

# CitizenDetroit

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Thursday, April 26, 2018



City of Detroit  
Mayor Mike Duggan

# How Did We Get Here?

## October 6, 1972 Michigan Legislature Passed No-Fault on Promise of Lower Rates, Fewer Lawsuits

**CLOUDY**

Slightly Warmer

High 58-63 Low 34-39

Map and Details on Page 3-A

**HOURLY TEMPERATURES**

8 p.m. 56	7 p.m. 48	11 p.m. 42
4 p.m. 56	8 p.m. 45	12 mid. 41
5 p.m. 55	9 p.m. 44	1 a.m. 41
4 p.m. 54	10 p.m. 44	2 a.m. 40

# Detroit Free Press

ON GUARD FOR 141 YEARS

Vol. 142—No. 153

Sunday, October 8, 1972

**METRO**

John S. Knight's  
Notebook

See Page 2, Section C

• • •  
Thirty Cents

## No-Fault Could Lower Rates

BY TRUDY LIEBERMAN  
Free Press Consumer Writer

When the state's new no-fault auto insurance law goes into effect next October, you probably will pay less for your car insurance.

That wasn't why no-fault was designed, and there are still many people who don't believe premium reductions really will come about. But projected rates compiled and newly released by the Michigan Insurance Bureau indicate that millions of Michigan drivers could feel some premium relief.

The figures and explanations of various no-fault provisions were made available to the Free Press by Deputy Insurance Commissioner Robert Rowe.

**THE MAIN REASON** for the reduction is that under the no-fault bill passed by the Legislature Friday, the amount of medical and disability benefits paid to you through no-fault auto insurance will depend on the amount of benefits you receive from other medical and disability coverage.

The more you collect from other insurance, the less you'll need from your no-fault policy, and so the smaller will be your no-fault premium.

For example, a married couple in the 30-64 age bracket who drive to work in a three-year-old Buick Le Sabre and earn \$200 a week might pay \$117 for a minimum coverage no-fault policy.

One exotic provision of the no-fault bill will pay the injured person up to \$20 a day for three years for maid service.

If they choose to deduct their Blue Cross coverage, they could get their car insurance for perhaps \$20 less. Furthermore, if the man is covered by some group disability insurance at work, he will get another few more dollars knocked off his auto premium.

One exotic provision of the no-fault law will pay the injured person up to \$20 a day for three years for maid service. But if you choose not to buy this coverage, you could save even more money.

**This is the first time that automobile insurance has been co-ordinated with other forms of insurance. And supporters of no-fault believe that this co-ordination will eliminate overlapping benefits and premiums. But because the law is so new, no one is exactly sure how much of a saving people will realize.**

Insurance companies may devise other kinds of deductibles so you can get cheaper insurance. But no one knows what these will be.

The amount of auto premiums you will pay also will depend partly on how much income you have. You will buy insurance to compensate for your lost wages if you are injured and can't work.

So the lowest premiums for lost-wage insurance will be for those who are in low-income groups. And, as before, there will be smaller premiums for those who have low value cars.

Young, single drivers who now pay the most for insurance probably will save the most money under no-fault, for many will not have to buy coverage to supply death benefits to dependents as a man supporting a family would have to do. In-

Please turn to Page 8A, Col. 1



**Action Line**  
Dial 222-6464

Action Line solves problems, gets answers, cuts red tape, stands up for your rights. Write Action Line, Box 881, Detroit, Mich. 48231. Or dial 222-6464 between 8:30 a.m. and 4:30 p.m. Monday through Friday.

Two Saturdays ago we took our children for a ride through a forest near our home in Afton. We came on a racing car that had crashed into a tree. A man with a crash helmet told us to be careful because 45 more cars were coming through at 90 to 100 miles an hour. Can you find out what's going on and put an end to it?—R.B., Afton.

Race was legal, though some of the drivers weren't. What we saw was a rally called Press On Regardless. Drivers are not to use public roads, not to speed. Rally officials said they're running an endurance race, not a speed race, and contestants might get going over lawful limits get a 30 minute penalty. State police weren't called soon enough last time, only nabbed a

# Lee Iacocca: No Fault will cut legal expenses, reduce rates.

## Strong Vote for No-Fault

THE RINGING endorsement of no-fault auto insurance by Ford Motor Co. President Lee A. Iacocca, following on the heels of Gov. Milliken's own no-fault proposal, was welcome though hardly surprising. Iacocca emphasized that automobile manufacturers have a vested interest in auto insurance: Lower premium costs make it easier for people to own cars. And no-fault insurance should lower premium costs for most Michigan drivers.

