the report of the insurer's RBC levels as required by the annual statement instructions.

Sec. 2116b. (1) Subject to subsection (2), an automobile insurer shall not refuse to insure, refuse to continue to insure, limit coverage available to, charge a reinstatement fee for, or increase the premiums for automobile insurance for an eligible person solely because the person previously failed to maintain insurance required by section 3101 for a vehicle owned by the person.

(2) This section only applies to an eligible person that applies for automobile insurance before January 1, 2022.

Sec. 2118. (1) As a condition of maintaining its certificate of authority, an insurer shall not refuse to insure, refuse to continue to insure, or limit coverage available to an eligible person for automobile insurance, except in accordance with underwriting rules established as provided in this section and sections 2119 and 2120.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) An insurer may establish separate rating plans so that certain eligible persons are provided automobile insurance under 1 rating plan and other eligible persons are provided automobile insurance under another rating plan. This subsection applies only if all eligible persons can obtain automobile insurance under a rating plan of the insurer. Underwriting rules consistent with this section and sections 2118 and 2119 must be established to define the rating plan applicable to each eligible person.

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

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

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

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

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

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

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

Sec. 2151. As used in this chapter:

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

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

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

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

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

(f) "Insurance score" means a number or rating that is derived from an algorithm, computer application, model, or other process that is based in whole or in part on credit information for the purposes of predicting the future insurance loss exposure of an individual applicant or insured.

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

Sec. 2162. An insurer shall not use an individual's credit score to establish or maintain rates or rating classifications for automobile insurance.

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

(a) A limit, exclusive of interest and costs, of not less than \$250,000.00 because of bodily injury to or death of 1 person in any 1 accident.

(b) Subject to the limit for 1 person in subdivision (a), a limit of not less than \$500,000.00 because of bodily injury to or death of 2 or more persons in any 1 accident.

(c) A limit of not less than \$10,000.00 because of injury to 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) If an insurer deletes coverages from an automobile insurance policy under section 3101, the insurer shall send documentary evidence of the deletion to the insured.

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

(6) On application for the issuance of a new policy or renewal of an existing policy, an insurer shall do all of the following:

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



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

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

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

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

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

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

(d) Allow the person to sign the form.

(8) If an insurance policy is issued or renewed as described in subsection (1) and the person named in the policy has not made an effective choice under subsection (5), the limits under subsection (1)(a) and (b) apply to the policy.

Sec. 3101. (1) Except as provided in sections 3107d and 3109a, the owner or registrant of a motor vehicle required to be registered in this state shall maintain security for payment of benefits under personal protection insurance and property protection insurance as required under this chapter, and residual liability insurance. Security is only required to be in effect during the period the motor vehicle is driven or moved on a highway.

(2) Except as provided in section 3107d, all automobile insurance policies offered in this state must include benefits under personal protection insurance, and property protection insurance as provided in this chapter, and residual liability insurance. Notwithstanding any other provision in this act, an insurer that has issued an automobile insurance policy may only delete portions of the coverages under the policy and maintain the comprehensive coverage portion on a motor vehicle that is not driven or moved on a highway in accordance with section 3009(4).

(3) As used in this chapter:

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

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

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

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

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

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

(v) The vehicle is used for commercial purposes.

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

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

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

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

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

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

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

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

(i) A motorcycle.

(ii) A moped.

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

(iv) An ORV.

(v) A golf cart.

(vi) A power-driven mobility device.

(vii) A commercial quadricycle.

(viii) An electric bicycle.

(j) “Motor vehicle accident” means a loss that involves the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle regardless of whether the accident also involves the ownership, operation, maintenance, or use of a motorcycle as a motorcycle.

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

(l) “Owner” means any of the following:

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

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

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

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

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

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

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

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

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

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

(2) The secretary of state shall provide policy information received under subsection (1) to the Michigan automobile insurance placement facility as required for the Michigan automobile insurance placement facility to comply with this act. Information received by the Michigan automobile insurance placement facility under this subsection is confidential and is not subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The Michigan automobile insurance placement facility shall only use the information for purposes of administering the assigned claims plan under this chapter and shall not disclose the information to any person unless it is for the purpose of administering the assigned claims plan or in compliance with an order by a court of competent jurisdiction in connection with a fraud investigation or prosecution.

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

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

(5) A person who supplies false information to the secretary of state under this section or who issues or uses an altered, fraudulent, or counterfeit certificate of insurance is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$1,000.00, or both.

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

(7) As used in this section:

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

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

Sec. 3104. (1) The catastrophic claims association is created as an unincorporated, nonprofit association. Each insurer engaged in writing insurance coverages that provide the security required by section 3101(1) in this state, as a condition of its authority to transact insurance in this state, shall be a member of the association and is bound by the plan of operation of the association. An insurer engaged in writing insurance coverages that provide the security required by section 3103(1) in this state, as a condition of its authority to transact insurance in this state, is considered to be a member of the association, but only for purposes of premiums under subsection (7)(d). Except as expressly provided in this section, the association is not subject to any laws of this state with respect to insurers, but in all other respects the association is subject to the laws of this state to the extent that the association would be if it were an insurer organized and subsisting under chapter 50.

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

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

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

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

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

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

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

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

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

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

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

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

(l) 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 June 30, 2019, \$555,000.00.

(o) For a motor vehicle accident policy issued or renewed during the period July 1, 2019 to June 30, 2021, \$580,000.00. Beginning July 1, 2021, this \$580,000.00 amount must 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. The association shall calculate this biennial adjustment by January 1 of the year of its July 1 effective date.



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

(4) An insurer whose membership in the association has been terminated by withdrawal continues to be bound by the plan of operation, and 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 must 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 insolvent member for money due the association.

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

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

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

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

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

(d) In a manner provided for in the plan of operation, calculate and charge to members of the association a total premium sufficient to cover the expected losses and expenses of the association that the association will likely incur during the period for which the premium is applicable. The total premium must include an amount to cover incurred but not reported losses for the period and must be adjusted for any excess or deficient premiums from previous periods. Excesses or deficiencies from previous periods must either be fully adjusted in a single period or be adjusted over several periods in a manner provided for in the plan of operation. Each member must be charged an amount equal to that member's total written car years of insurance providing the security required by section 3101(1) or 3103(1), or both, written in this state during the period to which the premium applies, with the total written car years of insurance multiplied by the applicable average premium per car. The average premium per car is the total premium, as adjusted for any excesses or deficiencies, divided by the total written car years of insurance providing the security required by section 3101(1) or 3103(1), or both, written in this state of all members during the period to which the premium applies, excluding cars insured under a policy with a coverage limit under section 3107c(1)(a), (b), or (c), cars as to which an election to not maintain personal protection insurance benefits has been made under section 3107d, or as to which an exclusion under section 3109a(2) applies, except for any portion of total premium that is an adjustment for a deficiency in a previous period. A member may not be charged a premium for a car insured under a policy with a coverage limit under section 3107c(1)(a), (b), or (c), as to which an election to not maintain personal protection insurance benefits has been made under section 3107d, or as to which an exclusion under section 3109a(2) applies, other than for the portion of the total premium attributable to an adjustment for a deficiency in a previous period. A member must be charged a premium for a historic vehicle that is insured with the member of 20% of the premium charged for a car insured with the member.

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

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

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

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

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

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

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

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

(a) Sue and be sued in the name of the association. A judgment against the association does not create any direct liability against the individual members of the association. The association may provide for the indemnification of its

members, members of the board of directors of the association, and officers, employees, and other persons lawfully acting on behalf of the association.

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

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

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

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

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

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

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

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

(a) The establishment of necessary facilities.

(b) The management and operation of the association.

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

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

(e) Procedures governing the actual payment of premiums to the association.

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

(g) The investment policy of the association.

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

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

(12) As part of the plan of operation, the board shall adopt rules providing for the composition of the board and the terms of board members, consistent with the membership composition requirements in subsections (11) and (13). Terms of the board members must be staggered so that the terms of all the board members do not expire at the same time and so that a board member does not serve a term of more than 4 years.

