Gov. Rick Snyder Calls for Auto Insurance Reform

Allison Hillaker
Pioneer State Mutual Insurance Company

"It's time for some reforms, folks," Governor Rick Snyder proclaimed during his January 13, 2013 State of the State address, speaking to the need to consider how auto insurance premiums are being negatively impacted by Michigan's unique No-Fault Auto Law and by increasing cases of insurance fraud.

As the governor stated during his speech, Michigan has the highest insurance rate in the nation. Under the state's No-Fault Auto Law, drivers injured in an auto accident are entitled to unlimited, lifetime medical benefits. No other state requires drivers to purchase unlimited benefits, but instead offer their drivers various options in order to keep premiums low. The Insurance Institute of Michigan (IIM) reports that because of Michigan's unlimited coverage mandate, many cannot afford auto insurance anymore. They support the governor's position and have been working with government offices to see the reform carried out.

Pioneer State Mutual Insurance Company's President and CEO, Kurt Foley, supports the reform measures as well. In his "Message to Policyholders" in 2011, Foley stated, "[w]e continue to be hopeful that the current legislative action regarding Michigan no-fault automobile insurance will produce prudent and reasonable reform to help control costs going forward. The proposed reforms will increase the affordability of personal automobile insurance for our policyholders and all other Michigan residents. We believe that reasonable and prudent reform can take place, while at the same time, protect what is well known- that Michigan's personal automobile coverage is the best in the country!"

During the State of the State, Gov. Snyder announced an executive order to create the Department of Insurance and Financial Services and proposed current Office of Financial and Insurance Regulation Commissioner R. Kevin Clinton as its potential director. Clinton tells Lansing news station WILX-TV the reform could take just a few months to complete and is expected to help improve Michigan's economy.