Figure 1. Average Auto Insurance Expenditure Michigan vs. US, 2000-2008*

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Year	MI	Rank	US
2000	$702	16	$690
2001	735	18	726
2002	887	14	786
2003	950	10	830
2004	980	10	843
2005	931	13	831
2006	925	13	817
2007	928	12	796
2008	907	11	789

*Latest available data from the National Association of Insurance Commissioners is for 2008.
Sources: NAIC; Insurance Information Institute.

Figure 2. Average Auto Insurance Expenditure in Michigan vs. Nearby States, 2008*

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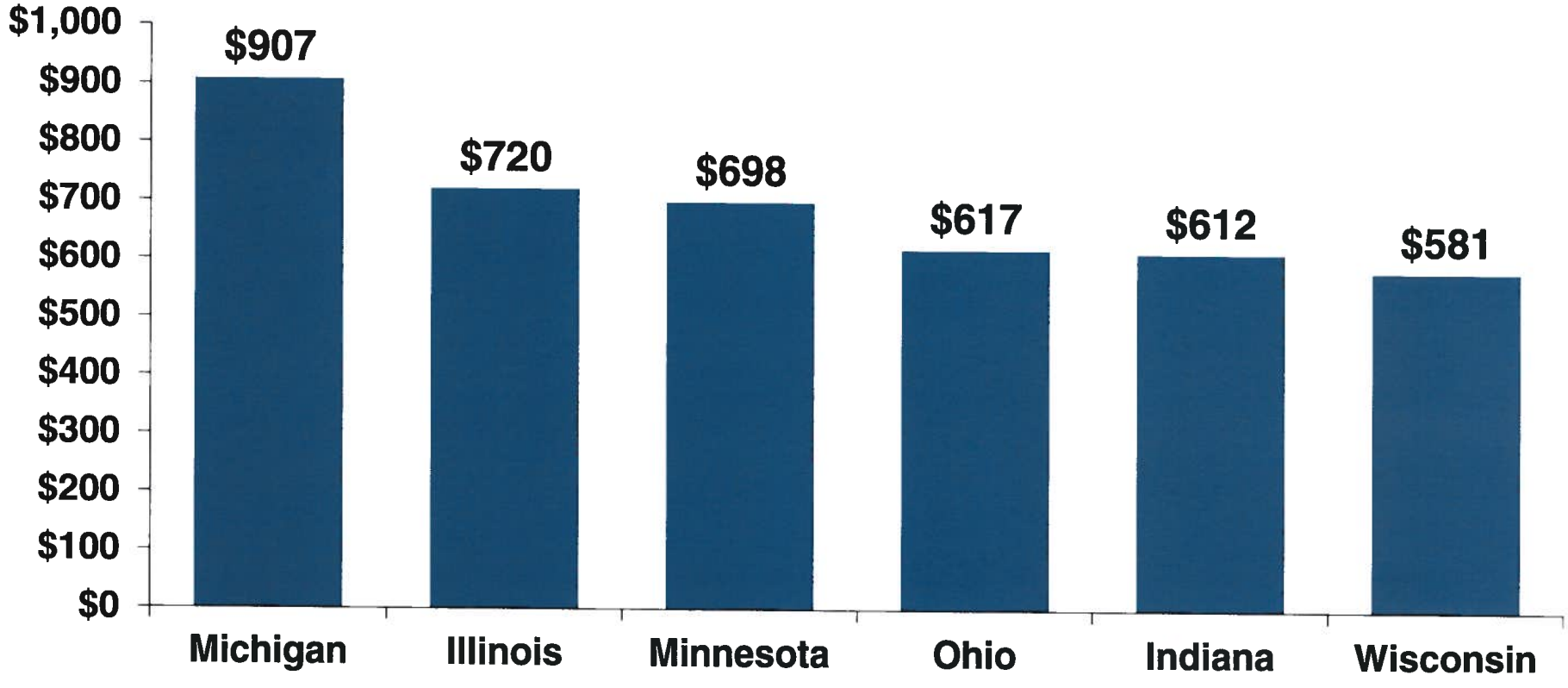

*Latest available data from the National Association of Insurance Commissioners is for 2008.
Sources: NAIC; Insurance Information Institute.