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

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

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

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

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

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

(19) The association is subject to all the reporting, loss reserve, and investment requirements of the director to the same extent as is a member of the association.

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

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

(22) If the actuarial examination under subsection (21) shows that the assets of the association exceed 120% of its liabilities, including incurred but not reported liabilities, and if the refund will not threaten the association's ongoing ability to provide reimbursements for personal protection insurance benefits based on sound actuarial principles consistent with the applicable statements of principles and the code of professional conduct adopted by the Casualty Actuarial Society, the director shall order the association to refund an amount equal to the difference between the total excess and 120% of the liabilities of the association, including incurred but not reported liabilities, under subsection (10)(d) and order the members of the association to distribute the refunds under subsection (24).

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

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

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

(a) The number of claims opened during the preceding 12 months, the amount expended on the claims, and the future anticipated costs of the claims.

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

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

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

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

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

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

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

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

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

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

(l) A statement explaining what portion of the assessment to insureds as recognized in rates under subsection (20) is attributable to claims occurring in the previous 12 months, administrative costs, and the amount, if any, to adjust for past deficits.

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

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

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



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

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

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

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

(a) An executive summary.

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

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

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

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

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

(28) As used in this section:

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

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

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

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

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

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

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

Sec. 3107. (1) Subject to the exceptions and limitations in this chapter, and subject to chapter 31A, personal protection insurance benefits are payable for the following:

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

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

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

(b) Work loss consisting of loss of income from work an injured person would have performed during the first 3 years after the date of the accident if he or she had not been injured. Work loss does not include any loss after the date on which the injured person dies. Because the benefits received from personal protection insurance for loss of income are not taxable income, the benefits payable for the loss of income must be reduced 15% unless the claimant presents to the insurer in support of his or her claim reasonable proof of a lower value of the income tax advantage in his or her case, in which case the lower value must be applied. For the period beginning October 1, 2012 through September 30, 2013, the benefits payable for work loss sustained in a single 30-day period and the income earned by an injured person for work during the same period together must not exceed \$5,189.00, which maximum must be applied pro rata to any lesser period of work loss. Beginning October 1, 2013, the maximum must be adjusted annually to reflect changes in the cost of living under rules prescribed by the director, but any change in the maximum must be applied only to benefits arising out of accidents occurring after the date of change in the maximum.

(c) Expenses not exceeding \$20.00 per day, reasonably incurred in obtaining ordinary and necessary services in lieu of those that, if he or she had not been injured, an injured person would have performed during the first 3 years after the date of the accident, not for income but for the benefit of himself or herself or of his or her dependent.

(2) Both of the following apply to personal protection insurance benefits payable under subsection (1):

(a) A person who is 60 years of age or older and in the event of an accidental bodily injury would not be eligible to receive work loss benefits under subsection (1)(b) may waive coverage for work loss benefits by signing a waiver on a form provided by the insurer. An insurer shall offer a reduced premium rate to a person who waives coverage under this subdivision for work loss benefits. Waiver of coverage for work loss benefits applies only to work loss benefits payable to the person or persons who have signed the waiver form.

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

Sec. 3107c. (1) Except as provided in sections 3107d and 3109a, and subject to subsection (5), for an insurance policy that provides the security required under section 3101(1) and is issued or renewed after July 1, 2020, the applicant or named insured shall, in a way required under section 3107e and on a form approved by the director, select 1 of the following coverage levels for personal protection insurance benefits under section 3107(1)(a):

(a) A limit of \$50,000.00 per individual per loss occurrence for any personal protection insurance benefits under section 3107(1)(a). The selection of a limit under this subdivision is only available to an applicant or named insured if both of the following apply:

(i) The applicant or named insured is enrolled in Medicaid, as that term is defined in section 3157.

(ii) The applicant's or named insured's spouse and any relative of either who resides in the same household has qualified health coverage, as that term is defined in section 3107d, is enrolled in Medicaid, or has coverage for the payment of benefits under section 3107(1)(a) from an insurer that provides the security required by section 3101(1).

(b) A limit of \$250,000.00 per individual per loss occurrence for any personal protection insurance benefits under section 3107(1)(a).

(c) A limit of \$500,000.00 per individual per loss occurrence for any personal protection insurance benefits under section 3107(1)(a).

(d) No limit for personal protection insurance benefits under section 3107(1)(a).

(2) The form required under subsection (1) must do all of the following:

(a) State, in a conspicuous manner, the benefits and risks associated with each coverage option.

(b) Provide a way for the applicant or named insured to mark the form to acknowledge that he or she has read the form and understands the options available.

(c) Allow the applicant or named insured to mark the form to make the selection of coverage level under subsection (1).

(d) Require the applicant or named insured to sign the form.

(3) If an insurance policy is issued or renewed as described in subsection (1) and the applicant or named insured has not made an effective selection under subsection (1) but a premium or premium installment has been paid, there is a rebuttable presumption that the amount of the premium or installment paid accurately reflects the level of coverage applicable to the policy under subsection (1).

(4) If an insurance policy is issued or renewed as described in subsection (1), the applicant or named insured has not made an effective selection under subsection (1), and a presumption under subsection (3) does not apply, subsection (1)(d) applies to the policy.

(5) The coverage level selected under subsection (1) applies to the named insured, the named insured's spouse, and a relative of either domiciled in the same household, and any other person with a right to claim personal protection insurance benefits under the policy.

(6) If benefits are payable under section 3107(1)(a) under 2 or more insurance policies, the benefits are only payable up to an aggregate coverage limit that equals the highest available coverage limit under any 1 of the policies.

(7) This section applies for a transportation network company vehicle, but an applicant or named insured that is a transportation network company shall only select limits under either subsection (1)(b), (c), or (d). As used in this subsection:

(a) "Transportation network company" means that term as defined in section 2 of the limousine, taxicab, and transportation network company act, 2016 PA 345, MCL 257.2102.

(b) "Transportation network company vehicle" means that term as defined in section 3114.

(8) This section also applies to security required under section 3101(1) that is provided by a rental car company certified by the director as a self-insurer under section 3101d. The director shall provide a form for the rental car company to provide to allow a customer to make the selection of a coverage level under subsection (1)(b), (c), or (d).

(9) An insurer shall offer, for a policy that provides the security required under section 3101(1) to which a limit under subsection (1)(a) to (c) applies, a rider that will provide coverage for attendant care in excess of the applicable limit.

Sec. 3107d. (1) For an insurance policy that provides the security required under section 3101(1) and is issued or renewed after July 1, 2020, the applicant or named insured may, in a way required under section 3107e and on a form approved by the director, elect to not maintain coverage for personal protection insurance benefits payable under section 3107(1)(a) if the applicant or named insured is a qualified person, and if the applicant's or named insured's spouse and any relative of either that resides in the same household have qualified health coverage or have coverage for benefits payable under section 3107(1)(a) from an insurer that provides the security required by section 3101(1).

(2) An applicant or named insured shall, when requesting issuance or renewal of a policy under subsection (1), provide to the insurer a document from the person that provides the qualified health coverage stating the names of all persons covered under the qualified health coverage.

(3) The form required under subsection (1) must do all of the following:

(a) Require the applicant or named insured to mark the form to certify whether all persons required to be qualified persons under subsection (1) are qualified persons.

(b) Disclose in a conspicuous manner that qualified persons are not obligated to but may purchase coverage for personal protection insurance coverage benefits payable under section 3107(1)(a).

(c) State, in a conspicuous manner, the coverage levels available under section 3107c.

(d) State, in a conspicuous manner, the benefits and risks associated with not maintaining the coverage.

(e) State, in a conspicuous manner, that if during the term of the policy the qualified health coverage ceases, the person has 30 days after the effective date of the termination of qualified health coverage to obtain insurance that provides coverage under section 3107(1)(a) or the person will be excluded from all personal protection insurance coverage benefits under section 3107(1)(a) during the period in which coverage under this section was not maintained.

(f) Provide a way for the applicant or named insured to mark the form to acknowledge that he or she has read the form and understands it and that he or she understands the options available to him or her.

