

## Give public choice to lower auto costs

By Jackson Citizen Patriot staff

December 08, 2009, 8:38AM

As many Michigan residents still struggle to pay their bills, Democrats in the state House last week offered a batch of ideas designed to bring down auto-insurance costs.

Not everyone agrees with their method, or even if their plans will work. The insurance industry responded with its own proposals that it says could slice many auto-insurance bills by 45 percent.

There's always middle ground in politics, and that's the case here. But any effort that is serious about helping cash-strapped citizens should shy away from the regulation-laden Democratic plans.

Instead, Michigan should largely give insurers freedom to set prices as they see fit — and customers the freedom to buy only the auto insurance that they want.

How high are Michigan's auto-insurance rates? The Insurance Institute of Michigan says they are 12th-highest in the nation. House Democrats, who introduced legislation last week, claimed they are second-highest when considering other factors.

Regardless, there should be policy change that saves hundreds of dollars for the average Michigan family each year.

You could start by eliminating the requirement that Michigan drivers carry limitless medical benefits through their auto plans.

That is excessive and redundant. A 65-year-old driver injured in a crash could have hospital bills covered by Medicare, instead. Private insurance can do the same for younger drivers. In fact, Michigan is the only state with such a requirement, according to the Insurance Institute.

Are there alternatives? Yes. Force drivers to carry, say, a minimum of \$50,000 in medical coverage, and Michigan's average auto-insurance rates would fall 15 percent to 45 percent, the Insurance Institute predicts. Drivers, of course, could choose to buy more medical coverage through their auto policy if they could afford it.

Contrast that common-sense proposal with the ideas that House Democrats are pushing. They would slow the process for insurers to change rates, outlaw the use of credit scores in setting insurance prices, and start a pilot program that lets certain low-income residents pay \$600 a year for auto coverage.

Some drivers would benefit from these ideas, but others would be punished. Who would pay for the \$600-a-year program?

The rest of Michigan's drivers. And credit scoring actually results in insurance discounts for two thirds of drivers, according to the Insurance Institute.

The only sensible reform that enjoys traditional Democratic support is eliminating the use of "redlining," or setting higher policy rates for people who live in particular areas. Punishing drivers because they live in Detroit — or in Jackson County, which leads Michigan in car-deer crashes — and ignores individual driving records strikes us as fundamentally unfair.

The only real way to reduce personal auto-insurance rates is to take costs out of the system, not move them around the chess board. The Democratic proposals in Lansing do little to eliminate costs, and they should be nixed.

But rest assured, good ideas are out there — if only fair-minded lawmakers are willing to consider them and act.