

House Bill 4389

Sponsor: Rep. Gregory E. Pitoniak

Committee: Insurance

Complete to 4-2-91

A SUMMARY OF HOUSE BILL 4389 AS INTRODUCED 2-26-91

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 no-fault and motorcycle insurance they write. (Ultimately, policyholders are charged a certain amount per car insured.)

House Bill 4389 would amend the Insurance Code to do the following:

- * Raise the threshold for coverage of losses from \$250,000 to \$325,000 in calendar year 1992; to \$400,000 in calendar year 1993; and to \$500,000 from January 1, 1994, onward, with that figure to be adjusted each year based on increases in the Michigan consumer price index.

- * Require insurance companies, if they list the cost of MCCA coverage on a declaration sheet, to explain on the sheet: "this charge is for unlimited medical benefits due to an automobile accident for costs incurred above the following amounts," with an explanation of the threshold to follow. (A declaration sheet is the breakdown provided by insurers with a bill explaining what the coverage is and the amount of the bill attributable to each part of the coverage.)

- * Give the insurance commissioner a vote on the MCCA board of directors. The board would still be composed of five directors appointed by the commissioner and the commissioner. Currently, the insurance commissioner serves without a vote.

- * Require the MCCA to establish and maintain a data base. Each member would have to furnish statistics on accidents likely to involve the association. Information would include the involvement of intoxicating liquor or controlled substances, whether seat belts were used, whether airbags were available, the type of vehicles involved, the number of people involved, and the injuries suffered by drivers, occupants, and pedestrians. The association would have to report annually to the insurance commissioner and the legislature on the information gathered and on the cost associated with the accidents.

- * Create a post-acute care task force whose job it would be to develop standards for case management of post-acute care for automobile accident victims and make recommendations by March 1, 1992, on providing appropriate care at reduced cost. The

Insurance Commissioner, in turn, would be required to submit proposed rules on such standards for public hearing by June 1, 1992. The task force would be composed of the MCCA board of directors and manager and 12 other members appointed by the insurance commissioner. Of those 12, there would be 3 representatives of auto insurance companies; 3 health care providers who provide post-acute care to catastrophically injured people; 2 members of the general public with knowledge about care for the catastrophically injured; a representative of a health care facility providing post-acute care; a provider of rehabilitation services to the catastrophically injured; an attorney who regularly represents auto accident victims; and a representative of providers of case management services. The insurance commissioner or a designee would chair the task force.

MCL 500.3104 et al.