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Proposed Low-Cost Auto Insurance Policy Leaves Detroit Accident Survivors Without Care, Shifts Costs to Taxpayers

Lansing – Members of the Senate Insurance Committee held a last-minute hearing today on Detroit Mayor Mike Duggan’s proposed Detroit-specific low-cost auto insurance policy. Members of the Coalition Protecting Auto No-Fault (CPAN) stated that the proposal would leave Detroiters with a second-rate policy, shift the cost of caring for catastrophically injured accident victims to taxpayers and raise costs for non-Detroit drivers.

Prior to the meeting, CPAN President John Cornack objected to the hearing being held with less than 24 hours’ notice.

“It’s clear the Senate Insurance Committee Chair has no desire to seek public input on critical policy issues impacting our no-fault system,” said Cornack. “How else can you explain the decision to hold a last minute hearing and then vote a bill out of committee having distributed it only hours before the meeting? Members who voted for this bill did a disservice to their constituents and a disservice to the state.”

The bill, SB 288, would create a limited auto insurance policy for low-income Detroit residents that caps critical care coverage at \$250,000 for families hurt in catastrophic auto accidents. All other no-fault benefits – including post-acute rehabilitation, non-critical medical treatment, replacement services and work-loss benefits – would be limited to a total of \$25,000 for all family members involved in an accident.

It was approved in the committee on a five to three vote.

“The purpose of Michigan’s no-fault law is to give people the maximum chance of recovering after their accident. Under this bill, Detroit’s most seriously injured auto accident survivors will not receive the necessary care to help them recover from their injuries,” said Cornack. “Families will be forced onto Medicaid to care for their loved ones, which doesn’t cover the necessary rehabilitation treatments needed after catastrophic accidents, which means taxpayers will pick up the bill. This bill is bad for taxpayers and bad for Detroit accident victims.”

Cornack also pointed out that SB 288 will also impact drivers beyond the city of Detroit as well.

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“Those who purchase this low cost policy drive the same roads and everyone else. Everyone in Michigan will be at a greater risk of being sued because once someone reaches the cap on their policy, their next step will be to sue the at-fault driver,” said Cornack. “So not only will Detroiters have a second class policy, but the rest of the state will need to purchase more liability coverage to protect themselves from being sued.”

Cornack urged lawmakers to vote down SB 288 and instead look at balanced, comprehensive reforms that will reduce costs for all Michigan drivers.

“There’s no question that we need to make auto insurance more affordable in Detroit, but we need to do it in a way that makes sense for all stakeholders in Michigan’s no-fault system. We need to stop the use of credit scoring and look to comprehensive reform that provides cost containment and anti-fraud measures that help drivers across the state.”

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