



**House
Legislative
Analysis
Section**

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MCCA: CLAIMS MANAGEMENT

House Bill 4349

Sponsor: Rep. Gerald H. Law

Committee: Insurance

Complete to 4-19-91

A SUMMARY OF HOUSE BILL 4349 AS INTRODUCED 2-20-91

The Michigan Catastrophic Claims Association is a statutorily created organization made up of all companies selling no-fault automobile insurance and motorcycle liability insurance in the state. The association protects insurers from extraordinarily large personal injury losses by covering losses that exceed \$250,000. The members of the association are assessed a premium to cover the losses and expenses based on the amount of auto and motorcycle insurance they write. (Ultimately, policyholders are charged a certain amount per vehicle insured.)

House Bill 4349 would amend the Insurance Code to:

- * Require that the MCCA "manage each claim that it provides payment for and that it may be anticipated to provide payment for" and that the association adopt procedures that for the management of claims. (The bill specifies that personal protection insurance benefits payable by the association would be "subject to the association's case management rules.")

- * Require the drafting of a revised plan of operation for the association which would differ from the current plan by providing for the adoption of rules on the cost-efficient health care management of individual covered claims. (The plan would have to be acceptable to the insurance commissioner. It would have to be submitted to the commissioner by March 1, 1992.)

- * Require that a new board of directors for the MCCA be appointed, to include members with "skill and expertise in the management of specific cases of long-term health care." The board would still be composed of five members appointed by the insurance commissioner and the commissioner (without a vote). Directors serving on the board immediately prior to January 1, 1992, would finish their terms of office.

- * Create an advisory board made up of the insurance commissioner (without vote) and four members, two of whom would have claims being serviced by the MCCA and two of whom would represent providers of care to those being serviced.

The bill removes many of the current MCCA provisions found in section 3104 of the Insurance Code and puts them instead in a new chapter, Chapter 31A. Most of the provisions are unchanged.

MCL 500.2111a et al.