

THE IMPACT OF AUTO THEFT TRENDS ON AUTO INSURANCE RATES

**Report to:
Michigan State Senate,
House Standing Committees on Insurance Issues,
and State Insurance Commissioner**

**Prepared by:
Michigan's Automobile Theft Prevention Authority**



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2013 Board of Directors and Staff Automobile Theft Prevention Authority

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To the Senate and House of Representatives Standing Committees on Insurance Issues and the Commissioner:

On behalf of the Board of Directors and staff of the Michigan Automobile Theft Prevention Authority (ATPA), it is a pleasure to present our 2013 Biennial Insurance Report, which shows that auto thefts declined by 6.8 percent in 2011. Furthermore, since the inception of the ATPA in 1986, Michigan's auto thefts have fallen from 72,021 to 25,048, a decline of 65.2 percent.

ATPA's success in the battle against auto theft is the direct result of the dedication and efforts of the 110 men and women who are a part of law enforcement units, prosecutor units, and community programs. These highly-motivated individuals go above and beyond the call of duty to recover a stolen vehicle or to arrest those responsible. These professionals are often assisted by Secretary of State investigators in the recovery of stolen vehicles or the arrests of those responsible.

Some specific highlights of the report are as follows:

- Michigan motorists are saving \$49 per insured vehicle as a result of lower thefts.
- In 2012, ATPA units made 2,701 arrests, and were involved in the recovery of 4,196 stolen vehicles and parts, with an estimated worth of \$34 million.
- Four of Michigan's six largest insurance companies report the dollars paid on auto theft claims now represent a smaller percentage of the total dollars paid on comprehensive claims (2009-2011).

I also want to thank the insurance company investigators who diligently identify fraudulent theft claims and provide that information to our officers. The companies who make auto theft a high priority by maintaining an investigative unit have greatly assisted law enforcement agencies in reducing the number of actual motor vehicle thefts, and in arresting those vehicle owners who attempt to defraud their insurer—therefore causing the cost of insurance to increase. This commitment of private industry resources has greatly aided our effort to reduce Michigan's auto thefts.

Sincerely,



Kriste Ethe

DIRECTOR
Michigan State Police

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PURPOSE AND SCOPE OF THE REPORT

The Michigan Automobile Theft Prevention Authority (ATPA) has conducted a review of auto theft rates and auto theft insurance rates in Michigan. Data was obtained from the Michigan State Police (MSP), the Department of Insurance and Financial Services, and the Michigan Department of State, which administers the titling of vehicles, and the licensing and regulation of vehicle dealers and vehicle service repair facilities. The national and other state auto theft data were obtained from Federal Bureau of Investigation (FBI) publications.

This report was developed pursuant to the mandate set forth in the Michigan Insurance code (Public Act 10) as amended by Public Act 174 of 1992, which provides in pertinent part:

Sec. 6111. By July of every odd numbered year, the automobile theft prevention authority shall prepare a report that details the theft of automobiles occurring in this state for the previous 2 years, assesses the impact of the thefts on rates charged for automobile insurance, summarizes prevention programs, and outlines allocations made by the authority. The director of the department of state police, insurers, the state court administrative office and the commissioner shall cooperate in the development of the report as requested by the automobile theft prevention authority and shall make available records and statistics concerning automobile thefts, including the number of automobile thefts, number of prosecutions and convictions involving automobile thefts, and automobile theft recidivism. The automobile theft prevention authority shall evaluate the impact automobile theft has on the citizens of this state and the costs incurred by the citizens through insurance, police enforcement, prosecution and incarceration due to automobile thefts. The report required by this section shall be submitted to the Senate and House of Representatives standing committees on insurance and the commissioner.

This report specifically addresses the period of 2009 to 2011, and compares auto theft crime trends both nationally and in Michigan. To provide the broad perspective and continuity with previous reports, some data is also presented for the period from 1986 to 2011. The report includes a brief summary of the major components of Michigan's comprehensive and cooperative effort against auto theft.

INTRODUCTION AND BACKGROUND

In 1985, 75,123 motor vehicles were stolen from Michigan residents--the fourth highest state total in the nation. At that time, Michigan's theft rate of 828 per 100,000 population was the second highest in the nation. Residents demanded that the government focus its resources to combat this serious problem, but additional tax revenues were not available.

On their own initiative, the Michigan Anti-Car Theft Campaign Committee (ACT) had been developing a coalition to increase public awareness of the auto theft problem and possible solutions. ACT's coalition included representatives from community groups, law enforcement, banking, insurance, car rental agencies, automotive manufacturers, prosecutors, judiciary, and the general public. It was ACT's view that cooperation and trust between all those groups would assist in resolving Michigan's auto theft problem.

In response to the public's reaction to the stress of losing their personal means of transportation and the resulting higher insurance premiums to pay for the vehicles which disappeared, Michigan's legislature developed (P.A. 10 of 1986) the ATPA. The ATPA was funded by an annual \$1 assessment on each insured non-commercial passenger vehicle, plus interest earned by investing those funds. The ATPA assessment (approximately \$6.3 million annually) would be collected by insurance companies with their normal premiums and passed on to the ATPA once each year. Michigan's ATPA program was the first in the nation and has been duplicated by at least 12 other states.

The ATPA has funded grant programs that focus on all aspects of the auto theft problem. Non-profit groups have been funded to teach theft prevention techniques to residents and assist the police to identify the location of thieves or chop shops. Law enforcement consortiums have been allowed to specifically focus on the investigation and apprehension of car thieves. Prosecutors have been able to concentrate on the intricacies of auto theft cases and to convince judges/juries of the seriousness of these crimes. Many officials have indicated that without ATPA funding, vehicle theft would be a very low priority and considered mainly an insurance company problem.

Fortunately, the objectives of the ATPA have been enhanced by activity in other areas. The Department of State has implemented programs that have successfully closed some loopholes in the salvage vehicle title area and monitored the use of stolen parts by automotive repair facilities. Most automobile manufacturers have taken steps to make it more difficult for thieves to steal vehicles. Many insurance companies have developed their own special auto theft investigation units and have funded a hot-line program (Help Eliminate Auto Thefts [H.E.A.T.]) whereby people can be rewarded for information which leads to the arrest of an auto thief. Many vehicle owners have taken advantage of new technological devices to keep their vehicles safe-with alarms, kill switches, electronic tracking systems, and steering wheel locks.

MICHIGAN'S MOTOR VEHICLE THEFT EXPERIENCE

NUMBER OF THEFTS

From 1986 to 2011, Michigan's motor vehicle theft incidents decreased 65.2 percent. Michigan's success cannot be attributed to an overall national trend because there is no real trend. Nationally, motor vehicle thefts have bounced up and down since 1986. The FBI's Uniform Crime Report for 2011 indicates that nationwide, motor vehicle thefts have only decreased 46.6 percent since 1986.

