

Legislative Analysis



AUTOMOBILE THEFT PREVENTION AUTHORITY: BASE ASSESSMENT ON "WRITTEN CAR YEARS"

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Senate Bill 168 as passed by the Senate

Sponsor: Sen. Rick Jones

House Committee: Insurance

Senate Committee: Insurance

Complete to 3-29-17

SUMMARY:

Senate Bill 168 would amend the Insurance Code (MCL 500.6107) to base the assessment that an automobile insurance company must pay to the Automobile Theft Prevention Authority (APTA) on "written car years" rather than "earned car years." The APTA was created by Public Act 10 in 1986 and extended by Public Act 174 of 1992, with the goal of reducing automobile theft in Michigan.¹

(The Authority currently charges assessments on passenger vehicles only. This legislation, in conjunction with Attorney General Opinion No. 7284, is understood to allow the Authority to assess commercial motor vehicles.)

Under current statute, as a condition of their authority to transact insurance, insurers that write automobile insurance in Michigan must pay an APTA assessment that equals \$1 multiplied by the insurer's total "earned car years" of insurance providing the security required by law written in Michigan during the preceding calendar year.

SB 168 would change the term "earned car years" to "written car years," and define "written car years" as:

"the portion of a year during which a vehicle is insured as determined by the Catastrophic Claims Association and used to calculate premium charges under Section 3104."

The insurer would be required to pay the APTA \$1 multiplied by the insurer's total written car years of insurance providing the security required under the no-fault law written in Michigan during the preceding year.

BRIEF BACKGROUND:

The APTA is required to segregate and deposit money received from this assessment into the Automobile Theft Prevention Fund. Use of the Fund's money is restricted, and generally limited to funding law enforcement, judicial, and community efforts that seek to reduce the incidence of automobile theft.

¹ http://www.michigan.gov/documents/mspatpa_PlanOperation_8775_7.pdf

FISCAL IMPACT:

Senate Bill 168 will likely have a minor, though positive, fiscal impact on the Department of State Police, in which the Automobile Theft Prevention Authority is housed. The bill would have the effect of expanding the Theft Prevention Authority's ability to charge assessments on insurance policies in Michigan. The Authority currently assesses a \$1 (\$1 per car/per year) fee per private passenger vehicle for *earned* car insurance policies on vehicles registered in Michigan. The language of this bill would allow the assessment to be levied on "written" car years of insurance, rather than "earned" car years of insurance. As noted earlier, the Authority currently charges assessments on passenger vehicles only. This legislation, in conjunction with Attorney General Opinion No. 7284, would allow the Authority to assess commercial motor vehicles. If the Authority were to assess commercial vehicles, the Department projects the revenue would be approximately \$500,000. This revenue would be used to provide funding to law enforcement agencies and prosecutors for the investigation of cargo theft and other issues affecting commercial motor vehicles. The bill would not have fiscal impacts for other units of state government.

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