Figure 3. Average Size of a No-Fault Claim

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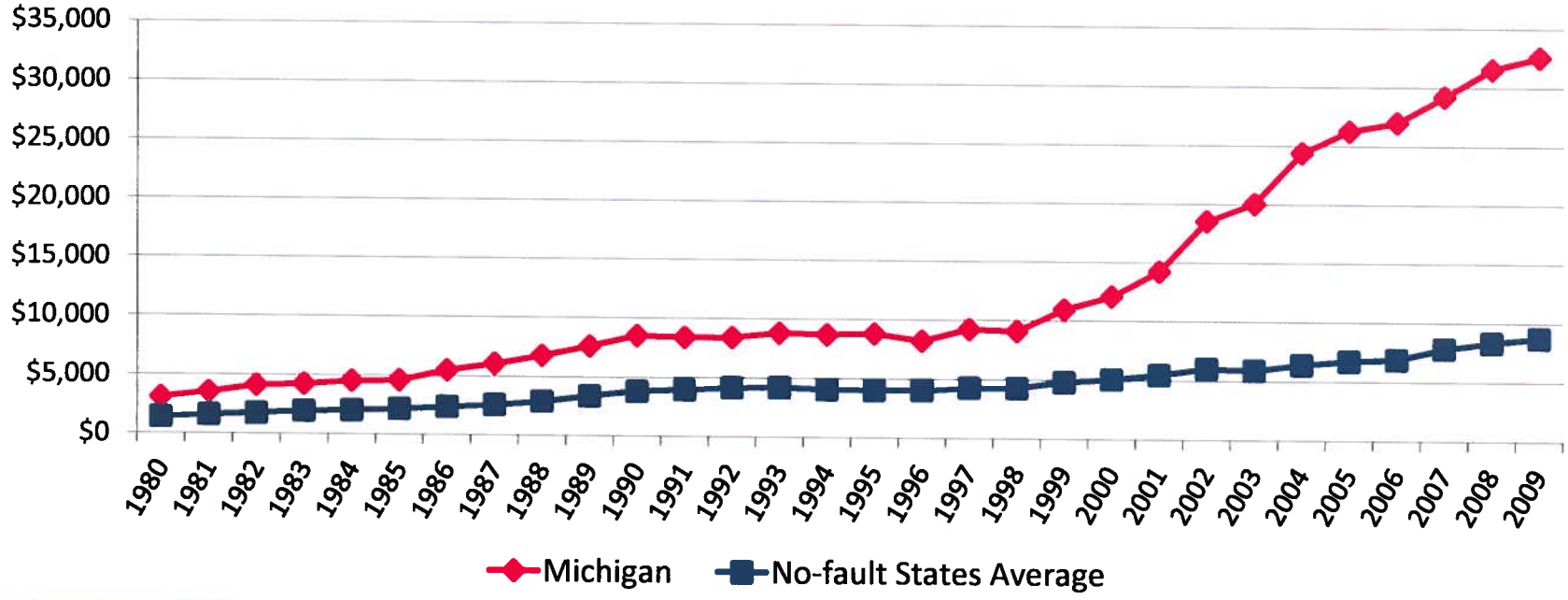

PIP claims in Michigan have risen much faster than in the rest of the country, driven by a lack of limits and other cost controls.

Source: Sharon Tennyson, Cornell University; Insurance Information Institute.

