Michigan Auto Insurance De-Regulation Timeline

1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010

1973:
No Fault law becomes effective on October 1

1972:
October 31, Auto No Fault signed into law

1974:
Insurance rates immediately begin to rise; companies say they "miscalculated" No Fault costs; consumers now **locked into high rate system**

1978:
No Fault ruled unconstitutional by state Supreme Court in *Shavers v. Attorney General:* rates must be affordable in compulsory insurance system

1979:
Legislature passes Essential Insurance Act (P.A. 145):
Defines affordability from insurers perspective, not Consumers.' Companies Need only show that they "reasonably compete"

Loophole in Act allows companies to avoid Insurance Commissioner's power to order refunds for over-charging, by letting insurers file rates where refund authority does not apply

Prior approval of insurance company rate increases is no longer required under Act

1986:
P.A. 10 Adopted:
Legislature gives insurers broad authority to base rates on policyholder's place of residence, as opposed to driving record

1989:
Beginning of period where Michigan rates increase at fastest rate in U.S.; over 16-year period, 1989 to 2005, rates up by 69%

P.A. 10 suspended:
Insurance Commissioner reports that rating based on residential address is too subjective; rates becoming more unaffordable

1991:
Legislature overrules Commissioner, grants insurance industry's demand to re-instate residence-based rating **under P.A. 10**

1992:
Industry places "Proposal D" on state-wide ballot to eliminate No Fault's full health care coverage. 63% of Michigan voters, vote "No"

1993:
P.A. 143 Adopted:
Ignoring the will of the voters, Legislature votes to give in to insurers' demands and grant them the limits on health care coverage Michigan voters had overwhelmingly rejected at the polls, the year before

1994:
Petition drive temporarily stops P.A. 143 from going into effect

"Proposal C" placed on the statewide ballot to once again eliminate No Fault's full health care coverage. At the polls, 61% of Michigan voters reject companies' latest effort to limit health care

1996:
P.A. 514 Adopted:
Disguised as a "discount," Legislature passes "credit scoring" loophole, allowing insurance industry to use policyholder's record of paying household bills, level of education attained, and type of occupation, in setting rates

P.A. 98 Adopted:
Legislature eliminates all restraints on residence-based rating

1997:
Insurance Bureau Bulletin No. 97-03: Calling review of insurance company conduct "impractical," Insurance Commissioner issues companies sweeping exemptions from all filings unless the company is new to the state

Credit scoring loophole under P.A. 514 becomes effective

1999:
Smith v. Globe Life: State Supreme Court rules consumers cannot challenge illegal company practices under Michigan's Consumer Protection Act

2003:
P.A. 664 Effective:
Legislature passes S.B 1213, exempting insurance companies from filings for commercial lines of insurance

Rory v. Continental: State Supreme Court sides with insurance industry, ruling policyholders get no relief from courts, even if plain language of insurance policy is unfair; case involved denial of coverage to injured olicyholder who filed claim a year after accident, since investigation of other driver took a year and a half; policy had one year statute of limitations

Insurance Commissioner adopts Rule prohibiting credit scoring. Industry sues state to avoid rule; Berry County Judge James H. Fisher Grants industry's request for injunction; Judge re-instates credit scoring. Insurance Commissioner Appeals to State Court of Appeals; Appeals Court takes no action on case for three years, while credit scoring remains in effect

2008
State Court of Appeals rules credit scoring is illegal; insurance industry appeals loss to State Supreme Court; appeal has effect of freezing credit scoring in place until the Supreme Court rules

2009:
Most recent (January) filings from state's largest insurers show rates continuing to climb