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INSURANCE RATE REDUCTION TASK FORCE

House Bill 5838
Sponsor: Rep. Mary C. Brown

House Bill 5842
Sponsor: Rep. Floyd Clack

Committee: Insurance

Complete to 8-23-90

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A SUMMARY OF HOUSE BILLS 5838 AND 5842 AS INTRODUCED 5-29-90

House Bill 5838 would create a nine-member task force to establish a plan by January 1, 1990 to reduce automobile personal protection insurance rates by at least 15 percent without reducing benefits. (Personal protection, or personal injury, coverage provides an accident victim with medical and rehabilitation benefits, work loss benefits, replacement services, and survivor's loss benefits from his or her own policy.) If a plan was not adopted by the deadline or implemented by April 1, 1991, auto insurers would by May 1 have to reduce their personal protection base rates to a level 20 percent below those in effect as of June 1, 1990, and fee schedules would be imposed to govern payments to health care facilities and providers.

The task force, to be appointed by the insurance commissioner, would be made up of three auto insurance company representatives, three health care providers, one health care facility representative, and two members of the general public. The task force would be within the Department of Licensing and Regulation.

If plan deadlines were not met, the insurance commissioner would have to promulgate rules establishing schedules of maximum fees for allowable expenses for personal protection benefits payable to a health care facility or provider for treatment, service, accommodation, or medicine. Proposed rules would have to be submitted for public hearing by January 1, 1992. Until rules were promulgated, allowable expenses could not exceed those permitted under the worker's compensation fee schedules.

House Bill 5838 would amend the Insurance Code and is tie-barred to House Bill 5842, which would amend the code to permit an exception to the provision that prohibits a change in an automobile package policy rate until the rate has been in effect for six months. House Bill 5842 would allow a rate change within the six-month period if the rate filing was for a reduction in rates for a territory, class, or coverage.

MCL 500.3107b (House Bill 5838) and 500.2111a (House Bill 5842)

House Bills 5838 and 5842 (8-23-90)