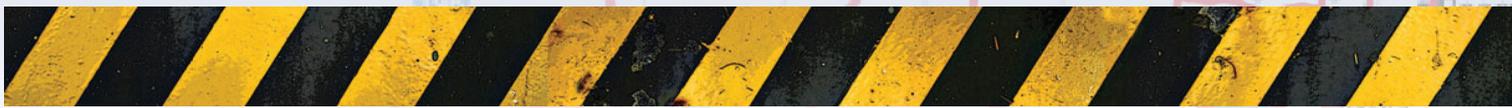




Roadmap to Success

2012 Annual Report



216 North Chestnut St. | Lansing, MI 48933 | (517) 882-1096 | www.CPAN.us | www.ProtectNoFault.com

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Message from the President



Former President Bill Clinton once said this when confronted with a challenge: *"If you voluntarily quit in the face of adversity, you'll wonder about it for the rest of your life."* Thankfully, those of us who support Michigan's auto insurance system have continued to stand our ground and hold strong against one of the state's most powerful lobbies.

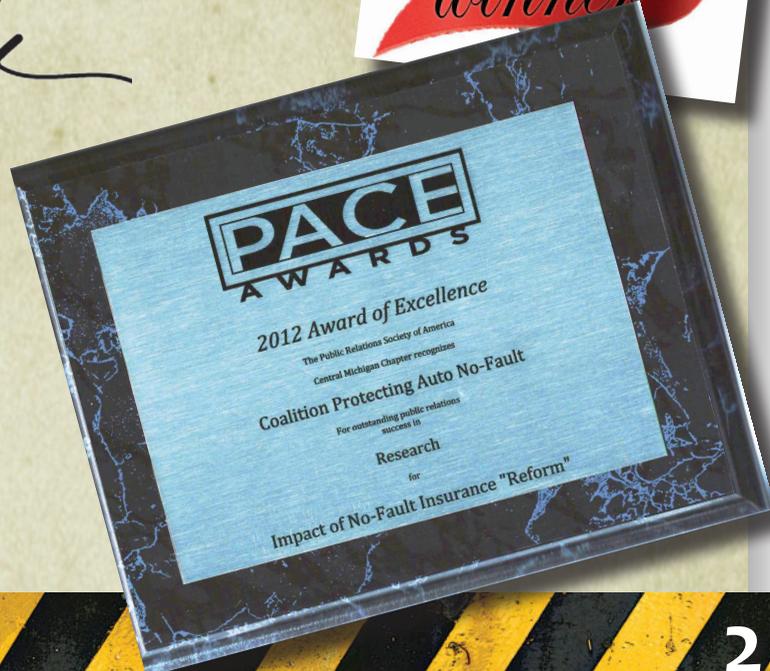
Our consistently unified effort – inside the Capitol and out – has helped preserve auto injury benefits and payments to providers to treat injuries. Anything less would have been catastrophic to the future of this system and the thousands of people who benefit from it each year.

Throughout 2012, CPAN remained active in the courts (winning an open records lawsuit against the Michigan Catastrophic Claims Association), engaged a sizable audience through social media, coordinated more than 100 meetings with legislators, held a dozen town hall events statewide, and supported a vigorous letter writing campaign to lawmakers and local newspapers.

Needless to say, there's plenty of work ahead. Our opponents are gearing up for an even more aggressive campaign in 2013, and an industry-friendly GOP Legislature, court system and governor gives our opponents an edge that will be challenging to overcome. But, as long as CPAN members stay true to their mission and resolute in the face of adversity, we'll be able to sustain the best no-fault auto insurance system in the country.

Thank you to all of our members for their hard work in 2012, now let's keep our momentum going into 2013!

A handwritten signature in black ink that reads "John Conrath".



2012 Legislative Activities



Kevin A. McKinney
CPAN Legislative Consultant

2012 saw the second half of Michigan's 96th Legislative Session close with no major action on insurance industry-proposed changes to Michigan's auto no-fault system. CPAN was able to stifle draconian reforms to no-fault despite the continued strong interest by the Speaker of the House, the Senate Majority Leader, the Governor's staff and both the House and Senate Insurance Committee Chairs. This demonstrates the collective strength of our membership and the impact our unified voices can have inside the State Capitol.