(g) If all persons required to be qualified persons under subsection (1) are qualified persons, provide the person a way to mark the form to elect to not maintain the coverage.

(h) Require the applicant or named insured to sign the form.

(4) If an insurance policy is issued or renewed as described in subsection (1) and the applicant or named insured has not made an effective election under subsection (1), the policy is considered to provide personal protection benefits under section 3107c(1)(d).

(5) An election under this section applies to the applicant or named insured, the applicant or named insured's spouse, a relative of either domiciled in the same household, and any other person who would have had a right to claim personal protection insurance benefits under the policy but for the election.

(6) If, during the term of an insurance policy under which coverage for personal protection insurance benefits payable under section 3107(1)(a) are not maintained under this section, the persons required to have qualified health coverage under subsection (1) cease to have qualified health coverage, all of the following apply under this subsection:

(a) Within 30 days after the effective date of the termination of qualified health coverage, the named insured shall obtain insurance that includes coverage under section 3107(1)(a).

(b) An insurer that issues policies that provide the security required by section 3101(1) shall not refuse to prospectively insure, limit coverage available to, charge a reinstatement fee to, or increase the insurance premiums for a person who is an eligible person, as that term is defined in section 2103, solely because the person previously failed to obtain insurance that provides coverage for benefits under section 3107(1)(a) in the time required under subdivision (a).

(c) If the applicant or named insured does not obtain insurance as required under subdivision (a) and a person to whom the election under this section applies as described in subsection (6) suffers accidental bodily injury arising from a motor vehicle accident, unless the injured person is entitled to coverage under some other policy, the injured person is not entitled to be paid personal protection insurance benefits under section 3107(1)(a) for the injury but is entitled to claim benefits under the assigned claims plan.

(8) As used in this section:

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

(b) "Qualified health coverage" means either of the following:

(i) Other health or accident coverage to which both of the following apply:

(A) The coverage does not exclude or limit coverage for injuries related to motor vehicle accidents.

(B) Any annual deductible for the coverage is \$6,000.00 or less per individual. The director shall adjust the amount in this sub-subparagraph on July 1 of each year by the percentage change in the medical component of the Consumer Price Index for the preceding calendar year. However, the director shall not make the adjustment unless the adjustment, or the total of the adjustment and previous unadded adjustments, is \$500.00 or more.



(ii) Coverage under parts A and B of the federal Medicare program established under subchapter XVIII of the social security act, 42 USC 1395 to 1395III.

(c) "Qualified person" means a person who has qualified health coverage under subdivision (b)(ii).

Sec. 3107e. (1) A form under section 3009, 3107c, or 3107d must be delivered to the applicant or named insured using 1 of the following methods:

(a) Personal delivery.

(b) First-class mail, postage prepaid.

(c) Electronic means in accordance with section 2266.

(2) A person must make a selection under section 3009 or 3107c, or an election under section 3107d in 1 of the following ways:

(a) Marking and signing a paper form.

(b) Giving verbal instructions, in person or telephonically, that the form be marked and signed on behalf of the person. To be an effective selection or election, the verbal instructions must be recorded and the recording maintained by the person to whom the instructions were given. If there is a dispute over the effectiveness of a selection or election under this subdivision, there is a presumption that the selection or election was not effective and the insurer has the burden of rebutting the presumption with the recording.

(c) Electronically marking the form and providing an electronic signature as provided in the uniform electronic transactions act, 2000 PA 305, MCL 450.831 to 450.849.

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

(2) An insurer shall offer to an applicant or named insured that selects a personal protection benefit limit under section 3107c(1)(b) an exclusion related to other health or accident coverage. All of the following apply to that exclusion:

(a) If the named insured, his or her spouse, and all relatives domiciled in the same household have accident and health coverage that will cover injuries that occur as the result of a motor vehicle accident, the premium for the personal protection insurance benefits payable under section 3107(1)(a) under the policy must be reduced by 100%.

(b) If a member, but not all members, of the household covered by the insurance policy has health or accident coverage that will cover injuries that occur as the result of a motor vehicle accident, the insurer shall offer a reduced premium that reflects reasonably anticipated reductions in losses, expenses, or both. The reduction must be in addition to the rate rollback required by section 2111f and the share of the premium reduction for the policy attributable to any person with accident and health coverage must be 100%.

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

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

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

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

(e) If the named insured does not obtain insurance that provides the security required under section 3101(1) that includes the coverage excluded under this subsection during the period described in subdivision (d)(i) and the named insured or any person excluded under the policy suffers accidental bodily injury arising from a motor vehicle accident, unless the injured person is entitled to coverage under some other policy, the injured person is not entitled to be paid personal protection insurance benefits under section 3107(1)(a) for the injury that occurred during the period in which coverage under this section was excluded.

(3) An automobile insurer shall not refuse to prospectively insure, limit coverage available to, charge a reinstatement fee for, or increase the premiums for automobile insurance for an eligible person solely because the person previously failed to obtain insurance that provides the security required under section 3101(1) in the time period provided under subsection (2)(d)(i).

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

Sec. 3111. Personal protection insurance benefits are payable for accidental bodily injury suffered in an accident occurring out of this state, if the accident occurs within the United States, its territories and possessions, or Canada, and the person whose injury is the basis of the claim was at the time of the accident a named insured under a personal protection insurance policy, the spouse of a named insured, a relative of either domiciled in the same household, or an occupant of a vehicle involved in the accident, if the occupant was a resident of this state or if the owner or registrant of the vehicle was insured under a personal protection insurance policy or provided security approved by the secretary of state under section 3101(4).

Sec. 3112. Personal protection insurance benefits are payable to or for the benefit of an injured person or, in case of his or her death, to or for the benefit of his or her dependents. A health care provider listed in section 3157 may make a claim and assert a direct cause of action against an insurer, or under the assigned claims plan under sections 3171 to 3175, to recover overdue benefits payable for charges for products, services, or accommodations provided to an injured person. Payment by an insurer in good faith of personal protection insurance benefits, to or for the benefit of a person who it believes is entitled to the benefits, discharges the insurer's liability to the extent of the payments unless the insurer has been notified in writing of the claim of some other person. If there is doubt about the proper person to receive the benefits or the proper apportionment among the persons entitled to the benefits, the insurer, the claimant, or any other interested person may apply to the circuit court for an appropriate order. The court may designate the payees and make an equitable apportionment, taking into account the relationship of the payees to the injured person and other factors as the court considers appropriate. In the absence of a court order directing otherwise the insurer may pay:

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

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

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

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

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

(c) The person was not a resident of this state, unless the person owned a motor vehicle that was registered and insured in this state.

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

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

Sec. 3114. (1) Except as provided in subsections (2), (3), and (5), a personal protection insurance policy described in section 3101(1) applies to accidental bodily injury to the person named in the policy, the person's spouse, and a relative of either domiciled in the same household, if the injury arises from a motor vehicle accident. A personal injury insurance policy described in section 3103(2) applies to accidental bodily injury to the person named in the policy, the person's spouse, and a relative of either domiciled in the same household, if the injury arises from a motorcycle accident. If personal protection insurance benefits or personal injury benefits described in section 3103(2) are payable to or for the benefit of an injured person under his or her own policy and would also be payable under the policy of his or her spouse, relative, or relative's spouse, the injured person's insurer shall pay all of the benefits up to the coverage level applicable under section 3107c to the injured person's policy, and is not entitled to recoupment from the other insurer.

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

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

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

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

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

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

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

(g) A transportation network company vehicle.

(h) A motor vehicle insured under a policy for which the person named in the policy has elected to not maintain coverage for personal protection insurance benefits under section 3107d or as to which an exclusion under section 3109a(2) applies.

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

(4) Except as provided in subsections (2) and (3), a person who suffers accidental bodily injury arising from a motor vehicle accident while an occupant of a motor vehicle who is not covered under a personal protection insurance policy as provided in subsection (1) shall claim personal protection insurance benefits under the assigned claims plan under sections 3171 to 3175. This subsection does not apply to a person insured under a policy for which the person named in the policy has elected to not maintain coverage for personal protection insurance benefits under section 3107d or as to which an exclusion under section 3109(2) applies, or who is not entitled to be paid personal protection benefits under section 3107d(6)(c) or 3109a(2)(d)(i).

