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Accident Fund sees profit nearly triple in '07

Officials: Growth includes adding business in Ga., Va.

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Lansing State Journal

Accident Fund Insurance Co. of America's profit nearly tripled last year.

The Lansing based workers compensation insurer, a for-profit subsidiary of nonprofit Blue Cross Blue Shield of Michigan, earned \$98.2 million in 2007, according to figures from the Blues.

That was up from \$33.3 million in 2006.

Officials cited new business and internal efficiencies for the growth.

"We're growing across the country," spokeswoman Micki O'Neil said.

The company began actively seeking business in two additional states, Georgia and Virginia, she said. Accident Fund is licensed to do business in 43 states.

Accident Fund also acquired California-based insurer CompWest Insurance Co. in August 2007 and saw growth from its United Heartland subsidiary in New Berlin, Wis., O'Neil said.

Accident Fund accounted for more than half of the earnings for the Blues and its subsidiaries last year.

The Blues, based in Detroit earned \$152.2 million in 2007, down from \$210.2 million in 2006.

Blues officials said income from its for-profit subsidiaries, such as Accident Fund, helps the company offset losses in some of its health insurance businesses.

"Our subsidiaries and investments are delivering the income necessary to keep us operating in the black, at very low or negative margins, while keeping the pressure off health insurance premiums," Blue Cross President and Chief Executive Officer Daniel Loepp said in a written statement.

Blues officials are lobbying heavily to allow Accident Fund to expand beyond workers compensation into property and casualty insurance lines. Accident Fund, a former state agency sold in 1994, has been banned under state law from doing so because it's owned by the Blues.

The move is opposed by a coalition of other insurance companies, who say the Blues' dominance

in the health insurance market gives the company an unfair advantage.

Accident Fund in October 2007 announced a \$182 million plan to move its downtown Lansing corporate headquarters into the idled Ottawa Power Station.

The company has about 650 workers in Lansing and has said the new space would allow it to add 500 more workers in the next 10 to 15 years.

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