The Ford executive cited the success of the Massachusetts no-fault plan under which, he said, premium costs will have been reduced two-thirds by the end of two years. Michigan drivers could also expect a rate reduction, but not so much as Massachusetts, where premium costs were much higher than they are here.

Under the present tort liability system,

much of the insurance premium dollar goes for legal and administrative costs, which are necessary to determine fault. With a no-fault system, where a driver collects from his own insurance company regardless of who was at fault in the accident, much of these costs can be eliminated. The savings could then be passed on to drivers in the form of greater benefits or lower premium costs or both.

In supporting no-fault, Iacocca said damage-resistant vehicles would not significantly reduce insurance costs because, at present, repair bills account for well under half of insurance company costs. Unfortunately, he is right. But a combination of damage-resistant vehicles and no-fault insurance would undoubtedly cause a major reduction in premium costs.

The Legislature is now faced with several no-fault insurance plans, including the governor's, which has very limited tort liability. To be successful in holding costs down, liability must be severely limited or we will still be faced with the same expensive—and time consuming—problem of proving fault.

No-fault auto insurance will be good for the auto industry. And there is a lot of truth in the old saying about what's good for the auto industry is good for Michigan. We strongly urge the Legislature to act promptly and positively on Gov. Milliken's no-fault proposal.



Iacocca: An Interest in Reform

# Michigan Trial Lawyers: No Fault dangerous, unconstitutional.

POLITICAL ADVERTISEMENT

## The Michigan Trial Lawyers Association believes MICHIGAN'S "NO-FAULT" AUTO INSURANCE LAW IS UNCONSTITUTIONAL

Wayne County Circuit Judge Horace Gilmore has scheduled a full trial starting Nov. 19 because he says there are some serious constitutional questions about it.

In the meantime and until the constitutional issues are settled **IF YOU** need to drive to work, to the doctor, and to the store and are financially unable to buy this "no-fault" auto insurance and you choose to drive and the State attempts to penalize you in any way, the Michigan Trial Lawyers Association will provide free assistance to your court-appointed lawyer to test the constitutional issues involved.

**IF YOU** choose to drive without insurance as a matter of principle because you are opposed to a law which gives only \$1,000 for the death of a child but will pay up to \$1 million to a train if it is wrecked — the Michigan Trial Lawyers Association will provide free assistance to your own attorney to test the constitutional issues involved.

*For further information call or write:*

**Michigan Trial Lawyers Association**  
1010 Washington Square Building  
Lansing, Michigan 48933  
Phone: (517) 489-2417

# Detroit Free Press

AN INDEPENDENT NEWSPAPER

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2-B

SUNDAY, SEPTEMBER 2, 1973

*As We See It*

## Better Protection for All Under No-Fault Insurance

SOME OF THE QUESTIONS raised in the Michigan Trial Lawyers suit to stop no-fault auto insurance are valid, but most are not new. There will be problems with no-fault, but fewer than with the present tort liability system of auto insurance.

The suit alleges that Michigan's no-fault law, due to take effect Oct. 1, discriminates against poor people because it requires them to buy insurance in order to continue driving legally.

And no-fault does discriminate against the poor — just as everything else that costs money discriminates against the poor.

But the new Michigan law will have the advantage of keeping middle-income accident victims from becoming poor, and will keep some poor accident victims from being doomed to a life of poverty.

Too many Michigan drivers are presently either uninsured or underinsured. They save money as long as they stay out of accidents, but many have found that accidents do not always happen to the other guy.

About 325,000 drivers pay the \$45 uninsured motorists fee, some thinking the

number of accidents involving uninsured drivers who elected to pay the damage before a claim could be filed with the state.

Insured motorists, too, can suffer great financial hardships after being involved in serious accidents. At present, the delays often last years while lawyers for the parties involved in an accident battle it and out of court. Sometimes no determination of fault can be made, and the victims are left to suffer on their own.

Under no-fault there will be no lengthy negotiations or court cases to find fault and the victim's company will be required to make prompt payment.