To further illustrate Michigan's successful effort against motor vehicle theft, Michigan thefts represented 5.9 percent of the national total in 1986. During 2011, Michigan only represented 3.5 percent of the national total.

TABLE 1				
Motor Vehicle Theft Experience Nationally and in Michigan 1986-2011				
<u>NATIONWIDE</u>			<u>MICHIGAN</u>	
Year	No. of Thefts	% Change	No. of Thefts	% Change
1986	1,224,137		72,021	
1987	1,288,674	+ 5.3	68,415	- 5.0
1989	1,564,800	+ 21.4	65,297	- 4.6
1991	1,661,738	+ 6.2	62,636	- 4.1
1993	1,561,047	- 6.1	56,670	- 9.5
1995	1,472,732	- 5.7	57,895	+ 2.2
1997	1,353,707	- 8.1	59,826	+ 3.3
1999	1,147,305	-15.2	54,018	- 9.7
2001	1,226,457	+ 6.9	52,310	- 3.2
2003	1,260,471	+ 2.8	53,307	+ 1.9
2005	1,235,226	- 2.0	48,064	- 9.8
2007	1,095,769	- 8.1	41,510	- 16.5
2009	794,616	- 27.5	29,647	- 28.6
2011	715,373	-10.0	25,048	- 15.5
1986-2011 Change		-46.6	- 65.2	

Source: FBI and Michigan Uniform Crime Reports 1986-2011

THEFT RATE PER 100,000 POPULATION

In 2011, Michigan's motor vehicle theft rate per 100,000 population was 253.6, a reduction of 67.8 percent from 1986. In comparison, the national theft rate was 229.6, a reduction of 54.8 percent from 1986. Michigan's theft rate ranking has fallen from the highest nationally in 1984 to 13th place in 2011.

TABLE 2				
Motor Vehicle Theft (MVT) Rate Per 100,000 Population Nationally and in Michigan 1986-2011				
<u>NATIONAL</u>			<u>MICHIGAN</u>	
Year	MVT	% Change	MVT	% Change
1986	507.8		787.5	
1987	529.4	+ 4.3	743.6	- 5.6
1989	630.4	+ 19.1	704.2	- 5.3
1991	659.0	+ 4.5	668.6	- 5.1
1993	605.3	- 8.2	597.9	- 10.6
1995	560.5	- 7.4	606.3	+ 1.4
1997	505.8	- 9.8	612.1	+ 1.0
1999	420.7	16.8	547.6	- 10.5
2001	430.6	+ 2.4	523.6	- 4.4
2003	433.4	+ 0.7	528.8	+ 1.2
2005	416.7	- 3.9	474.9	- 10.2
2007	363.3	- 12.8	412.1	- 13.2
2009	258.8	- 28.8	297.4	- 27.8
2011	229.6	-11.3	253.6	- 14.8
1986-2011 Change		- 54.8	- 67.8	

Source: FBI and Michigan Uniform Crime Reports 1986-2011

TABLE 3**Motor Vehicle Thefts (MVT) for
Top 25 Michigan Counties
1986-2011**

COUNTY	1986 MVT	2005 MVT	2007 MVT	2009 MVT	2011 MVT	% CHANGE 2005-2007	% CHANGE 2007-2009	% CHANGE 2009-2011
WAYNE	43,300	28,388	25,223	17,567	14,880	-11	-30	-15
MACOMB	5,832	3,828	3,304	2,541	2,201	-14	-23	-13
OAKLAND	9,310	3,769	3,181	2,312	1,943	-16	-27	-16
GENESEE	3,290	2,702	1,887	1,209	1,351	-30	-36	-36
KENT	1,778	1,255	1,121	804	691	-11	-28	-14
WASHTENAW	1,449	934	728	584	446	-22	-20	-23
INGHAM	812	617	526	334	388	-15	-37	16
KALAMAZOO	591	571	623	489	324	9	-22	-22
SAGINAW	569	679	541	310	227	-20	-43	-43
MUSKEGON	331	568	402	371	225	-29	-8	-39
MONROE	279	351	266	205	197	-24	-23	-4
ST. CLAIR	261	324	280	233	181	-14	-17	-22
CALHOUN	244	302	323	211	160	7	-35	-24
JACKSON	308	346	269	199	157	-22	-26	-21
OTTAWA	194	217	97	134	118	-55	38	-12
VAN BUREN	150	138	156	94	101	13	-40	7
LIVINGSTON	204	199	119	87	86	-40	-27	-1
BAY	175	190	187	108	77	-2	-42	-29
EATON	122	151	129	87	77	-15	-33	-11
BERRIEN	408	299	275	172	73	-8	-37	-58
ST. JOSEPH	74	63	92	89	66	46	-3	-26
ALLEGAN	74	111	114	91	64	3	-20	-30
MONTCALM	70	12	88	70	61	633	-23	-13
LENEWEE	119	111	43	73	57	-38	70	-22
CASS	60	62	81	88	27	31	9	-69
ALL OTHER COUNTIES	2017	1877	1455	1185	870	-22	-19	-27
TOTAL	72,021	48,064	41,510	29,647	25,048	-14	-29	-16

Source: Michigan Uniform Crime Reports 1986-2011

Table 3 illustrates from 2009 to 2011, the number of motor vehicle thefts in 22 of Michigan's high-theft major counties improved (fell). ATPA concentrates most of its grant resources in the ten counties with the highest thefts, and all of those counties have lowered thefts. ATPA does not have enough resources to win the war with the auto thieves in all locations.

MOTOR VEHICLE VALUE

While the number of motor vehicles stolen in Michigan decreased 16 percent from 2009 to 2011, the value of stolen vehicles fell 29.7 percent during that period. That follows the overall trend in total property stolen, which decreased in value by 13.4 percent during this two year period. Also, it is important to note that the unusually high increase of stolen property in 2007 can be attributed to nearly \$1 billion in stolen computer hardware and software. Table 4 reveals some other interesting facts:

- 1) In 2011, stolen motor vehicles represented 27.7 percent of total property value stolen.
- 2) In 2011, 50.7 percent of stolen motor vehicle value was recovered, a 5.3 percent decrease from 2009.
- 3) In 2011 only 18.5 percent of total property value was recovered.

The conclusions which may be suggested from this 2011 data are:

- 1) Provided every vehicle had comprehensive insurance, the decrease in the value of vehicles stolen (2009 to 2011) saved the insurance industry \$48 million.
- 2) The fact that only 50.7 percent of stolen vehicle value is recovered may indicate:
 - a. The thieves are transporting more vehicles out of the state/country.
 - b. The thieves are dismantling vehicles for parts or are crushing them for cash.
 - c. More vehicles are recovered with major fire/water damage.

