Please let me share with you a public service announcement by best-selling author and radio personality Mitch Albom.

*The following information is relevant to all Michigan drivers and their families.*

**Some background information**

As you may or may not be aware, there have been major rumblings by Michigan insurance companies lately, specifically regarding automobile insurance. Currently, the Michigan auto no-fault law provides Michigan drivers who have been injured in a catastrophic automobile accident with all reasonable and necessary goods or services for the care, recovery, or rehabilitation that are required as a result of the accident. This is the most comprehensive auto insurance coverage available in America.

How it works is simple. Each driver pays an assessment, or fee, as a part of his or her insurance premium (it varies from year to year) which is pooled together into a fund that is managed by the Michigan Catastrophic Claims Association (MCCA). The MCCA is established as a non-profit organization and has been ruled to be the “payer of last resort.” What this means is that insurance companies are liable for claims losses up to a set amount (currently $500,000) and the MCCA reimburses all claims losses above and beyond that threshold. So every driver pays in, the MCCA manages the pool and pays out necessary claims, and whatever is left over helps cover future claims.

The system has been working for Michigan for 40 years and has allowed Michigan citizens to receive the best services in the country. This model had been hailed as the best auto-insurance model in the country, until recently when insurers and the MCCA started declaring that the fund was unsustainable and in need of reform. There have been many attempts to pass legislation based on this premise. The only problem with these claims is that they are completely unsubstantiated.

The MCCA has not and will not provide *full* financial disclosure. There is a lawsuit in Ingham County Circuit Court that may finally make the MCCA “open the books.” The MCCA claims to be exempt from the Freedom of Information Act as a private non-profit organization, but the lawsuit challenges this as Michigan drivers are mandated by law to purchase auto insurance. Since drivers must purchase auto insurance, and the MCCA assessment is a component, all drivers are essentially mandated to make payments to the MCCA. As such, the MCCA should be deemed a public body under FOIA and should be forced to be fully transparent. A hearing was held Oct. 24, 2012, and a ruling from Judge Clinton Canady III should be forthcoming.

A ruling in favor of the public would require the MCCA to disclose some very important information:

1. The actuarial projection model used to determine future costs of claims, including estimated duration and estimated cost of care
2. The methods used to set assessment rates
3. Returns on investment – the MCCA is in charge of managing the public fund, they should be doing so efficiently
4. Compensation for administrators

All of these factors are essential to the financial viability of the Michigan Catastrophic Claims Association, and thus the Michigan Automobile No-Fault model as a whole. Without the hard numbers, how can the legislators vote either way on reform of this model?

Another issue at hand is the inherent conflict of interest for for-profit insurance companies. Every dollar that isn’t paid out to policyholders becomes another dollar of profit for the company. In a nutshell, the insurer who collects the most and pays out the least “wins.” This has led to an industry trend in “Delay, Deny, Defend” – meaning they first delay payment claiming pending investigations, deny benefits for any number of reasons, and then force the policyholder to litigate in order to recover any of their policy benefits.

The Coalition Protecting Auto No-Fault (CPAN) is a major advocate for protecting and preserving the commitment made by the Michigan legislature 40 years ago. Michigan.gov explains, “The Michigan no-fault system was adopted in 1973 to increase the level of benefits paid to injured persons, make sure such payments are made promptly, and reduce the proportion of premium dollars paid out for legal and administrative costs*.*”

CPAN consists of 15 major medical groups and 11 consumer groups and has made large headway in sharing information about the current state of Michigan Auto No-Fault. Much information is available at their website [www.DoTheMathMI.org](http://www.DoTheMathMI.org), including proposed bills, counter arguments and analysis of those bills, and how to contact your Senator or Representative to let them know your stance on the issue.

**This movement is starting to gain some serious footing with the media.**

**Michael Patrick Shiels** has done numerous segments on “The Big Show” covering these topics from a variety of angles and has pushed for transparency.

**Mitch Albom** has covered the subject for a while, has provided two PSAs for CPAN, and has called attempts to remove auto no-fault benefits “inhumane.”

**Frank Beckmann** has also pushed for transparency from the MCCA on his show on WJR.

**Channel 7 Action News** did a segment explaining how insurance companies are trying to put profits over policyholders. <http://www.youtube.com/watch?v=JJ5f3SH667Q>

**Crain’s Detroit Business** has published a few articles in this arena, including one titled “Claims Association Must Release Data” in which it calls MCCA’s proclaimed exemption from FOIA “laughable” and “disrespectful of the public interest.” <http://www.crainsdetroit.com/article/20120520/SUB01/305209985/claims-association-must-release-data>

**Anderson Cooper 360** has done a segment exposing insurance industry practices of accusing policyholders of fraud to deny or delay payment. <http://www.youtube.com/watch?v=zgoN6yW-3qw&feature=related>

**DBUSINESS**, an Hour Magazine affiliate, has published an editorial explaining at length the insurance companies’ practice of “Delay, Deny, Defend”. <http://www.dbusiness.com/DBusiness/November-December-2011/Delay-Deny-Defend/>

A Board Member and Spokesperson for CPAN, John G. Prosser II has been a major advocate and lobbyist for this cause. He has been interviewed on the radio, sent letters to editors, and has personally met with over 100 Michigan legislators to inform them of the severity of this issue. He is available for any further information and would be willing to do interviews or simply answer any questions you might have. His contact information is as follows:

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I hope you understand the severity of the situation and encourage you to cover these topics in whatever capacity you see fit. We cannot allow for private interests to supersede the public good. We must fight to preserve and protect Michigan drivers’ benefits.

Thank you for your time and consideration on this matter.

Sincerely,

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