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The Top Five Things Mike Duggan and Tom Leonard Don't Want You to Know about their Auto Insurance Bill

LANSING – The House Insurance Committee just voted to move legislation forward that would have dramatic and draconian effects on Michigan auto insurance system. House Bill 5013, sponsored by Rep. Lana Theis (R-Brighton), is being pushed by Detroit Mayor Mike Duggan and House Speaker Tom Leonard. The bill would make significant changes to Michigan's auto insurance system by setting stringent caps on medical coverage, taking away legal rights from Michigan auto accident victims, imposing unsustainable fee schedules on health care providers and shifting costs to Michigan taxpayers.

The House Insurance Committee passed the bill on a 9-5 vote, with two legislators passing. In response to today's events, Coalition Protecting Auto No-Fault President John Cornack issued the following statement:

"The number of problems with this bill could be stacked as high as the Capitol dome. There are ways to reduce Michigan's auto insurance rates and improve the system without destroying it. Unfortunately, this bill's supporters would rather sweep the criticisms under the rug so that they can rush forward with a vote rather than working on a comprehensive, long-lasting solution."

Here are the top five facts about the Duggan-Leonard no-fault bill that its supporters don't want to talk about:

1) The Cap on Care is \$25,000 NOT \$250,000

Contrary to statements made by the bill's supporters, the \$250,000 cap proposed in the bill only provides \$225,000 in emergency care. Once the patient is stabilized the cap drops to \$25,000 for all non-emergency and post-acute medical needs.

While supporters of HB 5013 will contend that accident victims will be able to rely on traditional health insurance or Medicaid, these insurance plans do not provide for many of the rehabilitative services needed by serious auto accident victims.

In addition, many of the very backers of HB 5013 are the same politicians who opposed the expansion of Medicaid through the Affordable Care Act.

2) HB 5013 is a Tax Increase for the Entire State

Because many seriously injured drivers will have capped care, the House Fiscal Agency Analysis predicts a massive cost shift to state taxpayers. Once an accident victim exceeds the cap, they will ultimately need to rely on Medicaid for their care. As a result, it is estimated that Michigan taxpayers will see a \$10 million increase in the first year the bill goes into effect with costs rising to \$150 million per year after 10 years.



3) *HB 5013 Punishes Children*

Under Michigan's current law, virtually all Michigan children involved in an auto accident – *even those whose parents fail to purchase auto insurance* – receive lifetime coverage for their injuries. Under HB 5013, children will be subject to the coverage limits their parents purchase. This could leave a catastrophically injured child with just \$25,000 in care to meet their needs for the rest of their life.

4) *Shields Insurance Companies and Agents from Lawsuits*

The legislation virtually eliminates a patient's right to sue an insurance company due to the chilling effect that strengthened legal powers granted to insurers under this bill. HB 5013 includes language that requires patients to pay insurance company attorney fees and court costs if the benefits in question were found to be "not medically necessary" as opposed to "reasonably necessary," as is stated under the current law. The phrase "medically necessary" has a very strict legal definition that essentially refers only to life-sustaining care.

In addition, insurance agents who fail to accurately inform consumers of the limitations of their insurance coverage are completely immune from any civil liability for their actions. This places all responsibility on the consumer to understand the complexities of Michigan's auto insurance laws and zero responsibility on the agent who sells the policy.

5) *Unprecedented Immunity for At-Fault Drivers*

Unlike other no-fault states that cap care, HB 5013 would make Michigan the *only state in the nation* that makes reckless, drunk or otherwise negligent drivers immune from being sued for unpaid medical expenses. This immunity problem does not exist under the current law because the accident victim's medical expenses are not capped.

Cornack notes that any no-fault reform package passed by the legislature must include a ban on the use of unfair rating practices that allow insurers to charge higher rates based on non-driving factors like gender, job title and credit score. That is why CPAN is supporting the Fair and Affordable No-Fault Reform package. Learn more about that legislation and how it compares to the Duggan-Leonard plan [here](#).

Learn more about the impacts of HB 5013 by reading [CPAN's legislative analysis](#).

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