

DEPARTMENT OF STATE
BUREAU OF DEPARTMENT SERVICES
ASSIGNED CLAIMS PLAN

(By authority conferred on the secretary of state by section 3171 of Act No. 218 of the Public Acts of 1956, as amended, being S500.3171 of the Michigan Compiled Laws)

R 11.101 Definitions.

Rule 1. As used in these rules:

(a) "Act" means chapter 31 of Act No. 218 of the Public Acts of 1956, as amended, being S500.3101 et seq. of the Michigan Compiled Laws.

(b) "Assigned claims facility" means the facility organized and maintained by the secretary of state to administer the assigned claims plan.

(c) "Assigned claims plan" means the plan organized and administered by the secretary of state under section 3171 of Act No. 218 of the Public Acts of 1956, as amended, being S500.3171 of the Michigan Compiled Laws.

(d) "Claimant" means 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.

(e) "Department" means the department of state.

(f) "Insurer" means the assigned claims facility, a self-insurer, an insurance company which writes insurance as provided under the act and is duly authorized to transact business in this state, or a risk retention group which writes insurance as provided under the act and is authorized by the liability risk retention act of 1986, as amended, 15 U.S.C. S3901 et seq.

(g) "Member insurer" means an insurer or a self-insurer but does not include the assigned claims facility.

(h) "Repayment" means an amount due to the assigned claims facility by virtue of benefits paid either directly or indirectly by the facility to a person for bodily injury arising out of the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle in this state.

(i) "Self-insurer" means a person certified by the secretary of state pursuant to section 531 of Act No. 300 of the Public Acts of 1949, as amended, being S257.531 of the Michigan Compiled Laws, or a municipal group motor vehicle self-insurance pool formed under Act No. 35 of the

Public Acts of 1951, as amended, being S124.1 et seq. of the Michigan Compiled Laws.

(j) "Servicing insurer" means an insurer or self-insurer assigned to service a claim under the assigned claims plan.

History: 1979 AC; 1989 AACS.

R 11.102 Assigned claims facility.

Rule 2. The secretary of state shall create an assigned claims facility in the department for all of the following purposes:

- (a) Receiving claims for personal protection insurance benefits.
- (b) Assigning claims to servicing insurers.
- (c) Assessing fees from member insurers.
- (d) Monitoring the proper payment of claims.
- (e) Performing other duties under the act.

History: 1979 AC; 1989 AACS.

R 11.103 Selection of servicing insurers.

Rule 3. (1) The secretary of state shall designate a sufficient number of insurers to participate as servicing insurers for the assigned claims plan. A servicing insurer to whom a claim has been assigned shall either deny the claim as being ineligible for benefits under the assigned claims plan or make prompt payment of loss or other lawful disposition of the claim in accordance with the act.

(2) The secretary of state shall periodically review the servicing insurer membership and the volume of claims assigned each member to ascertain any defects in the operation of the assigned claims plan and to assist in formulating and implementing changes in the basis for designating servicing insurers or assigning claims.

History: 1979 AC; 1989 AACS.

R 11.104 Claimant eligibility.

Rule 4. 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 apply for personal protection insurance benefits from the assigned claims facility if any of the following conditions is met:

- (a) Personal protection insurance is not applicable to the injury.
- (b) Personal protection insurance applicable to the injury cannot be identified.
- (c) Personal protection insurance applicable to the injury 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.

(d) The only identifiable personal protection insurance applicable to the injury is inadequate to provide benefits up to the maximum prescribed because of the financial inability of 1 or more insurers to fulfill their obligations.

History: 1979 AC; 1989 AACS.

R 11.105 Insurer liability for failure to pay.

Rule 5. The assigned claims facility or the servicing insurer to which the claim is assigned is entitled to reimbursement for the personal protection insurance benefits which are provided and appropriate loss adjustment costs which are incurred from an insurer who is obligated to provide the personal protection insurance benefits under a policy of insurance, but who fails to pay such benefits.

History: 1979 AC; 1989 AACS.

R 11.106 Application for personal protection benefits.

Rule 6. (1) A claim for personal protection insurance benefits due under the assigned claims plan shall be filed with the assigned claims facility not more than 1 year after an accident.