CPAN coordinated a 26-member lobbying team that held more than 100 one-on-one meetings and educated members of the legislature about the impacts proposed legislation would have on accident survivors, health care providers and state taxpayers.

Throughout the year, CPAN urged legislators to make data-driven decisions about auto no-fault, and the research funded by CPAN and its members in 2011 was once again crucial to supporting our positions. We engaged policymakers on the need to first substantiate claims of the MCCA's financial instability before making drastic changes to the no-fault system and urged for transparency. Lawmakers agreed and were not willing to accept the unproven claims made by insurance industry lobbyists.

In addition to continuing to advocate against **House Bill 4936** – introduced in 2011 by Insurance Committee Chairman Pete Lund to enact fee schedules, impose a life time cap on PIP benefits and cut attendant care – CPAN was involved in several legislative battles:

House Bills 4993, 5587, 5588, 5589: These bills would disqualify or exempt a person from PIP coverage under certain circumstances. Even though the bills did get enough support to be reported out of the committee, CPAN was able to prevent the bills from moving on the house floor.

House Bill 5864: This bill would have created a tort threshold so high that it would have made it almost impossible for an injured individual to seek non-economic loss (quality of life) damages from a negligent or reckless driver. A quick and strongly worded letter from CPAN was effective in providing legislators with the information needed to oppose this insurance industry-backed proposal.

House Bill 5701: This bill would have created an anti-fraud authority funded by a per auto policy assessment on each insurer. CPAN raised serious concerns about the bill, including the lack of a health care provider or consumer advocate on the board, the fact that policy holders would be forced to fund the authority, and that it would have been exempt from Michigan's sunshine laws. Most importantly, the bill did not address fraud in a fair or balance manner by ignoring wrongful denial of claims by insurers. With some modifications that were added on the House floor and with a few additional amendments needed, CPAN could have supported the measure, but it failed to move during lame duck session.

While CPAN did not engage in any of the State House election campaigns, several CPAN member organizations were highly active. Members reported to CPAN that they provided more than 85 "walking days" by volunteers for no-fault friendly candidates during the primary and general elections.



Looking into 2013, CPAN sees an opportunity to move from a defensive strategy to a more pro-active agenda. In the new legislative session CPAN will look for our own solutions to address affordability and cost containment, create a fair and balanced tort threshold and prevent insurance fraud. We have no doubt that the insurance industry will continue to aggressively push its own agenda of draconian cuts to no-fault, but CPAN has proved that it has a powerful message and a strong voice inside the capitol. We will be ready for 2013.

Public Awareness and Advocacy



**Gutting No-Fault
= \$30 million cost
to taxpayers**

DoTheMathMI.org

Don't tread on MI Auto No-Fault!

Paid for by the Coalition Protecting Auto No-Fault

CPAN's 2012 public relations efforts relied on a comprehensive set of communications tools and tactics to ensure the coalition's message was delivered statewide on a clear and consistent basis. With the main goals of countering the insurance industry's misleading messages and preventing the passage of draconian changes to the state no-fault system, CPAN revived its 2011 "Do The Math" campaign to great effect.

The "Do The Math" paid media campaign included radio ads, billboards, and online ads targeted in key legislative districts. All ads were timed to correspond with the legislature's schedule. For example, CPAN's "Do The Math" billboard was purchased in a prominent location just blocks from the State Capitol Building and displayed in the days surrounding Gov. Snyder's State of the State address. This ensured CPAN's message was seen by all policymakers who came to Lansing to attend the speech.

CPAN also earned free media coverage by holding several news conferences that focused on the need for transparency at the Michigan Catastrophic Claims Association.

One such news conference announced the coalition's lawsuit that aimed to open the MCCA to the Freedom of Information Act, which gained statewide news, radio and TV coverage.

Another important news conference highlighted research commissioned by CPAN and conducted by former economist and insurance regulation expert Birney Birnbaum to research the

Michigan Catastrophic Claims Association's financial statements. This news conference pointed out that the MCCA has \$14 BILLION in assets that appear to be growing – not shrinking – and added important credibility to CPAN's argument about the need for lawmakers to ensure they have all the facts before voting on changing no-fault.

