

AAA president, attorney go at it over Proposal D

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STAFF WRITER

Michigan's Proposal D will either reduce auto insurance costs for almost every driver in the state, or benefit auto insurance companies at the expense of drivers, depending on who you talk to.

AAA President Ron Steffens, whose company is sponsoring the ballot proposal, and George Sinas of the Committee for Fairness and Accountability in Insurance Reform debated the issue last week at an Economic Club of Detroit meeting in Southfield's Plaza Hotel.

Before a full house, Steffens said the unlimited medical benefits that auto insurance companies have been obliged by law since 1972 to provide are getting way too expensive. Medical expenses for Michigan auto insurance companies rose 91 percent between 1985 and 1990, he said, mostly because there is no cap on coverage.

Concomitantly, the Michigan Catastrophic Claims Association's per-car charge to insurance companies for claims over \$250,000 has risen from \$5.53 in 1983 to \$110 this year.

Steffens likewise charged that the FAIR organization Sinas represents is a "front group" of the Michigan Trial Lawyers Association and has "launched a distortion campaign that puts spin doctors to shame."

Sinas, an attorney, called Proposal D "a confusing, complicated, multi-line-print document (that) I still do not understand completely."

He added that the promised 20-percent rate reduction "is a sham. It's totally illusory."

Sinas pointed out a provision in the proposal that would allow insurance companies to raise rates every six months, alleging that insurance companies would reduce rates initially, but soon return them to current levels.

Another provision, Sinas noted, would allow insurance companies to appeal to the state insurance commissioner for relief if they can prove that the 20-percent rate reduction would impair their ability to earn a "fair rate of return," according to the proposal.

Theoretically then, a given insurance company could short-circuit the mandated rate reduction, but it would then pay the consequences of charging more than its competitors.

Acknowledging the great chasm of disagreement between AAA and the opponents of Proposal D, Steffens more or less summed it up when he said, "Your decision will probably come down to one thing: Who do you trust?"

In the audience's case, the answer to that question seemed to be AAA.

When Sinas complained about the window the proposal would open every six months to raise insurance rates, a man in the audience hollered at the attorney,

"Who regulates your rates?"

Of seven audience members polled by the Observer & Eccentric after the event, six supported D.

"I think Mr. Steffens did a hell of a job," said Leo Jerome, a Birmingham resident and owner of Key Oldsmobile in Warren. "You can see why the trial lawyers are against it."

Another Birmingham man, who called himself a "neutral observer," but declined to give his name, said Steffens "really well-represented himself. What the trial lawyers are proposing is a planned economy and that doesn't work."

Said Cathie Bocci: "I wasn't educated (on Proposal D) until today. This was my education. I'm for it now. I don't trust lawyers."

Gary Felty of Lincoln Mutual insurance company of Troy said he "was impressed with the gentleman from AAA. He did a fine job explaining it. (His presentation) was rational and well done."

Another D proponent, attorney Sam Stanley, said, "I respect Mr. Steffens' opinion more than anything else."

Gaylord Walker of the Michigan Head Injury Alliance was the only one of six interviewed who opposes D. "This is bad law," he said. "It's socially irresponsible. They're asking us to give up our lifetime (medical) benefits in exchange for possibly a six-month rollback (in rates)."

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