

Name: \_\_\_\_\_



DINNER & DIALOGUE

# CAR INSURANCE JUST FIX IT!

In Partnership With:



## INFORM. ENGAGE. ACT.

### AGENDA

May 02, 2019

- Introduction & Opening Clickers
- Guest Speaker:
  - Josh Rivera, University of Michigan Poverty Solutions
- Recent Updates
- Cost Drivers
- Push for Solutions
- Table Activities:
  - Focused Conversation
  - Trade-offs and Choices
  - Letter Writing



### LEAGUE OF WOMEN VOTERS OF DETROIT

The **League of Women Voters of Detroit** is a nonpartisan political organization that encourages informed and active participation in government. The League does not endorse candidates or political parties. It influences public policy through education and advocacy. We invite you to join us as we make democracy work in our communities.

[lwvdetroit.org](http://lwvdetroit.org)



### THE TAU ALPHA OMEGA CHAPTER OF ALPHA KAPPA ALPHA SORORITY, INC.

On March 23, 1991, the **Tau Alpha Omega Chapter of Alpha Kappa Alpha Sorority, Incorporated** was chartered in Redford, Michigan. The strength of Alpha Kappa Alpha Sorority, Inc., is maintained through the ability of its Chapters to progress and remain abreast of what's going on in our communities as well as in the workplace. Tau Alpha Omega is one of those chapters. By remaining a small, yet personable chapter, we have been effective at leveraging the talents and backgrounds of our Sorors, be they medical, educational, technological, business, or social. When talking with the first President of Tau Alpha Omega, Soror Victoria Scott, she exclaimed that one of her visions for the Chapter was that it would "evolve technologically and change with the times to meet the social needs of our communities." Tau Alpha Omega has exceeded that vision.

[akatao.net](http://akatao.net)



### THE DETROIT ALUMNAE CHAPTER OF DELTA SIGMA THETA

The **Delta Sigma Theta Sorority, Inc.** is a private, non-profit organization founded in 1913 by 22 college women on the campus of Howard University in Washington, D.C. Deltas are committed to public service with a primary focus on the Black community and to the constructive development of its more than 200,000 members. Since 1939, Detroit Deltas have built a rich legacy of dedicated service to the metropolitan Detroit community by promoting academic excellence, encouraging community and social activism, and providing solutions to community concerns. Our work is designed to ensure that the communities we serve — and the people who live in them — thrive. In the spirit of our 22 illustrious Founders, we are committed to "Building on the Legacy of Excellence" that is based on sisterhood, scholarship and service.

[detroitdeltas.org](http://detroitdeltas.org)



Detroit is the *most expensive* city and Michigan is the *most expensive* state for car insurance in the country! The average Detroiters pay 18% of their income towards car insurance with rates around \$5,000 annually, while in Chicago or Cleveland, drivers spend less than 4% of their income on car insurance.

## Mandatory No-Fault Insurance

All vehicles are required to carry auto insurance. No Fault insurance means that your own insurance company will cover Personal Injury Protection (pay your medical bills and lost earnings if you get in a car accident), regardless of who was at fault. **Michigan is the only state in the country that requires unlimited Personal Injury Protection coverage.**

## Coverages required by law



### Personal Injury Protection (PIP)

covers unlimited medical bills and three years of lost wages for the INSURED person.



### Bodily Injury and Property Damage (BI/PD)

covers medical bills and car repairs from non-resident lawsuits and residents who suffer serious injury or death



### Property Protection Insurance (PPI)

covers repair costs for OTHERS' PROPERTY up to \$1 million

## Common optional coverages



### Collision

covers auto repairs for YOUR VEHICLE



### Comprehensive

covers theft, vandalism, weather events, etc. to YOUR VEHICLE



### Uninsured Motorist

covers awarded settlements against an uninsured or underinsured driver

## BY THE NUMBERS: A DETROIT QUOTE

An annual quote provided online by a major auto insurer.

### 2005 CHEVY MALIBU

Address in 48225 ZIP Code (northeast Detroit)

10,000 miles driven per year

Basic coverage including comprehensive (theft) and collision coverage with \$1,000 deductibles



### TOTAL ANNUAL QUOTE:

**\$4,952**

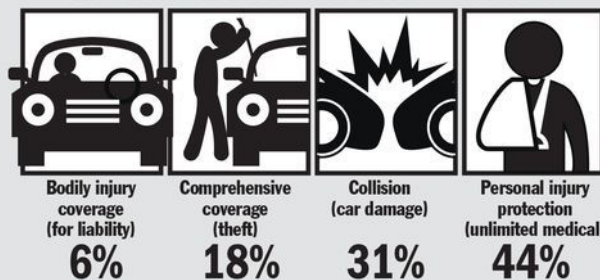
Personal injury protection	\$3,332
Collision	\$1,042
Bodily injury liability	\$260
Comprehensive	\$234
Property protection	\$60
Property damage liability	\$24

If the owner chose not to obtain collision and comprehensive coverage, the annual premium would be \$3,676

SOURCE: Pinnacle Actuarial Resources report from 2015, with rate quote provided by City of Detroit representative

The Detroit Free Press

## WHAT MAKES UP THE TYPICAL COST OF CAR INSURANCE IN DETROIT



SOURCE: Analysis by Pinnacle Actuarial Resources from 2015

The Detroit Free Press

# RATING FACTORS: WHAT DOES MICHIGAN LAW SAY?

When setting your premium, insurers are primarily concerned with *how likely you are to file a claim.*

**Rating Factors (one or more) required to be used:** required to be used (MCL 500.2111): "Must be based only on one or more of the following factors, which shall be applied on a uniform basis throughout this state."

## ALL INSURANCE COVERAGES

1. Age, driving experience, years licensed to drive	5. Vehicle characteristics, such as engine and safety features
2. The primary driver of vehicle	6. Daily or weekly commuting mileage
3. Average miles driven per week and/or year	7. Number of cars insured or number of licensed operators in household
4. Type of use, such as business, recreation or farm	8. Amount of insurance being purchased

## PERSONAL INJURY PROTECTION COVERAGE

1. Earned Income	3. Coordination of car insurance medical benefits with your health insurance
2. Number of dependents insured	4. Use of safety belt

## COLLISION AND COMPREHENSIVE COVERAGE

1. Anticipated cost of car repair or replacement (age, price, cost new, value)
2. Vehicle make and model
3. Vehicle damageability
4. Theft prevention devices

## ALL COVERAGES EXCEPT COMPREHENSIVE

1. Completion of accident prevention education
2. At-fault accidents
3. Convictions for violations of vehicle code, but only as long as Secretary of State carries points for that infraction

## Also permitted by law:

Grouping risks by territory zip code, frequently referred to as red-lining

Senior discount plan (over 65 and drive fewer than 3,000 miles annually)

## Premium Discount Plan (Michigan Law MCL500.2110a): THE LOOPHOLE that allows any factor to be considered

"If uniformly applied to all its insureds, **an insurer may use factors in addition to those permitted by section 2111** for insurance if the plan is consistent with the purposes of this act and reflects reasonably anticipated reductions or increases in losses or expenses."