TABLE 4				
Motor Vehicle Portion of Total Value of Stolen/Recovered Property in Michigan (Thousands of Dollars), 2007-2011				
	2007	2009	2011	% CHANGE 2009-2011
Total Property Stolen	2,191,628	475,632	411,940	-13.4
Value Stolen Vehicles	258,602	162,668	114,305	-29.7
MV's % of Total Stolen	11.7	34.2	27.7	-6.5
Total Property Recovered	264,629	109,064	76,017	-30.3
Value Recovered Vehicles	151,490	92,427	57,924	-37.3
MV's % of Total Recovered	57.2	84.7	76.2	-8.5
% Total Property Value Recovered	12.0	22.9	18.5	-4.4
% Stolen Vehicle Value Recovered	58.5	56.0	50.7	-5.3

Source: Michigan Uniform Crime Reports 2007-2011

MOTOR VEHICLES FREQUENTLY STOLEN BY MAKE AND MODEL

The National Insurance Crime Bureau (NICB) captured all the vehicles reported stolen in their system during 2011 and compiled the list below of the most frequently stolen automobiles by make and model.

MICHIGAN TOP TEN MOST STOLEN CARS - 2011	
1.	2000 Dodge Caravan
2.	2004 Chevrolet Impala
3.	1997 Chevrolet Pickup (full size)
4.	1997 Ford Taurus
5.	2002 Dodge Intrepid
6.	2005 Ford Pickup (full size)
7.	1997 Pontiac Grand Prix
8.	2011 Chevrolet Malibu
9.	2002 Dodge Stratus
10.	2003 Dodge Pickup (full size)

Source: NICB

According to a study recently conducted by the NICB, a car that is popular with thieves when new will remain a theft target for about six years. The NICB theorizes that: 1) as a model line ages, its parts become more valuable if the model is not significantly redesigned; 2) it seems to take thieves three years to fully solve the manufacturer's theft deterrent systems; and, 3) owners of older cars are less vigilant about installing after-market anti-theft devices and/or locking the vehicle.

Table 5 shows the ten highest theft rates for new cars with a total production of 100,000 or more in 2010. The rate listed is the number of thefts in 2010 per 1,000 cars manufactured in that same year.

TABLE 5		
2010 Model Year		
Cars With the Highest Theft Rate in U.S.		
(Per 1,000 Cars Manufactured)		
	MAKE AND MODEL	THEFT RATE
1.	Chevrolet Impala	3.9
2.	Chevrolet Cobalt	2.2
3.	Toyota Camry/Solara	2.2
4.	Chevrolet Malibu	2.1
5.	Chevrolet Camaro	1.6
6.	Ford Focus	1.6
7.	Nissan Altima	1.5
8.	Toyota Corolla	1.3
9.	Hyundai Elantra	1.3
10.	Ford Fusion	1.2

Source: National Highway Traffic Safety Administration

MOTOR VEHICLE THEFT ARRESTS

As Table 6 displays, the number of subjects arrested for motor vehicle theft-related crimes in 2011 was down 25.2 percent from 2009. Other interesting trends:

- 1) Adult arrests represent 85.9 percent of the total-up 3.2 percent from 2009.
- 2) Juvenile arrests represent 14.1 percent of the total-down 3.2 percent from 2009.
- 3) Adult male arrests represent 74.1 percent of the total-up 2.9 percent from 2009.
- 4) Juvenile male arrests represent 12.1 percent of the total-down 3.2 percent from 2009.

TABLE 6						
Michigan Motor Vehicle Theft Arrests Subject's Age and Sex 2007-2011						
	2007	% CHANGE 2005-2007	2009	% CHANGE 2007-2009	2011	% CHANGE 2009-2011
Total Arrests	3,484	-23.8	2,600	-25.4	1,944	-25.2
Male % Total	3,004 86.2	-26.0	2,249 86.5	-25.1	1,677 86.3	-25.4
Female % Total	480 13.8	-23.0	351 13.5	-26.9	267 13.7	-23.9
Adult % Total	2,733 78.4	-21.0	2,149 82.7	-21.4	1,669 85.9	-22.3
Juvenile (under 17) % Total	751 21.6	-31.0	451 17.3	-40.0	275 14.1	-39.0
Male Adult % Total	2,334 67.0	-21.0	1,852 71.2	-20.7	1,442 74.1	-22.1
Female Adult % Total	399 11.5	-20.0	297 11.4	-25.6	227 11.7	-23.6
Male Juvenile % Total	670 19.2	-30.0	397 15.3	-40.7	235 12.1	-40.8
Female Juvenile % Total	81 2.3	-33.0	54 2.1	-33.3	40 2.1	-25.9

Source: Michigan Uniform Crime Reports

INDEX CRIMES: MOTOR VEHICLE THEFTS AND ARRESTS

Index crimes include the following eight offenses: murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson. Those crimes were selected by the National Uniform Crime Reporting system as the standard measure of criminal activity trends in the United States.

Table 7 indicates that from 2007 to 2011, the motor vehicle theft crimes portion of total index crime in Michigan fell from 11.7 percent to 8.5 percent.

If the incident of a crime is decreased, the number of subjects arrested for that crime is expected to decrease also. From 2007 to 2011, the number of motor vehicle thefts fell over 39.7 percent while motor vehicle theft arrests decreased nearly 44 percent. From 2009 to 2011, the motor vehicle theft arrests portion of total index crime arrests fell from 4.8 percent to 4.0 percent.

Other trends from 2007 to 2011 which deserve comment are: 1) juvenile motor vehicle theft arrests decreased 63 percent; and, 2) adult motor vehicle theft arrests decreased 38.9 percent.

	2007	2009	% CHANGE 2007-2009	2011	% CHANGE 2009-2011
# Index Crimes	355,134	329,556	-7.2	295,907	-10.2
# MVT Incidents	41,510	29,647	-28.6	25,048	-15.5
% of Index	11.7	8.9		8.5	
# Index Arrests	52,320	53,337	1.9	48,149	9.7
# MVT Arrests	3,484	2,600	-25.4	1,944	-25.2
% of Index	6.6	4.8		4.0	
# Index Adult Arrests	42,648	44,777	5.0	41,989	-6.2
# MVT Adult Arrests	2,733	2,149	-21.4	1,669	-22.3
% of Index	6.4	4.7		4.0	
# Juvenile Index Arrests	9,672	8,560	-11.5	6,160	-28.0
# Juvenile MVT Arrests	751	451	-39.9	275	-39.0
% of Index	7.8	5.2		4.5	

Source: Michigan Uniform Crime Report

AUTOMOBILE THEFT PREVENTION AUTHORITY

The ATPA was established as a temporary program by Act 10, P.A. of 1986, to reduce economic automobile theft in the State of Michigan. As a result of the program's success, it was given permanent status by Act 174, P.A. of 1992. The ATPA is directed by a seven-member board of directors appointed by the Governor with consent of the Senate. This seven-member board contains: two representatives of automobile insurance purchasers; two representatives from Michigan insurance companies; two representatives from law enforcement agencies; and, the Director of the MSP. The board of directors meets quarterly at various locations around the state, and notice of the time, date, and place is published in accordance with the open meetings act.