CPAN's social media presence also grew significantly in 2012, with a base of online followers now reaching into the thousands. The fact that CPAN's online user engagement rate far exceeds the industry average is a testament to the dedication of our members and the timely, thoughtful and fact-based content CPAN provides.



Martha Levandowski, Administrative Director, and John Cornack, CPAN President work the CPAN booth at the BIAMI Fall Conference.

While our online communications were strong, CPAN made sure to also interact on a face-to-face level with lawmakers and no-fault stakeholders across the state. CPAN held 12 town hall events throughout the state, a statewide seminar in Lansing and spoke at several conferences and events.

Combined, these activities were critical to generating strong grassroots support for protecting Michigan's no-fault system. Our efforts were not only recognized by lawmakers who heard directly from hundreds of constituents as a result of our campaign, but also by other organizations as well. The Michigan Society of Association Executives awarded CPAN a Diamond Award for its work in government relations, and the Central Michigan Chapter of the Public Relations Society of America recognized CPAN for its use of research in its public relations activities.

Statewide No-Fault Town Hall Meeting



There is auto no-fault legislation currently pending in Lansing that would significantly alter Michigan's current no-fault insurance system. This legislation would cap injury benefits as low as \$500,000 for accident victims. Research shows this cap would cost millions of taxpayers. The bill also requires workers' compensation fees scheduled to be applied to auto injury claims, which would cost Michigan households an average of \$12 million annually. While these reforms will provide cost savings for insurance companies, the bill does nothing to require a reduction in costs for consumers. Join us for this Statewide Auto No-Fault Town Hall to learn more.

Presentations planned for this half day event include:

Where Does the Legislation Stand?

Kevin McKinney, CPAN Legislative Consultant

The Attack on Michigan's Model No-Fault System

George Sinas, CPAN General Counsel

Legislators Share Their Perspectives

House Minority Leader Kate Segal, Rep. Mike Callon, & TBA

Do the Math - The Campaign to Spread the Truth

About the Impact of Destroying Michigan's No-Fault System

John Tuscott, Treasurer

Your Voice Counts - A Call to Action

Michael F. Dabbs, BIAMI

The Power of Knowing

CPAN Members share their stories of advocacy

Please plan to attend the CPAN Auto No-Fault Statewide Town Hall and Annual Meeting

Wednesday March 28 8:45 am to Noon (Registration starts at 8:15 am)

at the Radisson Hotel Lansing 111 N. Grand Avenue Lansing, MI 48933

There is No Cost to attend, but seating is limited to the first 350 people, so sign up early!

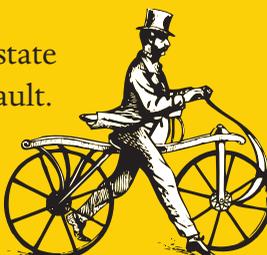
To register, [click the link](#) in this email or call 517-882-1096.



Presenting Sponsor: While at the Town Hall, send a letter to your legislator at the CPAN cyber cafe, document your personal story and share it with others at the Faces & Feet Stories video interview booth, make a difference and sign-up at the volunteer opportunities table.

Bikes work for Mackinac.

The rest of the state needs auto no-fault.



ProtectNoFault.org



Don't Tread on MI Auto NO-FAULT

ProtectNoFault.org



Judicial Action

2012 proved, once again, that the insurance industry is not content to attack Michigan's no-fault system in the legislature alone. Insurance companies are vigorously pursuing court rulings that would achieve the same negative results as legislation. To counter these attempts to judicially legislate the dismantling of Michigan's no-fault system, CPAN has remained very active in the courts.

By filing amicus curiae briefs in cases moving through the court system CPAN continues to stand up for accident survivors and health care providers while also fighting to prevent court rulings that would negatively impact the future of our state's no-fault system.

CPAN was also able to go on the offensive with a lawsuit of its own in 2012. In the case of the Coalition Protecting Auto No-Fault and the Brain Injury Association of Michigan v the Michigan Catastrophic Claims Association, CPAN obtained one of the most significant auto no-fault insurance decisions in years.