Therefore, non-driving factors such as gender and marital status can be and are used to determine rates.

**!** You can advocate to repeal or reform the "loophole" law **!**

## WHY IS CAR INSURANCE SO HIGH IN DETROIT AND MICHIGAN?

Car insurance is a complicated issue in Michigan, with many factors that contribute to its high cost. The federal government recognizes 2% of individual income as the level of car insurance affordability (so if you earn \$30,000 per year, affordable car insurance would get \$600 per year). Yet, 97% of Michigan zip codes are paying more than that. **Pages 8 and 9 show the top seven cost factors that contribute to the high cost of car insurance, with possible solutions.**

*A few general things are clear....*

**Credit scores and your home address dictate your price...** Insurers use credit scores and zip codes to determine how likely drivers are to file a claim. These factors are treated as more important than a driving record and Detroiters suffer extremely high prices as a result.

**We have excellent medical benefits from our car insurance...**

The unlimited and required "PIP" medical benefits in Michigan cover all health problems you or others may experience from a car accident for the rest of your life.

**Car insurers often deny full payment...** Car insurers don't always send full payment of medical costs to medical providers.

**It can be a very profitable business for attorneys...** Some attorneys have made it their business to target victims of car accidents through advertising so they can represent them in lawsuits that seek health benefits or other damages.

**Across Michigan people are paying more for car insurance...** Even suburban communities are starting to feel more pain from increased car insurance rates.

**Medical providers charge more than they usually do...**

Clinics, medical offices, and hospitals bill healthcare services to car insurance providers at a much higher price than they bill health insurance providers.

**There is corruption...**

There have been news reports of chiropractors, 911 operators, lawyers, and other individuals taking advantage of this costly system to receive or provide healthcare that is unrelated to a car accident. Sometimes they deny benefits, illegally share accident information, and use false addresses to receive lower insurance rates.

### Report Fraud

A reduction in fraud can help to reduce insurance rates. Report Fraud to the Department of Insurance and Financial Services by calling 877-999-6442 or [DIFS-AntiFraud@michigan.gov](mailto:DIFS-AntiFraud@michigan.gov) or DIFS - Anti-Fraud Unit, 530 W. Allegan Street, 7th Floor, Lansing, MI 48933

# COST DRIVERS & REFORM IDEAS

COST DRIVERS	THE DETAILS	MICHIGAN'S SCENARIO
<b>1</b> <b>UNLIMITED MEDICAL COVERAGE</b>	<ul style="list-style-type: none"> <li>PIP Insurance covers all of your medical expenses and some wage loss after a car accident.</li> </ul>	<ul style="list-style-type: none"> <li>Michigan is the only state that mandates unlimited PIP benefits. Most states limit benefits to \$3,000 to \$250,000.</li> <li>MI allows family members to be paid as caregivers.</li> </ul>
<b>2</b> <b>MEDICAL PAYMENT RATES (FEE SCHEDULES)</b>	<ul style="list-style-type: none"> <li>Fee schedules are set rates that car insurers pay for medical procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Michigan does not have fee schedules, and car insurers pay a "reasonable and customary" charge with the inability to negotiate, which leads to numerous of lawsuits.</li> <li>Attorneys traditionally capture 33% of all medical costs won in lawsuits.</li> </ul>
<b>3</b> <b>ZIP CODE (TERRITORIAL RATINGS, REDLINING), CREDIT SCORES AND NON-DRIVING FACTORS</b>	<ul style="list-style-type: none"> <li>Car insurers use your territory as a major factor in pricing policies and the likelihood to file a claim.</li> <li>Insurers use a credit formula (not credit score) for how likely you are to file a claim.</li> <li>Insurers consider married couples, people with good credit, and home owners as less likely to file a claim.</li> </ul>	<ul style="list-style-type: none"> <li>Michigan law allows the use of territory, credit and other non-driving factors in setting car insurance rates (MCL 500.2111)</li> <li>High insurance prices in Detroit are largely, though not entirely, a result of these pricing factors.</li> </ul>
<b>4</b> <b>FRAUD OR ILLEGAL BEHAVIOR</b>	<ul style="list-style-type: none"> <li>Ordering unnecessary medical procedures</li> <li>Exaggerating auto repair costs</li> <li>Selling bogus or illegal insurance policies</li> <li>Claiming a different address for car insurance coverage</li> </ul>	<ul style="list-style-type: none"> <li>Michigan created a fraud unit by Executive Order in September 2018 to investigate and prosecute fraud in Michigan. The Anti-Fraud Unit accepts complaints from consumers and insurers.</li> </ul>
<b>5</b> <b>UNREGULATED INSURANCE PRICING</b>	<ul style="list-style-type: none"> <li>States have different levels of car insurance oversight. Michigan's insurance department is the Department of Insurance and Financial Services (DIFS)</li> </ul>	<ul style="list-style-type: none"> <li>Michigan uses a "File and Use" system where insurers must file their prices with the state prior to use, but can start charging these rates without state approval. Michigan can disapprove a rate but usually cannot require refunds if a rate is deemed to be excessive.</li> </ul>
<b>6</b> <b>MCCA</b>	<ul style="list-style-type: none"> <li>The MCCA handles PIP claims that exceed \$555,000, and is funded by an annual fee on each car, currently \$192 and set to increase to \$220 for costs above \$580,000 on 7/1/19 (MCCA 3-19-18)</li> </ul>	<ul style="list-style-type: none"> <li>The MCCA is not subjected to the Freedom of Information Act (FOIA) and currently runs a \$3.9 billion deficit.</li> <li>Insurers control the MCCA, which does not share its financial information or formulas.</li> </ul>
<b>7</b> <b>NO-FAULT</b>	<ul style="list-style-type: none"> <li>No Fault insurance means that your own insurance company will pay your medical bills and lost earnings if you get in a car accident, regardless of who was at fault</li> </ul>	<ul style="list-style-type: none"> <li>Michigan is one of 12 states that continues to use a no-fault insurance system.</li> <li>Colorado experienced a decrease in premiums after repealing no-fault.</li> </ul>