Figure 4. RNW: Michigan Pvt. Pass. Auto vs. US Pvt. Pass. Auto, 1998-2009*

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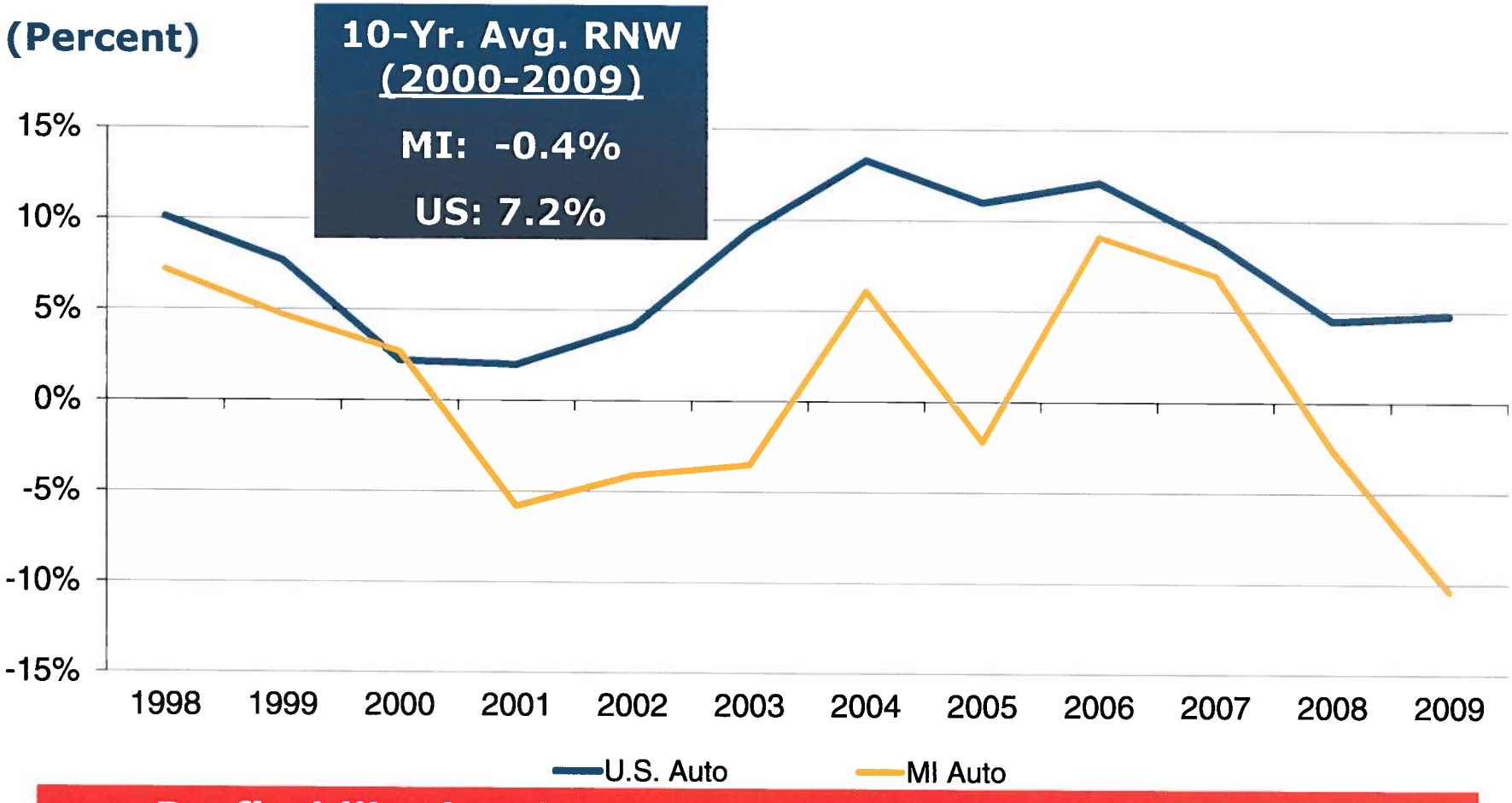

Profitability in Michigan's auto insurance market—at *negative* 0.4% from 2000 to 2009--is the lowest in the US and compares poorly to the US average of 7.2%

*Latest available return on net worth (RNW) figure from the National Association of Insurance Commissioners is 2009.

Sources: NAIC, Fortune; Insurance Information Institute.

