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Contact; Tom Shields  
(o) 517.372.4400

## **Democrats take Insurance Circus on the Road Again**

*Monday's press conference will be just another political stunt leading up to the 2010 elections*

(Lansing, Mich.) — It is still 335 days before Election Day 2010, but Michigan Democrats are poised to again stage political press conferences across the state to attack the Michigan insurance industry. These press conferences, presumably to introduce legislation proposed by so-called consumer advocate Butch Hollowell, are just another stunt by the House and Senate Democrats to create sound bites for the 2010 elections. The press conferences will create another political flash-in-the-pan, but the same old issues they'll be discussing are far from the legitimate public policy debate Michigan's citizens deserve.

"This state cannot afford the political solutions to economic issues that the Democrat leadership continues to offer," said Tom Shields, spokesperson for the Michigan Insurance Coalition. "Every piece of insurance legislation they have proposed over the past year would cost consumers more, create a bonanza for trial lawyers or provide a climate in Michigan that will drive insurance companies and their jobs to other states."

Over the past year, the Democrat leadership in Lansing has offered a number of political schemes that they think will help them at the ballot box in 2010. But these schemes will do nothing to help consumers because they only stifle competition, create new payouts for trial lawyers or shift costs from the largest cities to the suburbs and outstate. In short, they will do nothing more than drive up costs for consumers.

**February 2009 – In her State-of-the-State address, the Governor** instructed the Insurance Commissioner to "use any tool at his disposal" in dealing with the insurance industry and she followed with a request for a rate freeze. For his part, the Granholm-appointed Commissioner tried to impose a rate freeze and attempted to artificially shift costs by banning insurance score discounts for the 70% of Michigan drivers who receive them. Fortunately, a circuit court judge ordered the Insurance Commissioner to stop abusing his authority in denying the discounts.

**July 2009 – The House Democrats introduced 12 so-called "bad faith" bills** with the intent of ramming them through the House – something they appear poised to repeat today. The bills did not provide a single cost saving measure and would have opened the floodgates for lawsuits from trial lawyers. The bills went so far as calling for jail time for insurance company CEOs and

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lottery-style court awards. One of the lead witnesses for the Democrats was a woman who defrauded the insurance company – a fact that was exposed during the hearings much to their embarrassment. The political nature of their scheme became even clearer when the Democrats refused to address health insurance complaints in the bills even though the majority of those testifying at committee hearings were there to complain about health insurance companies. The Democrats also refused to penalize trial lawyers who file frivolous insurance lawsuits. Fortunately, the Senate has declared the bills dead on arrival.

**November 2009 – Senator Hanson Clarke announced his intention to put a statewide ballot proposal** on the ballot in November 2010 that would, among other things, institute a 20% reduction in current rates and eliminate territory ratings. The elimination of territorial rates would lower the rates in Detroit where costs are greater and raise the rates for drivers living suburban and rural areas where it costs less to pay claims. This would be a form of insurance welfare.

**November 2009 – Former Democrat Party head and NAACP lawyer, Butch Hollowell, now so-called Consumer Advocate,** calls for a state-run insurance industry – all in the name of fairness. The Consumer Advocate and his 10-bill package will be introduced wrapped in the flag and amidst lofty promises of delivering good things for Michigan’s insurance consumers. But, if these things are so good, why all the games and why not have a legitimate public policy debate through the legislative process. The answer – the bill package and the Consumer Advocate position itself are nothing more than cheap political stunts. They offer nothing of substance – and certainly nothing that will reduce costs for consumers.

“The Democrat insurance proposals have consistently failed to provide any costs savings – they’re really just political games for short-term press coverage,” said Shields. “You cannot lower rates without lowering costs. The same rule of economics applies to insurance as it does to every other product.

“Michigan has more than 55,000 employees working directly for the industry and supports more than 100,000 jobs indirectly,” continued Shields. “These types of political stunts just might result in insurance companies deciding to expand their operations in other states or leave Michigan altogether. The state of Indiana has an insurance industry ombudsman and the state of Ohio has an office dedicated to attracting more insurance companies to Ohio. In contrast, Michigan has a so-called Consumer Advocate who sees his role as attacking the industry. Not surprisingly, both Ohio and Indiana have more domestic insurance companies, more insurance jobs and lower auto insurance rates.”

The Michigan Insurance Coalition is a Lansing-based state property-casualty trade association. MIC’s members are insurers who annually service more than \$3 billion of Michigan insurance policies. Most of MIC’s members have their national headquarters located right here in Michigan – proudly employing thousands of Michigan residents directly and contracting with thousands of individual agents to help serve their customers.

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