## POSSIBLE SOLUTIONS

- Cap benefits or allow for the option to cap benefits
- Create shared costs with claimant (i.e. co-pays, referrals, networks, etc.)
- Use fee schedules that are tied to another pricing rate such as Medicare or Workers' Comp
- Use arbitration rather than court lawsuits for settlement of medical fees paid by car insurers
- Cap family attendant care rates and medical transportation rates
- Place limits on use of territorial ratings, credit, and gender in car insurance pricing, such as mandating their use as a secondary factor or splitting each territory rating with the statewide average
- Repeal the loophole law that allows all factors in insurance ratings
- Allow for refunds to consumers who have proven improper charges from car insurers
- Shorten the current one-year time limit for accident victims to file for no-fault
- Switch the "File and Use" system to a "Flex Band" system that requires approval for increases in car insurance beyond modest increases
- Allow for consumer refunds from insurers if overcharges can be proven.
- Mandate that the MCCA board is subject to annual public audits and FOIA. The DIFS Director is on the MCCA Board.
- Repeal no-fault and replace with Tort car insurance

## NOTES:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

## GROUND RULES FOR DISCUSSION

- Be respectful.
- Participate. Be open, honest, and forthcoming.
- Don't dominate the discussion. Invite other points of view.
- Listen and try to understand various perspectives.
- Stay on topic and limit side conversations.
- Turn off cellphones or to vibrate.
- Be mindful of time!

After listening to the presentation on cost driving factors, we will first take some time to digest and reflect on the information you heard this evening, and get to a shared understanding of the facts with your table (questions 1 and 2, below). Then we will move on to a discussion about ways we can interpret the information and take action on the issue (questions 3 and 4).

### 1. OBJECTIVE

What did you **hear** that stood out to you?

---

---

---

---

---

---

---

---

---

---

### 2. REFLECTIVE

How do you **feel** about what you heard?

---

---

---

---

---

---

---

---

---

---

## FACILITATED TABLE DISCUSSION:

### 3. INTERPRETIVE:

If you were a state legislator, which of these would you **focus on** to reduce auto insurance premiums in Detroit?

- Control medical costs (unlimited Personal Injury Protection)
- Prohibit use of non-driving factors in setting premiums
- Cut fraud
- Eliminate no-fault insurance
- Any one of the above

### 4. DECISIONAL:

Will you take action for car insurance reform?

- Yes, I am interested in supporting a ballot initiative for car insurance reform
- Yes, I will reach out to multiple influencers on this issue
- Yes, I will reach out to an influencer on this issue
- All of the above
- No, car insurance is not a priority for me
- No, car insurance can not be changed through public participation



## Car Insurance Reform Trade-Offs

Table \_\_\_\_\_

### REQUIRED MEDICAL COVERAGE (PIP)

HIGHER COST,  
BETTER CLAIM BENEFIT

**UNLIMITED**

Lifetime (No Medicare)  
MI

**CHOICE**

Unlimited, \$500K, \$250K  
(Medicare for Seniors)

**\$250K**

(Medicare for Seniors)

**\$40K**

(Medicare for Seniors)  
MN

**\$5K**

(Medicare for Seniors)  
PA

**TORT SYSTEM\***

Lawsuits for Medical Benefits  
\*Not all Tort Systems are low cost  
OH

LOWER COST,  
LOWER CLAIM BENEFIT

### MEDICAL PROVIDER RATES

HIGHER COST,  
BETTER COVERAGE

**NO SET RATES**

MI MN

**185%**

of Workers Comp rate

**160%**

of Workers Comp rate

**WORKERS COMP RATE**

NY

**MEDICARE REIMBURSEMENT**

(Includes Copay)  
PA

**MEDICARE REIMBURSEMENT**

with limited family home care

LOWER COST,  
LOWER COVERAGE

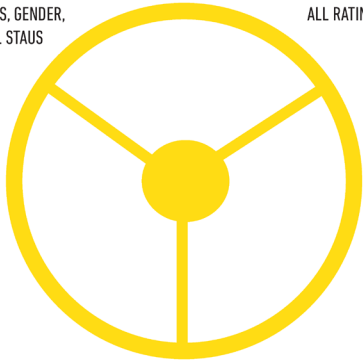


## Car Insurance Reform Choices

Table \_\_\_\_\_

### INSURANCE RATINGS FACTORS

**BAN**  
CREDIT SCORES, GENDER,  
& MARITAL STATUS  
MA



**ALLOW**  
ALL RATINGS FACTORS  
MI

**PRIMARY FACTORS**  
OF DRIVING HISTORY,  
MILEAGE, AND EXPERIENCE.  
NON-DRIVING FACTORS ARE  
SECONDARY  
CA

### FRAUD AUTHORITY

**STRONG**  
FRAUD AUTHORITY



**WEAK**  
FRAUD AUTHORITY

**MODERATE**  
FRAUD AUTHORITY



## The 2018 Divided Detroit Delegation


Detroit is represented by five Michigan senators and ten Michigan representatives. They directly represent us and can change state insurance laws, but in 2018 they were divided on the issue of car insurance.

The **previous legislature** considered major car insurance changes with House Bill 5013, which failed to pass by 11 votes from both Democrats and Republicans. The Detroit Delegation was split on this bill with four representatives voting “for” and five “against.”


HB 5013	YES	NO	ABSENT/ VACANT
HOUSE FLOOR VOTE (11.2.17)	45	63	1 VACANT
HOUSE DETROIT DELEGATION (10 MEMBERS)	<ul style="list-style-type: none"> <li>HON. WENDELL BYRD*</li> <li>HON. BETTIE COOK-SCOTT</li> <li>HON. LESLIE LOVE</li> <li>HON. SYLVIA SANTANA*</li> </ul>	<ul style="list-style-type: none"> <li>HON. STEPHANIE CHANG*</li> <li>HON. FRED DURHAL III</li> <li>HON. LATANYA GARRETT*</li> <li>HON. SHERRY GAY-DAGNOGO*</li> <li>HON. ROSEMARY ROBINSON</li> </ul>	1 VACANT

\*Currently serving in the legislature

Note: If HB 5013 would be considered today, two Detroit representatives who supported the bill and two who did not remain in the state House, alongside six new members. All of Detroit’s senators are newly elected, including two former representatives. One of these senators supported HB 5013; the other opposed it.