Figure 5. Michigan Auto RNW vs. 10-Year US Treasury Yield, 1998-2009*

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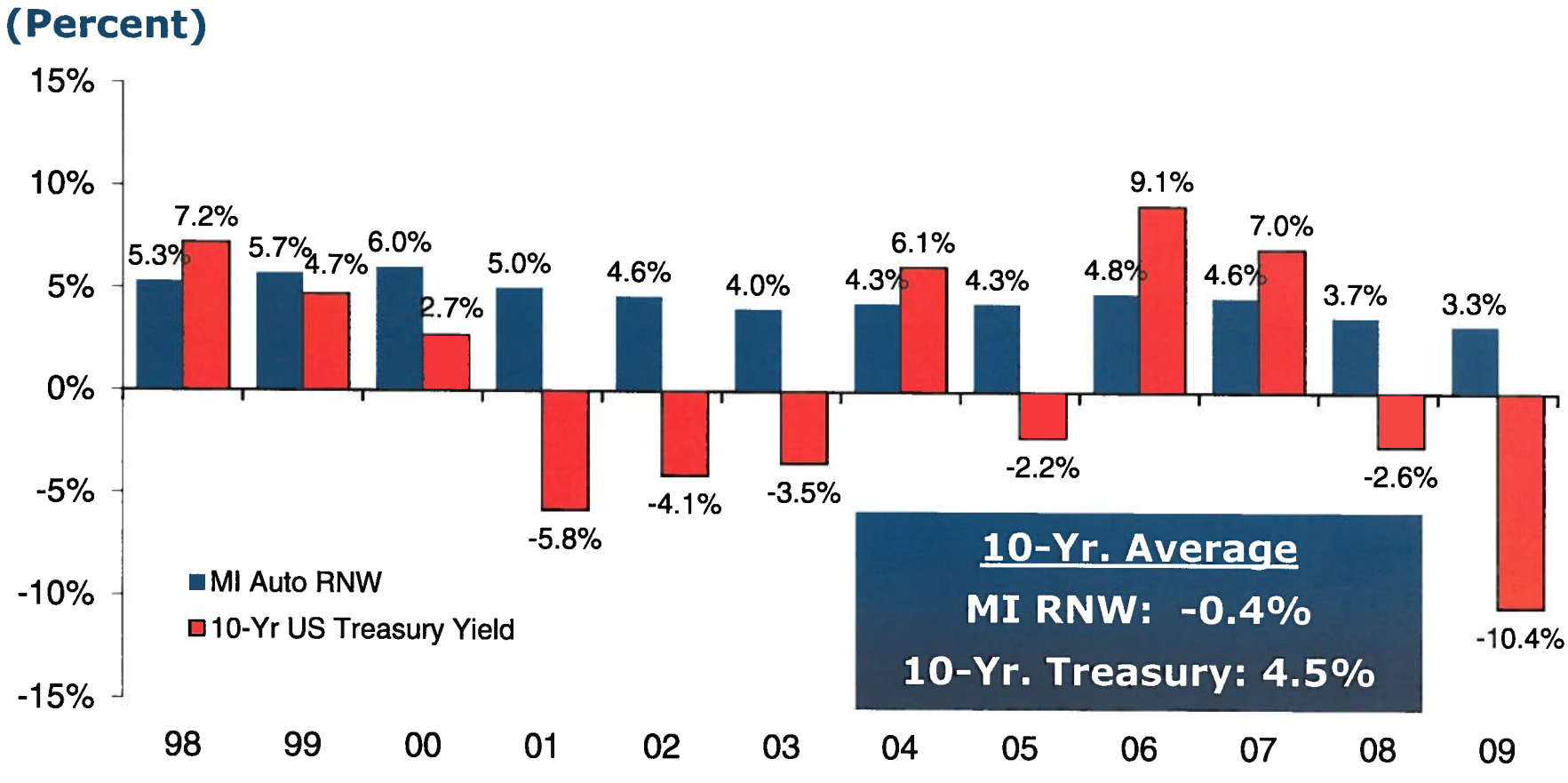


