



Insurance Institute of Michigan

Insurance Institute of Michigan Position
Tracking Uninsured Motorists
House Bills 4633-4
As of October 15, 2009

The Insurance Institute of Michigan (IIM) strongly opposes legislation, such as House Bills 4633-4, that would create a duplicative state database for tracking uninsured motorists. Similar systems created in other states have yet to be found effective in reducing the number of uninsured motorists.

IIM opposes legislation that would:

- Create a stand-alone central database for tracking uninsured motorists.
- Require daily downloads of insurance company data when an auto insurance policy is terminated, cancelled or expired, which duplicates existing reporting requirements.

House Bills 4633-4 would dictate a specific methodology to collect and disburse data from private insurance companies by creating a new, stand-alone database that requires a daily update for the more than 700 companies across the country that are licensed to sell automobile insurance in this state.

The implementation of such a system in Michigan could also drive up the cost of insurance. Companies would have to pay for setting up computer programs and hiring additional staff to meet the reporting requirements. Also, companies that write a small amount of auto insurance in the state may choose to withdraw instead of expending the necessary funds for personnel and equipment to participate in the reporting system.

Although Michigan may have a vested interest in compelling people to have auto insurance, a mandatory auto insurance tracking law doesn't appear to have an impact on the number of uninsured drivers. Only one factor seems to contribute to higher numbers of the insured population: strict and consistent enforcement.

The bottom line is that an expensive and inefficient reporting system will not resolve the problem of uninsured motorists. It will only drive up the costs and inconvenience for law-abiding citizens who pay auto insurance to companies, which, in turn, will have to increase staffing and computer system costs to pay for the tracking system.

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