

No-Fault ‘reform’ bills would be legislative whiplash for drivers

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Michigan drivers have the best insurance system in the country, but some lawmakers in the Michigan Legislature want to dismantle that system - so insurance companies can reap even bigger profits.

Instead of taking a hard look at these record-breaking insurance company profits, these proposed bills would dismantle important protections for drivers, and shift the costs and burden to Medicaid and the taxpayers.

Currently, under Michigan’s one-of-a-kind [No-Fault law](#), Michigan drivers who are seriously injured in a car crash are guaranteed unlimited lifetime medical benefits, attendant care, wage loss and replacement services; to the extent those benefits are reasonably necessary to the injured driver’s care, recovery and rehabilitation.

And injured Michigan drivers receive those benefits regardless of who was at fault in causing the accident. That’s why the law is called Michigan “No-Fault.” But these generous No-Fault benefits are too good to remain true for some in Michigan’s Legislature.

As such, it has introduced two bills, Senate Bills 0293 and 0294, to gut Michigan No-Fault’s protections, especially, Michigan No Fault’s crown jewel: unlimited, lifetime medical benefits for seriously and catastrophically injured drivers.

The sponsors say these bills will “lower insurance rates.” But we’ve heard this siren song before.

We heard these promises in 1995, when Michigan’s auto accident threshold law became the most difficult in the nation for innocent accident victims to recover under. And the promised rate cuts never materialized. Instead - even though auto accident lawsuit filings dropped dramatically - and especially after the *Kreiner v. Fischer* decision in 2004, insurance rates kept increasing. As did insurance company profits.

Whatever the lawmakers’ reasoning, it does not justify taking away the important No-Fault protections that Michigan drivers currently have.

I've been a staunch defender of the Michigan No-Fault insurance system for my entire legal career. It is, quite simply, one of the very best things that we have in our state. It isn't just lawyers, consumer groups, medical groups and hospitals, the AARP, the Coalition Protecting Auto No-Fault (CPAN) and the catastrophically injured who feel this way.

As recently as December 2010, the Insurance Institute of Michigan (IIM) and its executive director, Pete Kuhnmuench, stated that "the benefits policyholders receive under the No-Fault policy in Michigan far outpace benefits available in any other state," and that "Michigan policyholders have the Cadillac of auto insurance policies." (These quotes are taken from a Dec. 21, 2010, press release that appeared on the Insurance Institute of Michigan website, but has since been removed.)

Previously, the Insurance Institute and Kuhnmuench have heaped the following praise on Michigan's No-Fault law:

- Michigan No-Fault provides "the best auto insurance coverage in the country." Insurance Institute of Michigan, "Michigan Average Auto Insurance Premiums Drop," Dec. 2, 2009, press release, quoting Kuhnmuench.
- Michigan's No-Fault personal protection insurance (No-Fault PIP) is "the most efficient and effective auto insurance law in the United States." Insurance Institute of Michigan, 2010 IIM Fact Book.
- The Michigan No-Fault law "offer[s] the best No-Fault medical benefits of any state." Insurance Institute of Michigan, "Auto ... Insurance Rates Decrease in 2007," Feb. 7, 2008, press release.

The incredible value of Michigan's No-Fault law also has been recognized by experts outside of Michigan:

- The American Insurance Association has said Michigan's No-Fault system "is cost-effectively providing the nation's most extensive auto insurance benefits at affordable rates ..."
- The Insurance Journal has said that, "[g]iven that Michigan's No-Fault injury benefits package is unlimited, the average price paid by drivers in the state is extremely reasonable."

For Michigan drivers who have been seriously in a Michigan car crash, Michigan's No-Fault law is literally a lifesaver. And, for the rest of us who have been fortunate enough to drive without serious incident on Michigan's roadways, Michigan's No-Fault law exists as a ready and vital safety blanket should fortunes change.

The worthy goal of saving money on insurance premiums can be better achieved by regulating insurance company profits in this state, as they are regulated in almost every other state in the nation - not to eviscerate the best insurance protection in America.

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