10-Yr. Average

MI RNW: -0.4%

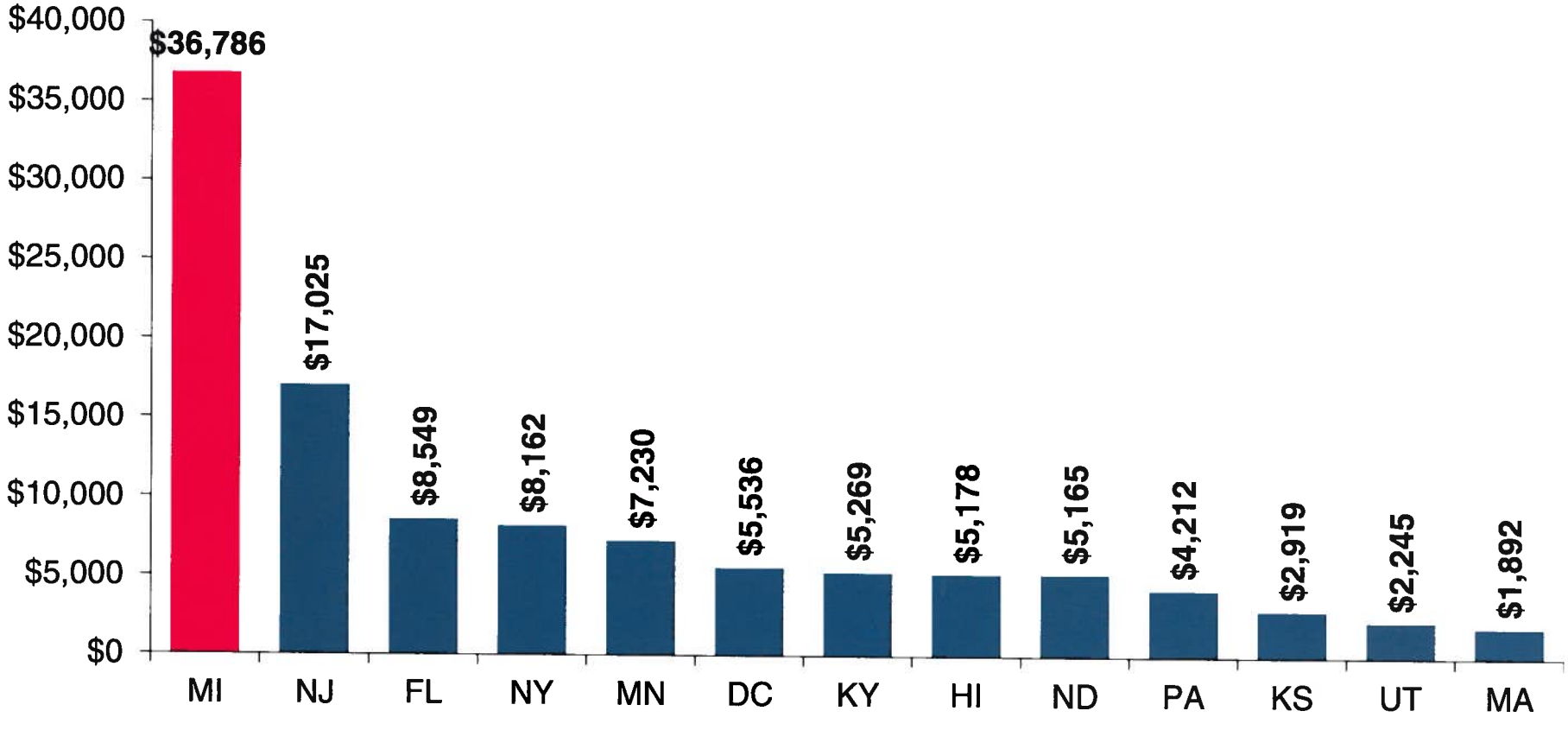
10-Yr. Treasury: 4.5%

The average return experienced by Michigan's auto insurers is less than half that of a risk-free investment in 10-year US Treasury securities. MI's auto insurance market is not risk free.

*Latest available return on net worth (RNW) figure from the NAIC is 2009.

Sources: NAIC, Federal Reserve; Insurance Information Institute.

Figure 6. Average No-Fault Claim Severity, 2011:Q2*



* Severity is average of four quarters ending June 30, 2011

Source: ISO/PCI Fast Track data; Insurance Information Institute.