The ATPA provides financial support to non-profit tax-exempt organizations (law enforcement agencies, county prosecutors, and neighborhood or community organizations) that show a good potential for fulfilling the ATPA's mission of reducing auto theft. (Appendix II lists 2013 projects and the funding provided.)

LAW ENFORCEMENT

The ATPA board is convinced that placing specially-trained officers in the field to focus on auto theft criminals is the most effective method of reducing thefts. The ATPA has historically committed over 80 percent of the ATPA funds to supporting law enforcement consortiums in high-theft areas. As the following performance summary indicates, these special auto theft units have been very productive.

YEAR	ARRESTS	RECOVERY INCIDENTS	\$ VALUE RECOVERED
1989-2004	39,561	46,309	\$408,765,810
2005	2,757	3,750	37,420,835
2006	2,957	5,060	49,220,230
2007	3,073	5,123	50,391,570
2008	2,256	4,689	39,541,465
2009	2,583	5,091	39,316,557
2010	2,311	4,133	28,370,280
2011	2,701	4,196	34,246,620
TOTALS	58,199	78,351	\$687,273,367

PROSECUTION

In order to provide maximum attention to auto thieves, the ATPA funds nine assistant prosecutors in four counties with serious auto theft problems. These specially trained assistant prosecutors vertically (handle cases through both district and circuit court systems) prosecute the thieves and seek the maximum sentence length on all convictions. From 1992 to 2011, these prosecutors successfully obtained a conviction of 86 percent of the subjects who take the issues to trial.

Forty-eight percent of the subjects who are sentenced are incarcerated. Thieves who avoid jail are placed on probation and usually fined or required to make restitution to the rightful owners. Many violate the terms of their probation and are then given jail time.

YEAR	WARRANTS ISSUED	GUILTY PLEAS	TRIALS	TRIAL CONVICTIONS	JAIL SENTENCE	PROBATION SENTENCE
1992-2004	29,518	20,167	1,270	1,092	9,967	10,143
2005	2,711	1,882	23	20	867	979
2006	3,094	2,221	29	27	957	1,254
2007	3,238	2,207	40	31	1,007	1,182
2008	2,419	2,025	17	15	911	1,519
2009	2,650	2,189	8	7	624	1,031
2010	2,737	2,279	13	9	861	1,140
2011	2,521	1,656	27	21	1,279	735
TOTALS	48,888	32,709	1,427	1,222	16,461	17,995

PREVENTION

As important as law enforcement officers and assistant prosecutors are in responding to auto thefts, the ATPA is convinced that any comprehensive effort against auto theft must include the prevention activities of non-profit community groups. Historically, ATPA has expended about two percent of its grant monies on the non-profit community groups, but those groups have provided valuable "street" information to law enforcement teams which leads to many arrests and/or vehicle recoveries.

The non-profit groups hold block club meetings to teach residents how to prevent auto theft, organize neighborhood watch, or citizens band radio patrol programs, and etch the vehicle identification number (VIN) onto the glass of residents' automobiles. As of September 2012, there have been over 45,700 vehicles etched in this program. The non-profit groups distribute flyers or newsletters regarding auto theft prevention. These activities are primarily responsible for increasing neighborhood awareness of auto theft, while advertising auto theft tip hot lines which provide a pipeline of important information to law enforcement teams.

INSURANCE FRAUD

Insurance fraud can involve a wide variety of things, including:

- 1) Vehicle owners who dispose of their vehicle and report it as stolen.
- 2) Vehicle owners who don't have collision coverage and report the vehicle stolen or carjacked after they have an accident.
- 3) Vehicle owners who insure non-existent vehicles prior to reporting them stolen.
- 4) Vehicle owners who purchase fake insurance certificates.
- 5) Tow truck drivers who take vehicles from the street without police authorization to collect storage fees from insurance companies.
- 6) A body repair shop that submits a bill for repairs that were not needed or for damages they created.
- 7) Vehicle owners who participate in staged accidents.
- 8) Vehicle owners who report their vehicle damaged by some mystery vehicle while it was parked.
- 9) Vehicle owners who inform their insurance company the vehicle is parked outside of a high-theft area at night.
- 10) Vehicle owners who claim fraudulent medical expenses after an accident.

Since the scope of insurance fraud activities is so vast, the ATPA has steadfastly maintained its focus on the first five types of insurance fraud. Reacting to scenarios where the actual vehicle has been (allegedly) stolen is ATPA's legislative mandate and fully utilizes all the resources available. Funded officers do occasionally handle cases in category six and seven if the insurance company's investigation clearly proves the fraud and officers can quickly process the criminal elements.

The last five types of insurance fraud on this list are a major source of consternation for the insurance industry, and there may be a need for a program that addresses/assists in those areas. Some states have developed insurance fraud authorities, with various funding sources, which seem to be providing some relief to the insurers.

ANTI-THEFT DEVICES

The ATPA was charged in Act 10, P.A. 1986, with the responsibility for approving automobile theft prevention devices. At that time the ATPA decided to address devices in broad general terms so it would not have to revise the list of devices every time a new one was introduced to the market.

On March 23, 1987, the ATPA approved interim standards for automobile theft prevention devices. Installation of those devices qualified the insured for a reduction in the automobile's comprehensive insurance premium. Each company determines the amount of the reduction.

Table 8 indicates the discounts on comprehensive premiums offered by major insurers.

In response to Act 143, P.A. 1993, the ATPA board approved new standards for automobile theft prevention and recovery devices at its June 1994 meeting. A copy of these standards appears in Appendix III herein.

TABLE 8		
Anti-Theft Device Discounts Offered by Six Major Michigan Insurers		
<u>Company</u>	<u>Device</u>	<u>Discount</u>
Allstate Insurance Group	-All devices	5%
Auto Club Group	-Encoded or pass key device	15% to 25%
	-Passive or pass key	10%
	-Active device or VIN etching	5% to 10%
Auto-Owners	-Passive device	10%
	-Active device and VIN etching	10%
	-Active device/VIN etching/alarm	5%
Citizens	-Tele-Trac device	25%
	-Lo-Jack retrieve and Lo-Jack prevent	20%
	-Passive device	5%
	-Active device and VIN etching	10%
Farmers Group	-Active device/VIN etching/alarm	5%
	-All devices	3%
State Farm Mutual	-Passive device	10%
	-Active device and VIN etching	10%
	-Active device/VIN etching/alarm	5%

Source: Department of Insurance and Financial Services



Michigan Department of State

The Michigan Department of State is responsible for licensing, registering, certifying, and regulating vehicle dealers, vehicle repair facilities, and vehicle mechanics, as well as conducting inspections and consumer complaint investigations involving these licensed entities.

Licensing and Administrative Oversight

The Business Licensing and Regulation Division within the Bureau of Regulatory Services manage all functions related to licensing of vehicle dealers, registration of vehicle repair facilities, and certification of mechanics. The division is also responsible for regulatory oversight of licensees with the objective being licensee compliance with the Michigan Vehicle Code (MVC) and the Motor Vehicle Service and Repair Act (MVSRA). This function is accomplished through dealer and repair facility training classes offered to licensee personnel, administrative reviews, and initiating formal administrative actions against licensees who have violated the MVC or MVSRA.

