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## **Michigan Insurance Companies to Legislators: Don't create a BLUESOPOLY!**

*Proposed Blue Cross Blue Shield expansion legislation would allow Blues to use their tax-exempt status to decrease competition and then increase rates on Michigan consumers*

(Lansing) A coalition of tax-paying, Michigan based, property casualty insurance companies attending a House Insurance Committee meeting today, blasted proposed legislation by tax-exempt Blue Cross Blue Shield to expand their network into any other business, including auto and home insurance, life insurance, medical clinics, subprime lending, sports teams, golf courses or any other business.

“ These set of bills have the potential of having a disastrous impact on the Michigan based insurers and the Michigan insurance market,” said Kurt Gallinger, Vice President and Counsel for the Amerisure Companies based in Farmington. “Allowing the Blues to enter other markets and use their tax-exempt status to unfairly compete, could drive out competition and eventually create a Blue Cross Blue Shield monopoly on all lines of insurance.”

Through the use of their tax-exempt status and preferential pricing controlling, Blue Cross Blue Shield already owns a monopoly status in the health insurance market – controlling 70% of the available health care market.

Michigan's property casualty insurers are asking the state legislature to take a look at potential unintended consequences of creating a BLUESOPOLY:

**Don't let the Blues operate like a private business...but pay taxes like a charity**  
These bills seek to convert BCBS from a special purpose, tax-exempt, charitable, non-profit organization into a special purpose, tax-exempt, charitable, for-profit group and deprive the State of Michigan of the value of the BCBS corporate charter and goodwill.

(more)

California reportedly received \$3 billion for the privatization of its Blues plan. Michigan should be looking for at least that much rather than giving away the ship with these bills.

**Legislation would renege on the state's promises on the Accident Fund**

These bills would eviscerate the statutory limitations and safeguards that were adopted when the Blues were permitted to purchase and privatize the Accident Fund. BCBS, the Accident Fund and its affiliates would, for the first time, be permitted to use BCBS tax-free dollars to compete with the private sector in areas other than workers compensation insurance.

**Beware of unintended consequences**

Any legislator, who professes to believe in market forces rather than state-sponsored market interventions, needs to carefully evaluate these bills and think about the proper role for BCBS as Michigan's tax-exempt, non-profit health care corporation. BCBSM wants a level playing field with the rest of the individual health insurance market, while retaining their tax-exempt status. At a minimum, these bills should be thoroughly vetted and studied in a deliberative process that is not rushed.

"If passed, these bills will end up leaving Michigan with less competition, fewer choices and higher insurance costs," Gallinger told the committee. "The legislature should study the unintended consequences of creating the first Bluesopoly in history."

*Gallinger testified on behalf of a growing coalition of Michigan based property casualty companies, including Amerisure Companies, Citizen's Insurance, Auto-Owners Insurance, AP Capital, and Frankenmuth Mutual. Michigan based firms write approximately 48% of the Michigan's property casualty insurance.*

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