

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.3320 Private passenger nonfleet automobiles; duties of facility; insurance requirements.

Sec. 3320.

(1) The facility, with respect to private passenger nonfleet automobiles, shall provide for all of the following:

(a) The equitable distribution of applicants to designated participating members in accordance with the plan of operation.

(b) Issuance of policies of automobile insurance to qualified applicants as provided in the plan of operation.

(c) The appointment of a number of participating members appointed by the facility to act on behalf of the facility for the distribution of risks or for the servicing of insureds, as provided in the plan of operation and consistent with this section. The facility shall do all of the following:

(i) Appoint those members having the 5 highest participation ratios, as defined in section 3303(e)(i), to act on behalf of the facility.

(ii) Appoint other members to act on behalf of the facility who volunteer to so act and who meet reasonable servicing standards established in the plan of operation, up to a maximum of 5 in addition to those appointed pursuant to subparagraph (i).

(iii) Appoint additional members to act on behalf of the facility as necessary to do all of the following:

(A) Assure convenient access to the facility for all citizens of this state.

(B) Assure a reasonable quality of service for persons insured through the facility.

(C) Assure a reasonable representation of the various insurance marketing systems.

(D) Assure reasonable claims handling.

(E) Assure a reasonable range of choice of insurers for persons insured through the facility.

(d) Standards and monitoring procedures to assure that participating members acting on behalf of the facility do all of the following:

(i) Provide service to persons insured through the facility equivalent to the service provided to persons insured by the insurer voluntarily.

(ii) Handle claims in an efficient and reasonable manner.

(iii) Provide internal review procedures for persons insured through the facility identical to those established pursuant to chapter 21 for persons insured voluntarily.

(e) The establishment of procedures and guidelines for the issuance of binders by agents upon receipt of the application for coverage.

(f) Issuance of policies of automobile insurance to qualified applicants whose licenses to operate a vehicle have been suspended under section 310, 310d, 315, 321a, 324, 328, 512, 515, 625, 625b, 625f, 748, 801c, or 907 of the Michigan vehicle code, 1949 PA 300, MCL 257.310, 257.310d, 257.315, 257.321a, 257.324, 257.328, 257.512, 257.515, 257.625, 257.625b, 257.625f, 257.748, 257.801c, and 257.907, as provided in the plan of operation. These policies may be canceled after a period of not less than 30 days if the insured fails to produce proof that the suspended license has been reinstated.

(g) Administration of the assigned claims plan as required under chapter 31.

(2) Automobile insurance made available under this section shall be equivalent to the automobile insurance normally available in the voluntary competitive market in forms as approved by the commissioner with any changes, additions, and amendments adopted by the board of governors and approved by the commissioner.

History: Add. 1969, Act 346, Eff. Apr. 1, 1970 ;-- Am. 1971, Act 210, Imd. Eff. Dec. 29, 1971 ;-- Am. 1976, Act 303, Imd. Eff. Oct. 27, 1976 ;-- Am. 1979, Act 145, Eff. Jan. 1, 1981 ;-- Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981 ;-- Am. 2012, Act 204, Imd. Eff. June 27, 2012

Compiler's Notes: Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

Popular Name: Act 218

Popular Name: Essential Insurance