Licensee Inspections and Investigations

The Regulatory Monitoring Division within the Bureau of Information Security is responsible for records and inventory inspections, and consumer complaint investigations involving dealers, repair facilities, and mechanics. As part of the inspection responsibility, division investigative staff frequently assists law enforcement agencies with inspections of facilities suspected of possessing stolen vehicles or stolen parts. In 2010, the division conducted about 3,500 inspections and complaint investigations. Division staff also regularly participates in Michigan Anti-Car Theft (A.C.T.) committee meetings to share information, discuss new trends in auto theft and insurance fraud, and develop effective initiatives to combat theft and fraud in Michigan.

Customer Services Administration

The department's Customer Services Administration oversees the operating procedures of the state's 131 Secretary of State Branch offices. The administration participates in A.C.T. committee meetings to share information about new branch office initiatives designed to combat fraudulent title and registration transactions, including insurance fraud, title fraud, and document fraud.

During 2012 several branch office initiatives were implemented to reduce fraudulent title and registration transactions:

- 1. Self-Certification of Ownership:** The procedure under which title applicants can self-certify vehicle ownership under MCL 257.217(1) (d) was tightened up in response to individuals using the procedure for out-of-state vehicles (often titled with a salvage or scrap title), or using the process for vehicles exceeding the statutory thresholds of eligibility (vehicle must be six or more years old and valued at \$2,500 or less).

Customer Services Administration (Cont'd.)

- 1. Self-Certification of Ownership:** Under the tightened procedure, applicants must submit an appraisal of the vehicle's value. The process is no longer allowed for out-of-state vehicles. Further, the VIN is checked against the National Motor Vehicle Title Information System (NMVTIS) database to ensure the vehicle is not titled in another state. If an out-of-state record is found, the transaction is refused.
- 2. Appointment of Agent Forms:** To combat fraudulent use of Appointment of Agent forms, a new initiative requires a copy of the vehicle owner's driver's license or state identification card to be submitted with the Appointment of Agent form. This helps ensure the vehicle owner created the appointment of agent form, naming an individual to act on his or her behalf to process a title transaction.
- 3. Self-Storage Facilities:** The procedure under which a self-storage facility may apply for title or sell a vehicle in their possession, whose owner has defaulted on storage payments, was tightened after it was discovered some unscrupulous individuals were abusing this procedure with out-of-state vehicles, some of which were stolen. In other cases the out-of-state lienholder was washed.

Under the tightened procedure, the self-storage facility must first provide a copy of the defaulted storage contract and the vehicle's VIN. The VIN is checked against National Crime Information Center (NCIC), NMVTIS, and CarFax to ensure the vehicle is titled here with clear status. If an out-of-state title record is found, the transaction is refused.

- 4. Registration Renewals:** Michigan Department of State became aware of fraud committed by customers who claimed to be agents acting on behalf of the vehicle owner. These agents would appear at branch offices with several plate renewal transactions from unrelated customers who live at different addresses, often with bogus insurance certificates.

Effective January 2013, license plates must be renewed by the owner or a representative living at the owner's address. Customers must present identification verifying they are either the owner of the vehicle or live at the same address. If an owner's representative does not live at the same address, the representative must submit an appointment of agent from the vehicle owner along with a photocopy of the vehicle owner's driver's license or state identification card.

Branch office staff has been instructed to observe and report any individuals acting as agents who present multiple unrelated customer registrations for renewal to the branch manager. The branch manager will review and attempt to verify the insurance certificates and forward information about the "agent" to their region office.

HELP ELIMINATE AUTO THEFTS (H.E.A.T.) PROGRAM

In October of 1985, Michigan insurers initiated the statewide tip reward program, Help Eliminate Auto Thefts (H.E.A.T. ®), to encourage citizen participation and cooperation with law enforcement agencies to curb auto theft-related activity. By calling (800) 242-HEAT, callers can provide confidential information on auto theft activity. H.E.A.T. ® rewards hotline callers with up to \$1,000 for information that leads to the arrest and prosecution of individuals suspected of auto theft, auto theft-related insurance fraud and/or identity theft, and up to \$10,000 if the tip results in the arrest and prosecution of suspected theft ring members and/or chop shop operators. In addition, as a result of the serious nature of the crime of carjacking, a \$2,000 reward is paid for information leading to the issuance of a warrant for a carjacking suspect.

The program is funded through and administered by the Michigan Automobile Insurance Placement Facility, an association of automobile insurers in the state. Information from calls to the H.E.A.T. ® tip line is funneled to an MSP office, which is funded in part by the ATPA. Tips are assigned to the appropriate ATPA-funded investigative group or sent directly to another police agency for immediate investigation.

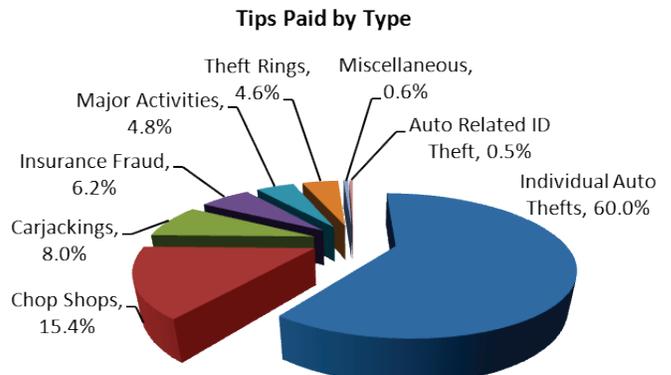
Considered a trailblazer in the area of auto theft prevention, the H.E.A.T. ® program provides free materials, as well as exhibits and speakers for ATPA-funded groups and other interested parties. H.E.A.T. ® is a perfect example of how insurance companies, law enforcement agencies, businesses, and the citizens of Michigan can join together to Help Eliminate Auto Thefts.



H.E.A.T. PROGRAM STATISTICS		
<u>10/85-12/11</u>		
Tip Calls Received	-	9,532
Tips Paid	-	2,270
Tip Money Awarded	-	\$3,844,932
Suspects Arrested	-	3,588
Vehicles Recovered	-	4,504
Value of Recovery	-	\$55,117,968

TIPS PAID BY TYPE	
<u>10/85-12/11</u>	
Individual Auto Thefts	-- 1,331
Chop Shops	-- 341
Carjackings	-- 177
Insurance Fraud	-- 138
Major Activities	-- 106
Theft Rings	-- 102
Miscellaneous	14
Auto-Related Identity Theft	10
TOTAL TIPS	2,219

1(800) 242-HEAT



PRIVATE SECTOR TECHNOLOGY

TECHNOLOGICAL ASSISTS TO THEFT PREVENTION

Since 1986, several innovations have provided some additional protection or theft deterrence to automobile owners. Manufacturers have strengthened door locks and made the locking mechanisms more difficult to defeat. Steering wheel columns have been redesigned and strengthened to make the thieves' job more time consuming. Ignition systems have been reinforced, relocated, and redesigned so they are more difficult to defeat. Microcomputer chips have been added to ignition keys so the vehicle will not start unless the vehicle's computer reads a unique electronic code on the key. Many new vehicles cannot be stolen without the original key.

