

Senate Fiscal Agency
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SFA



BILL ANALYSIS

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Senate Bill 1432 (as introduced 11-13-00)
Sponsor: Senator Joanne G. Emmons
Committee: Financial Services

Date Completed: 11-27-00

CONTENT

The bill would amend Chapter 31 (Motor Vehicle Personal and Property Protection) of the Insurance Code to provide for increases in no-fault insurers' retention limit, beyond which the Michigan Catastrophic Claims Association (MCCA) provides indemnification. Under the bill, the MCCA would have to provide and each member would have to accept indemnification for 100% of the amount of ultimate loss sustained under personal protection insurance coverages in the following amounts, for a motor vehicle accident policy issued or renewed during the following periods:

Amount	Period
\$250,000	July 1, 2000, to June 30, 2002
\$300,000	July 1, 2002, to June 30, 2003
\$325,000	July 1, 2003, to June 30, 2004
\$350,000	July 1, 2004, to June 30, 2005
\$375,000	July 1, 2005, to June 30, 2006
\$400,000	July 1, 2006, to June 30, 2007
\$420,000	July 1, 2007, to June 30, 2008
\$440,000	July 1, 2008, to June 30, 2009
\$460,000	July 1, 2009, to June 30, 2010
\$480,000	July 1, 2010, to June 30, 2011
\$500,000	July 1, 2011, to June 30, 2013

Beginning July 1, 2013, the \$500,000 amount would have to be increased biennially on July 1 of the following odd-numbered year, by the lesser of 6% or the consumer price index, and rounded to the nearest \$5,000. The MCCA would have to calculate the biennial adjustment by January 1 of the year of its July 1 effective date.

Currently, each no-fault insurer must be a member of the MCCA. The MCCA must provide and each member must accept indemnification for 100% of the amount of ultimate loss sustained under personal protection insurance coverages in excess of \$250,000 in each occurrence. ("Ultimate loss" means the actual loss amounts that a member is obligated to pay and that are paid or payable by the member, and do not include claim expenses. An ultimate loss is incurred by the MCCA on the date that the loss occurs.

MCL 500.3104

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz