



**June 2, 2008**

## **HEALTH CARE: Blue Cross deal defended**

Michigan's [insurance](#) commissioner told state Rep. Virgil Smith, D-Detroit, on Monday that he considers legal the transfer of \$125 million last year from Blue Cross Blue Shield of Michigan to the Accident Fund, its for-profit subsidiary

The Accident Fund later bought a California [insurance company](#) for \$127 million.

The reply came the day that Blue Cross announced it had complied with a request by Attorney General Mike Cox seeking details about the stock transfer, said spokeswoman Helen Stojic.

Rusty Hills, spokesman for Cox, said Monday that the agency is analyzing the information from Blue Cross and had no further comment.

Cox had raised questions about whether this fund transfer was legal, or if the money should have been used to lower rates.

The letter to Smith by Ken Ross, commissioner of Michigan's Office of Financial and Insurance Regulation, noted that the office has interpreted Michigan law broadly to let Blue Cross operate the Accident Fund.

Smith, chair of the [House Insurance](#) Committee, said he hopes the ruling resolves the issue, and that two bills to let the Accident Fund sell more than workers compensation insurance -- now stalled in the Senate -- will be sent to the House.

Smith is the primary sponsor of legislation sought by Blue Cross to let the insurer operate more like commercial insurance companies.