The fault-finding process is an expensive one, and despite Michigan Trial Lawyers president Harry Philo's statement that lawyers will do better for the first 10-12 years with the no-fault law, the lawyers have been doing quite well under the tort liability system.

Self-interest has never strayed far from the lawyers' hearts, and we doubt that they would do nearly as well under no-fault with lawsuits limited to the most severe accidents.

## Typical Editorial of the Day:

**“17% of all lawsuits are auto accidents, clogging up the courts.”**

**“Under no-fault there will be no lengthy negotiations or court cases to find fault...Lawsuits will be limited to the most severe accidents.”**

**“In Massachusetts under the first year of no-fault, premiums dropped 67%.”**

**“Young, single drivers will save the most money under no-fault.”**

# 2018 Average Cost to Insure Automobile

Ohio	\$1037
Indiana	\$1133
Illinois	\$1120
Wisconsin	\$1040
Michigan	\$2610

## Rates in Michigan Vary Widely

Royal Oak	\$2512
Detroit	\$4911

# What makes up cost of car insurance in Michigan?

<b>Bodily Injury/Tort (Injury to passenger/others)</b>	<b>7%</b>
<b>Theft (Comprehensive)</b>	<b>19%</b>
<b>Collision (Car Damage)</b>	<b>32%</b>
<b>PIP/MCCA (Personal Injury Protection - Medical)</b>	<b><u>42%</u></b>
<b>Total</b>	<b>100%</b>

**Medical Insurance has exploded into the largest component of your auto insurance premium – an inconceivable scenario when No-Fault passed in 1972.**

# How does PIP/MCCA work?

**Most people already have health care coverage:**

- Employer (Blue Cross, HAP, etc.)
- Medicare
- Health Care Exchanges
- Medicaid
- VA

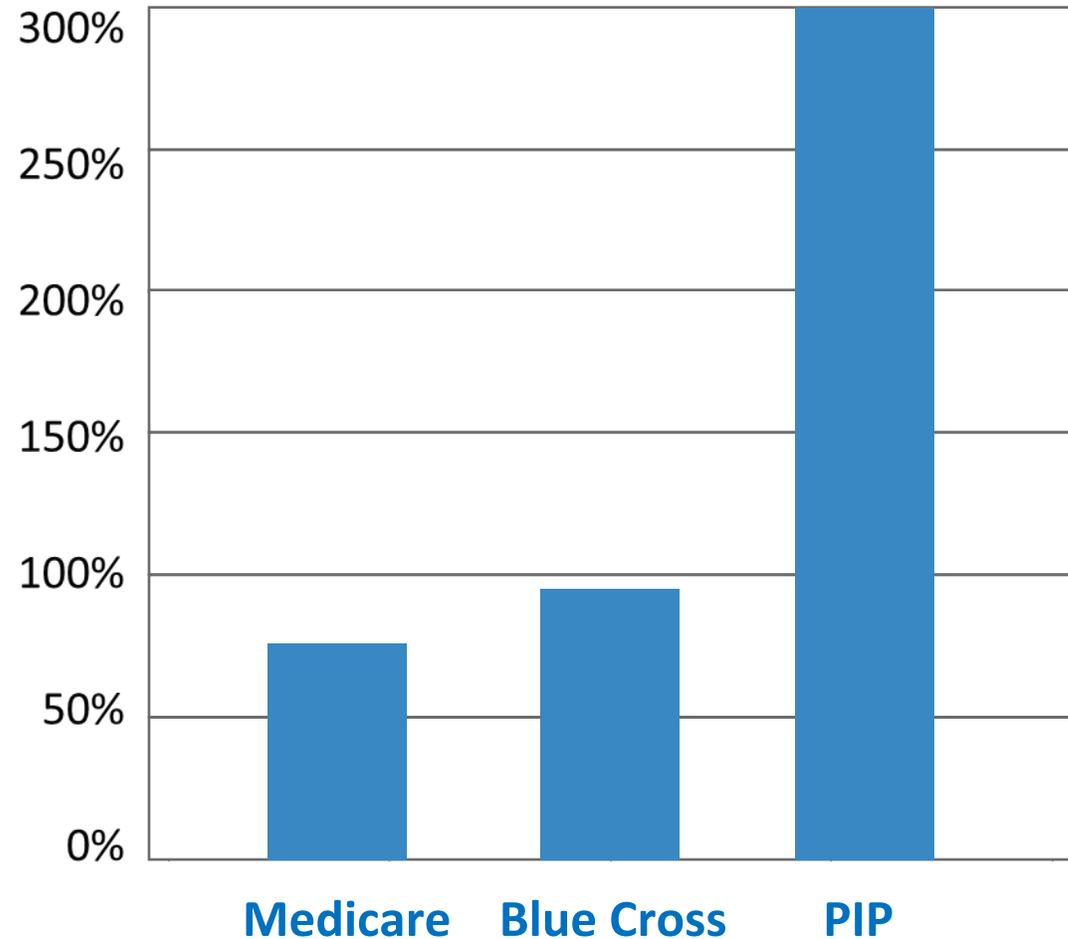
**If you have a serious injury (fall from a ladder, get hit by falling brick), your medical coverage pays for your emergency medical treatment and long-term care.**

