



Insurance Institute of Michigan

September 29, 2015

To Members of the House Standing Committee on Transportation and Infrastructure:

The Insurance Institute of Michigan (IIM) is the state's largest property/casualty insurance association. IIM members write over 75 percent of the personal auto market in Michigan.

The IIM would like to voice its strong opposition to House Bills 4426 and 4427 because it would interfere with pricing accuracy and result in good drivers subsidizing poor drivers.

House Bills No. 4426 and 4427 propose to eliminate the assessment and recording of certain speed limit violations and what are called "insurance eligibility points" under the Michigan Insurance Code. These points are assessed for the conviction, determination of responsibility for civil infractions, or findings of responsibility in probate court for a violation of any lawful speed limit of less than six miles per hour over the posted speed.

As you may know, under Michigan law, most drivers are considered "eligible persons" for purposes of automobile insurance and each insurer is required to insure those individuals. The law is very specific about who is eligible, and who is disqualified from this coverage mandate.

One of the reasons a driver is not automatically eligible for insurance is if the person has accumulated more than 6 insurance eligibility points in the preceding three years.

By automatically waiving these points for lower level speeding violations, we are diluting the value of a driving record as an accurate measure of an insurance risk. If we can't measure risk accurately, we can't price the risk accurately, resulting in good drivers subsidizing bad drivers.

Michigan drivers already have the option of waiving minor moving violation points by taking driver improvement classes.

House Bills 4426 and 4427 further forces the cross-subsidization of bad drivers by those drivers who follow the rules.

For these reasons the Insurance Institute of Michigan strongly opposes the passage of House Bills 4426 and 4427.

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Thank you.



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