Figure 7. Average Loss per Vehicle, No-Fault States, 2011:Q2*

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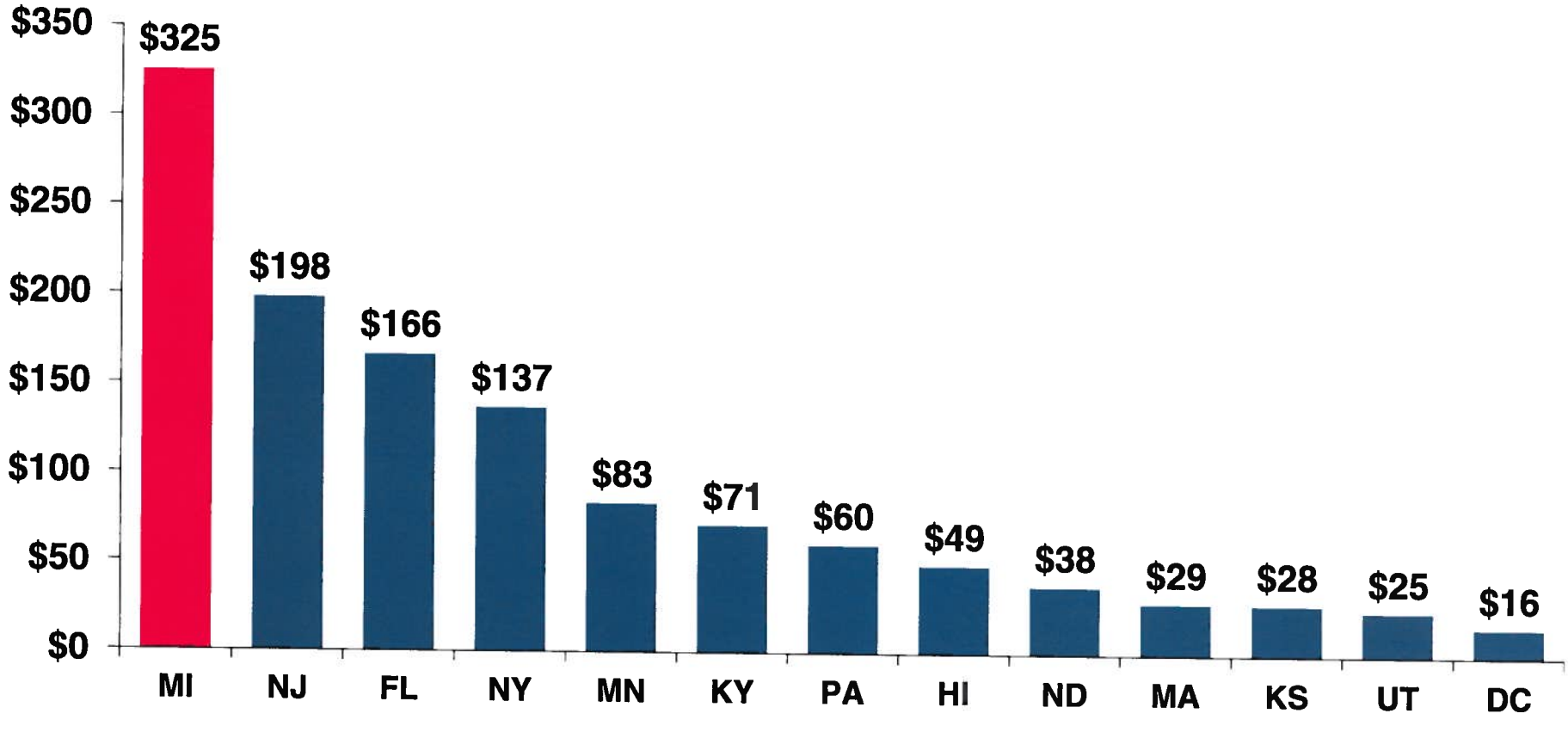

* Loss per vehicle is average of four quarters ending June 30, 2011

Source: ISO/PCI Fast Track data; Insurance Information Institute.

