



*By Grace Hough, Policy Intern*

Michigan has some of the highest rates of auto insurance in the nation. Insurance rates vary widely around the state, depending on various factors and discounts. To try to address this issue, the Michigan House of Representatives has introduced two separate plans for auto insurance reform

The first plan, House bill 5013, which reforms auto no-fault insurance, had a hearing in the House Insurance Committee on October 26<sup>th</sup>. As introduced on September 26<sup>th</sup>, consumers would be able to choose between coverage up to \$500,000, coverage up to \$250,000, and unlimited medical coverage for catastrophic injuries. This would result, proponents claim, in an average of 20% in savings for comprehensive policy holders, 50% in savings for basic policy holders, and an average saving of \$800-\$1,000 for seniors.

It was reported from committee 9-5 with an amendment to include guaranteed reductions on premiums for all drivers (see table below). Retirees may see up to a 35% cut to premiums. Medical fees will be set at 100% or 125% of Medicare rates. Senior citizens may choose to use Medicare instead of auto insurance. The savings would be required for five years under the bill.

<b>Personal Injury Protection (PIP)</b>	<b>Percent Cut in Premiums</b>
\$250,000	40%
\$500,000	20%
Unlimited	10%

Those who are opposed to the bill claim that it is just a pad for insurance company profits. Others argue that hospitals will not be able to provide necessary amounts of care—especially outpatient treatment. Motorcyclists are one group which may not be covered if HB 5013 passes. Under no-fault auto insurance they were covered by the insurance of the motorist they had a collision with. They are still covered, but now their fate rests with the choice of PIP by the motorists. In addition, potential supporters have delayed support for the bill because of “non-driving” factors, already in place in the current no-fault law, which remain unaddressed.

A competing package of bills with bipartisan support was introduced by the Coalition Protecting Auto No Fault (CPAN) on October 12<sup>th</sup>. HB 5101-5111 are more comprehensive and detailed in their approach. The details of the individual bills, as introduced by CPAN and championed by Rep. Frederick & Rep. Laskinski are summarized in the table below (Gongwer).

<b>Bill Number</b>	<b>Description</b>
<b>HB 5101</b>	Creates oversight board and provides appointment of independent examiners for medical examinations.
<b>HB 5102</b>	Increases mini-tort liability to \$5,000 from \$1,000.
<b>HB 5103</b>	Prohibits catastrophic claims associations from claim adjusting. Continues biennial adjustment.
<b>HB 5104</b>	Enacts fee schedules for medical costs at 185% of maximum amount payable under

	schedules of fees for worker's compensation.
<b>HB 5105</b>	Miscellaneous changes to payment of allowable expenses.
<b>HB 5106</b>	Revises effect of fraud on certain claims for benefits and makes miscellaneous changes to payment of allowable expenses.
<b>HB 5107</b>	Certain subrogation rights limited and promulgation of rules required to determine appropriateness of rate reductions for coordinate coverage.
<b>HB 5108</b>	Enacts requirements for attendant care. Payment limited to \$15/hour unless specific injuries were sustained.
<b>HB 5109</b>	Revises residual tort liability.
<b>HB 5110</b>	Modifies time to commence action for recovery of personal injury protection, extending it to 3 years instead of 1 year.
<b>HB 5111</b>	Prohibits rates based on certain discriminatory factors: zip codes, sex, marital status, race, creed, national origin, religion, age, employment or occupation, education level, home ownership, consumer credit information/score, absence of prior insurance, any measure of consumer's price elasticity of demand, level of income or wealth.

With bipartisan support for both HB 5013 and the competing package of bills (HB 5101-5111) it is likely that discourse over auto insurance reform will be lively.