



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
DIRECTOR

October 23, 2007

Cynthia Irwin, Executive Director
Jeffrey Nyquist, General Counsel
Michigan Education Special Services Association
1475 Kendall Blvd., P.O. Box 2560
East Lansing, MI 48823-2560

VIA FACSIMILE

Re: Proposed changes to 1996 Settlement Agreement between
MESSA and Michigan Insurance Bureau

Dear Ms. Irwin and Mr. Nyquist:

MESSA has requested that the Office of Financial and Insurance Services agree to changes to the 1996 Settlement Agreement between MESSA and the Michigan Insurance Bureau. As you will recall, our respective staffs met to discuss these changes.

The Office of Financial and Insurance Services (formerly the Michigan Insurance Bureau) agrees that the changes you requested in your June 30, 2006 letter and in subsequent discussions are reasonable. Consequently, the Settlement agreement is modified in these respects:

- The net asset limitations referenced in sections 2 and 3 of the Settlement Agreement are lifted.
- In light of the passage of the Public Employees Health Benefit Act (Public Act 106 of 2007) concerning the disclosure of claims utilization and cost information, there seems no need to separately list the BCBSM portion of MESSA's rates. Accordingly, that requirement in section 3(f) of the Settlement Agreement is discontinued.

If you have any questions about these issues, please let me know.

Sincerely,

Frances K. Wallace
Chief Deputy Commissioner