

Duggan warns Detroiters: 'Act for yourself' or pay high auto insurance premiums

Christine Ferretti, The Detroit News | Published 6:44 p.m. ET June 16, 2020 | Updated 1:02 p.m. ET June 19, 2020



Detroit — Mayor Mike Duggan contends Michigan insurance providers haven't done enough to educate drivers about cost-saving options they will soon have and warned Detroiters "to act for yourself or it won't change."



Buy Photo

Detroit Mayor Mike Duggan. (Photo: David Moore, The Detroit News)

The mayor hosted a town hall Thursday to aid residents in lowering the sky-high auto insurance premiums that have been plaguing the city for years. Duggan had urged Detroiters, with insurance bills in hand, to tune in for a line-by-line virtual tutorial Thursday to lay out steps to saving money when the state's new auto reform law takes effect on July 2.

He noted insurance companies and their agents, medical systems and attorneys are profiting more off higher rates.

"I'm here to do what they didn't do, to show you choices," Duggan said Thursday. "If you do nothing, you get the same policy and the same bill. You have to

act for yourself or it won't change."



BRINGING THE CITY TOGETHER

Duggan said Thursday that drivers in Michigan are paying an average of \$2,878 annually to insure their vehicles — the highest rates in the nation. The average cost for Detroit residents is \$4,400, he said.

The mayor detailed choices and requirements for opting out of Personal Injury Protection, which covers medical bills if you are injured in an accident, as well as the Michigan Catastrophic Claims Association for catastrophic crashes. Until now, drivers for decades have been required to buy both, even if they had health insurance.

Detroit has sent documentation to its 8,000 employees to assist them if they choose to opt-out, he said.

Attorney Mark Bernstein, along with a member of his firm, Shereen Silver, and Leroy Mattic from AAA Michigan, joined the mayor to take questions during a presentation that spanned just over an hour.

Gov. Gretchen Whitmer signed historic auto reform legislation last spring to put an end to the state's unique requirement that motorists purchase policies that guarantee uncapped lifetime medical benefits in the event of catastrophic crash injuries.

Instead, insurers will be able to sell reduced coverage policies but will be required to reduce medical premiums by between 10% and 100% for eight years, depending on the level of coverage a driver selects.

The plan created a tiered fee schedule for medical providers that limits the rates they can charge auto insurers for motorist care.

It bars insurers from basing rates on ZIP codes, although they will be able to use "territory" as a factor in setting rates based on certain geographic designations. The plan also prohibits insurers from considering other non-driving factors like sex, marital status and credit score.

The law takes effect for policies that issue or renew after July 1.

Duggan had joined Whitmer and other legislative leaders who'd lobbied for the law change that's destined to provide relief for Detroit, where the average auto insur-

the job network

Keywords (ex. registered nurse)

Detroit, MI

FIND JOBS

Share your feedback to help improve our site experience!

You May Like

Sponsored Links



Our \$5 Wines Are Better Than Most \$50 Wines

Firstleaf

by Taboola

MORE STORIES



COVID-19 modeling site: Michigan one of three states 'on track to contain' virus

June 17, 2020, 6:51 p.m.



Whitmer extends Michigan's state of emergency through July 16

June 18, 2020, 7:22 p.m.



Federal judge asks high court to clarify Whitmer's emergency powers

June 19, 2020, 8:40 a.m.



Police brutality protest meets militia demonstration at Capitol

June 19, 2020, 11:56 p.m.



Mask-less Pence in Macomb: 'Transition to greatness' has begun

June 18, 2020, 6:16 p.m.



2 sought in taped assault at Flint Township mall

June 18, 2020, 9:02 a.m.

change that's designed to provide relief for Detroit, where the average costs range above \$5,000 a year.

The state's Department of Insurance and Financial Services regulates Michigan's financial industries and is overseeing implementation of the new law.

The department has posted information to its website in multiple languages, launched a consumer hotline and continues to host a series of town hall sessions to benefit drivers and insurance agents, said director Anita Fox.

"We are taking the responsibility of trying to get the word out really seriously," she said. "There isn't going to be a one-size-fits-all. Get educated and think about your family's needs and budget so you're ready to make those choices."

Under the new law, Fox said, the state's auto insurers are required to provide paperwork to customers at least 30 days prior to renewal, providing details on the various coverage options and associated costs as well as the risks and benefits of each.

Erin McDonough, executive director of the Insurance Alliance of Michigan, urged drivers to research their options.

"I can't speak to what specific companies or independent agents are or are not doing ahead of Michigan's new auto no-fault law taking effect," McDonough said in a statement. "What I would encourage every Michigander to do is reach out to their insurance company or their agent to see what their options will be under the new law so they can pick a plan that works for their budget."

For those who have been uninsured, Fox noted the legislation provides for an 18-month amnesty period when drivers won't face the potential of higher rates or penalty.

In Michigan, 20% of drivers are uninsured and for Detroit, the number is closer to 50%, Duggan said.

"This is a great time for the uninsured to get back in the fold," ssaid. "The intent was to remove some of those barriers to being covered."

Critics of the law argue have argued it will strip important treatment guarantees for catastrophically injured motorists and lead to an abundance of civil litigation.

Stephen Sinas, general counsel for the Coalition for Protecting Auto No-fault, which opposed the 2019 reforms, said with the July change comes worry that consumers "will make the wrong decisions."

"As an attorney representing injured people, I always knew that under the original no-fault law, when I want to meet somebody who was seriously injured in a car crash, I could tell them that under our law, their lifetime medical needs would be covered," he said. "Now, under the reforms, when I go to meet that person I will only know if their lifetime medical needs will be covered if they made the right decision when they bought their auto insurance."

McDonough noted while the new law is not perfect, the no-fault reform package "made great strides in cracking down on fraud and abuse, reining in overcharging by medical providers and giving consumers a choice in the level of medical coverage Included with their car insurance policy."

But Sinas said CPAN believes the debate over reforms isn't finished.

"These laws will have to be improved," he said. "They will have to be revisited by future Legislatures so people are better protected."

cferretti@detroitnews.com