**When you buy car insurance, you usually wind up paying for duplicate medical coverage.**

# The Problem

- Michigan's No-Fault Law was passed in 1973 when hospitals and doctors were paid on a cost-plus basis for whatever rate they chose to charge.
- That practice has been eliminated from medical payments for 20 years in all other areas, but the No-Fault Law was never amended – No Fault **must** pay hospital/doctor “charges” at rates **solely set** by hospitals/doctors.

# For Payments to Doctors and Hospitals, What's the Difference Between Medicare, Blue Cross and PIP?

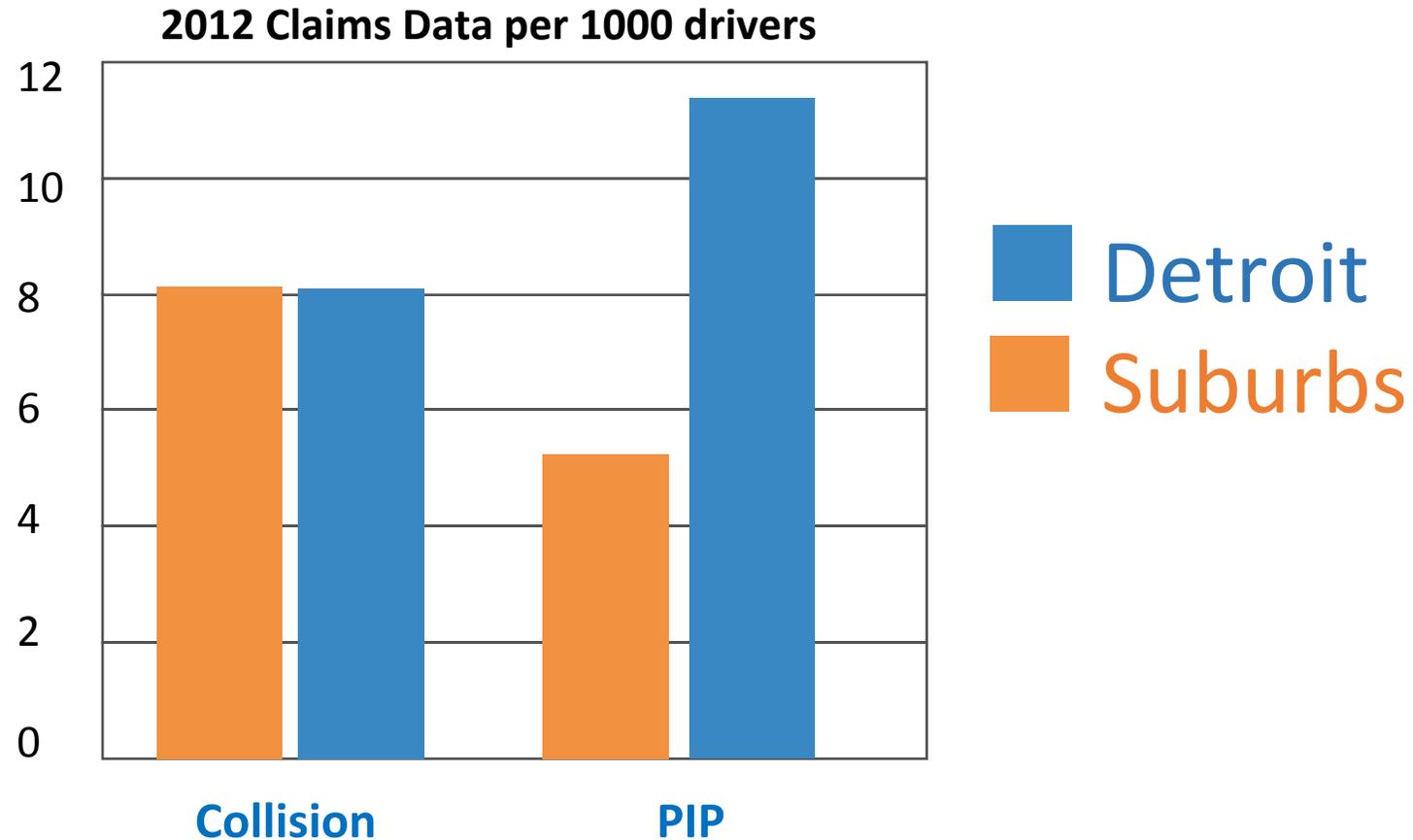


*Medical Providers are usually paid 2-5 times more for the same care by Auto Insurance PIP*

# How Much More Do You Pay Doctors and Hospitals from Your Car Insurance?

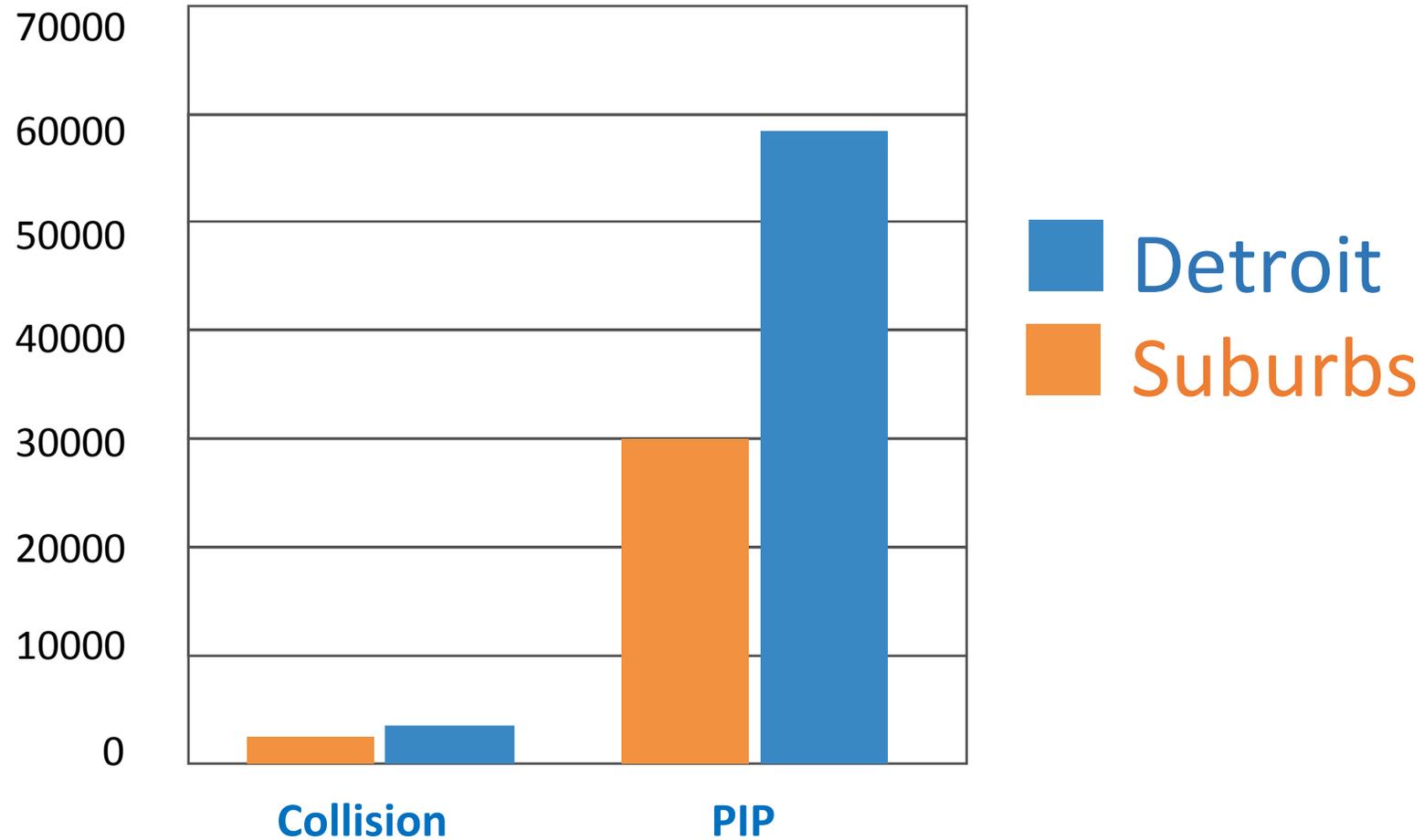
	<u>Medicare</u>	<u>Commercial Insurance</u>	<u>Car Insurance</u>
1 Hr. Phys Therapy	\$ 31	\$ 42	\$ 79
CT Scan	\$262	\$419	\$1,821
MRI	\$484	\$770	\$3,259

