

SUBSTITUTE FOR
HOUSE BILL NO. 4718

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 4506.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4506. (1) After completing a good-faith investigation, an
2 insurer who reasonably believes or knows that a fraudulent
3 insurance act has occurred under section 4503 and involves a
4 Michigan policyholder or a claim for benefits submitted through the
5 assigned claims plan shall send to the director, on a form
6 prescribed by the director, the information requested by the form
7 and any additional information relative to the factual
8 circumstances of the alleged fraudulent insurance act and the
9 parties claiming loss or damages or information that the director

1 may require. The director shall review reports and make any further
2 investigation the director considers necessary. If the director
3 considers it appropriate after investigation, the director may
4 report the suspected fraudulent insurance act to the insurer, the
5 appropriate authorized agency, the prosecuting attorney of the
6 county in which the fraudulent insurance act occurred, or the
7 attorney general.

8 (2) This section does not require an insurer to submit to the
9 director the form under subsection (1) in either of the following
10 circumstances:

11 (a) The insurer's initial investigation indicated a
12 potentially fraudulent insurance act, but further investigation
13 revealed that the act was not a fraudulent insurance act.

14 (b) The insurer does not have reasonable grounds to believe
15 that a fraudulent insurance act occurred.

16 (3) This section does not relieve an insurer of the insurer's
17 obligations to also report suspected violations of law to an
18 authorized agency.

19 (4) An authorized agency shall submit all papers, documents,
20 reports, complaints, or other facts or evidence to the director on
21 request. The authorized agency shall otherwise assist and cooperate
22 with the director's investigation under this section.

23 (5) As used in this section, "insurer" means any of the
24 following:

25 (a) An insurer as that term is defined in section 106.

26 (b) The Michigan automobile insurance placement facility
27 created under chapter 33.

28 (c) A person designated to administer a claim for benefits
29 through the assigned claims plan under sections 3171 to 3175 on

- 1 **behalf of the Michigan automobile insurance placement facility**
- 2 **created under chapter 33.**