Call or write your representatives and tell them to get on the same page to fix car insurance



## Michigan State Senate

---



**STEPHANIE CHANG (D)**  
Senate District 1

senschang@senate.michigan.gov  
(517) 373-7346



**ADAM HOLLIER (D)**  
Senate District 2

senahollier@senate.michigan.gov  
(517) 373-7748



**SYLVIA SANTANA (D)**  
Senate District 3

senssantana@senate.michigan.gov  
(517) 373-0990



**MARSHALL BULLOCK (D)**  
Senate District 4  
**'Member of Senate Insurance and  
Banking Committee'**

senmbullock@senate.michigan.gov  
(517) 373-7918



**BETTY JEAN ALEXANDER (D)**  
Senate District 5

senbalexander@senate.michigan.gov  
(517) 373-0994

## Michigan House of Representatives

---



**TENISHA YANCEY (D)**  
House District 1

TenishaYancey@house.mi.gov  
(517) 373-0154



**JOE TATE (D)**  
House District 2

JoeTate@house.mi.gov  
(517) 373-1776



**WENDYLL BYRD (D)**  
House District 3

WendellByrd@house.mi.gov  
(517) 373-0144



**ISAAC ROBINSON (D)**  
House District 4

IsaacRobinson@house.mi.gov  
(517) 373-1008



**CYNTHIA A. JOHNSON (D)**  
House District 5

CynthiaAJohnson@house.mi.gov  
(517) 373-0844

## Michigan House of Representatives Continued



**TYRONE CARTER (D)**  
House District 6

TyroneCarter@house.mi.gov  
(517) 373-0823



**LATANYA GARRETT (D)**  
House District 7

LaTanyaGarrett@house.mi.gov  
(517) 373-2276



**SHERRY GAY-DAGNOGO (D)**  
House District 8  
**'Member of the House Insurance  
Committee'**

SherryGay-Dagnogo@house.mi.gov  
(517) 373- 3815



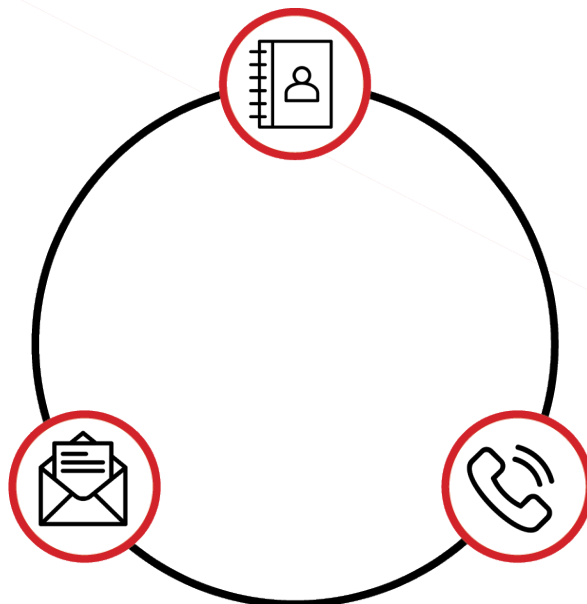
**KAREN WHITSETT (D)**  
House District 9  
**'Member of the House Select  
Committee on Reducing Car Insurance  
Rates'**

KarenWhitsett@house.mi.gov  
(517) 373-6990



**LESLIE LOVE (D)**  
House District 10

LeslieLove@house.mi.gov  
(517) 373-0857



### Mayor Mike Duggan's Lawsuit in U.S. District Court

Mayor Mike Duggan and eight other plaintiffs have filed a lawsuit suing the state Department of Insurance and Financial Services (DIFS is represented by Director Anita Fox) in federal court in an effort to change car insurance laws. The plaintiffs come from Detroit, Oak Park, Ann Arbor, Eastpointe, and New Haven and have varied car insurance experiences that represent an essential basis for the case: insurance is unaffordable across the state.



Claim: Michigan's No-Fault Act (and therefore its automobile insurance system) is unconstitutional under both the U.S. and Michigan constitutions, because insurance premiums have become unaffordable, violating the ability of residents to drive a motor vehicle.

Grounds for the claim:

- A 1978 Michigan Supreme Court ruling known as the "Shavers decision" says, if auto insurance is required by law, it must be available to motorists at "fair and equitable rates." (see page 22, 1978)
- A 2002 ruling in the Sixth Circuit Court of Appeals established a "fundamental right" to intrastate travel (according to the plaintiffs).

The Mayor is asking the court to throw out the 1972 No-Fault Act and grant the state six months to amend the Act. Its replacement must be fair and equitable which, according to their argument, would create access to the use of personal vehicles for citizens that are currently unable to drive because of the high cost of car insurance. **If the state is unsuccessful** in making these changes under the timeline, the Mayor's case asks for the No-Fault Act to be nullified and for Michigan to return to a tort-based car insurance system, where you must sue the at-fault driver for medical benefits. **Overall, this case is pushing for legislative changes to Michigan's car insurance system.**





In a February 7, 2019 hearing, Dee J. Pascoe, an Assistant Attorney General representing DIFS, and Dir. Hill, argued that the Sixth Circuit Court of Appeals ruling was “not tied to a particular means of travel.”

“There is no right to travel in your car,” Pascoe said.

Defense Position: The lawsuit should be tossed out on grounds that there is no federal due process (constitutional) violation.

“There is no federal right to car insurance ... it doesn't exist.”

-Assistant Attorney General Dee J. Pascoe, February 7, 2019, representing the defendant, the Department of Insurance and Financial Services

Judge George Caram Steeh for the U.S. District Court of the Eastern District, has yet to rule on the lawsuit, but has made comments about the case and asked Michigan leaders to do something about the condition of car insurance.

Lawmakers should “address what really is a shameful situation as it relates to the cost of our insurance coverage.”<sup>1</sup>


-Judge George Caram Steeh, February 7, 2019

<sup>1</sup> Chad Livengood, Crain's Detroit Business

## PROMOTE DISCUSSION

One way to promote discussion about court cases is by writing and submitting op-eds to local papers (e.g. Detroit Free Press or Bridge). Use about 500 words to make an argument for your position.