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

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

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

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

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

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

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

(8) Subject to subsections (6) and (7), if 2 or more insurers are in the same order of priority to provide personal protection insurance benefits under subsection (5), an insurer that pays benefits due is entitled to partial recoupment from the other insurers in the same order of priority, and a reasonable amount of partial recoupment of the expense of processing the claim, in order to accomplish equitable distribution of the loss among all of the insurers.

(9) As used in this section:

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

(b) “Transportation network company vehicle” means a personal vehicle while the driver is logged on to the transportation network company digital network or while the driver is engaged in a transportation network company prearranged ride.

Sec. 3115. Except as provided in section 3114(1), a person who suffers accidental bodily injury while not an occupant of a motor vehicle shall claim personal protection insurance benefits under the assigned claims plan under sections 3171 to 3175.

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

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

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

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



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

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

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

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

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

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

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

(d) Damages for economic loss by a nonresident. However, to recover under this subdivision, the nonresident must have suffered death, serious impairment of body function, or permanent serious disfigurement.

(e) Damages up to \$3,000.00 to a motor vehicle, to the extent that the damages are not covered by insurance. An action for damages under this subdivision must be conducted as provided in subsection (4).

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

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

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

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

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

(e) Damages must not be assessed if the damaged motor vehicle was being operated at the time of the damage without the security required by section 3101(1).

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

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

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

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

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

(2) Subject to subsection (3), personal protection insurance benefits are overdue if not paid within 30 days after an insurer receives reasonable proof of the fact and of the amount of loss sustained. Subject to subsection (3), if reasonable proof is not supplied as to the entire claim, the amount supported by reasonable proof is overdue if not paid within

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

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

(4) An overdue payment bears simple interest at the rate of 12% per annum.

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

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

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

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

(5) An action for recovery of property protection insurance benefits may not be commenced later than 1 year after the accident.

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

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

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

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

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

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

(5) A court shall not award a fee to an attorney for advising or representing an injured person in an action for personal or property protection insurance benefits for a treatment, product, service, rehabilitative occupational training, or accommodation provided to the injured person if the attorney or a related person of the attorney has, or had at the time the treatment, product, service, rehabilitative occupational training, or accommodation was provided, a direct or indirect financial interest in the person that provided the treatment, product, service, rehabilitative occupational training, or accommodation. For purposes of this subsection, circumstances in which an attorney has a direct or indirect

financial interest include, but are not limited to, the person that provided the treatment, product, service, rehabilitative occupational training, or accommodation making a direct or indirect payment or granting a financial incentive to the attorney or a related person of the attorney relating to the treatment, product, service, rehabilitative occupational training, or accommodation within 24 months before or after the treatment, product, service, rehabilitative occupational training, or accommodation is provided.

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

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

(a) The examining physician is a licensed, board certified, or board eligible physician qualified to practice in the area of medicine appropriate to treat the person's condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) On July 1 of the year in which the person renders the treatment or training, the person has 20% or more, but less than 30%, indigent volume determined pursuant to the methodology used by the department of health and human services in determining inpatient medical/surgical factors used in measuring eligibility for Medicaid disproportionate share payments.

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

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



- (ii) The hospital possesses sophisticated technology and specialized facilities.
- (iii) The hospital participates in rehabilitation research and clinical education.
- (iv) The hospital assists patients to achieve excellent rehabilitation outcomes.
- (v) The hospital coordinates necessary post-discharge services.
- (vi) The hospital is accredited by 1 or more third-party, independent organizations focused on quality.
- (vii) The hospital serves the rehabilitation needs of catastrophically injured patients in this state.
- (viii) The hospital was in existence on May 1, 2019.

(5) To qualify for a payment under subsection (4)(a), a physician, hospital, clinic, or other person shall provide the director with all documents and information requested by the director that the director determines are necessary to allow the director to determine whether the person qualifies. The director shall annually review documents and information provided under this subsection and, if the person qualifies under subsection (4)(a), shall certify the person as qualifying and provide a list of qualifying persons to insurers and other persons that provide the security required under section 3101(1). A physician, hospital, clinic, or other person that provides 30% or more of its total treatment or training as described under subsection (4)(a) is entitled to receive, instead of an applicable percentage under subsection (3), 250% of the amount payable to the person for the treatment or training under Medicare.

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

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

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

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

(7) If Medicare does not provide an amount payable for a treatment or rehabilitative occupational training under subsection (2), (3), (5), or (6), the physician, hospital, clinic, or other person that renders the treatment or training is not eligible for payment or reimbursement under this chapter of more than the following, as applicable:

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

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

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

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

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

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

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

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

(c) For a person to which subsection (5) applies, 78% of the amount payable for the treatment or training under the person's charge description master in effect on January 1, 2019 or, if the person did not have a charge description master on that date, 78% of the average amount the person charged for the treatment on January 1, 2019.

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

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

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

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

(8) For any change to an amount payable under Medicare as provided in subsection (2), (3), (5), or (6) that occurs after the effective date of the amendatory act that added this subsection, the change must be applied to the amount

allowed for payment or reimbursement under that subsection. However, an amount allowed for payment or reimbursement under subsection (2), (3), (5), or (6) must not exceed the average amount charged by the physician, hospital, clinic, or other person for the treatment or training on January 1, 2019.

(9) An amount that is to be applied under subsection (7) or (8), that was in effect on January 1, 2019, including any prior adjustments to the amount made under this subsection, must be adjusted annually by the percentage change in the medical care component of the Consumer Price Index for the year preceding the adjustment.

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

- (a) An individual who is related to the injured person.
- (b) An individual who is domiciled in the household of the injured person.
- (c) An individual with whom the injured person had a business or social relationship before the injury.

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

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

(13) Subsections (2) to (12) do not apply to emergency medical services rendered by an ambulance operation. As used in this subsection:

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

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

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

(15) As used in this section:

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

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

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

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

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

(f) "Medicare" means fee for service payments under part A, B, or D of the federal Medicare program established under subchapter XVIII of the social security act, 42 USC 1395 to 1395lll, without regard to the limitations unrelated to the rates in the fee schedule such as limitation or supplemental payments related to utilization, readmissions, recaptures, bad debt adjustments, or sequestration.

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

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

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

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

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

Sec. 3157a. (1) By rendering any treatment, products, services, or accommodations to 1 or more injured persons for an accidental bodily injury covered by personal protection insurance under this chapter after July 1, 2020, a physician, hospital, clinic, or other person is considered to have agreed to do both of the following:

(a) Submit necessary records and other information concerning treatment, products, services, or accommodations provided for utilization review under this section.

(b) Comply with any decision of the department under this section.

(2) A physician, hospital, clinic, or other person or institution that knowingly submits under this section false or misleading records or other information to an insurer; the association created under section 3104, or the department commits a fraudulent insurance act under section 4503.

(3) The department shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to do both of the following:

(a) Establish criteria or standards for utilization review that identify utilization of treatment, products, services, or accommodations under this chapter above the usual range of utilization for the treatment, products, services, or accommodations based on medically accepted standards.

(b) Provide procedures related to utilization review, including procedures for all of the following:

(i) Acquiring necessary records, medical bills, and other information concerning the treatment, products, services, or accommodations provided.

(ii) Allowing an insurer to request an explanation for and requiring a physician, hospital, clinic, or other person to explain the necessity or indication for treatment, products, services, or accommodations provided.

(iii) Appealing determinations.

(4) If a physician, hospital, clinic, or other person provides treatment, products, services, or accommodations under this chapter that are not usually associated with, are longer in duration than, are more frequent than, or extend over a greater number of days than the treatment, products, services, or accommodations usually require for the diagnosis or condition for which the patient is being treated, the insurer or the association created under section 3104 may require the physician, hospital, clinic, or other person to explain the necessity or indication for the treatment, products, services, or accommodations in writing under the procedures provided under subsection (3).

