AAA president, attorney go at it over Proposal D

BY RALPH R. ECHTINAW
STAFF WHITER
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 eponsoring 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 Pluza Hotel.

tel.

Before a full house, Steffens said the unlimited medical bene-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 percar charge to insurance companies for claims over 2550,000 has rison from \$5.53 in 1983 to \$110 this year.

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

Sinsa, an attorney, called Proposal D "a confusing, complicat-

ed, multi-fine-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."

tion "is a sham. It's totally illusority."

Sinss 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 rellef 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 conse-

but it would then pay the conse quences of charging more than its

quences 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 an swer 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

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

Another Birmigham men, who called himself a "neutral observer," but cellined to give his name, said thimself a "neutral observer," but cellined to give his name, said thimself. What the trial lawyers are proposing in a plannad economy and that doesn't work."

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

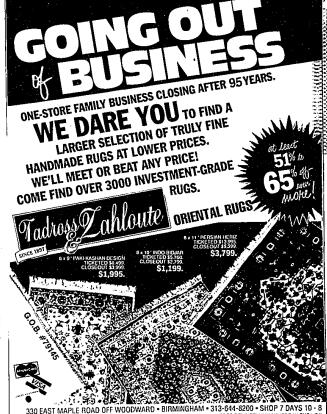
Gary Felty of Lincoln Mutual insurance company of Tryo said he "was impressed with the gentleman from AAA. He did a fine job explaining it. (His presentation) was rational and well done."

Another D propoment, actuary and standard said "I

Another D proponent, actuary Sam Stanley, said, "I respect Mr. Steffens' opinion more than any-thing else."

thing 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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