



216 North Chestnut Street, Lansing, MI 48933 • (517) 882-1096
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Contact:
Josh Hovey
jhovey@truscottrossman.com
O: 517-487-9320 | C: 517-712-5829

CPAN to Lawmakers: Too Many Unintended Consequences in D-Insurance Plan

Lansing – Detroit Mayor Mike Duggan presented today his proposal for a Detroit-specific auto insurance policy that would provide limited coverage to Detroit drivers. Coalition Protecting Auto No-Fault (CPAN) president John Cornack and legal counsel Steve Sinas testified in opposition to the bill, highlighting [several flaws in the “D-Insurance” proposal](#).

“There is no question Detroit faces significant challenges to improving auto insurance affordability for its residents, and CPAN is committed to helping to find solutions,” said Cornack. “Unfortunately, there are too many unintended consequences to the D-Insurance proposal for us to support it at this time.”

The bill would create a limited auto insurance policy 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.

“These caps on auto insurance coverage will put Detroit’s most seriously injured auto accident survivors at risk of having to choose between going without necessary medical rehabilitation treatment and falling into bankruptcy,” said Cornack. “The \$25,000 cap on rehabilitation benefits would leave catastrophic accident victims – those who are quadriplegic, or people with traumatic brain injuries – with essentially no-care. Our most injured, most vulnerable accident victims will be forced onto Medicaid, which does not cover what Michigan’s existing auto insurance covers. D-Insurance will shift the cost of caring for these types of injuries from insurance companies onto taxpayers.”

Sinas noted that D-Insurance impacts more than just Detroit drivers.

“While D-Insurance would only be offered to Detroit residents, we all ride on the same roads. That means everyone in Michigan would a greater risk of being sued if they injure someone in an accident,” said Steve Sinas. “As a result, all Michigan residents will need to consider increasing their liability insurance coverage to protect themselves if this bill passes.”

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The bill would also give auto insurers who provide D-Insurance coverage more power over medical decisions than allowed under traditional insurance policies. The proposal would allow insurers to challenge what qualifies as life-sustaining care, require accident survivors to use a closed network of health care providers and require pre-authorization for medical treatment.

“The goal of reducing auto insurance for Detroit drivers is shared by all stakeholders in Michigan’s no-fault auto insurance system,” said Cornack. “But even if D-Insurance was available, there is no guarantee that it will even provide meaningful rate relief. Instead, we should focus on balanced, comprehensive reforms that include cost containment and anti-fraud measures that will reduce costs for all Michigan drivers. We’re not saying no to reforms. We’re asking for all sides to come together to develop a plan that works.”

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Detailed CPAN Analysis of D-Insurance Proposal:

http://www.cpan.us/docs/Summary_of_D-Insurance_Plan_on_CPAN_5_13_15.pdf