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Other Voices

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Don't believe scare tactics on no-fault reform

Tricia Kinley



Tricia Kinley is executive director of the Insurance Alliance of Michigan.

A [recent column](#) in Crain's Detroit Business is filled with the same tired and overplayed untruths and distortions about Michigan's auto no-fault system pushed by the same special interests that were opposed to reform and profit off the status quo.

Here are the facts:

By statute, the Director of the Department of Insurance and Financial Services has full oversight and authority over insurance rates in Michigan. Rates in effect now were filed in the spring before a vote on auto no-fault reform legislation.

If your car insurance premium has increased this year, it's important to look at the different factors that can go into determining your premium. For instance, simple changes — such as adding a driver, buying a new car, moving or being involved in an accident — can impact your premium.

It's also important to note that, while the new law was passed in May, the most significant cost saving reforms don't go into effect until July 2020. The medical fee schedule, which will bring even more cost reductions, doesn't take effect until July 2021. Until then, medical providers will be able to continue dramatically overcharging for medical procedures related to auto accident injuries.

While it has its flaws, Michigan's new auto no-fault law cracks down on fraud and abuse, reins in overcharging by medical providers and gives consumers a choice in their level of medical coverage. The latter is something drivers in Michigan have not had since 1972.

For more than 40 years, drivers have been told they have to purchase unlimited, lifetime medical benefits with their car insurance. It didn't matter if they had health insurance through their employer, were covered under the Affordable Care Act or paid for Medicare.

Even with this new law, Michigan will still have the most generous benefits in the country. Unlimited, lifetime medical benefits will still be an option. And the lowest price tier available for those who aren't covered by Medicare or Medicaid, \$250,000, is still significantly higher than the next closest state that requires drivers to purchase medical benefits with their car insurance. That state, New York, requires drivers to carry \$50,000 in medical coverage.

Considering the source, it's not surprising to see a trial attorney bash the insurance industry. After all, trial lawyers, big hospitals and medical providers have spent decades profiting off the status quo that has made our state a haven for fraudsters and allowed medical providers to price gouge for procedures.

The status quo is no more after the Legislature and Gov. Gretchen Whitmer reached a compromise on a new law to overhaul Michigan's broken, outdated auto no-fault system. The new law isn't perfect, but it is a step in the right direction toward lowering auto insurance costs for drivers paying the most expensive premiums in the country.

While greedy trial attorneys and medical providers continue their scare tactics, Michigan's auto insurance companies are getting to work to implement this new law and deliver the savings drivers have been clamoring for and deserve.

Tricia Kinley is executive director of the Insurance Alliance of Michigan.