



**House  
Legislative  
Analysis  
Section**

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**REQUIRE ANNUAL AUDIT OF MCCA**

**House Bill 4012**

**Sponsor: Rep. Gene DeRossett**

**Committee: Insurance**

**Complete to 2-24-03**

**A SUMMARY OF HOUSE BILL 4012 AS INTRODUCED 1-28-03**

The bill would amend the Insurance Code to require an annual audit of the Michigan Catastrophic Claims Association by the auditor general or a certified public accountant appointed by the auditor general. The audit would have to be delivered to the standing committees on insurance issues in the House of Representatives and the Senate. In conducting the audit, the auditor general or certified public accountant would have access to all records of the association. Each audit would have to include a determination of whether the MCCA was likely to be able to meet its obligations.

[Michigan's compulsory no-fault auto insurance system provides unlimited lifetime medical and rehabilitation benefits. An auto insurance company is responsible for the first \$300,000 of a personal injury protection (PIP) claim, and amounts above that are the responsibility of the Michigan Catastrophic Claims Association. (The amount changes to \$325,000 as of July 1, 2003 and increases each year until it reaches \$500,000 as of July 1, 2011.) The MCCA is a statutorily mandated unincorporated nonprofit association composed of the companies writing automobile insurance in the state. The member companies are charged a premium to cover the expected losses and expenses of the association, with the premium based, generally speaking, on the amount the 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). Essentially, the MCCA is a statutorily created reinsurer for the auto insurance industry.]

MCL 500.3104

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