Reforms Essential to Protect No-Fault, Keep Michigan Insurance Premiums Competitive, Michigan Chamber of Commerce Study Shows

LANSING, Mich., Sept. 8, 2011 <u>PRNewswire</u>/ -- The Michigan Chamber of Commerce today released a study showing significant reforms are needed to protect Michigan's valued no-fault automobile insurance system from collapse and keep premiums competitive with other states.

The Chamber-sponsored study determined that no-fault reforms are needed to prevent a cost crisis that could destroy Michigan's no-fault system. The study identified four primary recommendations for reform: 1) place upper limits on no-fault benefits; 2) allow consumers to choose the level of benefits they receive; 3) enact cost controls for medical and long-term care through a fee schedule similar to that used for systems such as worker's compensation; and 4) introduce a coordinated response to claims fraud.

"The Michigan Chamber supports a no-fault auto insurance system that balances the needs of injured drivers while protecting against fraud and excessive litigation and reforms that allow for flexibility, competition and choice in the marketplace," said Michigan Chamber President & CEO Rich Studley. "The challenge is Michigan's current auto no-fault system is by far the most generous of all 50 states. This doesn't translate into good news for Michigan citizens or job providers purchasing insurance for commercial fleets of vehicles."

Premiums in Michigan rose by 30.5 percent over the last decade, compared to 13.7 percent nationwide. "This trend line puts Michigan at a competitive disadvantage," noted Studley. "This study clearly demonstrates that we must reign-in costs and institute tighter systemic controls now. Otherwise, the system will eventually fail."

One of the key reforms the study explored was providing drivers with coverage choice. Today, drivers are forced to pay among the highest auto insurance premiums in the nation in exchange for unlimited medical coverage they may neither want nor need.

"Michigan is the only state in the nation with a government mandate to purchase unlimited benefits," said Wendy Block, Director of Health Policy & Human Resources for the Michigan Chamber. "The current system forces Michigan drivers to pay among the highest premiums in the nation and, in many cases, for a level of coverage that's higher than they can afford."

"Allowing coverage choice is good for Michigan drivers and for Michigan job providers," noted Block. "Reforms like coverage choice will help preserve our no-fault system, and save insurance purchasers money at a time when every dollar counts."

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,800 employers, trade associations and local chambers of commerce. The Michigan Chamber represents businesses of every size and type in all 83 counties of the state. The Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process. It is one of only four state chambers of commerce in the nation accredited by the U.S. Chamber of Commerce.

SOURCE Michigan Chamber of Commerce

For further information: Wendy Block, +1-517-371-7678, wblock@michamber.com

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