



# FAIR AND AFFORDABLE NO-FAULT REFORM

## **A Bipartisan Solution to Fair and Affordable Auto Insurance**

For the first time, House Republicans and Democrats have joined together to create a bi-partisan comprehensive no-fault reform package that will provide a lasting fix to Michigan's auto insurance system.

### ***Legislation Making Auto Insurance More Affordable***

1. Enact a fee schedule that is 185 percent of Workers Compensation for all medical providers treating accident victims, with cost-of-living adjustments, provided payment is made promptly. Level 1 trauma centers would not be subject to the fee schedule.
2. Adopt hourly rate schedules for family-provided attendant care that are reasonably related to the nature and extent of the patient's disability and needs, preserving attendant care for patients requiring 24/7 care.
3. Prohibit non-driving rating factors (including credit score, gender, occupation, education level and zip code) from being used to determine auto insurance rates.
4. Create a Fraud Prevention Authority that is meaningful and balanced and focuses on fraud committed by claimants and providers, as well as, abusive claims practices of insurance companies who wrongly and knowingly deny legitimate claims.
5. Reduce unnecessary litigation by extending the one-year-back rule to a three-year-back rule applicable to legal actions seeking payments of no-fault PIP benefits.
6. Encourage the purchase of coordinated no-fault policies by providing that health insurers who pay benefits in lieu of no-fault insurers are not given tort lien rights that are greater than no-fault insurers.
7. Reinforce and strengthen existing law requiring that auto insurance premiums be "*appropriately reduced*" for any consumer buying coordinated no-fault coverages.
8. Make Michigan auto insurance rates more transparent by requiring the Michigan Catastrophic Claims Association to independently and publicly verify the appropriateness of its assessments (currently \$170 per insured vehicle) and require the MCCA to adhere to the Freedom of Information and Open Meetings acts.



## FAIR AND AFFORDABLE NO-FAULT REFORM

9. Enact flexible wage loss benefit coverage so as to reflect the auto accident victim's actual wage/salary level.

### ***Legislation Promoting Fairness in Auto Insurance***

1. Provide for a method of physician verification of treatment and care needs, which would trigger authorization of payment of benefits without first requiring a patient to incur the financial expense.
2. Establish fair standards and qualifications for physicians who provide Independent Medical Examinations on behalf of insurance companies.
3. Admire Fix – Mitigate the unfairness of the *Admire vs. Auto Owners* decision, which has been used by insurance companies to deny paying legitimate expenses needed by catastrophic auto accident victims, including handicap accessible transportation and barrier free accommodations.
4. Bahri Fix – Mitigate the unfairness of the *Bahri vs IDS Property Casualty Insurance Company* decision, which allows insurance companies to void an entire policy for any claims containing errors that the insurance companies claims are fraudulent.
5. Bazzi Fix – Re-instate the innocent party rule, which was overturned in the *Bazzi vs Sentinel Insurance Company* case, thereby protecting innocent third party claimants who did not participate in fraudulent procurement of a policy.
6. Covenant Fix – Reinstatement the long-recognized ruling in *Covenant Medical Center vs. State Farm*, giving medical providers an independent legal right to sue insurance companies who do not pay for a patient's care related expenses.
7. Prohibit the MCCA from acting as a super-adjuster on behalf of insurance companies. The MCCA should only serve as an indemnifier that reimburses auto insurers for medical expenses that exceed the statutorily set limit (currently \$550,000).
8. Raise the mini-tort threshold from \$1,000 to \$5,000; and increase the minimum residual bodily injury coverage from \$20,000/\$40,000 to \$100,000/\$200,000.