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Lawsuit Seeks Michigan Auto Injury Claims Information

By TIM MARTIN | January 25, 2012

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A coalition fighting proposed changes to Michigan's auto insurance laws filed a lawsuit Monday seeking claims information from an association that handles medical bills for seriously injured accident victims.

The suit filed in Ingham County by the Coalition Protecting Auto No-Fault comes after the Michigan Catastrophic Claims Association denied a Freedom of Information Act request, saying it isn't subject to the law.

The Coalition Protecting Auto No-Fault says information related to the cost of claims and the age of claimants is needed for lawmakers to make informed decisions about proposed changes to state law. Bills pending in the Legislature would end Michigan's status as the only state that mandates uncapped medical benefit coverage for people seriously injured in auto accidents.

The coalition says that a 1988 state law exempting the Michigan Catastrophic Claims Association from the state's Freedom of Information act is unconstitutional because it was done improperly. The coalition says the law made changes in the state insurance code but not in the Freedom of Information law itself.

The Insurance Institute of Michigan says the catastrophic claims association is exempt from Freedom of Information law because it's a private entity, not a state agency. The insurance group says the money it collects comes from auto insurers and vehicle owners, not the state.

"The liability is with the companies individually," said Pete Kuhnmuench, executive director of the Insurance Institute of Michigan. "The state does not back up the MCCA."

The Coalition Protecting Auto No-Fault says the claims association, created by state law in the late 1970s, should be subject to more public scrutiny.

"It's the public's money and the public has a right to know all the facts about how their money is managed and whether what the public pays in premiums is adequate to handle future claims," coalition attorney George Sinas said.

The records fight is part of a broader battle about proposals in the Republican-led Michigan Legislature to change insurance laws.

All Michigan auto policyholders currently must buy unlimited medical benefits as part of their coverage. Regular auto insurance policies handle coverage up to \$500,000, after which all insured motorists are assessed a fee – now \$145 per vehicle – to cover more severe cases reimbursed through the MCCA.

The association covers medical bills for roughly 12,800 accident victims across the state. All auto insurance companies operating in Michigan are required to be members.

Bills pending in the state Legislature would allow motorists to choose among various levels of personal injury protection coverage, rather than mandating uncapped coverage.

Supporters of the changes, including the auto insurance industry, say it would allow motorists to opt out of more expensive coverage they can't afford or don't want. Insurers also are looking for relief in a system they say is growing increasingly expensive and threatening their finances.

The Coalition Protecting Auto No-Fault includes hospital and health groups, trial lawyers and other organizations. The coalition says the proposed changes would not guarantee rate reductions. Critics of the plan to allow capped coverage also say motorists opting for less coverage could wind up underinsured and in financial trouble if they're seriously injured.

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