For years, CPAN and its allies have been asking the MCCA to share more information about how it manages the billions of dollars it controls and explain why the annual assessment charged for each vehicle in Michigan (\$175 in 2012) has continued to increase. Each time CPAN asked for detailed information about MCCA finances, we were told that the Association was a private nonprofit entity and had no legal duty to disclose any additional information than what was provided on its website. Fortunately, Judge Canady saw the lack of merit in the insurance industry's position. Canady ruled that:

- The MCCA is a "public body" for purposes of FOIA; and
- Following the rationale articulated in *Shavers v Kelley*, Michigan citizens have a right to know how the MCCA rate charged to insurers is calculated, because citizens ultimately end up paying that rate as part of the premium charged by the insurers. Specifically, pursuant to the constitutional principles articulated in *Shavers*, the MCCA must disclose general rate calculation information such as amount of funds contained in MCCA reserves, number of claimants, administrative costs, nature and type of investments of the reserves, amount currently paid by insurers and specific accounting as to increase/decrease in yearly rate calculated, etc.

The MCCA has recently appealed this decision to the State Court of Appeals. If the decision holds, CPAN will assemble a group of consultants with the expertise to help us identify the MCCA financial data that should be produced. These experts will thoughtfully, methodically, and responsibly investigate the MCCA's finances and advise us about the information necessary to fully assess the status of the MCCA and the appropriateness of its annual premium increases.



George Sinas, CPAN General Counsel, speaks at the 9th Annual No-Fault Institute



George Sinas, Professor Noah Hall, and Judge James Giddings preparing for MCCA lawsuit oral arguments.

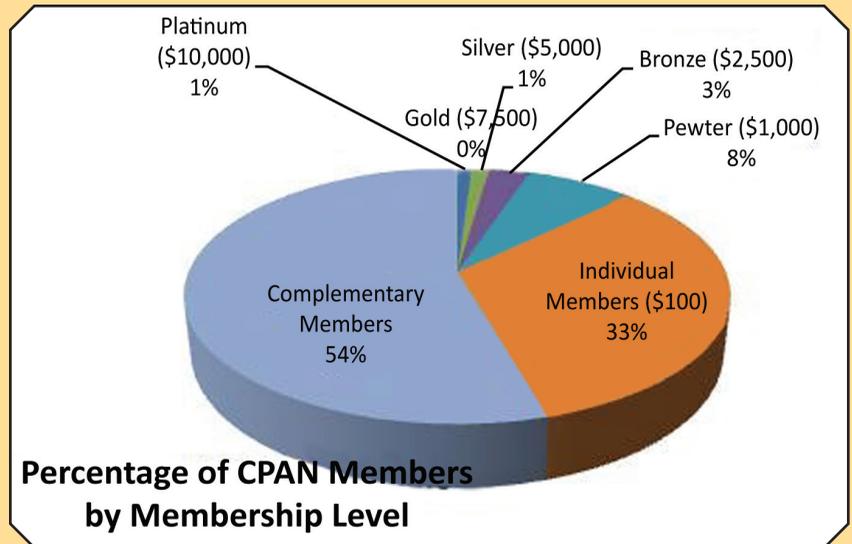


2012 Financial Report

CPAN Membership

CPAN's 498 members include a wide variety of state associations, private businesses, professionals and consumers.*

*membership data as of 12/30/2012



CPAN Finances

2012 Membership Revenue \$328,365.01

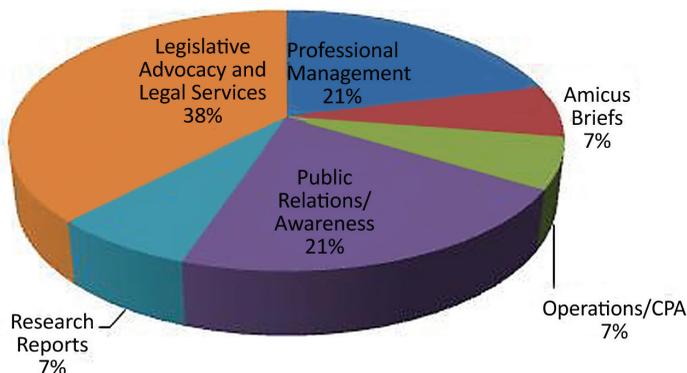
Membership Income \$328,181.88
Interest \$ 183.13