(5) If an insurer or the association created under section 3104 determines that a physician, hospital, clinic, or other person overutilized or otherwise rendered or ordered inappropriate treatment, products, services, or accommodations, or that the cost of the treatment, products, services, or accommodations was inappropriate under this chapter, the physician, hospital, clinic, or other person may appeal the determination to the department under the procedures provided under subsection (3).

(6) As used in this section, "utilization review" means the initial evaluation by an insurer or the association created under section 3104 of the appropriateness in terms of both the level and the quality of treatment, products, services, or accommodations provided under this chapter based on medically accepted standards.

Sec. 3157b. Any proprietary information or sensitive personally identifiable information regarding a patient that is submitted to the department under section 3157a is exempt from disclosure under section 13(d) of the freedom of information act, 1976 PA 442, MCL 15.243, and the department shall exempt any such information from disclosure under any other applicable exemptions under section 13 of the freedom of information act, 1976 PA 442, MCL 15.243.

Sec. 3163. An insurer authorized to transact automobile liability insurance and personal and property protection insurance in this state is not required to provide personal protection insurance or property protection insurance benefits under this chapter for accidental bodily injury or property damage occurring in this state arising from the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle by an out-of-state resident who is insured under the insurer's automobile liability insurance policies, unless the out-of-state resident is the owner of a motor vehicle that is registered and insured in this state.

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

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

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

(c) No personal protection insurance applicable to the injury can be ascertained because of a dispute between 2 or more automobile insurers concerning their obligation to provide coverage or the equitable distribution of the loss.

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

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

(3) A person entitled to claim personal protection insurance benefits through the assigned claims plan under subsection (1) shall file a completed application on a claim form provided by the Michigan automobile insurance placement facility and provide reasonable proof of loss to the Michigan automobile insurance placement facility. The Michigan automobile insurance placement facility or an insurer assigned to administer a claim on behalf of the Michigan automobile



insurance placement facility under the assigned claims plan shall specify in writing the materials that constitute a reasonable proof of loss within 60 days after receipt by the Michigan automobile insurance placement facility of an application that complies with this subsection.

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

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

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

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

(b) The Michigan automobile insurance placement facility shall assign the claim to an insurer and the insurer shall immediately provide personal protection insurance benefits to the claimant or claimants entitled to benefits.

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

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

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

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

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

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

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

Sec. 3173a. (1) The Michigan automobile insurance placement facility shall review a claim for personal protection insurance benefits under the assigned claims plan, shall make an initial determination of the eligibility for benefits under this chapter and the assigned claims plan, and shall deny a claim that the Michigan automobile insurance placement facility determines is ineligible under this chapter or the assigned claims plan. If a claimant or person making a claim through or on behalf of a claimant fails to cooperate with the Michigan automobile insurance placement facility as required by subsection (2), the Michigan automobile insurance placement facility shall suspend benefits to the claimant under the assigned claims plan. A suspension under this subsection is not an irrevocable denial of benefits, and must continue only until the Michigan automobile insurance placement facility determines that the claimant or person making a claim through or on behalf of a claimant cooperates or resumes cooperation with the Michigan automobile insurance placement facility. The Michigan automobile insurance placement facility shall promptly notify in writing the claimant and any person that submitted a claim through or on behalf of a claimant of a denial and the reasons for the denial.

(2) A claimant or a person making a claim through or on behalf of a claimant shall cooperate with the Michigan automobile insurance placement facility in its determination of eligibility and the settlement or defense of any claim or

suit, including, but not limited to, submitting to an examination under oath and compliance with sections 3151 to 3153. There is a rebuttable presumption that a person has satisfied the duty to cooperate under this section if all of the following apply:

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

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

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

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

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

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

(3) The Michigan automobile insurance placement facility may perform its functions and responsibilities under this section and the assigned claims plan directly or through an insurer assigned by the Michigan automobile insurance placement facility to administer the claim on behalf of the Michigan automobile insurance placement facility. The assignment of a claim by the Michigan automobile insurance placement facility to an insurer is not a determination of eligibility under this chapter or the assigned claims plan, and a claim assigned to an insurer by the Michigan automobile insurance placement facility may later be denied if the claim is not eligible under this chapter or the assigned claims plan.

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

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

Sec. 3174. A person claiming through the assigned claims plan shall notify the Michigan automobile insurance placement facility of his or her claim within 1 year after the date of the accident. On an initial determination of a claimant's eligibility for benefits through the assigned claims plan, the Michigan automobile insurance placement facility shall promptly assign the claim in accordance with the plan and notify the claimant of the identity and address of the insurer to which the claim is assigned. An action by a claimant must be commenced as provided in section 3145.

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

(a) For the calendar year in which claims are paid by the insurer, the amount must be determined by applying the specified annual yield rate specified in this subsection to 1/2 of the total claims payments and loss adjustment costs.

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

(2) An insurer assigned a claim by the Michigan automobile insurance placement facility under the assigned claims plan or a person authorized to act on behalf of the plan may bring an action for reimbursement and indemnification of the claim on behalf of the Michigan automobile insurance placement facility. The insurer to which the claim has been assigned shall preserve and enforce rights to indemnity or reimbursement against third parties and account to the Michigan automobile insurance placement facility for the rights and shall assign the rights to the Michigan automobile insurance placement facility on reimbursement by the Michigan automobile insurance placement facility. This section does not preclude an insurer from entering into reasonable compromises and settlements with third parties against

whom rights to indemnity or reimbursement exist. The insurer shall account to the Michigan automobile insurance placement facility for any compromises and settlements. The procedures established under the assigned claims plan of operation must establish reasonable standards for enforcing rights to indemnity or reimbursement against third parties, including a standard establishing an amount below which actions to preserve and enforce the rights need not be pursued.

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

- (a) Two years after the assignment of the claim to the insurer.
- (b) One year after the date of the last payment to the claimant.
- (c) One year after the date the responsible third party is identified.

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

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

Sec. 3177. (1) The insurer obligated to pay personal protection insurance benefits for accidental bodily injury to a person arising out of the ownership, maintenance, or use of an uninsured motor vehicle as a motor vehicle may recover all benefits paid, incurred loss adjustment costs and expenses, and incurred attorney fees from the owner or registrant of the uninsured motor vehicle or from his or her estate. Failure of the owner or registrant to make payment within 30 days after a judgment is entered in an action for recovery under this subsection is a ground for suspension or revocation of his or her motor vehicle registration and license as defined in section 25 of the Michigan vehicle code, 1949 PA 300, MCL 257.25. For purposes of this section, an uninsured motor vehicle is a motor vehicle with respect to which security as required by sections 3101(1) and 3102 is not in effect at the time of the accident.

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

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

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

## CHAPTER 31A

### MANAGED CARE

Sec. 3181. As used in this chapter, "managed care option" means an optional coverage selected by an insured at the time a policy is issued that includes, but is not limited to, the monitoring and adjudication of an injured person's care, the use of a preferred provider program or other network, or other similar option.

Sec. 3182. This chapter applies to all automobile insurance whether written on an individual or group basis.

Sec. 3183. An automobile insurer may offer a managed care option that provides for allowable expenses consisting of all reasonable charges incurred for reasonably necessary products, services, and accommodations for an injured person's care, recovery, or rehabilitation. This managed care option is subject to all of the following:

- (a) It must be uniformly offered in all areas where the managed care option is available.
- (b) It must provide a discount that reflects reasonably anticipated reductions in losses or expenses or both.



(c) It must not apply to emergency care. Emergency care includes, but is not limited to, all care necessary to the point where no material deterioration of a condition is likely, within reasonable medical probability, to result from or occur during transfer of the patient.

Sec. 3184. An automobile insurer that offers a managed care option under this chapter shall also offer personal protection insurance benefits under section 3107(1)(a) that are not subject to the managed care option.

Sec. 3185. The managed care option must apply to the insured who selects the managed care option and any person who resides in an area where the managed care option is available and who is claiming personal protection insurance benefits under the policy with the managed care option.

Sec. 3186. A managed care option may provide for deductibles, co-pays, or both deductibles and co-pays.

