

# What Is Driving Up The Cost Of Auto Insurance?

The short answer is simply that the current Michigan no-fault auto insurance system is broken and in need of reform.

There are two primary factors that are driving up the cost of private passenger automobile insurance – Unlimited lifetime benefits and healthcare providers charging fees that may be 4 to 7 times greater than those charged to Medicare or Workers Compensation providers.

As a Michigan driver, you are forced to buy this unlimited, lifetime medical coverage even if you have private health insurance that pays for injuries in an auto accident. Michigan is the only state in the nation that requires unlimited, lifetime benefits. The state with the next highest level of coverage, New York, only requires \$50,000 of coverage. This mandated unlimited, lifetime medical coverage has pushed the cost of auto insurance 20 to 35% higher than in neighboring states. In Florida, drivers only have to purchase \$10,000 of coverage; in Minnesota, drivers purchase \$20,000 of coverage; and in Pennsylvania they only have to buy \$5,000 of coverage. Legislators need to either give Michigan drivers a choice in the coverage they purchase or establish a reasonable limit that is affordable.

*The increased cost for automobile insurance has also resulted in 1 out of every 5 Michigan drivers going without insurance. Ultimately, those costs are pushed back to all policyholders in the form of increased rates as insurance carriers pay for the claims caused by uninsured drivers.*

Due to no-fault, hospitals and other medical providers have been driving up the price of auto insurance for Michigan policyholders. Over the last 10 years, the average Michigan auto insurance Personal Injury Protection (PIP) medical claim per vehicle rose more than 124% (8% per year), while nationally, PIP claims rose only 25% or 2% per year. The Michigan No-Fault law affords auto insurance companies no ability to reduce these costs. They must pay whatever hospitals decide is a reasonable charge. That results in No-fault charges that are as much as 6-7 times greater than Medicare!

*This chart is a stark example of why your costs for automobile insurance are so high and the medical community fully understands that they have an open checkbook! Did you ever wonder why one of the first questions asked by a medical provider is “was this injury caused by an automobile accident or while you were on the job?” Now you know!*

## What Can Be Done?

### Establish a Reasonable PIP Limit

Every other state provides policyholders with the ability to choose the amount of medical coverage they purchase for their auto insurance policies...you deserve these options too.

### Institute a Fair Fee Schedule

A medical fee schedule is one of the most common cost containment tools. Blue Cross/Blue Shield and all private health insurance plans have them; so does Michigan’s Workers Compensation system. By setting a reasonable fee schedule for auto accident medical reimbursement, Michigan can ensure that medical providers are getting paid an appropriate fee and can keep auto insurance rates down.

### Michigan Needs No-Fault Reform

Several proposed changes would offer the highest auto insurance medical benefits in the country – but at a lower cost. Setting a reasonable no-fault limit and a medical fee schedule would ensure the future stability of the no-fault auto insurance system and will provide auto insurance at a cost you can afford.

**Call or write your state senator or representative to express your support of no-fault reform today.**

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Senator Joe Hune  
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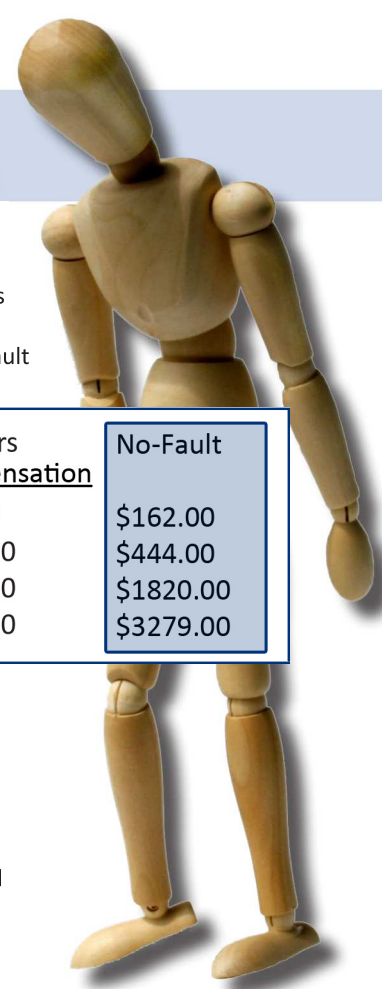
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