



**Testimony of Cure Auto Insurance
House Insurance and Financial Services Committee**

April 25, 2024

Chair Carter and members of the House Insurance and Financial Services Committee:

My name is Mitchell Myers and I am an attorney with Citizens United Reciprocal Exchange, or CURE auto insurance, the fastest growing car insurer in Michigan. Founded in 1990, CURE is a private passenger auto insurance carrier in New Jersey, Pennsylvania, and Michigan. We recently celebrated our second year of doing business in the state and the opening of our first office in downtown Detroit. We are here in support of House Bills 5191-5197 and thank the sponsors for advancing this very important package of bills that ultimately help protect policy holders and help lower rates.

CURE auto insurance specifically expanded our business into Michigan and did so for one reason – the 2019 No-Fault legislation signed by Governor Whitmer which put fee schedules in place effective July 1, 2021. Without it, we would not be here in this state insuring over 100,000 Michigan cars and helping drivers who previously found car insurance unaffordable. On an industry level, statistics show there are over 200,000 new drivers who bought car insurance in 2022 alone that could not afford it prior to the reform law.

Unfortunately, the 2019 No-Fault legislation did very little to prevent insurance fraud, which is a very real and very significant driver of auto insurance costs in Michigan. CURE estimates that fraud costs Michigan drivers approximately 30% of the premiums they pay. This is materially worse than CURE's experience in New Jersey and Pennsylvania, primarily because Michigan's current law contains grossly inadequate deterrents and penalties. This has allowed bad actors to profit off of consumers, who bear the true costs of insurance through higher premiums.

Towing and storage fraud runs rampant in Michigan. Tow providers frequently arrive on-scene of an accident, before local police, offering tows of Michigan vehicles and misrepresenting their fees when doing so. Tow providers will often inform individuals that the tow will be "free" so long as the individual has insurance. These vehicles are then passed off to collision shops where more fee gouging takes place. By the time the bill arrives to an insurer, the amounts are well into the thousands of dollars. This fraud transfers the wealth of Michiganders into the pockets of bad actors through policy premiums. In addition to towing issues, Michigan is no stranger to healthcare provider fraud. Unscrupulous providers bill for treatment that was never actually performed or prescribe unnecessary, excessive treatment. Insureds also commit fraud on applications for insurance, illegally reducing their premiums at the expense of others – ultimately all of these instances of fraud cost Michiganders hundreds of millions annually.