(2) A claim shall be made on a form prescribed by the secretary of state. Forms shall be available, upon request, from the assigned claims facility or a secretary of state branch office.

(3) A claim shall be completed in full, signed by the claimant, and submitted to the Assigned Claims Facility, Department of State, Lansing, Michigan 48918. If the claimant is a minor, the application shall be signed by a parent or legal guardian.

History: 1979 AC; 1989 AACS.

R 11.107 Documentation of loss.

Rule 7. (1) A claim shall be accompanied by documentation of loss, if available, and the amount of loss sustained. Documentation of loss, if available at the time of application, shall include all of the following:

(a) A copy of the police report of the accident.

(b) A medical examination report.

(c) Medical bills.

(d) Work loss verification.

(e) Additional information as required by the assigned claims facility or servicing insurer.

(2) A medical examination report shall include all of the following information:

(a) The date of examination.

(b) Probable cause and diagnosis of injury.

(c) Treatment and prescribed medication.

(d) Prognosis and probable date the patient may return to work, where applicable.

(e) Signature, name, address, and professional designation of the person furnishing the medical services or preparing the medical report.

(3) A medical bill shall contain an itemized list of the services rendered and the dates of the services and charges or the medication supplied and the dates supplied and charges. The bill shall contain identifying information of the person or organization furnishing the services or medication.

(4) An application for survivor's benefits shall be accompanied by a copy of the death certificate of the deceased person.

History: 1979 AC; 1989 AACS.

R 11.108 Assignment of claims.

Rule 8. (1) Upon receipt of a claim for personal protection insurance benefits, the assigned claims facility shall make an initial determination of the claimant's eligibility for benefits.

(2) An obviously ineligible claim received by the assigned claims facility shall be denied summarily. The claimant shall be notified promptly, in writing, of the denial and the reasons for the denial.

(3) An eligible claim shall be assigned promptly by the assigned claims facility to a servicing insurer. The facility shall notify the claimant of the identity and address of the servicing insurer to which the claim is assigned.

(4) In assigning claims, the assigned claims facility shall consider the resources of the servicing insurer relative to the claim and the convenience of the claimant.

History: 1979 AC; 1989 AACS.

R 11.109 Payment for loss.

Rule 9. (1) Upon assignment of a claim from the assigned claims facility, the servicing insurer shall investigate the claim expeditiously and make prompt payment for loss within the time prescribed by the act.

(2) Interest due for late payment of a claim shall be paid by the servicing insurer to which the claim is assigned. A servicing insurer shall not be reimbursed for the amount of interest paid.

(3) A servicing insurer may require an additional medical examination of a claimant. Failure of a claimant to comply with the request may be cause for denial of benefits.

(4) Payment for allowable expenses incurred shall be made under section 3112 of the act.

(5) Payment for work loss shall be made under section 3112 of the act. Written verification from an employer may be required by a servicing insurer before payment.

(6) Payment for survivor's loss benefits shall be made to the surviving spouse or eligible dependents under section 3112 of the act. If there is no surviving spouse, benefits for a minor shall be paid to a guardian appointed by a court of competent jurisdiction. A certified copy of guardian appointment may be required by a servicing insurer before payment.

History: 1979 AC; 1989 AACS.

R 11.110 Indemnity rights.

Rule 10. (1) A servicing insurer to which a claim has been assigned shall preserve and enforce rights to indemnity or reimbursement from third parties as follows:

(a) If the value of the right to indemnity or reimbursement is \$1,000.00 or more, excluding loss adjustment costs, the servicing insurer shall reduce the right to judgment.

(b) If the value of the right to indemnity or reimbursement is less than \$1,000.00, excluding loss adjustment costs, the servicing insurer shall either reduce the right to judgment or seek an acknowledgment of debt from the owner or registrant of the uninsured vehicle or from the estate of the owner or registrant.

(2) A right to indemnity or reimbursement which has been reduced to judgment shall be assigned and forwarded to the assigned claims facility within 60 days after the expiration of the appeal period. A right to indemnity or reimbursement which has been preserved by an acknowledgment of debt shall be assigned and forwarded to the assigned claims facility within 60 days after receipt of the acknowledgement.

