



Insurance Institute of Michigan

Insurance Institute of Michigan Position
The Michigan Catastrophic Claims Association
Senate Bills 74 and 75
As of April 27, 2011

The Insurance Institute of Michigan (IIM) opposes legislation that would increase regulatory oversight of the Michigan Catastrophic Claims Association (MCCA). As a private, nonprofit association, the MCCA should not be subject to the same type of legislative scrutiny that applies to public entities.

Senate Bills 74 and 75 would amend the Insurance Code to require the MCCA to comply with the Freedom of Information Act, Open Meetings Act, provide an annual audit and add a public member of the MCCA board. Senate Bill 75 would subject the MCCA to the Open Meetings Act.

The Open Meetings and Freedom of Information Acts do not apply to private organizations, including the MCCA. As a safeguard for the public, Michigan's Office of Financial and Insurance Regulation (OFIR) Commissioner represents the state's interest as a non-voting member of the MCCA board and oversees the financial health of the MCCA like any other private insurance company. Moreover, claims decisions involve discussions about private, sometimes sensitive, information from personal files of individuals, which should not be open to the general public.

IIM will continue to oppose any measures that subject Michigan insurers to overly burdensome regulation and attempts to erode the private nature of the MCCA. Current law requires the MCCA fund to be backed up by the full faith and credit of private insurance companies; therefore, its board and business decisions should continue to be exclusively representative of those companies.

Senate Bill 74 would subject the private, nonprofit MCCA to a duplicative and unnecessary audit which is currently available through OFIR website, www.michigan.gov/ofir

Currently, the MCCA board annually secures actuarial analyses from two independent firms to assist in the determination of the annual assessment. Additionally, under current law and its own Plan of Operation, the MCCA must develop annually a report of the operations of the association (MCL 500.3104(16)). The MCCA also commissions an annual audit by a public accounting firm.

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All actuarial analyses, annual report and annual audit documents are provided to all members of the MCCA board, including the OFIR Commissioner. Once these documents are in the possession of OFIR, they are public documents, accessible through the normal Freedom of Information Act process. Many of the documents can be obtained on the OFIR website at: <http://www.michigan.gov/ofir> (Click on “Publications” along left margin, then “Guides”; scroll down to “Automobile/Motorcycle Insurance – MCCA”). These documents are also available from the MCCA at its website, www.michigancatastrophic.com

Further, under current law, the OFIR Commissioner has the authority to visit the association “any time and examine any and all the association’s affairs” (MCL 500.3104(23)). Accordingly, in 2003, OFIR undertook an examination of the financial condition, operations, and management of the MCCA for the period from July 1, 1996 to June 30, 2002. This report was filed as a Public Document on February 27, 2004 by former OFIR Commissioner Linda A. Watters. There were no specific findings or recommendations resulting from this examination. More recently, OFIR conducted an audit for the period July 1, 2002 to June 30, 2006.

Given the already intense level of past and ongoing scrutiny of the operations of the MCCA, another layer of annual oversight is unnecessary and would consume public resources needed elsewhere.

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