Sec. 3187. A managed care option must provide for all of the following:

(a) That personal protection insurance benefits are primary and will not be coordinated with other health and accident coverage on the individual claiming personal protection insurance benefits under the policy with the managed care option.

(b) That personal protection insurance benefits must be exhausted by the individual claiming those benefits under the policy with the managed care option before the individual may seek benefits from another health or accident coverage provider.

(c) That deductibles, co-pays, or other similar sanctions will not be assessed or collected from other health and accident coverage providers for the individual claiming personal protection insurance benefits under the policy with the managed care option.

Sec. 3188. At the time of the initial selection of the managed care option by the insured, an automobile insurer shall obtain a signed acknowledgment that the insured received a written disclosure statement approved by the director or a written disclosure statement that includes all of the following:

(a) A summary of the provisions of the managed care option.

(b) The estimated range of the percentage of the discount provided by the managed care option.

(c) A general description of the differences between a managed care option under this chapter and personal protection insurance benefits under section 3107(1)(a) that are not subject to the managed care option, including any procedural differences in seeking treatment and filing a claim.

(d) The consequences for violating any provisions of the managed care option, including the possibility of a claim denial, the payment of a deductible and the amount of that deductible, and any additional out-of-pocket expenses that may be incurred.

(e) An explanation of whether the insurer offers an opt-out provision that would enable the insured to change his or her policy from a managed care option to personal protection insurance benefits under section 3107(1)(a) that are not subject to the managed care option and any restrictions placed upon the insured in regard to opting out of the managed care option.

Sec. 3189. The disclosure statement under section 3188 must include a postal mailing address and either a toll-free telephone number or an internet website address that insureds or applicants for insurance may write, call, or otherwise access for information on the managed care option.

## CHAPTER 63

### ANTI-FRAUD UNIT

Sec. 6301. (1) An anti-fraud unit is established as a criminal justice agency in the department, dedicated to prevention and investigation of criminal and fraudulent activities in the insurance market.

(2) The anti-fraud unit is a criminal justice agency with full access to criminal justice information and criminal justice information systems. The anti-fraud unit may investigate all persons, including, but not limited to, persons subject to the department's regulatory authority, consumers, insureds, and any other persons allegedly engaged in criminal and fraudulent activities in the insurance market. The anti-fraud unit may investigate criminal and fraudulent activity related to any matter under the jurisdiction and authority of the department under Executive Reorganization Order No. 2013-1, MCL 550.991.

(3) The anti-fraud unit may do any of the following:

(a) Conduct criminal background checks on applicants for licenses and current licensees in accordance with state and federal law.

(b) Collect and maintain claims of criminal and fraudulent activities in the insurance industry.

(c) Investigate claims of criminal and fraudulent activity in the insurance market that, if true, would constitute a violation of applicable state or federal law, including, but not limited to, the Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, and this act.

(d) Maintain records of criminal investigations.

(e) Share records of its investigations with other criminal justice agencies.

(f) Review information from other criminal justice agencies to assist in the enforcement and investigation of all matters under the authority of the director.

(g) Conduct outreach and coordination efforts with local, state, and federal law enforcement and regulatory agencies to promote investigation and prosecution of criminal and fraudulent activities in the insurance market.

Sec. 6302. (1) A document, material, or information related to an investigation of the anti-fraud unit is confidential by law and privileged, is not subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, is not subject to subpoena, and is not subject to discovery or admissible in evidence in any private civil action. However, the director may use the documents, materials, or information in the furtherance of any supervisory activity or legal action brought as part of the director's duties.

(2) The director, or any person that received documents, materials, or information while acting on behalf of the anti-fraud unit, is not permitted and may not be required to testify in any private civil action concerning any confidential documents, materials, or information described in subsection (1).

(3) To assist in the performance of the anti-fraud unit's duties, the director may do any of the following:

(a) Share documents, materials, or information, including the confidential and privileged documents, materials, or information that is subject to subsection (1), with any of the following:

(i) Other state, federal, and international regulatory agencies.

(ii) Other state, federal, and international law enforcement authorities, if the recipient agrees to maintain the confidentiality and privileged status of the documents, materials, or information.

(iii) Any other person as the director considers necessary to discharge the anti-fraud unit's duties under section 6301 or other applicable law.

(b) Receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from any of the following:

(i) Other state, federal, and international regulatory agencies.

(ii) Other state, federal, and international law enforcement authorities, if the recipient agrees to maintain the confidentiality and privileged status of the documents, materials, or information.

(iii) Any other person as the director considers necessary to discharge his or her duties under this act or any other applicable act.

(c) Enter into agreements governing the sharing and use of information that are consistent with this section.

(4) The director shall maintain as confidential and privileged any documents, materials, or information received under subsection (3)(b) with notice or the understanding that the documents, materials, or information is confidential and privileged under the laws of the jurisdiction that is the source of the documents, materials, or information.

(5) The disclosure of any documents, materials, or information to the director, or the sharing of documents, materials, or information under subsection (3), is not a waiver of, and must not be construed as a waiver of, any privilege applicable to or claim of confidentiality in those documents, materials, or information.

Sec. 6303. (1) Beginning July 1 of the year after the effective date of the amendatory act that added this section, the anti-fraud unit shall prepare and publish an annual report to the legislature on the anti-fraud unit's efforts to prevent automobile insurance fraud.

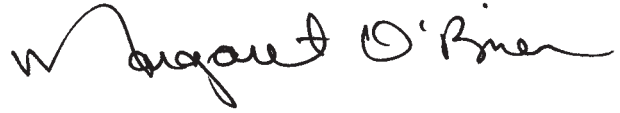
(2) The anti-fraud unit shall submit the annual report to the legislature required by this section to the standing committees of the senate and house of representatives with primary jurisdiction over insurance issues and the director.

Sec. 6304. This chapter does not limit the power of the anti-fraud unit to conduct activities under Executive Order No. 2018-9 with respect to the financial services industry or markets.

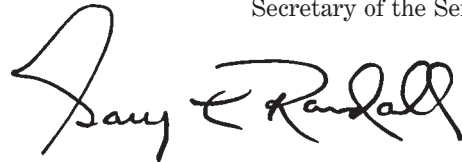
Enacting section 1. Section 3112 of the insurance code of 1956, 1956 PA 218, MCL 500.3112, as amended by this amendatory act, applies to products, services, or accommodations provided after the effective date of this amendatory act.

Enacting section 2. Section 3135 of the insurance code of 1956, 1956 PA 218, MCL 500.3135, as amended by this amendatory act, is intended to codify and give full effect to the opinion of the Michigan supreme court in *McCormick v Carrier*, 487 Mich 180 (2010).

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved .....

.....  
Governor



# EXHIBIT 4

Act No. 22  
Public Acts of 2019  
Approved by the Governor  
June 11, 2019  
Filed with the Secretary of State  
June 11, 2019  
EFFECTIVE DATE: June 11, 2019

**STATE OF MICHIGAN  
100TH LEGISLATURE  
REGULAR SESSION OF 2019**

**Introduced by Reps. Sheppard, Miller, LaFave, Kahle and Bellino**

# **ENROLLED HOUSE BILL No. 4397**

AN ACT to amend 1956 PA 218, entitled “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 associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” by amending sections 3009, 3109a, 3111, 3116, 3135, and 3151 (MCL 500.3009, 500.3109a, 500.3111, 500.3116, 500.3135, and 500.3151), section 3009 as amended by 2016 PA 346, section 3109a as amended by 2012 PA 454, and section 3135 as amended by 2012 PA 158, and by adding sections 2111f, 3107c, and 3107d.

*The People of the State of Michigan enact:*

Sec. 2111f. (1) Before July 1, 2020, an insurer that offers automobile insurance in this state shall file premium rates for personal protection insurance coverage for automobile insurance policies effective after July 1, 2020.

