



Keep Our No-Fault Law Intact

By Robert Pierce, CAE
CEO, Michigan Association of Insurance Agents

When Michigan's no-fault law was enacted in 1973, it established an insurance system that provided the most generous medical benefits in the nation. To this day, Michigan is the only state in the nation that provides unlimited medical and rehabilitation benefits for life. In exchange for this incredible benefit package, restrictions on lawsuits were put into place. Suits could be brought only if a victim dies, suffers permanent and serious disfigurement, or loss of serious bodily function. The result of this landmark legislation enabled motorists to bypass time-consuming and expensive litigation, and have auto accident claims settled in a more timely fashion.

Michigan's no-fault law remains a model for the nation, and has won the support of even its toughest critics. As Consumer Reports Magazine describes, "*The most successful no-fault law is in Michigan. No-fault has put more premium dollars into the hands of injured people and fewer in the pockets of attorneys.*"

The future, however, of Michigan's no-fault system and the ability to offer unlimited medical benefits is now under a serious challenge. In 2004, a court case (*Kreiner vs. Fisher*) revisited the definition of serious impairment of body function. That case remains under consideration by the Michigan Supreme Court, where a ruling is expected later this year.

An all out attempt to reverse the original *Kreiner* decision, is being spearheaded by overzealous trial lawyers, who stand to financially gain by such an outcome. Should they succeed, the floodgates of litigation will be open, and the likelihood of increased insurance premiums will be the result.

Ironically, there appears to be no public outcry for revamping our current insurance system. On the contrary, there is strong evidence to suggest that consumers, who have escaped financial ruin by having access to Michigan's unlimited medical benefits, want to keep the current system in place. During this past year, many consumers and injured motorists testified in public hearings about the virtues of our no-fault insurance system.

-- continued --

It's worth pointing out that there have been two state-wide ballot proposals that have offered the public a chance to eliminate unlimited medical benefits, and make changes to our no-fault system, and both times the public has overwhelmingly rejected changes that would dramatically impact the current no-fault system.

The effect of this ruling and the extent to which the threshold level will be lowered remains to be seen. However, if *Kreiner* is overturned, it is expected that the number of lawsuits filed will rise based on the lower threshold requirement. Such a ruling could have a serious impact on our no-fault insurance system.

The Michigan Association of Insurance Agents remains an ardent supporter of our state's no-fault insurance system. It is (as Consumer Reports Magazine suggests), a model for the nation. The affordability of our no-fault system relies on the economic trade-off between immediate and comprehensive benefits, in exchange for stringent limits on non-economic damages. Any change to the no-fault threshold will ultimately lead to increased insurance premiums for consumers. To the thousands of policyholders our members represent, higher auto insurance premiums is not what they are asking for today.

****Robert Pierce is Chief Executive Officer of the Michigan Association of Insurance Agents.***