# ENACTING CAR INSURANCE REFORM, 2019 AND BEYOND

LEVER OF POWER	JURISDICTION	WHAT CAN WE DO?
<p data-bbox="358 312 607 344"><b>THE EXECUTIVE</b></p> 	<p data-bbox="699 327 1105 447">Execute enacted state laws (e.g., <i>no-fault auto insurance</i>)</p> <p data-bbox="699 499 1105 657">Manage state-level departments &amp; agencies (e.g., <i>Department of Insurance &amp; Financial Services</i> or “DIFS”)</p> <p data-bbox="699 709 1105 741">Possible Executive Actions:</p> <ul data-bbox="699 751 1105 909" style="list-style-type: none"> <li>• Executive Order</li> <li>• Executive Directive</li> <li>• Proclamation</li> <li>• Veto Power</li> </ul> <p data-bbox="699 961 1105 993">Action to Date:</p> <ul data-bbox="699 1003 1105 1455" style="list-style-type: none"> <li>• Governor Whitmer asked the Republican-led Legislature to fund and staff an anti-fraud investigation unit.</li> <li>• Governor Whitmer requested an audit of the MCCA Fund after it announced its latest annual increase.</li> </ul>	<p data-bbox="1135 369 1474 447">Demand some form of executive action:</p> <p data-bbox="1135 499 1531 741">Executive Order</p> <ul data-bbox="1135 541 1531 741" style="list-style-type: none"> <li>• <i>Example: Create an executive branch commission or agency ( e.g., anti-fraud investigation unit).</i></li> </ul> <p data-bbox="1135 793 1555 951">Executive Directive</p> <ul data-bbox="1135 835 1555 951" style="list-style-type: none"> <li>• <i>Example: an order to the DIFS describing how they should implement policy</i></li> </ul> <p data-bbox="1135 1003 1555 1203">Proclamation</p> <ul data-bbox="1135 1045 1555 1203" style="list-style-type: none"> <li>• <i>Example: Increase public awareness of a significant issue related to auto insurance reform.</i></li> </ul> <p data-bbox="1135 1255 1555 1413">Veto</p> <ul data-bbox="1135 1297 1555 1413" style="list-style-type: none"> <li>• <i>Example: Veto ineffective legislation brought forth by the legislature.</i></li> </ul>

## IMPORTANT CONTACTS

**Governor Gretchen Whitmer**  
 Phone: 517-373-3400  
 Phone: 517-335-7858 (Constituent Services)  
 Email: [migov@exec.state.mi.us](mailto:migov@exec.state.mi.us)

**Department of Insurance and Financial Services**  
 Director: Anita G. Fox  
 Phone: 517-284-8800  
 Email: [difs-info@michigan.gov](mailto:difs-info@michigan.gov)

**Function:** DIFS is the department within Michigan’s executive branch which is responsible for licensing, evaluating, regulating, and promoting the insurance and financial industries in Michigan. It manages consumer information and inquiries, and investigates consumer complaints. The Insurance Section is responsible for licensing, examining, investigating, and supervising insurance entities, including property, homeowner, and auto insurers.

**LEVER OF POWER  
THE LEGISLATURE**



**JURISDICTION**

Responsible for making laws and appropriating money (e.g., *No-Fault Act*)

Laws for car insurance are set at the state level.

Action to Date: 2019  
- Currently 13 pieces of legislation have been proposed in the House and Senate committees that could lower insurance rates

- 4 Senate proposals
  - SB 1, 4, 5, 11
- 9 House proposals
  - HB 4042, 4080, 4111, 4167, 4202, 4210, 4211, 4397, 4449

**WHAT CAN WE DO?**

Demand some form of legislative action:

- Call your representative
- Email your representative
- Write a letter to your representative

Follow proposed legislation in the Senate Insurance and Banking Committee and advocate for your preferences:

- <http://www.senate.michigan.gov/committee/insurance.html>

Follow proposed legislation in the House Insurance Committee and advocate for your preferences:

- <http://house.michigan.gov/MHRPublic/committee.aspx>

Share possible solutions for lower rates or tell your story at:

- [www.reducemiratesnow.com](http://www.reducemiratesnow.com)

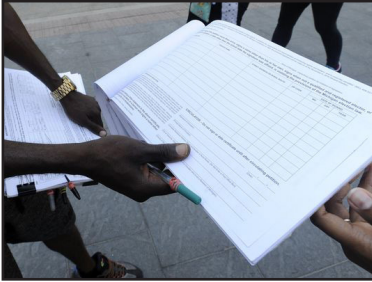
**IMPORTANT CONTACTS**

**State Senate Insurance and Banking Committee**  
Chair: Lana Theis  
(R) – District 22  
Phone: 517-373-2764  
Email: [senltheis@senate.michigan.gov](mailto:senltheis@senate.michigan.gov)  
Mailing Address:  
P.O. Box 30014 Lansing, MI 48909

**State House Select Committee on Reducing Car Insurance Rates**  
Chair: Jason Wentworth  
(R) – District 97  
Phone: 517-373-8962  
Email: [jasonwentworth@house.mi.gov](mailto:jasonwentworth@house.mi.gov)  
Mailing Address:  
P.O. Box 30036 Lansing, MI 48909

**State House Insurance Committee**  
Chair: Daire Rendon  
(R) – District 103  
Phone: 517-373-3817  
Email: [DaireRendon@house.mi.gov](mailto:DaireRendon@house.mi.gov)  
Mailing Address:  
P.O. Box 30036 Lansing, MI 48909

**Functions:** The House and Senate insurance committees receive bills that are introduced and referred to them by legislators. Committee members discuss, debate, and make changes to these introduced bills. Citizens can contact committee members about bills or proposals that are before the committees. When the majority of committee members are satisfied with the bill, it is sent before the full House and Senate for further deliberation. When a bill finally passes both chambers, it is sent to the governor for approval.

