

Legislative Analysis



MCCA AMENDMENTS

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House Bills 4675 and 4676
Sponsor: Rep. Michael Sak
Committee: Insurance

Complete to 11-20-07

A SUMMARY OF HOUSE BILLS 4675 AND 4676 AS INTRODUCED 4-26-07

The bills would require the Michigan Catastrophic Claims Association (MCCA) to comply with the Open Meetings Act and the Freedom of Information Act.

The 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 auto 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 \$420,000 from July 1, 2007 until June 30, 2008; at \$440,000 from July 1, 2008 to June 30, 2009; 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 4675 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 4676 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 4675 and 4676 are tie-barred to one another, meaning that one can only take effect if they both do.

FISCAL IMPACT:

There is no fiscal impact on the State of Michigan or its local units of government.

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