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## **Insurance Coalition: Governor's Call to Freeze Insurance Rates Could Jeopardize Michigan Jobs**

(Lansing) The Michigan Insurance Coalition (MIC) calls Governor Granholm's proposals to arbitrarily freeze auto insurance rates for the next 12 months an ill-conceived plan that could end up costing jobs at Michigan insurance companies.

"You cannot freeze insurance rates unless you also freeze the costs of providing insurance," said Tom Shields, spokesperson for the Michigan Insurance Coalition. "Calling for a freeze on auto insurance rates is irresponsible unless the Governor is planning to also freeze the rates of hospitals, doctors, auto-repair shops and lawyers. And while she's at it, she should also freeze the number and severity of accidents, and put an end to car thefts and fraud. This turkey of an idea will not fly."

Michigan's no-fault insurance system provides Michigan policyholders with the most generous benefits of any state in the country. As an example, Michigan provides unlimited medical coverage for catastrophic injuries. The second highest state requires only \$50,000. Those benefits come with a cost – but ironically, 13-17 states pay more for automobile insurance! True reform will look at reducing costs or providing more options to Michigan policyholders.

"More than half of Michigan auto insurance policies are written by Michigan based insurance companies. Arbitrarily freezing rates without considering cost will potentially jeopardize some of the more than 70,000 Michigan jobs in insurance industry," continues Shields. "More than 1500 insurance companies currently compete in the Michigan market. Price freezes will drive them from our markets, dry up competition and eventually drive rates higher as consumers have less options."

MIC is also gravely concerned that the Governor appears to be threatening reprisals by the state's insurance regulatory agency – the Office of Financial and Insurance Regulation (OFIR) if companies do not follow her mandate.

"OFIR already has the authority – and responsibility – to regulate insurance rates. Using that office to harass insurers who do not follow the Governor's political agenda is nothing more than an abuse of power," said Shields. "At some point in time the governor needs to realize that insurance jobs are just as important as movie jobs, energy jobs and auto jobs."

The Michigan Insurance Coalition (MIC) is an association of insurance companies based in Michigan and around the country that employ thousands of Michigan workers.

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