LEVER OF POWER	JURISDICTION	WHAT CAN WE DO?
<p data-bbox="61 285 407 359"><b>THE PEOPLE &amp; DIRECT DEMOCRACY</b></p>  <div data-bbox="66 968 315 1031" style="border: 1px solid black; padding: 5px; margin: 10px 0;"><b>IMPORTANT CONTACTS</b></div> <div data-bbox="66 1073 402 1199" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p><b>Board of Canvassers</b> Phone: 517-373-2540</p> </div> <div data-bbox="66 1241 402 1493" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p><b>Michigan Department of State Bureau of Elections</b> Phone: 517-335-3234 Email: <a href="mailto:soselections@michigan.gov">soselections@michigan.gov</a></p> </div> <div data-bbox="66 1535 402 1944" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p><b>Detroit Elections Department</b> Mailing Address: 2978 W Grand Blvd, Detroit, MI 48202 Phone: 313-876-0190 Email: <a href="https://detroitmi.gov/government/city-clerk/elections">https://detroitmi.gov/government/city-clerk/elections</a></p> </div>	<p data-bbox="451 285 850 474"><b>Vote!</b> Most years there is an opportunity to vote, which demonstrates the collective opinion of your community.</p> <p data-bbox="451 516 834 779"><b>Run for Office</b> Elected officials make and revise laws. Each office has its own eligibility requirements, and state offices are best equipped to reform car insurance laws.</p> <p data-bbox="451 821 854 1010"><b>Put a Proposal on the Ballot</b> Michigan provides three tools for citizens to place proposals on the ballot, that citizens can vote to approve or reject:</p> <ul data-bbox="451 1010 854 1304" style="list-style-type: none"> <li>• <i>Initiative</i> – enact a new law or new section(s) of law</li> <li>• <i>Referendum</i> – reject or undo an existing law</li> <li>• <i>Constitutional amendment</i> – amend the state constitution</li> </ul> <p data-bbox="451 1314 854 1503"><b>Advocacy and Lobbying</b> Lobbying is a form of advocacy that focuses on educating or influencing representatives in government.</p> <ul data-bbox="451 1503 854 1965" style="list-style-type: none"> <li>• Start out with phone calls or emails. Messages can be simple - mention your name, the bill you would like them to support, and that you are a constituent.</li> <li>• Show up at the next town hall meeting.</li> <li>• Once you get a representative to support a piece of legislation, ask them to co-sponsor it.</li> </ul>	<p data-bbox="878 285 1414 359"><b>The Power of Elections</b> Vote for officials who share your views.</p> <p data-bbox="878 401 1557 516">Winning an election and holding office means you (along with your colleagues) can write and revise laws so that they better serve your community.</p> <p data-bbox="878 558 1568 663">Voters can change car insurance laws by casting ballots to amend statutes or the state constitution, or to enact new laws.</p> <p data-bbox="878 705 1568 968"><b>Start a Ballot Initiative:</b></p> <ul data-bbox="878 747 1568 968" style="list-style-type: none"> <li>• A petition with signatures totalling 8% of the total votes cast for governor in the last election is required (<i>i.e.</i>, 338,440 signatures from 2018 election).</li> <li>• Petitions are due at least 160 days prior to the election.</li> </ul> <p data-bbox="878 1010 1585 1461"><b>Invoke a Referendum:</b></p> <ul data-bbox="878 1052 1585 1461" style="list-style-type: none"> <li>• A petition with signatures totalling 5% of the total votes cast for governor in the last election is required (<i>i.e.</i>, 211,525 from 2018 election).</li> <li>• Petitions must be filed within 90 days after the final adjournment of the legislative session in which the law subject to referendum was enacted.</li> <li>• After a referendum is properly invoked, the law in question cannot be in effect until it appears before voters as a ballot proposal in the next general election.</li> </ul> <p data-bbox="878 1503 1549 1619">Prior to collecting signatures in support of a petition, proponents are required to submit a copy of the petition to the Secretary of State.</p> <p data-bbox="878 1661 1557 1776">Also encouraged, though not required by law, is to submit the petition to the Board of State Canvassers for feedback.</p> <p data-bbox="878 1818 1585 1997">Organize and mobilize your community to create an interest group that would advocate and lobby for your position on no-fault reform (<i>e.g.</i>, <i>The Coalition to Protect Auto No-Fault or the Insurance Alliance of Michigan</i>).</p>

# PUSH FOR SOLUTIONS - EXAMPLE LETTER

## Tell Your Story

Use the sample letter below to tell elected officials what you want to see from car insurance reform. We've provided a list of factors that could impact reform, and you can select those that you think are important to include in your letter.

Greetings Hon. \_\_\_\_\_,

My name is \_\_\_\_\_ and I live in \_\_\_\_\_. I/my family \_\_\_\_\_ (brief story) \_\_\_\_\_. So you can see why car insurance is very important to me and is a serious problem in Michigan. Please improve this terrible situation for us. We know there are attorneys, medical providers and insurance companies that benefit from our high rates, but everyday people in Michigan are suffering.

I would support reform that: *(include as many as you would like)*

<b>Changes to Insurance Ratings Factors that:</b>		
<input type="checkbox"/> Lowers unlimited medical benefits	<input type="checkbox"/> Outlaws territorial (zip code) ratings	<input type="checkbox"/> Requires driving history, driver experience, and driving miles as primary pricing factors
<input type="checkbox"/> Bans credit scores from insurance ratings	<input type="checkbox"/> Makes territorial (zip code) ratings secondary	
<b>Requires Medical Coverage (Seniors can use their Medicare) that:</b>		
<input type="checkbox"/> Is unlimited	<input type="checkbox"/> Allows drivers to choose their cap (Unlimited, \$500K, \$250K)	<input type="checkbox"/> Has a \$250K cap
<input type="checkbox"/> Has a \$40K cap	<input type="checkbox"/> Has a \$5K cap	
<input type="checkbox"/> Does not require medical coverage and returns us to a Tort System		
<b>Sets Medical Provider Rates that:</b>		
	<input type="checkbox"/> Equal 185% of Workers' Comp.	<input type="checkbox"/> Equal 160% of Workers' Comp.
<input type="checkbox"/> Equal the Workers' Comp. rate	<input type="checkbox"/> Equal Medicare rate	<input type="checkbox"/> Equal Medicare rate with capped family care
<input type="checkbox"/> Does not set medical provider rates		

Sincerely,

Name

Address

Phone #

Email

Submit your letter directly to the MI House Select Committee on Reducing Car Insurance Rates by visiting:  
<https://www.reducemiratesnow.com/>  
 Or send your letter to another legislator or agency of your choosing. (see pages 14 & 15)

## 1956

Public Act 218 of 1956 creates the Michigan Insurance Code

- Legislation signed by Governor G. Mennen Williams (D)

## 1969

Michigan Auto Insurance Placement Facility (MAIPF) created for people too risky for regular auto insurance; very expensive

## 1972

The Auto No-Fault framework is created

- Legislation signed by Governor Milliken (R)

## 1978

Shavers v. Attorney General (Michigan Supreme Court case - decided 4-3)

- Ruled that compulsory no-fault was unconstitutional because insurance regulation couldn't ensure "fair and reasonable" rates
- Prompted the Essential Insurance Act of 1979

## 1979

Essential Insurance Act (Milliken-R)

- Established rate restrictions to address Shavers decisions
- Territorial restrictions
- Factors that are allowed to be used
- Factors that are not allowed to be used
- Accepted by the court and never challenged as unconstitutional

## 1986-91

Experimental removal of territorial constraints (Governor James Blanchard - D)

- Included graduated premium hikes.
- Extended twice

## 1992

Proposal D Initiative

- Reduced rates by 20%
- Capped medical benefits at \$250K and coordinated benefits
- Failed with 37% of the vote

## 1993

Mandatory premium reduction vetoed (Governor John Engler - R)

- Territorial removal experiment halted

## 1994

Proposal C

- Referendum on Public Act 143
- Failed with 39% of the vote

## 1996

Removed territorial constraints all together (Engler - R)

- Passed seven other insurance laws, including the 500.2110a discount plan language

## 2005

Governor Granholm & the state's Office of Financial and Insurance Regulation took executive action by announcing a ban on the use of credit-based insurance scoring.

