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New Legislation Will Make Michigan Auto Insurance More Fair and Affordable

House Bills 5101-5111 include medical cost-containment requirements, bans on unfair auto insurance rating practices and fraud prevention measures

LANSING, MI – A framework of bills, dubbed the “Fair and Affordable No-Fault Reform Package”, was introduced last week that provides a clear alternative to the reforms being pushed by Detroit Mayor Mike Duggan, House Speaker Tom Leonard and the insurance industry. The legislation is among the most comprehensive auto insurance reform packages to be introduced in the past 10 years.

The effort to announce House Bills 5101-5111 is being led by Representatives Frederick (R-Owosso), Webber (R-Rochester), Lasinski (D-Scio Township) and Gay-Dagnogo (D-Detroit), with every bill having bipartisan cosponsors.

The legislative package also includes two previously introduced bills. House Bill 4672, introduced by Rep. Joe Graves, creates a fraud authority designed help lower rates by cracking down on auto insurance fraud. House Bills 4049, sponsored by Rep. Patrick Green, will bring more transparency to Michigan’s auto insurance system by requiring the Michigan Catastrophic Claims Association to publicly disclose the actuarial calculations used to set the annual fee it charges to every insured vehicle in the state (currently \$170 per vehicle).

“These bills provide a great framework for making lasting improvements to Michigan’s no-fault auto insurance system. While we are still analyzing the language of the recently introduced bills, we believe this package offers the best opportunity to make auto insurance more fair and affordable for every single driver across the state,” said CPAN President John Cornack. “There are many factors driving Michigan’s high auto insurance rates, including fraud, unfair insurance company pricing practices, increasing medical costs and inefficient billing practices. These bills go a long way toward addressing each of those issues.”



The Fair and Affordable No-Fault Reform package includes:

- A ban on on-driving rating factors, including credit score, gender, occupation and education level, from being used to determine auto insurance rates.
- A fee schedule set at 185 percent of Workers Compensation for all medical providers treating auto accident victims, with cost-of-living adjustments. Level 1 and 2 trauma centers would not be subject to the fee schedule. The fee schedule legislation will also streamline the claims process, improve fairness, and reduce costs and improve efficiency by requiring electronic billing between providers and insurance companies.
- A \$15 per hour rate schedule for family-provided attendant care, with allowable waivers to ensure fair compensation for certain patients whose disabilities and needs justify more skilled care. The bill also ensure patients who require 24/7 care will have access to it.
- The creation of fair standards and qualifications regulating physicians who conduct independent medical exams when requested by insurance companies.
- Bill language to strengthen an existing law requiring that auto insurance premiums are “appropriately reduced” for any consumer buying policies that coordinate auto and health insurance coverages.
- Crucial fixes to Michigan court cases that have had a detrimental impact on auto accident patients and health care providers who treat them:
 - Admire Fix – Mitigate the unfairness of the *Admire vs. Auto Owners* decision, which has been used by insurance companies to deny paying legitimate expenses needed by catastrophic auto accident victims, including handicap accessible transportation and barrier free accommodations.
 - Bahri Fix – Mitigate the unfairness of the *Bahri vs IDS Property Casualty Insurance Company* decision, which allows insurance companies to void an entire policy for any claims containing errors that the insurance companies claims are fraudulent.
 - Bazzi Fix – Re-instate the innocent party rule, which was overturned in the *Bazzi vs Sentinel Insurance Company* case, thereby protecting innocent third party claimants who did not participate in fraudulent procurement of a policy.

In addition, two final bills are expected to be introduced today to complete the Fair and Affordable No-Fault Reform package. They include:

- A solution to allow senior citizens to lower their rates by ensuring Medicare and auto insurance are not providing duplicate coverage for an auto accident.
- A Covenant Fix – This legislation will resolve issues created by the problematic ruling in *Covenant Medical Center vs. State Farm*, by restoring medical providers’ legal right to sue insurance companies who fail to pay for a patient’s care and related expenses.

“Some auto insurance companies are charging women as much as 30 percent more just because of their gender. Others charges hundreds of dollars more per year because they have a less-prestigious job title, so stopping insurers from using unfair rating practices should dramatically reduce rates by itself. Add on the fraud prevention and other cost containment measures and those things will add up to some very real and meaningful savings for Michigan drivers,” said Cornack. “We are urging all Michigan lawmakers to support this bill package and move it through the legislative process as quickly as possible.”

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