Figure 8. Summary of No-Fault Minimum Limits

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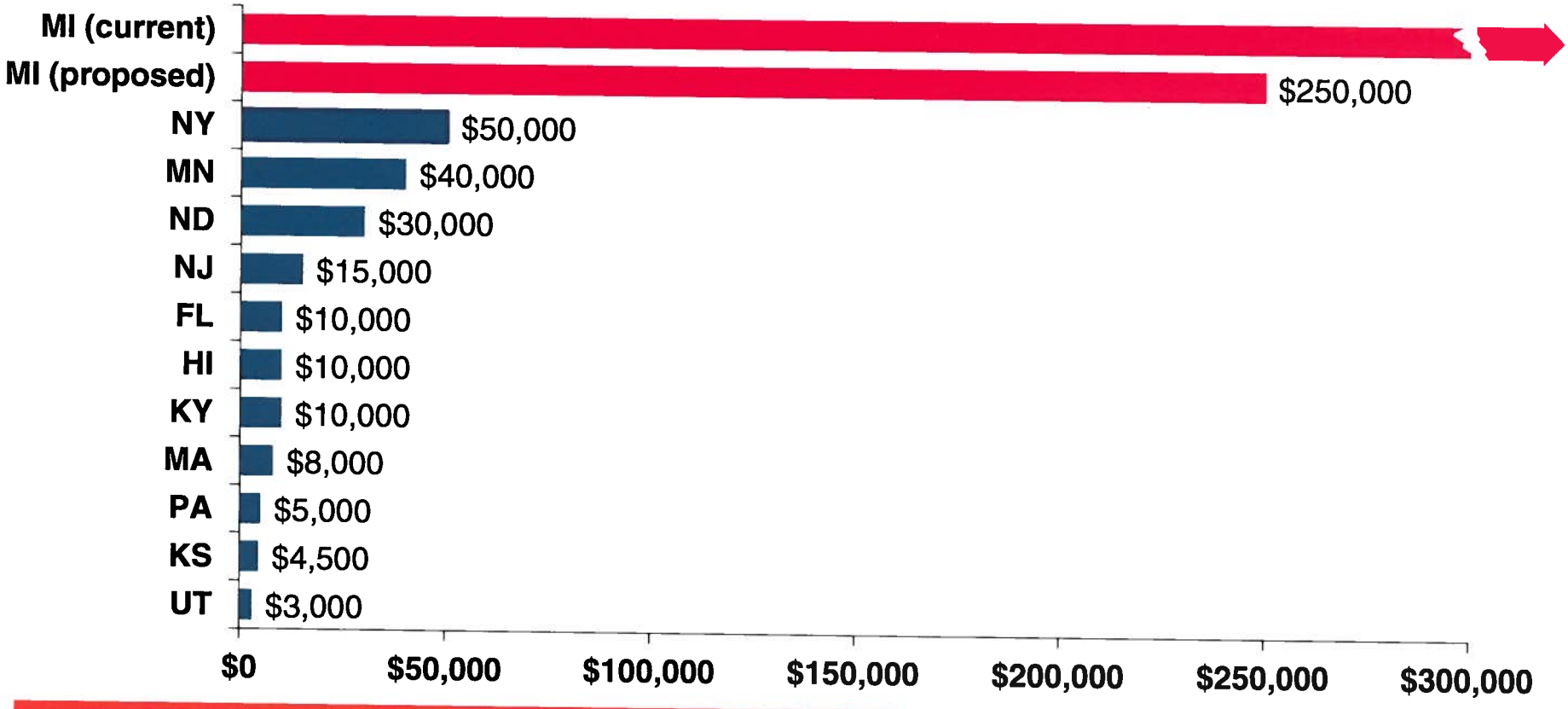

Michigan's current no-fault benefit has no limit. With a $250,000 minimum limit, Michigan would still have the nation's most generous no-fault law.

Sources: Insurance Information Institute, Property Casualty Insurers Association of America.

Figure 9. Michigan PIP Average Claim Severity and Distribution of Losses by Size of Loss

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Size of claim	Average claim severity	Distribution no. of claims	Distribution incurred losses
Under $50,000	$3,966	.944	.218
50,000 – 100,000	70,588	.029	.118
100,001 – 150,000	122,864	.010	.071
150,001 – 200,000	171,049	.005	.050
200,001 – 250,000	222,176	.003	.037
250,001 – 300,000	269,998	.001	.022
300,001 – 400,000	349,231	.003	.058
Over 400,000	1,408,238	.005	.426
Total	$17,159	1.000	1.000

Source: © EPIC Consulting, LLC; Insurance Information Institute.