(3) A servicing insurer may enter into a reasonable installment repayment agreement with a third party against whom a judgment or acknowledgment of debt has been obtained. A written agreement or court order providing for the payment of a judgment or acknowledgment of debt in installments shall be assigned and forwarded to the assigned claims facility within 60 days after issuance of the order or receipt of the agreement. A servicing insurer shall immediately transmit to the assigned claims facility all proposals for a written agreement to repay a judgment or acknowledgment of debt in installments.

(4) A servicing insurer may enter into a compromise or settlement with a third party against whom rights to indemnity or reimbursement exist if the compromise or settlement is reasonable and approved by the assigned claims facility.

History: 1979 AC; 1989 AACS.

R 11.111 Claim records.

Rule 11. (1) Assigned claim records are open for inspection by a representative of the secretary of state, both as to claim handling and claim and expense payments. The secretary of state shall prepare an inspection report. A copy of the report shall be furnished to the servicing insurer and the commissioner of insurance.

(2) Deviations from acceptable claim handling practices shall be corrected upon receipt of the report. Excessive expense payments or items not covered under the act shall be charged to the servicing insurer in addition to its assessment at the next annual assessment.

(3) A servicing insurer shall transmit to the assigned claims facility the complete claim records when benefits are paid and the claim is closed. Claim records shall be retained by the assigned claims facility for not less than 3 years.

History: 1979 AC; 1989 AACS.

R 11.112 Assessment of member insurers.

Rule 12. The assigned claims facility shall assess each member insurer an annual fee for the purpose of allocating among member insurers annual expenses and claim payments incurred in the administration of the assigned claims plan based upon the reasonable expenses and claim payments incurred by servicing insurers and the assigned claims facility, including any interest due servicing insurers under the act.

History: 1979 AC; 1989 AACS.

R 11.113 Statement of expenditures.

Rule 13. Before March 1 of each year, a servicing insurer shall submit, to the assigned claims facility, a statement of expenses and claim payments incurred in administration and payment of claims assigned to it by the assigned claims facility. The statement shall contain an itemized list of all of the following:

- (a) Assigned claims.
- (b) Personal protection insurance benefits paid.
- (c) Allocated expenses.
- (d) Other information and documentation as the secretary of state requires.

History: 1979 AC; 1989 AACS.

R 11.114 Assessment formula.

Rule 14. (1) After determination of the total amount of each year's assessment, the assigned claims facility shall collect that amount from member insurers in the following manner:

(a) Each member insurer shall be charged a basic annual assessment of \$20.00. The aggregate of the \$20.00 basic fee shall be subtracted from the total amount to be assessed before the calculation of the amounts in subdivisions (b) and (c) of this subrule.

(b) Each self-insurer's portion of the total assessment shall be determined by multiplying the total assessment by a fraction, the numerator of which is the number of motor vehicles the self-insurer has self-insured and the denominator of which is the total number of motor vehicles registered in the state.

(c) After subtracting the amounts in subdivisions (a) and (b) of this subrule, the balance of the assessment shall be paid by member insurers in proportion to their direct written premiums in this state for motor vehicle liability and personal protection insurance as reported by the commissioner of insurance for the most recent year for which they are available.

(2) Payment for benefits and expenditures approved by the assigned claims facility and any interest due under the act shall be deducted from the assessment of a servicing insurer. If payments from claims, expenses, and interest due under the act are more than the assessment, the assigned claims facility shall reimburse the servicing insurer for the excess amount.

History: 1979 AC; 1989 AACS.

R 11.115 Collection of assessment fees.

Rule 15. (1) The assigned claims facility shall prepare and send an assessment bill to each member insurer. The bill shall be accompanied by an annual financial statement of the assigned claims plan.

(2) Assessment fees shall be paid within 30 days of billing. An insurer who fails to pay an assessment within 30 days shall be reported as delinquent to the commissioner of insurance.

(3) Assessments that are not paid by the due date shall accrue interest as provided in the act.

History: 1979 AC; 1989 AACS.

R 11.116 Repayments.

Rule 16. When obtained by the assigned claims facility, a judgment or repayment agreement may be forwarded to the state treasurer for collection. The costs associated with collection may be interaccounted by the state treasurer to the assigned claims facility. Any amount collected shall be deducted from the annual assessment of the assigned claims plan determined under R 11.112.

History: 1979 AC; 1989 AACS.