



WDET News

State Senate Mulls Major Changes to Michigan's No Fault Law

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Corey Krontz was five years old when he was hit by a car.

“He walked out in front of a parked car and came out in front of a Camaro or Firebird...very low riding vehicle and he was very small boy so they didn’t even see him.”

That’s Corey’s mom...Gina Adams. Sitting in her sparsely decorated house in the rural town of Manchester...she describes that day in 1992...with a detachment that only comes with time. After the accident...which happened on the west side of the state...Corey was airlifted to a hospital in Kalamazoo. There...he remained on life support ...in a coma...for around eight weeks. Then one day...surprising everybody...he woke up. Again...Gina.

“...it’s kind of hard to put into words the overwhelming feeling you have when somebody you think is gone wakes up. You know you are truly blessed when that happens. It’s like witnessing a miracle.”

Waking up...it turns out...was just the beginning of Corey’s rehabilitation. He’s now 23. Over the last 18 years...he has struggled with the after effects of his traumatic brain injury...re-learning how to walk, talk, and eat. Today...Corey still requires round-the-clock care. According to Gina...he has the mental capacity of a young child...talking in one word sentences...and while Corey has sporadically shown the ability to walk...he’s confined to a wheelchair again. Still Gina remains hopeful.

“If he doesn’t progress anymore...we’re pretty blessed that he’s gotten as far as he has. Because they told me he would never wake...he never walk...talk...they didn’t have high hopes for him. Luckily his family did so we got him where he is today and I’m happy with what he have achieved. What Corey has achieved.”

To pay for Corey’s care...his family has relied on Michigan’s mandatory no-fault car insurance policy...which offers unlimited medical care and a variety of other benefits to the victims of car accidents. There are 11 other states with no-fault polices but none of them offer unlimited medical benefits. If you look in your policy statement under coverages and limits...it’s called Personal Injury Protection or PIP.

But under legislation now being considered by the state Senate...this "Cadillac" of all car insurance policies...would become one of several options drivers can choose from. Under the proposal...residents could also choose caps of 50,000, 100,000, 200,000, and 400,000. Pete Kuhnmuensch heads the lobbying group that represents most insurance companies in the state. He's pushing for the legislation's passage.

"From 2000 to 2010 you know our average PIP claim rose an average of 161%. The reason we developed these proposals and asked the legislature to consider them was just for that reason. Consumers in many areas of our state are telling us they can't afford this mandate that this state requires them to purchase anymore."

By offering a variety of medical benefit choices...Kuehnmuensch says insurance companies will be able to offer lower premiums. He says mandating unlimited benefits for everybody is also redundant in some cases because seniors and low income residents are already covered by federal insurance programs like Medicare and Medicaid.

But what the bill's supporters like Kuehnmuensch call "choice" ...the state's auto lawyers call a wholesale dismantling of the system.

"This is the crown jewel that nobody knows about. We have unlimited medical for life. Which means if you suffer a catastrophic brain injury or a spinal cord injury you can get it treated anywhere and it's unlimited. So you can receive the car and medical care you need."

That's attorney **Steve Gursten...an ardent supporter of the state's existing no-fault system.** Gursten says introducing caps is problematic because people with catastrophic injuries involving the spine or brain... may exceed those limits. According to the Insurance Institute of Michigan...the average PIP claim in 2010 was a little over 36,000...well under the lowest proposed cap of 50,000. Still...Gursten says once an insurance company is off the hook for the bill...the dominoes start falling.

"What happens is the care...the quality of the medical care these people receive is terrible and what happens is the cost of that care gets shifted to you and I as taxpayers and to Medicaid. So instead of paying the insurance companies premiums to insure against this risk...we're now transferring all that risk to taxpayers."

Gursten also doesn't take at face value...the insurance lobby's claim that their proposal will lower premiums. He points to previous legislation passed in Lansing that made it harder to sue negligent drivers. At the time Gursten says...it was passed with the understanding that premiums would fall. Gursten says those savings never materialized. If residents want lower premiums...Gursten says the state should force insurers to lower them.

"The easiest way is to look at the record breaking profits that insurance companies make in Michigan. No one's doing that. The Republicans in the legislature aren't doing that."

Pete Kuehnmuensch...who represents the interests of insurers in the state capital...says his members will lower premiums if caps are introduced. He says state regulators will make sure that happens. And he says...so too will the market.

“We’ve got over 100 companies actively selling insurance in this state. It’s a very competitive market. If you go into the insurance department where those insurance filings are at...you’ll see that companies are frequently adjusting their rates to respond to competition.”

The legislation is...at the moment...in a holding pattern. Much of Lansing is consumed with passing a state budget. Whether or not the no-fault bill will eventually come to a full vote is still unclear. But Gina Adams says she hopes things stays the same.

“We’re very fortunate I think it’s something Michigan should be proud to have...for our communities.”

The proposal establishing benefit caps is...after all...a piece of legislation...Senate Bill 0293 to be exact. So I reached out to the sponsor and co-sponsor to find out why they were pushing for changes to the law. I didn’t get an answer. Sponsor Joe Hune of Hamburg Township and co-sponsor Virgil Smith of Detroit declined repeated requests for comment. I’m Noah Ovshinsky, WDET News.