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News from the Michigan Association for Justice

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**MAJ Blasts No-Fault ‘Reform’ Bills, Calls On Governor Whitmer To Veto  
GOP House and Senate plans would raise profits for insurance companies, gut protections for  
drivers and auto accident victims**

LANSING—The Michigan Association for Justice today called on Governor Gretchen Whitmer to veto GOP no-fault legislation that recently passed in each chamber—SB 1 in the Michigan Senate and HB 4397 in the Michigan House of Representatives. The bills would slash medical protections for accident victims, provide a phony rate reduction for drivers, allow insurance companies to continue to use discriminatory, non-driving factors in setting rates, and shift the cost of medical care from auto insurance companies to taxpayers.

It took the Senate and the House each less than a day to introduce, debate, and pass their no-fault bills with no committee hearings and public input. The frantic rush to pass legislation changing the state’s no-fault system comes close on the heels of Governor Whitmer ordering the Department of Insurance and Financial Services to investigate auto no-fault insurance rates.

“MAJ is—and has been from the beginning—committed to working in a bipartisan fashion with all stakeholders on real solutions to lower auto insurance rates without jeopardizing the medical care accident victims need and deserve, especially those catastrophically injured,” MAJ President Debra A. Freid said. “We have both offered and supported plans that could have accomplished this. Unfortunately, the GOP majority in the Legislature and the insurance companies still refuse to work toward that end. Rushing poorly thought-out plans to gut medical protections under the cover of darkness in order to increase insurance company profits is not the solution Michigan drivers and their families are looking for. We call on Governor Whitmer to veto these bills.”

Freid said the “reforms” laid out in either the Senate plan or House plan amount to a windfall for the insurance companies and fool’s gold for everyone else:

- **Phony rate reduction** – Insurance companies claim that the bills guarantee rate rollbacks. This is a sham. The rate rollback does not apply to the entire portion of a person’s insurance policy. It only applies to the PIP portion, which averages only about 30 percent of someone’s bill. There is nothing to prevent insurance companies from raising rates in other sections of policies to increase their profits. In addition, the PIP rate rollbacks would expire in five years.
- **Discriminatory non-driving rating factors** – The bills do not actually identify non-driving factors or prevent insurance companies from using things like gender, ZIP Code or credit score in setting rates. Instead, they leave it to government bureaucrats to establish rules that could be blocked by the legislature or undone by future administrations.

- **Increasing costs to taxpayers** – The bills are so weak and full of holes, that families who pick the cheapest PIP option or get in the most catastrophic car accidents will go bankrupt and end up on taxpayer-funded health care like Medicaid. The nonpartisan Senate Fiscal Agency estimates the cost shift to Medicaid would rise \$65.9 million over a 10-year period.
- **Driving up costs on employer-funded health insurance** – Choosing to opt out of PIP coverage in auto insurance and instead relying on health insurance to cover medical procedures stemming from auto accidents would dramatically increase the cost of private and employer-funded health care plans.
- **Fee schedules that limit treatment options for accident victims** – While the bills give insurance companies a free hand in setting their rates through loopholes, it mandates such low reimbursement rates for health care providers that accident victims would have difficulty finding hospitals or doctors who would be able to provide care.
- **Taking health care decisions out of the hands of doctors** – The bills would allow government bureaucrats to set standards based on what treatment levels and qualities they see as important.
- **Deceptive consumer protections** – Nothing in the bills limit the power of insurance companies to continue to charge excessive rates. The provision allegedly moving Michigan from “file and use” to “file and approve” is really only a 90-day waiting period and is rendered meaningless because the Michigan law that says rates are not excessive as long as there is competition is unchanged. The bills also drastically reduce medical protections for accident victims without auto insurance like bicyclists and pedestrians and allows insurance companies to drag out the process by providing for duplicative investigations for these victims.
- **‘Gift to criminals’** – The bills would eliminate the Auto Insurance Fraud Unit established by Attorney General Dana Nessel and transfer current and future fraud cases to the Michigan State Police. Nessel said the move would be a “gift to criminals” as the MSP has no prosecutor or prosecutorial authority and would put burden on five MSP troopers who don’t have the expertise of the AG’s fraud unit staff.

“Even as we call on the governor to veto these bills, we are still at the table with our sleeves rolled up and working on real solutions that will lower auto insurance rates without slashing medical protections for Michigan drivers and their families,” Freid said.

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*The **Michigan Association for Justice**, formerly the Michigan Trial Lawyers Association (MTLA), is a trade association of over 1,500 plaintiff’s attorneys and staff, with offices in Lansing, Michigan.*