- Governor Jennifer Granholm (D) initiated this when she was Attorney General.
- Ultimately ruled unconstitutional by the Michigan Supreme Court (4-3) stating the administration exceeded its statutory authority.

## 2015

SB 288 "D-Insurance"

- Low-cost auto insurance for low-income drivers with clean driving records was proposed in the Senate, but did not advance to a vote on the Senate floor.

– *Status: Failed*

(At least four reform bills were proposed by various parties between 2011-2017)

## Sept. 2017

HB 5013 (Duggan/Leonard Plan) was proposed

– *Status: Failed*

## Oct. 2017

HBs 4049, 4672, 5101-5111, 5115, 5124

(the "Fair & Affordable" package) were proposed

- Retains unlimited benefits
- Eliminates additional rating factors such as territorial rates, credit score, gender, education level, etc.
- Allow Seniors to opt out of Personal Injury Protection (PIP)
- Creates Fee Schedule at 185% of Worker's Comp fee schedule
- Creates a Fraud Authority
- *Status: Failed*

## 2018

HBs 5627-5633 (Macomb Solution) are proposed

- Repeals Mandatory Coverage
- Switches Michigan to a Tort "lawsuit" based system
- Status: Failed

## March 14, 2019

U.S. HR 1756 proposed by Rep. Rashida Tlaib, if enacted would

- Ban ratings agencies from providing credit information to any underwriters or providers of car insurance
- Ban use of consumer information in price setting
- Status: In Committee

## January - March, 2019

SBs 1, 4, 5, 11, 88 were proposed; if enacted would

- Control medical costs by allowing seniors 63 and older to opt out of personal injury coverage when they already have health insurance coverage, and allow drivers to choose different levels of Personal Injury Protection coverage
- Require disclosure of the actuarial computation used in rate setting
- Create the Michigan Automobile Insurance Fraud Authority
- Provide for rebate of excess fees from the MCCA
- Require that automobile rates be based only on certain factors
- Status: All In Committee

## January - April, 2019

HBs 4042, 4080, 4111, 4167, 4202, 4210, 4211, 4397, 4449 were proposed, if enacted would

- Make miscellaneous changes to coverage and benefits
- Provide for a third party audit of the MCCA every 5 years and a refund of any surplus
- Require an annual audit of the MCCA
- Prohibit premium increases for repair claims based on damages caused by certain road conditions
- Create a Michigan automobile insurance fraud authority
- Subject the MCCA to the Freedom of Information Act
- Provide personal protection insurance coverage choices
- Eliminate the no-fault law
- Change allowable expenses - eliminate the requirement to reimburse for chiropractic services
- Status: All In Committee

## NOTES:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



## SELECTED SOURCES IN ORDER OF APPEARANCE

### SOURCE / ARTICLE / LINK

**University of Michigan Poverty Solutions**, "Auto Insurance and Economic Mobility in Michigan: A cycle of Poverty", <https://poverty.umich.edu/news-events/news/auto-insurance-and-economic-mobility-in-michigan-a-cycle-of-poverty/>

**TheZebra.com**, "The State of Auto Insurance: Michigan", <https://www.thezebra.com/michigan-car-insurance/>

**ProPublica**, Andwin, Julia. Kitchener, Lauren. Larson, Jeff. and Matti, Surya. "Minority Neighborhoods Pay Higher Car Insurance Premiums Than White Areas With the Same Risk." 2017 <https://www.propublica.org/article/minority-neighborhoods-higher-car-insurance-premiums-white-areas-same-risk>.

**Michigan Department of Insurance and Financial Services**, "Your Guide to Automobile Insurance", [https://www.michigan.gov/documents/difs/Auto\\_Insurance\\_Guide\\_448003\\_7.pdf](https://www.michigan.gov/documents/difs/Auto_Insurance_Guide_448003_7.pdf)

**Detroit Free Press**, "No-fault car insurance in Michigan: Here's how it works.", <https://www.freep.com/story/news/local/michigan/detroit/2017/05/06/no-fault-car-insurance-michigan-heres-how-works/100668458/>

**Michigan Compiled Law (MCL) Insurance Code of 1956**, MCL 500.2111, [http://www.legislature.mi.gov/\(S\(5rdk4fvwgwt1ccep55m43epj\)\)/mileg.aspx?page=getObject&objectName=mcl-500-2111](http://www.legislature.mi.gov/(S(5rdk4fvwgwt1ccep55m43epj))/mileg.aspx?page=getObject&objectName=mcl-500-2111),

**Michigan Compiled Law (MCL) Insurance Code of 1956**, MCL 500.2110a [http://www.legislature.mi.gov/\(S\(5rdk4fvwgwt1ccep55m43epj\)\)/mileg.aspx?page=getObject&objectName=mcl-500-2110a](http://www.legislature.mi.gov/(S(5rdk4fvwgwt1ccep55m43epj))/mileg.aspx?page=getObject&objectName=mcl-500-2110a)

**Crain's Detroit Business**, "Courtroom Collisions, No-fault Lawsuits Flood Oakland County Courts", <https://www.crainsdetroit.com/crains-forum/courtroom-collisions-no-fault-lawsuits-flood-oakland-county-courts>

**Casualty Actuarial Society**, "Basic Ratemaking Fifth Edition.". [https://www.casact.org/library/studynotes/Werner\\_Modlin\\_Ratemaking.pdf](https://www.casact.org/library/studynotes/Werner_Modlin_Ratemaking.pdf) 2016



