

## Michigan consumer advocate wants fairer premiums

by AP-News

LANSING, Mich. - Michigan's new insurance consumer advocate says state laws favor insurance companies over consumers when it comes to setting rates.

State law requires that insurance rates not be "excessive, inadequate, or unfairly discriminatory," but assumes rates are affordable as long as there's competition in the market, Melvin "Butch" Hollowell told reporters Wednesday.

He said the 401-word definition of "affordable" is "riddled with loopholes and exceptions" that have allowed the state's average annual auto insurance premium to hit \$930, or \$91 more than the national average.

Peter Kuhnmuensch of the Insurance Institute of Michigan said the major reason premiums are higher here is because Michigan offers more benefits through its no-fault system than many other states. It's also the only state to require unlimited personal injury protection benefits, which policyholders pay for through a per-vehicle annual fee - currently \$123.

Kuhnmuensch, the trade group's executive director, agrees with Hollowell that the law uses competition as the basis for deciding if rates are affordable. But he said consumers have many options when shopping around for the best rates.

"We have nearly 200 companies competing for customers' business here in Michigan," he said, adding that a study of rates filed by the top 10 insurance companies with the state show that auto insurance rates dropped an average of 2 percent last year.

Both sides point out that Michigan's premiums are the nation's 13th highest, according to a study of 2005 rates by the National Association of Insurance Commissioners.

The study found that average auto insurance rates rose 69 percent in Michigan from 1989 to 2005. Hollowell said the increase is outstripping the national increase in rates, forcing consumers already struggling with lost jobs and little income growth to absorb large rate increases.

But Kuhnmuensch sees the ranking as a good sign for consumers.

"We have by far the most comprehensive benefits of any state in the union, and yet we're 13th nationally in price. I think that's pretty good," he said. "I challenge our consumer advocate to find a state that delivers better value than Michigan."

Hollowell, a Detroit attorney and former state Democratic Party co-chairman, was appointed the state's Auto and Home Insurance Consumer Advocate in March by Gov. Jennifer Granholm.

The Democratic governor has long tried to reduce auto insurance rates in Michigan. At one point she pushed for legislation that would have rolled back rates by 20 percent, but the legislation failed to gain the support of Republican lawmakers. A Democratic effort to outlaw using credit scores when setting insurance rates also has failed to become law.

Legislation introduced this spring in the GOP-controlled state Senate would let motorists lower their level of medical coverage in exchange for lower premiums. But opponents say Michigan residents would end up footing the bill when motorists with too little medical coverage get hurt in serious accidents.

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