(2) Subject to subsections (6) and (7), the premium rates filed as required by subsection (1), and any subsequent premium rates filed by the insurer for personal protection insurance coverage under automobile insurance policies effective before July 2, 2028, must result, as nearly as practicable, in an average reduction per vehicle from the premium rates for personal protection insurance coverage that were in effect for the insurer on May 1, 2019 as follows:

(a) For policies subject to the coverage limits under section 3107c(1)(a), an average 45% or greater reduction per vehicle.

(b) For policies subject to the coverage limits under section 3107c(1)(b), an average 35% or greater reduction per vehicle.

(c) For policies subject to the coverage limits under section 3107c(1)(c), an average 20% or greater reduction per vehicle.

(d) For policies not subject to any coverage limit under section 3107c(1)(d), an average 10% or greater reduction per vehicle.

(3) For a policy under which an election under section 3107d has been made to not maintain coverage for personal protection insurance benefits payable under section 3107(1)(a), or for a policy to which an exclusion under section 3109a(2) applies, the premium rates filed under subsection (1), and any subsequent premium rates filed by the insurer for personal protection insurance coverage, must result in no premium charge for coverage for personal protection insurance benefits payable under section 3107(1)(a).

(4) The director shall review a filing submitted by an insurer under subsections (1) to (3) for compliance with this section. Subject to subsection (7), the director shall disapprove a filing if after review the director determines that the filing does not result in the premium reductions required by subsections (2) and (3).

(5) If the director disapproves a premium rate filing under subsection (4), the insurer shall submit a revised premium rate filing to the director within 15 days after the disapproval. The premium rate filing is subject to review in the same manner as an original premium rate filing under subsection (4).

(6) For policies issued or renewed in the year beginning July 1, 2024 and in the year beginning July 1, 2026, an automobile insurer that offers automobile insurance in this state shall make filings demonstrating its compliance with this section.

(7) At any time, an insurer may apply to the director for approval to file rates that result in a lower premium reduction level or an exemption from the requirements of subsection (2) and the director shall approve the application if the rates otherwise comply with this act and compliance with the premium reductions required by subsection (2) will result in any of the following:

(a) The insurer reaching the company action level risk-based capital.

(b) A violation of the Fourteenth Amendment of the United States Constitution as to the insurer. This subdivision does not apply after July 1, 2023.

(c) A violation of section 17 of article I of the state constitution of 1963, as to deprivation of property without due process. This subdivision does not apply after July 1, 2023.

(8) An insurer shall pass on, in filings to which this section applies, savings realized from the application of section 3157(2) to (12) to treatment, products, services, accommodations, or training rendered to individuals who suffered accidental bodily injury from motor vehicle accidents that occurred before July 2, 2021. An insurer shall provide the director with all documents and information requested by the director that the director determines are necessary to allow the director to evaluate the insurer's compliance with this subsection. After July 1, 2022, the director shall review all rate filings to which this section applies for compliance with this subsection.

(9) This section does not prohibit an increase for any individual insurance policy premium if the increase results from applying rating factors as approved under this chapter, including the requirements of this section.

(10) After July 1, 2020 and before July 2, 2028, an insurer shall not issue or renew an automobile insurance policy in this state unless the premium rates filed by the insurer for personal protection insurance coverage are approved under this section.

(11) For purposes of calculating a personal protection insurance premium or premium rate under this section, the premium must include the catastrophic claims assessment imposed under section 3104.

(12) If subsection (2) or the application of subsection (2) to any insurer is found to be invalid by a court, the remaining portions of the amendatory act that added this section are not severable and shall be deemed invalid and inoperable.

(13) As used in this section:

(a) "Authorized control level RBC" means the number determined under the risk-based capital formula in accordance with the RBC report, including risk-based capital instructions adopted by the National Association of Insurance Commissioners and the director.

(b) "Company action level risk-based capital" means 2 times the insurer's authorized control level RBC.

(c) "RBC report" means the report of the insurer's RBC levels as required by the annual statement instructions.



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

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

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

(c) A limit of not less than \$10,000.00 because of injury to 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) If an insurer deletes coverages from an automobile insurance policy under section 3101, the insurer shall send documentary evidence of the deletion to the insured.

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

(6) After July 1, 2020, on application for the issuance of a new policy or renewal of an existing policy, an insurer shall do all of the following:

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

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

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

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

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

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

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

(d) Allow the person to sign the form.

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

Sec. 3107c. (1) Except as provided in sections 3107d and 3109a, and subject to subsection (5), for an insurance policy that provides the security required under section 3101(1) and is issued or renewed after July 1, 2020, the applicant or named insured shall, in a way required under section 3107e and on a form approved by the director, select 1 of the following coverage levels for personal protection insurance benefits under section 3107(1)(a):

(a) A limit of \$50,000.00 per individual per loss occurrence for any personal protection insurance benefits under section 3107(1)(a). The selection of a limit under this subdivision is only available to an applicant or named insured if both of the following apply:

(i) The applicant or named insured is enrolled in Medicaid, as that term is defined in section 3157.

(ii) The applicant's or named insured's spouse and any relative of either who resides in the same household has qualified health coverage, as that term is defined in section 3107d, is enrolled in Medicaid, or has coverage for the payment of benefits under section 3107(1)(a) from an insurer that provides the security required by section 3101(1).

(b) A limit of \$250,000.00 per individual per loss occurrence for any personal protection insurance benefits under section 3107(1)(a).

(c) A limit of \$500,000.00 per individual per loss occurrence for any personal protection insurance benefits under section 3107(1)(a).

(d) No limit for personal protection insurance benefits under section 3107(1)(a).

(2) The form required under subsection (1) must do all of the following:

(a) State, in a conspicuous manner, the benefits and risks associated with each coverage option.

(b) Provide a way for the applicant or named insured to mark the form to acknowledge that he or she has read the form and understands the options available.

(c) Allow the applicant or named insured to mark the form to make the selection of coverage level under subsection (1).

(d) Require the applicant or named insured to sign the form.

(3) If an insurance policy is issued or renewed as described in subsection (1) and the applicant or named insured has not made an effective selection under subsection (1) but a premium or premium installment has been paid, there is a rebuttable presumption that the amount of the premium or installment paid accurately reflects the level of coverage applicable to the policy under subsection (1).

(4) If an insurance policy is issued or renewed as described in subsection (1), the applicant or named insured has not made an effective selection under subsection (1), and a presumption under subsection (3) does not apply, subsection (1)(d) applies to the policy.

(5) The coverage level selected under subsection (1) applies to the named insured, the named insured's spouse, and a relative of either domiciled in the same household, and any other person with a right to claim personal protection insurance benefits under the policy.

(6) If benefits are payable under section 3107(1)(a) under 2 or more insurance policies, the benefits are only payable up to an aggregate coverage limit that equals the highest available coverage limit under any 1 of the policies.

(7) This section applies for a transportation network company vehicle, but an applicant or named insured that is a transportation network company shall only select limits under either subsection (1)(b), (c), or (d). As used in this subsection:

(a) "Transportation network company" means that term as defined in section 2 of the limousine, taxicab, and transportation network company act, 2016 PA 345, MCL 257.2102.

(b) "Transportation network company vehicle" means that term as defined in section 3114.

(8) An insurer shall offer, for a policy that provides the security required under section 3101(1) to which a limit under subsection (1)(a) to (c) applies, a rider that will provide coverage for attendant care in excess of the applicable limit.

Sec. 3107d. (1) For an insurance policy that provides the security required under section 3101(1) and is issued or renewed after July 1, 2020, the applicant or named insured may, in a way required under section 3107e and on a form approved by the director, elect to not maintain coverage for personal protection insurance benefits payable under section 3107(1)(a) if the applicant or named insured is a qualified person, and if the applicant's or named insured's spouse and any relative of either that resides in the same household have qualified health coverage or have coverage for benefits payable under section 3107(1)(a) from an insurer that provides the security required by section 3101(1).

(2) An applicant or named insured shall, when requesting issuance or renewal of a policy under subsection (1), provide to the insurer a document from the person that provides the qualified health coverage stating the names of all persons covered under the qualified health coverage.

(3) The form required under subsection (1) must do all of the following:

(a) Require the applicant or named insured to mark the form to certify whether all persons required to be qualified persons under subsection (1) are qualified persons.