The aftermarket has successfully promoted many auto theft prevention techniques: steering wheel locks, metal column wraps, alarms, kill switches, and electronic tracking devices. The tracking devices are able to either provide police with the exact location of the vehicle or allow police to find the vehicle with a homing device. Either way, the vehicle is usually recovered in a matter of hours. Even side window glass can be strengthened with a clear film which prevents the glass from disintegrating into glass pellets when a thief hits it with a hard object.

Since 1986, the federal government has required that manufacturers of high-theft vehicles place a tag with the VIN on 13 major component parts of the vehicle. The tags are usually white and are glued to the parts. Thieves' attempts to remove and replace these parts markings with computer-generated ones are hampered by special tear-away glues, logos hidden in the tags, and chemical footprints left behind if the tag is removed.

The MSP Automated Fingerprint Identification System (AFIS) has also assisted in the identification of auto thieves. Prior to this system being implemented, auto theft investigators would dust a recovered vehicle for prints but if the prints were not manually matched with a known local suspect, they were not able to follow up on the lead. With AFIS, auto theft investigators can access a statewide computer database of fingerprints and have a better chance of identifying a suspect.

Advances in deoxyribonucleic acid (DNA) technology have given law enforcement another means of positively identifying auto thieves. Almost everyone sentenced on felony charges is required to submit a DNA sample and Michigan now has a large database of DNA records to match against. Some agencies have successfully taken DNA swabs off the steering wheel or food left in the vehicle to determine the last driver.

One of the primary reasons for the creation of the ATPA was that high auto thefts were driving the cost of auto insurance higher. Premiums for comprehensive coverage, which is the portion of an auto insurance policy which pays for the theft of a motor vehicle, were climbing steadily and the increase was largely related to the high rate of motor vehicle thefts. Premiums charged by auto insurers for comprehensive coverage have, in general, reflected the decrease in motor vehicle theft rates. However, rating factors for comprehensive coverage on newer or more expensive vehicles will generally result in higher premiums, even if overall comprehensive rates are lowered.

This year's report utilizes statewide data based on written premiums reported on insurance company annual financial statements. The premium data to be used includes both the average comprehensive premium (total comprehensive written premiums divided by total comprehensive written exposures) and the combined average premium (mandatory no-fault coverage average premium + collision average premium + comprehensive average premium). It should be noted that this premium data is based strictly on the total reported premium and is not based on any particular location, vehicle, or driver characteristics.

TABLE 11						
Comprehensive Premium as Percent of Combined Average Premium						
	Combined Average Premium (\$)		Average Comprehensive Premium (\$)		Average Comprehensive Premium as a % of Combined Average Premium	
	2006	2009	2006	2009	2006	2009
Michigan	1,067.74	1,042.69	158.31	149.98	14.8	14.4
National	936.60	900.90	140.44	132.40	15.0	14.7

Source: National Association of Insurance Commissioners, 2012

When looking at comprehensive insurance rates in relation to auto theft, one should keep in mind that the portion of comprehensive premium attributable to theft varies from company to company. This variation stems from an insurer's marketing strategy and actual experience which, at least in part, results from the areas of the state in which a majority of its policyholders are located. For example, those companies with a large number of policyholders in northern Michigan would experience fewer total auto theft losses and more losses resulting from car/deer accidents than those with more policyholders in urban areas.

Four of the six insurers listed in Table 12 report that from 2009 to 2011, auto theft claims fell as a percentage ratio of total comprehensive claims. Four of the insurers indicate that the dollars paid on auto theft claims represent a smaller percentage of the total dollars paid on comprehensive claims.

TABLE 12					
Company Ratios of Auto Theft Claims in Michigan to Total Comprehensive Claims					
COMPANY	THEFT CLAIM RATIO	THEFT \$ PAID RATIO	COMPANY	THEFT CLAIM RATIO	THEFT \$ PAID RATIO
Allstate			Citizens		
1993	5.1%	36.4%	1993	4.6%	24.6%
1995	3.9%	31.0%	1995	0.1%	0.2%
1997	4.0%	28.9%	1997	0.1%	0.3%
1999	4.0%	30.5%	1999	0.3%	0.9%
2001	4.2%	32.1%	2001	0.5%	1.6%
2003	3.8%	28.6%	2003	0.2%	0.3%
2005	3.8%	29.0%	2005	1.2%	14.9%
2007	2.9%	23.6%	2007	1.4%	11.0%
2009	6.7%	25.2%	2009	4.4%	15.8%
2011	4.5%	21.6%	2011	3.0%	8.1%
Auto Club			Farmers Insurance		
1993	7.0%	46.8%	1993	4.9%	31.5%
1995	13.6%	49.3%	1995	7.7%	32.5%
1997	11.0%	46.1%	1997	6.1%	27.0%
1999	4.2%	34.0%	1999	6.4%	30.7%
2001	3.6%	31.7%	2001	5.4%	27.6%
2003	5.2%	35.6%	2003	4.1%	25.3%
2005	5.1%	37.0%	2005	3.0%	17.1%
2007	3.8%	29.1%	2007	2.0%	11.7%
2009	3.0%	23.6%	2009	1.7%	10.8%
2011	2.3%	18.7%	2011	2.4%	17.6%
Auto Owners			State Farm		
1993	2.4%	18.3%	1993	2.2%	21.2%
1995	2.0%	14.5%	1995	2.5%	23.7%
1997	1.9%	13.9%	1997	2.5%	23.2%
1999	6.2%	30.0%	1999	1.8%	17.7%
2001	5.4%	23.0%	2001	1.7%	15.6%
2003	5.9%	24.0%	2003	1.4%	13.3%
2005	2.5%	14.1%	2005	2.2%	19.4%
2007	1.6%	11.3%	2007	2.7%	18.9%
2009	1.2%	9.1%	2009	2.4%	14.5%
2011	2.7%	10.1%	2011	1.8%	12.9%

Source: Company Data, 1993-2011

Table 13 provides part of the story by indicating how Michigan ranks nationally on average cost of comprehensive premium. The average comprehensive premium amount is calculated by dividing the total amount of comprehensive premiums written in Michigan by the total number of vehicles that were insured in the state. Based on the most recent calculation, Michigan has dropped from 5th place in 1987 to 20th place in 2009.

The average comprehensive premium Michigan motorists paid has decreased from \$158.31 in 2006 to \$149.98 in 2009. That savings of 5.3 percent is a bit less than the national average reduction of 5.7 percent in the same time period.