Figure 10. Health Insurance Coverage: Michigan vs. US, 2008-2009

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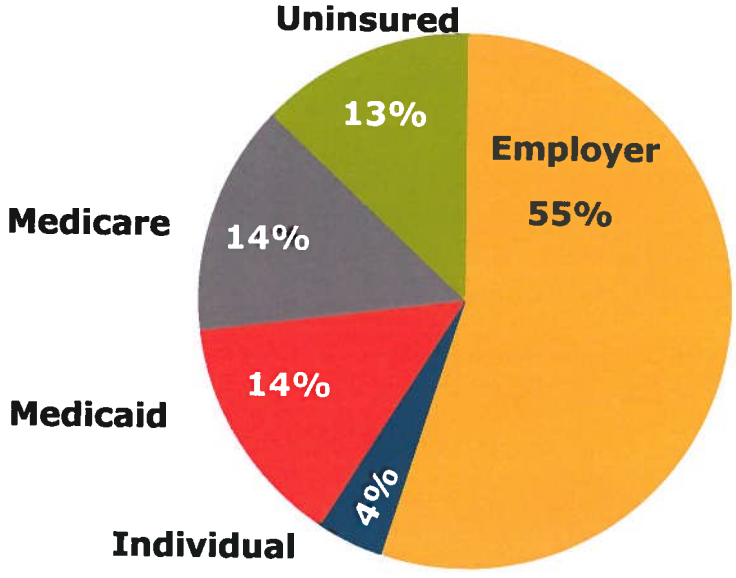
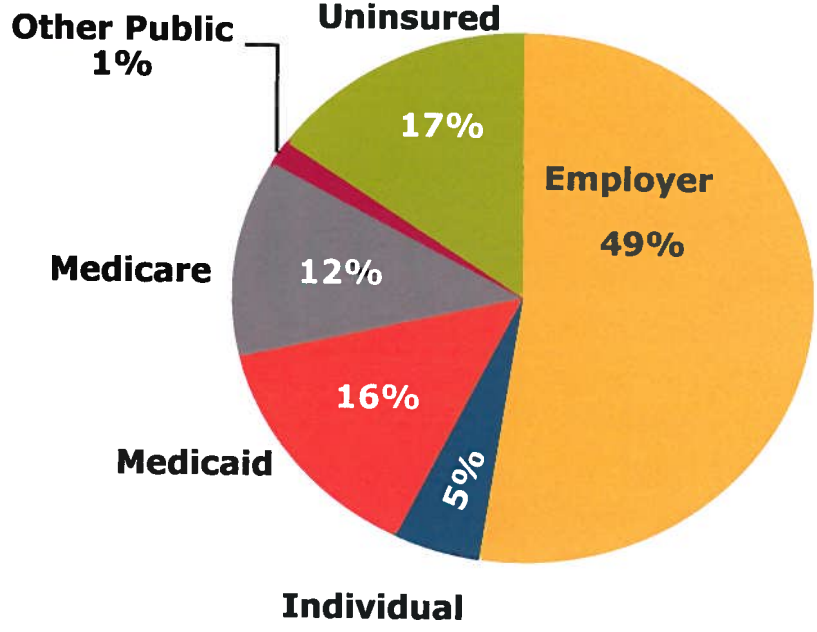
MICHIGAN

The proportion of the population that has no health insurance is significantly lower in Michigan than the US overall

US





After health care reform is fully under way, only 1.5% of Michigan residents will be uninsured, with no annual or lifetime cap on health insurance.

Source: 2008-09 data from Kaiser Family Foundation, *Kaiser State Health Facts*, www.statehealthfacts.org; Impact of health care reform estimated by Center for Healthcare Research and Transformation; Insurance Information Inst.

Figure 11. How many people affected?

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Out of 9.9 million Michigan residents . . .

		2011	2014	Source
(a)	Estimated Total PIP Claims	44,425	44,425	Anderson Economic Group
(b)	% of Claims > 250K	0.9%	0.9%	EPIC Consulting
(c)	No. Exhausting 250K PIP Limit	400	400	= (a) x (b)
(d)	% Uninsured	13.0%	1.5%	Kaiser Family Foundation, Center for Healthcare Research and Transformation
(e)	No. Without Additional Health Insurance	52	6	=(c) x (d)

The proposed program would serve virtually all Michigan residents. Very, very few would be left with no recourse.

Assumes all Michigan drivers select minimum limit and that there are no cost savings from fee schedules or other proposals.

Source: Anderson Economic Group; EPIC Consulting; Kaiser Family Foundation, *Kaiser State Health Facts,* www.statehealthfacts.org; Center for Healthcare Research and Transformation; Insurance Information Institute.