# Why are Detroiters' Rates Higher?



Detroiters file the same number of accident claims as surrounding communities. Detroiters file twice as many PIP claims.

# How much does each claim cost Detroiters?



**Average Claim Size**

# Trial attorneys opposed No-Fault in 1972 because their lawsuits were limited to 3<sup>rd</sup> party injury pain/suffering

Bodily Injury/Tort (Injury to passenger/others)	7%	 Expected No-Fault Suits
Theft (Comprehensive)	19%	
Collision (Car Damage)	32%	
PIP/MCCA (Personal Injury Protection - Medical)	<u>42%</u>	 Explosion of No-Fault Suits for medical payments
Total	100%	

- Some trial attorneys developed an entirely new practice – suing the driver’s own insurance companies for payment of medical bills.
- Medical providers and these trial attorneys now have a unified financial interest – the higher the medical bills, the more they all make.

# Attorneys take 1/3 of the medical bills



## Wayne County Circuit Court Civil Case Filings

	<b>Total Auto Injury/ <u>No Fault Cases</u></b>	<b>% Auto Cases <u>Cases Filed</u></b>
<b>2010</b>	<b>5,635</b>	<b>39%</b>
<b>2013</b>	<b>8,503</b>	<b>54%</b>
<b>2016</b>	<b>9,762</b>	<b>57%</b>

Source: 2016 Annual Report of Michigan State Courts

# And now the lawsuits are exploding all across Michigan

## Michigan Statewide Lawsuits

	<b>Total Auto Injury/ <u>No Fault Cases</u></b>	<b>% Auto Cases of all <u>Cases Filed</u></b>
<b>2010</b>	<b>10,665</b>	<b>23%</b>
<b>2013</b>	<b>14,949</b>	<b>35%</b>
<b>2016</b>	<b>16,899</b>	<b>42%</b>

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**In 1972, 17% of the state's lawsuits were auto accidents - the main argument for passing a No-Fault law was the litigation expenses.**

**In 2016, 42% of the state's lawsuits were auto accident cases – and that % is climbing dramatically.**

## **The worst part?**

**These exploding costs are being borne unfairly by those who can afford it least – Michigan's senior citizens.**

**Michigan citizens on Medicare are being double-taxed \$1,000 or more for unnecessary medical coverage.**

- By federal law, Medicare coverage is secondary – only kicks in if there are no other available payers.
- Because Michigan No-Fault law requires driver to purchase unlimited medical coverage, Medicare will not pay for car accidents.

**Michigan is the only state in America where seniors are double-taxed for health care – in all other states Medicare pays for seniors' emergency room and long-term care.**

# 5 Principles of “Driver’s Choice” Reform Proposal

- 1) Credit scores will not be used in setting car insurance rates
- 2) Drivers can choose amount of coverage to purchase, as in all other 49 states – guaranteed 20% average rate cut for those who choose
- 3) \$1000 Medicare penalty will no longer be charged to Michigan seniors. If you have Medicare you don’t have to pay for unnecessary health coverage with car insurance.
- 4) Hospitals and doctors can’t overcharge drivers for their medical care—must charge market rates.
- 5) If a victim has medical expenses beyond their coverage, they may sue at-fault driver to pay those expenses.