

Don't Hike Our Rates



Michigan Policyholders Oppose Senate Bill 329 and House Bill 4681

New proposal would raise Michigan insurance rates, open floodgates for fraud and overcharging

As organizations representing thousands of Michiganders and small businesses across the state, we ask you to oppose Senate Bill 329 and House Bill 4681. These bills would guarantee higher costs for consumers at a time when they can least afford it by expanding litigation in resolving insurance claims and disrupting Michigan's insurance market. This sweeping proposal would make major changes to homeowners, auto, life, and commercial insurance, including workers' compensation and general liability, impacting every individual and business in the state.

Other states that have adopted similar policies as those in SB 329 and HB 4681 have seen a dramatic increase in fraudulent claims and frivolous lawsuits that create escalating costs for all consumers and businesses.

- Washington state passed a more pared down version of this proposed legislation and saw insurance costs grow by 20%.
- In Florida, abuse became so rampant that insurers were put in a position where they could no longer provide coverage for homes and businesses. Florida's Office of Insurance Regulation reported \$51 billion was paid out by Florida insurers over a 10-year period, with 71% going to attorney's fees and public adjustors. Florida has 9% of the nation's homeowner claims, but 79% of its homeowner litigation.
- For 10 years, California had case law in place that allowed the kind of lawsuits created by what's being proposed in Michigan. Claims and lawsuits increased dramatically, leading to premium increases of 32% to 53% over that decade until the law was finally changed.
- In New Jersey, a smaller state than Michigan, similar proposed legislation would have annually cost consumers \$2.8 billion in increased premiums, according to an independent study.

Michigan is plagued with affordability issues in the housing market and a shortage of attainable housing options. Significant efforts have been made in recent years to address the situation. SB 329 and HB 4681 would make a bad situation even worse by increasing the cost of homeowners' insurance. Florida's homeowners' insurance market finds itself in peril, and the reasons have little to do with the state's hurricane exposure. As a result of the same policies embodied in these bills, Floridians pay the highest average premiums in the nation and are facing a major coverage-availability crisis.

Average annual homeowner's insurance premiums have risen to more than \$4,200 in Florida – triple the national average and are predicted to increase by another 40% in 2023 to \$6,000. The problems in Florida have gotten so bad that it led their Legislature to enact reforms to roll back and rescind the very system that SB 329 and HB 4618 would implement in Michigan if enacted. However, before consumers will experience any relief, the court system in Florida will have to grind through the more than 250,000 lawsuits that were filed before reforms could finally take place.

Michigan businesses, families, homeowners and renters deserve affordable insurance. Keeping Michigan an affordable and desirable place to work, live and play is key to attracting and retaining talent and stemming the population loss afflicting our state. SB 329 and HB 4681 will make our state a dramatic outlier in terms of insurance costs and stifle Michigan's competitiveness.

Michigan already has strong safeguards in place to protect consumers, ensure claims are paid on time and empower the Michigan Department of Insurance and Financial Services to investigate any complaints. DIFS has examination authority and the ability to level administrative fines of up to \$50,000 – significant protections that are pro-consumer. If SB 329 and HB 4681 become law, EVERY Michigan consumer purchasing insurance – from auto and homeowners to family farms and small businesses – would be saddled with higher costs.

We urge you to oppose SB 329 & HB 4681

American Council of Life Insurers

American Property Casualty Insurance Association

Big "I" Michigan

ExamWorks

Home Builders Association of Michigan

Insurance Alliance of Michigan

Life Insurance Association of Michigan

Mackinac Center for Public Policy

Michigan Adjusters Association

Michigan Association of Professional Insurance Agents

Michigan Chamber of Commerce

Michigan Farm Bureau

Michigan Manufacturers Association

Michigan Trucking Association

Midland Business Alliance

National Association of Insurance and Financial Advisors-Michigan

National Association of Mutual Insurance Companies
National Federation of Independent Business
National Insurance Crime Bureau
Saginaw Chamber of Commerce
Uber