

STATE SENATOR • HANSEN CLARKE • 1ST DISTRICT

Clarke Press Release

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Clarke Introduces Legislation to Reduce Excessive Auto Insurance Rates

New legislative package empowers consumers to challenge excessive rates, brings fairness and transparency to system

LANSING -Today State Senator Hansen Clarke (D-Detroit) introduced Senate Bill 1027, part of a 14-bill legislative package intended to protect consumers, restore checks and balances in Michigan's insurance industry, and bring fairness to the system. This bill would specifically prohibit insurers from discriminating based on socioeconomic characteristics in setting their rates.

"There is no legitimate reason for a CEO to be paying a lower insurance premium than a waitress with the same driving record," said Clarke. "A system that penalizes a driver simply because of his or her socio-economic background is fundamentally flawed. My legislation will bring fairness to the rate setting process and help reduce excessive premiums."

The practice of using an individual's educational level, employment, trade, business, occupation, or profession unfairly impacts lower-income individuals. Consumers with a higher socio-economic background are typically rewarded with lower rates, despite the fact that their claims may cost the insurer more based on the value of the policyholder's "work loss."

"Auto insurance is meant to offer drivers peace of mind, but it's clear that the only thing Michigan drivers can truly count on are inflated premiums," said Clarke. "We need to reform the system and ensure that safe Michigan drivers of all backgrounds have access to fair, affordable insurance rates."

Additional bills in the package would bring transparency to the Michigan Catastrophic Claims Association (MCCA), prohibit insurance companies from charging consumers twice for catastrophic claims, and allow the Insurance Commissioner to determine and require a refund for excessive rates.

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