Act No. 190

Public Acts of 2004

Approved by the Governor

July 8, 2004

Filed with the Secretary of State

July 8, 2004

EFFECTIVE DATE: July 8, 2004

STATE OF MICHIGAN

92ND LEGISLATURE

REGULAR SESSION OF 2004

Introduced by Reps. Daniels, Smith, Woodward, Pumford, Anderson, Hardman, McConico, Gieleghem, Phillips, Zelenko, Jamnick, Richardville, Spade, Lipsey, Voorhees, Hager, Julian, Rivet, Cheeks, Stallworth, Hunter, Hood, Tobocman, Farrah, Hopgood, Law, Bieda, Meisner, Condino, Vagnozzi, Stakoe, Hune, Gleason, Hoogendyk, Ward, Steil and Gillard

ENROLLED HOUSE BILL No. 4127

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," (MCL 500.100 to 500.8302) by adding section 2110b.

The People of the State of Michigan enact:

Sec. 2110b. (1) An automobile insurance policy and an automobile insurer and its employees, agents, and adjusters shall not unreasonably restrict an insured from using a particular person, place, shop, or entity for the providing of any automobile repair or automobile glass repair or replacement service or product covered by the policy.

(2) An automobile insurer shall disclose, prior to or at the time a claim is filed with the insurer, whether the insurer has an agreement with any repair or replacement facility to provide a repair or replacement service or product to an insured and shall inform an insured that he or she is under no obligation to use a particular repair or replacement facility.

(3) The office of financial and insurance services shall develop a plan whereby the office informs consumers of their rights regarding insurance coverage of automobile repairs, that the insurer is not required to pay more than a reasonable amount for repairs and parts, and of the insured's ability to report violations of their rights to the office of financial and insurance services through the office's toll-free telephone number or website. The plan shall be developed and submitted to the senate and house of representatives standing committees on insurance issues not later than 6 months after the effective date of this section.

This act is ordered to take immediate effect.

Clerk of the House of Representatives

Secretary of the Senate

Approved

Governor