



**House
Legislative
Analysis
Section**

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EXPAND MCCA BOARD

House Bill 4496

Sponsor: Rep. Glenn S. Anderson

Committee: Insurance

Complete to 4-16-03

A SUMMARY OF HOUSE BILL 4496 AS INTRODUCED 4-1-03

The bill would amend the Insurance Code to expand the membership of the board of directors of the Michigan Catastrophic Claims Association from five members to nine members, adding three members representing the general public and one member representing insurance agents. The code currently requires the MCCA to have five directors and specifies that the directors must represent auto insurance companies contributing at least 40 percent of the total premiums to the MCCA. The commissioner of the Office of Financial and Insurance Services is an ex officio board member without a vote. (The bill would also increase the number of directors needed for a quorum from four to six and would increase from three to five the number of directors required to call a special meeting.)

[The Michigan Catastrophic Claims Association (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 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 \$300,000 through June 2003; \$325,000 through June 2004; 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).]

House Bill 4496 (4-16-03)

Analyst: C. Couch

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