Perhaps the best way to evaluate the data provided by Table 13 is to consider what would have happened if Michigan had remained in 5th place. Under that scenario, Michigan motorists would have each paid \$48.95 (see Wyoming in 2009 column) more per year in comprehensive premiums than they do now. These real dollar savings can be directly attributed to the reduction of automobile theft claims experienced by Michigan insurers. Since the annual cost of the ATPA to the policyholders is only \$1, the \$49 return is excellent. Over the 24 years of ATPA's existence (1987-2011), Michigan residents have paid \$24 toward the cost of the ATPA program yet have saved \$761 in premiums.

TABLE 13			
States with Highest Average Comprehensive (Comp.) Premium (2006-2009)			
	Average Comprehensive Premium		% Change
STATE	2006	2009	2006-2009
New Mexico	164.50	175.25	6.5
Missouri	146.26	153.99	5.3
Mississippi	164.67	172.68	4.9
Texas	174.72	180.41	3.3
Louisiana	208.78	211.96	1.5
Arkansas	160.54	158.09	-1.5
Kansas	197.71	192.41	-2.7
South Carolina	149.26	144.73	-3.0
New York	152.71	146.61	-4.0
Iowa	162.84	155.88	-4.3
West Virginia	179.79	171.48	-4.6
South Dakota	202.30	191.62	-5.3
Michigan	158.31	149.98	-5.3
Oklahoma	169.05	159.19	-5.8
Minnesota	172.83	162.63	-5.9
District	260.69	244.70	-6.1
Alaska	157.95	147.86	-6.4
Montana	197.46	183.55	-7.0
North Dakota	238.01	218.87	-8.0
Wyoming	216.37	198.93	-8.1
Georgia	169.00	153.99	-8.9
Nebraska	189.34	170.80	-9.8
Arizona	230.63	203.98	-11.6
National Average of all 50 States	132.40	140.44	-5.7

Source: National Association of Insurance Commissioners, January 2012

Factors that Affect State Average Expenditures and Average Premiums

Many factors affect the state-to-state differences in average expenditures and premiums for automobile insurance. Some important factors include:

- Underwriting and loss adjustment expense
- Types of coverage purchased
- Relative amounts of coverage purchased
- Driving locations
- Accident rates
- Traffic density
- Vehicle theft rates
- Auto repair costs
- Population density
- Medical and legal costs
- Per capita disposable income
- Rate and form filing laws
- Liability insurance requirements
- Auto laws (seat belt, speed limits, etc.)

Insurance rates are developed based primarily on the insurer's cost of paying claims. Certain broad characteristics of a state contribute to the frequency and severity of auto claims and insurer loss costs in that state. Many of these cost factors can influence insurance prices, not only between states, but also between communities and neighborhoods making price comparison between states and within a state extremely complex.

It is reasonable to consider that the "general economic conditions" in a state may affect the price of auto insurance, but no direct measure of this characteristic exists. There are measurable variables that can be used as imperfect substitutes for these general conditions to approximate their influence on auto insurance price.

Any time a factor of averages is used for comparison, it is best to recall how an average comprehensive premium is compiled. All insurers, regardless of their market share, are added together and the sum is divided by the number of insurers. That process places insurers who really are not competitively priced and who only hold a small fraction of the market on an equal footing with companies who are lower priced and are increasing their already substantial market share. While the National Association of Insurance Commissioners data would be better if they could weigh premium costs based upon an insurer's market share, by using this computation all the states were treated consistently.

APPENDICES

APPENDIX I

Total Comprehensive (Comp.) and Vehicle Theft Claims Experience for Six Major Companies 1997-2011

Year	Comp. Claims	Theft Claims	Ratio	Total Comp. Claims Paid \$1,000	Total Theft Claims Paid \$1,000	Ratio	Average Theft Claim \$ Paid
Allstate Insurance Group							
1997	82,146	3,285	4.0%	67,476	19,469	28.9%	5,927
1999	73,144	2,909	4.0%	59,284	18,066	30.5%	6,211
2001	65,682	2,747	4.2%	58,357	18,742	32.1%	6,823
2003	41,678	1,584	3.8%	32,787	9,373	28.6%	5,917
2005	29,799	1,132	3.8%	24,360	7,062	29.0%	6,239
2007	26,651	773	2.9%	22,853	5,403	23.6%	6,989
2009	12,886	865	6.7%	20,144	5,081	25.2%	5,874
2011	31,485	1,428	4.5%	23,890	5,157	21.6%	3,612
Auto Club Group							
1997	117,208	12,909	11.0%	107,811	49,691	46.1%	3,849
1999	104,045	4,357	4.2%	90,834	30,903	34.0%	7,093
2001	108,537	3,864	3.6%	105,424	33,445	31.7%	8,656
2003	105,880	5,481	5.2%	110,301	39,256	35.6%	7,162
2005	81,052	4,113	5.1%	86,017	31,866	37.0%	7,748
2007	68,475	2,630	3.8%	71,287	20,772	29.1%	7,898
2009	65,638	1,965	3.0%	65,650	15,508	23.6%	7,892
2011	62,804	1,446	2.3%	62,972	11,795	18.7%	8,157
Auto-Owners Insurance Group							
1997	36,027	688	1.9%	23,099	3,206	13.9%	4,661
1999	19,709	1,239	6.2%	25,496	7,558	30.0%	6,100
2001	20,476	1,115	5.4%	28,809	6,764	23.0%	6,066
2003	22,865	1,366	5.9%	38,432	9,278	24.0%	6,792
2005	124,328	3,089	2.5%	141,252	19,918	14.1%	6,448
2007	52,383	823	1.6%	55,673	6,290	11.3%	7,643
2009	55,593	666	1.2%	49,107	4,457	9.1%	6,692
2011	18,306	495	2.7%	37,655	3,801	10.1%	7,680
Citizens Insurance Company							
1997	67,674	82	0.1%	49,934	155	0.3%	1,886
1999	61,218	177	0.3%	42,991	389	0.9%	2,196
2001	60,273	282	0.5%	43,604	690	1.6%	2,447
2003	43,834	78	0.2%	33,647	102	0.3%	1,314
2005	52,774	634	1.2%	28,735	4,281	14.9%	6,752
2007	64,154	901	1.4%	37,501	4,135	11.0%	4,590
2009	19,433	847	4.4%	29,681	4,694	15.8%	5,541
2011	10,792	328	3.0%	28,357	2,297	8.1%	7,006
Farmers Insurance Group							
1997	28,587	1,753	6.1%	28,288	7,638	27.0%	4,357
1999	28,746	1,835	6.4%	27,236	8,355	30.7%	4,553
2001	26,385	1,418	5.4%	28,367	7,841	27.6%	5,530
2003	11,197	459	4.1%	9,929	2,511	25.3%	5,472
2005	9,101	272	3.0%	6,853	1,173	17.1%	4,314
2007	12,065	243	2.0%	9,972	1,169	11.7%	4,809
2009	8,899	149	1.7%	8,052	866	10.8%	5,810
2011	7,636	180	2.4%	8,305	1,458	17.6%	8,102
State Farm Mutual Insurance Company							
1997	134,162	3,332	2.5%	109,924	25,467	23.2%	7,643
1999	122,125	2,206	1.8%	99,498	17,589	17.7%	7,973
2001	130,084	2,225	1.7%	115,550	18,061	15.6%	8,117
2003	121,287	1,721	1.4%	113,992	15,200	13.3%	8,832
2005	105,032	2,321	2.2%	111,665	21,628	19.4%	9,318
2007	80,333	2,135	2.7%	104,859	19,839	18.9%	9,292
2009	76,258	1,858	2.4%	99,193	14,425	14.5%	7,764
2011	66,024	1216	1.8%	88,402	11,391	12.9%	9,368

