



News & Analysis from The Center for Michigan

Guest column: Eight steps that will lower auto insurance rates

By Steven Gursten/Motor Vehicle Trial Lawyers

If the [goal of reforming](#) Michigan's "No Fault" system is to lower auto insurance prices for Michigan drivers, then we need to focus on "reform" proposals that will truly help Michigan drivers save money on car insurance.

The insurance industry has wanted to push ideas that would slash drivers' legal protections and No Fault insurance benefits, but that would guarantee drivers nothing in the way of savings.

But we can do both. We can dramatically lower our auto insurance rates and keep the nation's best insurance system in the nation intact. In light of Gov. Rick Snyder's recent call for "a thoughtful way" to reduce "the high auto insurance costs," here are my suggestions, based upon my experience as an insurance lawyer in this state for nearly 20 years:

1. Bring back the "Buyers' Guide to Auto Insurance."

It's been more than four years since the Office of Financial and Insurance Regulation published its "Buyers' Guide to Auto Insurance," which provides auto insurance consumers with extensive, detailed rate information for approximately 60 Michigan auto insurers in 16 major Michigan cities. Michigan's No Fault Law should be amended to require the guide's annual publication.

2. Michigan's insurance commissioner should do an updated "excessiveness" study of Michigan's auto insurance prices.

It's been more than seven years since Michigan's insurance commissioner conducted an "excessiveness" study of Michigan's auto insurance prices. Michigan's No Fault Law should be amended to require regular "excessiveness" studies.

3. Give Michigan auto insurance consumers a "money back" guarantee.

If Michigan auto insurance consumers don't spend at least 80 percent of their insureds' premium dollars on No Fault insurance benefits for their insureds, then those insureds should get their money back. A No Fault 80/20 loss ratio rule could be modeled on the federal Affordable Care Act's 80/20 Medical Loss Ratio Rule.

4. Alternatively, Michigan's No Fault Law should require No Fault auto insurers to disclose annually the percentage of each premium dollar that is returned to customers in the form of payouts on No Fault claims.

5. Michigan's No Fault Law should require annual disclosure and publication of No Fault claims trends.

In addition to the average Michigan No Fault claim cost, the public should know about the trends for the number of premium-paying insureds, the frequency of claims and the frequency and amount of claims payouts

6. Restore the usefulness of the Michigan Consumer Protection Act (MCPA) to deter anti-consumer claims-practices by auto insurance companies.

Under existing Michigan law, auto insurers are exempt from the MCPA's prohibitions against "[u]nfair, unconscionable or deceptive" business practices.

7. Michigan's No Fault Law should be amended to prohibit auto insurer "Bad Faith."

For No Fault auto insurers who fail to deal fairly and in good faith with insureds claiming No Fault benefits, they should be subject to compensatory, consequential and exemplary damages, including litigation costs and attorney fees.

8. Michigan's No Fault Law should be amended to allow "Punitive Damages" against wrongdoing auto insurers.

Michigan is only one of five states in the country that does not allow punitive damages.

These suggestions offer the path to real reform.

Steve Gursten is head of [Michigan Auto Law](#) and president of the Motor Vehicle Trial Lawyers Association.