Total Expense \$374,259.27

Public Awareness \$79,514.67
Research Reports \$26,354.92
Legislative Advocacy and Legal \$136,530.16
Professional Management \$84,475.00
Amicus Briefs \$23,875.01
Operations & CPA \$23,509.51

Revenue Less Expenses (\$45,894.26)

CPAN Expenses as a Percentage of Total Budget



ACTIVE ASSOCIATIONS:

1. Michigan Academy of Physician Assistants
2. Michigan Academy of Family Physicians
3. Michigan Assisted Living Association
4. Michigan Association of Chiropractors
5. Michigan Health and Hospital Association
6. Michigan Home Health Association
7. Michigan Association of Neurological Surgeons
8. Michigan Dental Association
9. Michigan Orthopaedic Society
10. Michigan Osteopathic Association
11. Michigan Orthotics and Prosthetics Association
12. Michigan Society of Oral & Maxillofacial Surgeons
13. Michigan State Medical Society
14. Michigan Nurses Association
15. Michigan Rehabilitation Association
16. Michigan Association for Justice
17. Michigan Podiatric Medical Association
18. Michigan Independent Case Management Council

CONSUMER GROUPS

1. Michigan Citizen Action
2. Disability Network of Southwest Michigan
3. Michigan State AFL-CIO
4. Brain Injury Association of Michigan
5. Michigan Brain Injury Providers Council
6. Paralyzed Veterans of American Michigan
7. Michigan Protection and Advocacy Service
8. Michigan Disability Rights

CPAN Leadership

OFFICERS

President – John Cornack, MBIPC/Eisenhower Center
1st Vice President – Colin J. Ford, Michigan State Medical Society
2nd Vice President – Jane R. Bailey, Michigan Association for Justice
Secretary—Michael Dabbs, Brain Injury Association of Michigan
Treasurer – Carl Alden, Michigan Association of Chiropractors



EXECUTIVE COMMITTEE

Michigan Brain Injury Providers Council, MBIPC (John Cornack)
Michigan State Medical Society (Colin J. Ford)
Michigan Association for Justice (Jane R. Bailey)
Brain Injury Association of Michigan (Michael Dabbs)
Michigan Association of Chiropractors (Carl Alden)
Michigan Health and Hospital Association (Laura Appel)
Michigan Orthopaedic Society (Bill Kandler)
MBIPC (Margaret Kroese)
George T. Sinas—Sinus, Dramis, Brake, Boughton, & McIntyre—General Counsel (ex-officio)
Kevin A. McKinney—McKinney and Associates—Legislative Consultant (ex-officio)

BOARD OF DIRECTORS

Americare Medical (Greg Boyajian)
Brain Injury Association of Michigan (Michael Dabbs)
Eisenhower Center (John Cornack)
Michigan Academy of Physician Assistants (Mike DeGrow)
Michigan Association for Justice (Jane Bailey)
Michigan Association of Chiropractors (Carl Alden)
Michigan Brain Injury Providers Council (Margaret Kroese)
Michigan Citizen Action (Linda Teeter)
Michigan Dental Association (Bill Sullivan)
Michigan Health and Hospital Association (Laura Appel)
Michigan Nurses Association (Ken Fletcher)
Michigan Orthopaedic Society (Bill Kandler)
Michigan Orthotics & Prosthetics Association (Jan Stokosa)
Michigan Osteopathic Association (Kris Nicholoff)
Michigan Paralyzed Veterans of America (Michael Harris)
Michigan Rehabilitation Services (Jenny Piatt)
Michigan Independent Case Management Council
(Linda Michaels Gruber)
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Spectrum Health (Cindy Barrus)
Michigan Protection and Advocacy (Michelle Mull)
George T. Sinas—Sinus Dramis, Brake, Boughton, & McIntyre
General Counsel (ex-officio)
Kevin A. McKinney—McKinney and Associates
Legislative Consultant (ex-officio)



ADMINISTRATIVE DIRECTOR

Martha Levandowski

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Phone/Fax: (517) 882-1096

www.CPAN.us

Lansing, MI 48933

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COALITION PROTECTING AUTO NO-FAULT

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