**Detroit Free Press**, “Tired of no-fault fraud in Michigan, insurers turn to racketeering suits.”, <https://www.freep.com/story/news/local/michigan/2017/05/07/auto-insurance-racketeering-lawsuits-michigan-fraud/100301902/>

**Detroit Free Press**, “Aggressive Solicitation Comes after Auto Accidents in Detroit”, <https://www.freep.com/story/news/local/michigan/detroit/2017/05/07/detroit-car-insurance-lawyers-accidents-solicitation/100301782/>

**Department of Insurance and Financial Services**, “Anti-Fraud Unit Strengthens the Department of Insurance and Financial Services Crime Fighting Efforts”, <https://www.michigan.gov/difs/0,5269,7-303--477295--,00.html>

Michigan Catastrophic Claims Association, “MCCA Assessment Press Release” 2019

**Bridge Magazine**, “The real state of no-fault auto insurance: Reform within reach for Michigan”, <https://www.bridgemi.com/public-sector/real-state-no-fault-auto-insurance-reform-within-reach-michigan>

**Michigan Constitution**, <http://legislature.mi.gov/doc.aspx?mcl-Constitution>

**Michigan Senate**, <http://www.senate.michigan.gov/>

**Michigan House**, <http://www.house.michigan.gov/>

**Michigan Bureau of Elections**, [https://www.michigan.gov/documents/sos/Ini\\_Ref\\_Pet\\_Website\\_339487\\_7.pdf](https://www.michigan.gov/documents/sos/Ini_Ref_Pet_Website_339487_7.pdf)

**U.S. News and World Report**, “What Car Insurance Discounts Can I get?”, <https://cars.usnews.com/cars-trucks/car-insurance/car-insurance-discounts>

**Federal Trade Commission**, “Building a Better Credit Report”, <https://www.consumer.ftc.gov/articles/pdf-0032-building-a-better-credit-report.pdf>

# *Distilled Democracy*

## CitizenDetroit Trivia Night

*Thursday, May 16th*  
*7pm*  
*@ Marble Bar*

*Amplify Your Voice.*

Updates on Detroit Schools and how you can help make change.

*Live Music.*

Featuring I AM DAY  
& Sounds by DJ L BooG

*Free Food!*  
*Good Drinks!*  
*Good People!*



INFORM. ENGAGE. ACT.  
CitizenDetroit.org ★ InformDetroit.org

In Partnership With

**LWV**

**D.CIPHER**  
A MUSIC MASTERMIND COLLECTIVE



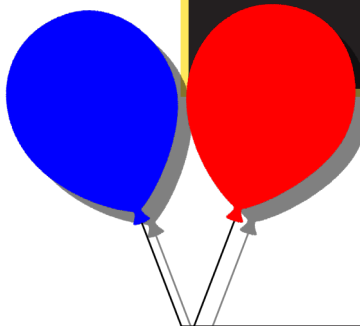
Made possible by support from The Skillman Foundation and the Knight Foundation.



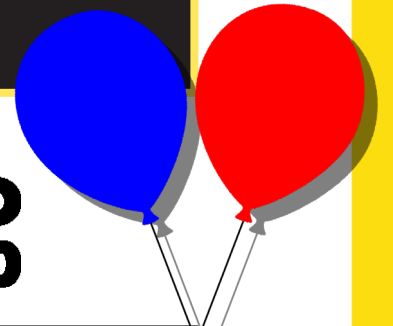
**THE 2020 CENSUS IS COMING!  
MAKE SURE YOU ARE COUNTED!**

The census determines how many lawmakers we get in Lansing and in Washington, D.C. as well as determines how much federal funding the city receives for programs to serve Detroiters.

**For more info visit  
[BeCountedDetroit.org](http://BeCountedDetroit.org)**



**BE COUNTED  
DETROIT 2020**



**DEFEND OUR DEMOCRACY!**

**2020 ELECTION SEASON IS ALMOST HERE!  
MAKE SURE YOU ARE REGISTERED TO VOTE!**

You can register at your local  
Secretary of State office  
or visit [www.michigan.gov/sos](http://www.michigan.gov/sos)  
for more information

**DID YOU KNOW THE  
2020 PRESIDENTIAL PRIMARY IS  
MARCH 3, 2020**



## TIPS TO REDUCE YOUR CAR INSURANCE

- ✓ **COMPARISON SHOP**  
Most consumers do not check for better pricing. TheZebra.com has identified Safeco, USAA (for military families), GEICO and MetLife as insurers with the lowest pricing in Michigan.
- ✓ **INCREASE YOUR CREDIT SCORE**  
by paying your bills on time and checking your credit report for accuracy (Accounting Aid Society, United Way, SER-Metro, Southwest Solutions can help with challenges like resolving debt to increase your score).
- ✓ **COLLISION INSURANCE IS NOT MANDATORY**  
Evaluate how necessary these coverages are for you and your family.
- ✓ **RAISE YOUR DEDUCTIBLE**  
(the amount you pay on car claims before insurance pays) to lower your monthly premium price.
- ✓ **ARE YOU A MEMBER OF A "DISCOUNTED ORGANIZATION"?** Credit unions as well as alumni, veterans, and student groups sometimes have discounted insurance.
- ✓ **PAY IN FULL**  
for the entire year.
- ✓ **DRIVE AN OLDER CAR,**  
even by just 5 years.
- ✓ **BUNDLE ALL OF YOUR INSURANCE**  
in one plan with the same provider (e.g., home insurance, auto insurance, etc.).
- ✓ **BUY A HOME OR GET MARRIED**  
These are positive non-driving factors that insurers consider.
- ✓ **USE "TELEMATIC" DEVICES IN YOUR CAR**  
or smartphone apps that track your driving habits and report back to car insurers.  
  
If you believe you've been wronged by an insurance agent or company, file a complaint with the State of Michigan at <https://difs.state.mi.us/Complaints/FileComplaint.aspx>

### **CITIZENDETROIT INFORM. ENGAGE. ACT.**

*Envisioning Detroit as the most informed and engaged city in the nation.*

2020 14th Street, #101 • Detroit, MI 48216  
(313) 334-3131 • [info@citizendetroit.org](mailto:info@citizendetroit.org)

   /citizendetroit • [citizendetroit.org](http://citizendetroit.org)

### **HOW TO STAY INVOLVED:**

**CitizenDetroit is on the move! Join us!**

- ✓ Visit [CitizenDetroit.org](http://CitizenDetroit.org) to stay up-to-date on events
- ✓ Sign up with [engageD](#)
- ✓ Follow us on social media @CitizenDetroit

Made possible with generous support from the

