



**House
Legislative
Analysis
Section**

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AUTO INSURANCE: TOLL-FREE LINE

House Bill 4852 (Substitute H-1)
First Analysis (5-31-90)

Sponsor: Rep. Raymond M. Murphy
Committee: Insurance

THE APPARENT PROBLEM:

Insurance companies are not required to appoint agents everywhere in the state, so it can be difficult for some consumers in some areas to shop around for the best auto insurance rates. One way to help consumers find out about insurance rates and how to apply for coverage with companies that don't have agents in their area is to require companies to establish toll-free telephone numbers (or "800 numbers") for people to call. In a recent report on the availability of auto insurance, the insurance commissioner recommended that all insurers have statewide marketing plans, including toll-free numbers through which they could provide rate information, take applications, and refer customers to agents.

THE CONTENT OF THE BILL:

The bill would amend the Insurance Code to require each automobile insurance company doing business in the state to establish and maintain a statewide toll-free telephone line to give state residents access to information about the company's automobile insurance rates and how to apply for coverage. The number would have to be filed with the insurance commissioner and sent by the commissioner to each secretary of state office for posting.

MCL 500.2133

FISCAL IMPLICATIONS:

The Department of Licensing and Regulation, which houses the Insurance Bureau, says that the bill has no revenue or budgetary implications for the state. (5-25-90)

ARGUMENTS:

For:

In some areas in the state, particularly urban areas such as Detroit, shopping for auto insurance is made more difficult because many companies do not appoint agents to serve the market. One way to spur competition and give all consumers greater access to all companies in the auto insurance market is to require companies to have toll-free numbers for people to call for information about rates and how to apply for coverage.

Against:

This is just another cost to insurance companies that will be passed along to customers. The bill requires the establishment of more than 200 toll-free telephone numbers (or "800 numbers"). It would make more sense for the insurance bureau to perform the rate comparison function.

POSITIONS:

The Insurance Bureau supports the bill. (5-25-90)

The Michigan Citizens Lobby supports the bill. (5-29-90)

The Michigan Trial Lawyers Association supports the bill. (5-29-90)

H.B. 4852 (5-31-90)