Source: Department of Insurance and Financial Services, Company Data

APPENDIX II
Michigan Automobile Theft Prevention Authority
2013 Total Approved Budgets

BERRIEN COUNTY		SAGINAW COUNTY	
Berrien County Sheriff's Department, MSP Southwest Michigan	99,608	Saginaw County Prosecutor's Office	111,893
		Saginaw Police Department	84,946
		Saginaw Township Police Department	137,191
GENESEE COUNTY		WASHTENAW COUNTY	
Burton Police Department	87,394	MSP, Washtenaw County Sheriff's Department	205,820
Flint Township Police Department	85,132	Washtenaw County Sheriff's Department	100,842
Genesee County Prosecutor's Office	174,555		
Genesee County Sheriff's Department	247,341	WAYNE COUNTY	
Grand Blanc Police Department	114,667	Canton Township Police Department	225,160
Mundy Township Police Department	103,255	Dearborn Police Department	240,240
INGHAM COUNTY		Detroit Fire Department	122,462
Lansing Police Department	123,435	Detroit Police Department, Canton Township Police Department	106,764
KALAMAZOO COUNTY		Detroit Police Department, Grosse Pointe Park Police Department	262,379
Kalamazoo Township Police Department	134,629	Detroit Police Department, Preventing Auto Theft	1,685,914
KENT COUNTY		Detroit Police Department, Screen Door	1,299,924
Grand Rapids Police Department	312,055	Focus: HOPE	8,534
Kentwood Police Department	129,713	Grosse Pointe Park Police Department	237,963
MSP, Southwest Michigan	371,564	Hamtramck Department of Police	196,718
West Grand Neighborhood Organization	39,105	Harper Woods Police Department	114,372
Wyoming Police Department	119,708	Huron Township Police Department	98,726
MACOMB COUNTY		Livonia Police Department	102,447
Clinton Township Police Department	111,928	Mount Olive Grand Lodge	18,218
Macomb County Prosecutor's Office	133,405	MSP, Canton Township Police Department	720,109
Macomb County Sheriff's Department	605,843	Northville Police Department	112,695
MSP, Macomb County Sheriff's Department	98,795	Oakland County Sheriff's Department, Detroit Police Department	117,916
St. Clair Shores Police Department	122,096	Redford Township Police Department	151,722
Sterling Heights Police Department	119,214	Wayne County Prosecutor's Office	1,131,542
Warren Police Department	127,938	Wayne State University Police Department	93,897
OAKLAND COUNTY		OTHER	
Detroit Police Department, Oakland County Sheriff's Department	122,894	Michigan Association of Auto Theft Investigators	30,000
Farmington Hills Police Department	121,276	Michigan Department of State	167,618
Hazel Park Police Department	105,202		
Oakland County Sheriff's Department	872,422		
Southfield Police Department	291,456		
Waterford Township Police Department	108,661		
		GRAND TOTAL	\$12,969,303

Source: ATPA

APPENDIX III

STANDARDS FOR AUTOMOBILE THEFT PREVENTION AND RECOVERY DEVICES Approved By The Michigan Automobile Theft Prevention Authority, June 22, 1994

Effective January 1, 1995

The following automobile theft prevention and recovery devices have been approved by the Automobile Theft Prevention Authority (ATPA), in accordance with Act 143 P.A. of 1993. Any vehicles which are equipped with or contain these devices will qualify for a reduction in the automobile's comprehensive insurance premium. The amount of the specific reduction for each category will be determined by each insurance company, and insurers may choose to provide a greater discount to vehicles which have devices from two or more categories.

Two categories of effectiveness in preventing vehicle theft have been identified, as well as one category for systems which assist in the recovery of the vehicle if it is stolen. Proper use of the systems described in categories one and two will respectively provide an optimum level and a minimum level of theft deterrence. A vehicle properly equipped with a recovery device will enhance efforts to recover the vehicle.

CATEGORY ONE - PASSIVE SYSTEMS PROVIDING OPTIMUM LEVEL OF SECURITY

The systems in this category will provide the optimum level of deterrence. To qualify for this discount, the vehicle must be equipped with at least one passive device (device is activated automatically when the vehicle's ignition key is removed).

A passive alarm system which has a back-up battery and meets or exceeds criteria established in Category Two.

Passive disabling devices which prevent the vehicle's steering, fuel, transmission/transaxle, ignition or starting systems from operating, and devices which prevent the vehicle's braking system from releasing.

A passive time delay ignition system which allows the vehicle to be started only after a preset delay or delayed ignition cut-off system which disables the vehicle at a preset engine speed.

A passive vehicle entry/ignition key system.

CATEGORY TWO - ACTIVE SYSTEMS PROVIDING A MINIMUM LEVEL OF SECURITY

Any of the systems in this category will provide at least a minimum level of deterrence. To qualify for a discount, the vehicle must be equipped with at least one of these listed devices (which must be manually activated by the vehicle owner prior to leaving the vehicle). An insurer may choose to offer an increased discount if the vehicle has two or more of these devices.

Alarm only devices--activated by a door, hood, or trunk being opened or by motion inside the vehicle--which sound an audible alarm that can be heard at a distance of at least 300 feet for a minimum of three minutes.

Manually activated disabling devices which prevent the vehicle's steering, fuel, transmission/transaxle, ignition or starting systems from operating, and devices which prevent the vehicle's braking system from releasing.

Etching of 17 digit VIN on windshield, rear window glass and both front door windows.

CATEGORY THREE - SYSTEMS WHICH ASSIST IN VEHICLE RECOVERY

The systems in this category enhance the effort to recover the vehicle after it is stolen.

A device which, when activated, emits an electronic signal that can be tracked by either a law enforcement agency or by a private monitoring station which relays the information on the vehicle's location to law enforcement officers.

Source: ATPA

For More Information, Please Contact:

**Michigan Automobile Theft Prevention Authority
Michigan State Police
333 South Grand Avenue
P.O. Box 30634
Lansing, Michigan 48909-0634
PH: (517) 241-1087 • FAX: (517) 241-0161
www.michigan.gov/atpa**