

Complete to 4-16-03

A SUMMARY OF HOUSE BILLS 4489-4491 AS INTRODUCED 4-1-03

The Michigan Catastrophic Claims Association (MCCA) is a statutorily mandated nonprofit association composed of the companies writing automobile insurance in the state. It functions as a reinsurer under Michigan's compulsory no-fault auto insurance system, which provides unlimited lifetime medical and rehabilitation benefits. An insurance company is responsible for a specified amount of a personal injury protection (PIP) claim, with the MCCA responsible for amounts above that. [The MCCA picks up claims at \$300,000 through June 2003; \$325,000 through June 2004; and the amount will increase annually until it reaches \$500,000 in July 2011. The MCCA threshold is established in the Insurance Code.] The member insurance companies are charged a premium to cover the expected losses of the association with the premium based, generally speaking, on the amount of a company's business in the state. Typically, an assessment to support the MCCA is placed on each auto insured under a no-fault policy (as well as each motorcycle).

The bills would make amendments to the operations of the MCCA in the following ways:

House Bill 4489 would amend the Insurance Code (MCL 500.3104) to require that the state auditor general (within the legislative branch) or a certified public accountant appointed by the auditor general annually conduct an audit of the MCCA and deliver it to the standing committees on insurance issues in the House of Representatives and Senate. In conducting the audit, the auditor general or designated CPA would have access to all records of the association. Each audit would have to include a determination of whether the association was likely to be able to continue to meet its obligations.

House Bill 4490 would amend the Insurance Code (MCL 500.134 and 500.3104) to require the MCCA to comply with the Open Meetings Act and the Freedom of Information Act. Specifically, the business of the board would have to be conducted at a public meeting held in compliance with the Open Meetings Act, and a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function would be subject to the Freedom of Information Act.

House Bill 4491 would amend the Open Meetings Act (MCL 15.262 and 15.263) to bring the MCCA under its jurisdiction. The association would be included within the act's definition of "public body". However, the act would not apply to the MCCA "when deliberating the merits of a case". House Bills 4490 and 4491 are tie-barred to one another, meaning that one can only take effect if they both do.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.