

Rep. Cavanagh offered the following resolution:

House Resolution No. 228.

A resolution to implore the Michigan Department of Treasury to conduct a financial review of the Michigan Catastrophic Claims Association (MCCA) to consider the appointment of an emergency financial manager.

Whereas, The Michigan Catastrophic Claims Association (MCCA) is an insurance fund that provides for the care of Michigan drivers who are catastrophically injured in an auto accident. The MCCA reimburses no-fault auto insurers for all benefits that exceed \$500,000, spreading costs among all motorists since every Michigan driver is required by law to carry valid insurance; and

Whereas, The MCCA is responsible for charging only what is necessary and "sufficient to cover the expected losses and expenses of the association that the association will likely incur during the period for which the premium is applicable", (MCL 500.3104(7) (d)). The total number of accidents and the severity of injuries in these accidents has been declining every year; and

Whereas, The MCCA has raised its annual rates from \$5.60 to \$145 per insured vehicle since 2000 – an increase of 2,489 percent. The MCCA just mandated another 21percent increase beginning July 1, 2012 that forces every driver to pay \$175 per vehicle, the highest amount ever levied. There is currently \$13.7 billion in the MCCA reserves and this fund grows every year. Michigan drivers pay these fee increases without knowing if they are truly justifiable. The MCCA Board is not required to disclose their finances to the public for accountability and scrutiny. These MCCA decisions are made outside of the Open Meetings Act and the Freedom of Information Act even though these decisions affect every driver in the state of Michigan; and

Whereas, Proponents of changing our auto-no fault law consistently make the claim that the current law is broken and unsustainable and that insurance companies cannot maintain the level of benefits for drivers and those suffering long-term catastrophic injuries in auto accidents. On October 11, 2011 the Michigan Association of Insurance Agents (MAIA) testified before the House Insurance Committee on the financial stability of the MCCA and it believes there is significant concern for the financial integrity of the MCCA. These arguments for change are based on the belief that a financial emergency exists in the auto insurance industry and the MCCA. Financial information regarding the MCCA is not public and these claims are impossible to verify.

Whereas, Michigan's Emergency Financial Manager Law exists to, theoretically assist institutions created by state statute suffering from a financial emergency and to help them get their finances in order. MCCA is a creature of statute framed and granted authority by the legislature of the State of Michigan; now, therefore, be it

Resolved by the House of Representatives, That we implore the Michigan Department of Treasury to conduct a financial review of the Michigan Catastrophic Claims Association (MCCA) to consider the appointment of an emergency financial manager; and be it further

Resolved that a copy of this resolution be transmitted to the State Treasurer.