

STATE SENATOR • MARTHA G. SCOTT • 2ND DISTRICT

Scott Press Release

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STUDY: MICHIGAN INSURANCE RATES UP 69 PERCENT IN 20 YEARS

Senator Scott Applauds Proposed Rate Freeze

LANSING - A new study shows that auto insurance rates in Michigan have increased 69 percent in the past 20 years, giving Michigan the highest average annual urban rate in the nation.

“Insurance rates are simply too high for many drivers and homeowners in Detroit and other cities across Michigan,” said State Senator Martha G. Scott (D-Highland Park). “And this is especially true as our economy continues to struggle and our citizens face job losses.”

The Office of the Automobile & Home Insurance Consumer Advocate for the State of Michigan released the report, “Affordable Insurance For All: A Plan To Protect Michigan Consumers,” this week. Governor Jennifer Granholm referenced the report in her February 3 State of the State address, when she called for a freeze on auto and home insurance rates until the plan’s 10-point plan for insurance report is enacted.

“I am very pleased to hear Governor Granholm call for a freeze on insurance rates while the Legislature works on bills to reform insurance rate setting,” Senator Scott said. “The Governor’s proposals will help us in our quest for affordable and equitable insurance rates that are not based on where a person lives. I look forward to working with the Governor and my colleagues to write and pass this legislation.”

According to the report, auto insurance rates have increased by 69 percent since 1989, the fastest rate of increase in the United States. Michigan’s average annual urban auto rate of \$5, 072 is the highest in the nation. The statewide average rate is \$1,067, the second most expensive in the nation.

The report includes recommendations to require insurance companies to obtain state approval prior to raising rates; ban the use of credit scoring, occupation and education level in determining rates; give consumers with collision insurance the right to recover actual repair costs to the vehicle from the at-fault party in an accident; and strengthen the state’s authority to award

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refunds to consumers upon finding that a company has overcharged policyholders.

The report also includes a “De-Regulation Timeline” that shows how regulatory oversight of the insurance industry has weakened over time in Michigan, and a 50-state “Best Practices” review of insurance reforms in other states.

The entire report is available at www.michigan.gov/lowerrates.now.

Senator Scott has long been a proponent of insurance reform. This year, she has again introduced legislation prohibiting the use of “redlining” - setting insurance rates based on location.

“I have been advocating insurance reform in Michigan for many years, and I will continue to do so until it becomes a reality,” Senator Scott said. “If the state mandates that people must have insurance to drive a car or own a home, it should make sure that insurance is both fair and affordable.”

Senator Scott has called for insurance reform every time the Senate meets for the past four years. Her daily statements on insurance reform can be watched at her website, www.senate.mi.gov/scott, under “Media Room.”

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Senator Scott represents the 2nd Senate District, which includes areas of Detroit and the cities of Hamtramck, Harper Woods, Highland Park and all of the Grosse Pointes. She serves on the Senate Appropriations Committee.