(b) Disclose in a conspicuous manner that qualified persons are not obligated to but may purchase coverage for personal protection insurance coverage benefits payable under section 3107(1)(a).

(c) State, in a conspicuous manner, the coverage levels available under section 3107c.

(d) State, in a conspicuous manner, the benefits and risks associated with not maintaining the coverage.

(e) State, in a conspicuous manner, that if during the term of the policy the qualified health coverage ceases, the person has 30 days after the effective date of the termination of qualified health coverage to obtain insurance that provides coverage under section 3107(1)(a) or the person will be excluded from all personal protection insurance coverage benefits under section 3107(1)(a) during the period in which coverage under this section was not maintained.

(f) Provide a way for the applicant or named insured to mark the form to acknowledge that he or she has read the form and understands it and that he or she understands the options available to him or her.

(g) If all persons required to be qualified persons under subsection (1) are qualified persons, provide the person a way to mark the form to elect to not maintain the coverage.

(h) Require the applicant or named insured to sign the form.

(4) If an insurance policy is issued or renewed as described in subsection (1) and the applicant or named insured has not made an effective election under subsection (1), the policy is considered to provide personal protection benefits under section 3107c(1)(d).

(5) An election under this section applies to the applicant or named insured, the applicant or named insured's spouse, a relative of either domiciled in the same household, and any other person who would have had a right to claim personal protection insurance benefits under the policy but for the election.

(6) If, during the term of an insurance policy under which coverage for personal protection insurance benefits payable under section 3107(1)(a) are not maintained under this section, the persons required to have qualified health coverage under subsection (1) cease to have qualified health coverage, all of the following apply under this subsection:

(a) Within 30 days after the effective date of the termination of qualified health coverage, the named insured shall obtain insurance that includes coverage under section 3107(1)(a).

(b) An insurer that issues policies that provide the security required by section 3101(1) shall not refuse to prospectively insure, limit coverage available to, charge a reinstatement fee to, or increase the insurance premiums for a person who is an eligible person, as that term is defined in section 2103, solely because the person previously failed to obtain insurance that provides coverage for benefits under section 3107(1)(a) in the time required under subdivision (a).

(c) If the applicant or named insured does not obtain insurance as required under subdivision (a) and a person to whom the election under this section applies as described in subsection (5) suffers accidental bodily injury arising from a motor vehicle accident within the 30-day period, unless the injured person is entitled to coverage under some other policy, the injured person is not entitled to be paid personal protection insurance benefits under section 3107(1)(a) for the injury but is entitled to claim benefits under the assigned claims plan.

(7) As used in this section:

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

(b) "Qualified health coverage" means either of the following:

(i) Other health or accident coverage to which both of the following apply:

(A) The coverage does not exclude or limit coverage for injuries related to motor vehicle accidents.

(B) Any annual deductible for the coverage is \$6,000.00 or less per individual. The director shall adjust the amount in this sub-subparagraph on July 1 of each year by the percentage change in the medical component of the Consumer Price Index for the preceding calendar year. However, the director shall not make the adjustment unless the adjustment, or the total of the adjustment and previous unadded adjustments, is \$500.00 or more.

(ii) Coverage under parts A and B of the federal Medicare program established under subchapter XVIII of the social security act, 42 USC 1395 to 1395lll.

(c) "Qualified person" means a person who has qualified health coverage under subdivision (b)(ii).

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

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

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

(b) If a member, but not all members, of the household covered by the insurance policy has qualified health coverage that will cover injuries that occur as the result of a motor vehicle accident, the insurer shall offer a reduced premium that reflects reasonably anticipated reductions in losses, expenses, or both. The reduction must be in addition to the rate rollback required by section 2111f and the share of the premium reduction for the policy attributable to any person with qualified health coverage must be 100%.



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

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

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

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

(e) If the named insured does not obtain insurance that provides the security required under section 3101(1) that includes the coverage excluded under this subsection during the period described in subdivision (d)(i) and the named insured or any person excluded under the policy suffers accidental bodily injury arising from a motor vehicle accident, unless the injured person is entitled to coverage under some other policy, the injured person is not entitled to be paid personal protection insurance benefits under section 3107(1)(a) for the injury that occurred during the period in which coverage under this section was excluded.

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

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

(5) As used in this section, “qualified health coverage” means that term as defined in section 3107d.

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

Sec. 3116. (1) A subtraction from personal protection insurance benefits must not be made because of the value of a claim in tort based on the same accidental bodily injury.

(2) A subtraction from or reimbursement for personal protection insurance benefits paid or payable under this chapter may be made only if recovery is realized on a tort claim arising from an accident that occurred outside this state, a tort claim brought in this state against the owner or operator of a motor vehicle with respect to which the security required by section 3101 was not in effect, or a tort claim brought in this state based on intentionally caused harm to persons or property, and may be made only to the extent that the recovery realized by the claimant is for damages for which the claimant has received or would otherwise be entitled to receive personal protection insurance benefits. A subtraction may be made only to the extent of the recovery, exclusive of reasonable attorney fees and other reasonable expenses incurred in effecting the recovery. If personal protection insurance benefits have already been received, the claimant shall repay to the insurers out of the recovery an amount equal to the benefits received, but not more than the recovery exclusive of reasonable attorney fees and other reasonable expenses incurred in effecting the recovery. The insurer has a lien on the recovery to this extent. A recovery by an injured person or his or her estate for loss suffered by the person may not be subtracted in calculating benefits due a dependent after the death and a recovery by a dependent for loss suffered by the dependent after the death may not be subtracted in calculating benefits due the injured person.

(3) A personal protection insurer with a right of reimbursement under subsection (1), if suffering loss from inability to collect reimbursement out of a payment received by a claimant on a tort claim, is entitled to indemnity from a person who, with notice of the insurer's interest, made the payment to the claimant without making the claimant and the insurer joint payees as their interests may appear or without obtaining the insurer's consent to a different method of payment.

(4) A subtraction or reimbursement is not due the claimant's insurer from that portion of any recovery to the extent that recovery is realized for noneconomic loss as provided in section 3135(1) and (2)(b) or for allowable expenses, work loss, and survivor's loss as defined in sections 3107 to 3110 in excess of the amount recovered by the claimant from his or her insurer.

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

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

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

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

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

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

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

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

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

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

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

(d) Damages for economic loss by a nonresident. However, to recover under this subdivision, the nonresident must have suffered death, serious impairment of body function, or permanent serious disfigurement.

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

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

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

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

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

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

(e) Damages must not be assessed if the damaged motor vehicle was being operated at the time of the damage without the security required by section 3101(1).

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

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

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

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

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

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

(a) If care is being provided to the person to be examined by a specialist, the examining physician must specialize in the same specialty as the physician providing the care, and if the physician providing the care is board certified in the specialty, the examining physician must be board certified in that specialty.

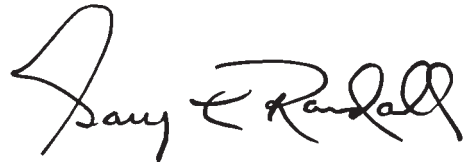
(b) During the year immediately preceding the examination, the examining physician must have devoted a majority of his or her professional time to either or both of the following:

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

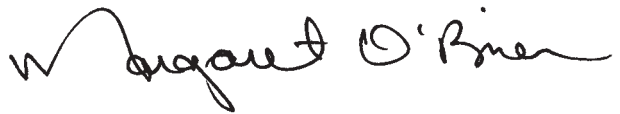
(ii) The instruction of students in an accredited medical school or in an accredited residency or clinical research program for physicians and, if subdivision (a) applies, the instruction of students is in the specialty.

Enacting section 1. Section 3135 of the insurance code of 1956, 1956 PA 218, MCL 500.3135, as amended by this amendatory act, is intended to codify and give full effect to the opinion of the Michigan supreme court in *McCormick v Carrier*, 487 Mich 180 (2010).

This act is ordered to take immediate effect.



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Clerk of the House of Representatives



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Secretary of the Senate

Approved .....

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Governor