

**THE IMPACT OF AUTO THEFT TRENDS
ON AUTO INSURANCE RATES**

**A Report to the Michigan State Senate and House
Standing Committees on Insurance Issues and the
State Insurance Commissioner**

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

July, 2011

2011 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 2011 Biennial Insurance Report, which shows auto thefts declined 28.6% from 2007 to 2009. Since the inception of the ATPA in 1986, Michigan's auto thefts have fallen by 58.8%, and we have achieved lower theft rates in 20 of 24 years.

Our success in the battle against auto theft is the direct result of the dedication and effort of the men and women who are part of our law enforcement units, prosecutor units, and community programs. These highly motivated individuals are often assisted by Secretary of State investigators or the HEAT tip line in the recovery of a stolen vehicle or the arrest of those responsible.

The highlights of the report are as follows:

- Michigan motorists are saving nearly \$51 per insured vehicle as a result of lower thefts.
- The National Association of Insurance Commissioners (NAIC) reports Michigan's average comprehensive premiums fell 4.3% from 2006 to 2008.
- Four of Michigan's six largest insurance companies report the dollars paid on auto theft claims represent a smaller percentage of the total dollars paid on comprehensive claims (2007-2009).
- During 2008 and 2009, law enforcement officers funded by the Automobile Theft Prevention Authority made 4,834 arrests and recovered 9,780 vehicles or parts worth an estimated \$78.9 million.

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 – 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,


DIRECTOR
Michigan State Police

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PURPOSE AND SCOPE OF THE REPORT

The Michigan Automobile Theft Prevention Authority has conducted a review of auto theft rates and auto theft insurance rates in Michigan. Data was obtained from the Michigan Department of State Police, the Department of Labor and Economic Growth (Office of Financial and Insurance Services), the Department of Corrections, and the 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 2007 to 2009, 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 2007. 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 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) an Automobile Theft Prevention Authority (ATPA). The ATPA was funded by an annual one dollar 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 copied by 12 other states.

The ATPA program 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 those crimes. Many officials have indicated that without ATPA funding, vehicle theft would be a very low priority and be considered 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 monitor 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 (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 2009, Michigan's motor vehicle theft incidents decreased 58.8%. In that 23-year period, the number of motor vehicle thefts declined each year, except 1994, 1996, 2003 and 2006.

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 2009 indicates that national motor vehicle thefts have only decreased 35.1% since 1986.

To further illustrate Michigan's successful effort against motor vehicle theft, Michigan thefts represented 5.9% of the national total in 1986. For 2009, Michigan only represented 3.7% of the national total.

TABLE 1 Motor Vehicle Theft Experience Nationally and in Michigan 1986-2009				
<u>NATIONAL</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
1986-2009 Change		- 35.1		- 58.8

Source: FBI and Michigan Uniform Crime Reports 1986-2009

In addition, Michigan is 1 of 10 states that have consistently accounted for approximately 60% of the nation's motor vehicle thefts. In 1985, Michigan had the fourth highest number of motor vehicle thefts in the nation, but in 2009, Michigan was in fifth place.

THEFT RATE PER 100,000 POPULATION

In 2009, Michigan's motor vehicle theft rate per 100,000 population was 297.4 - a reduction of 62.2% from 1986. In comparison, the national theft rate was 258.8 - a reduction of 49% from 1986. Even though Michigan's theft rate has fallen faster than the national theft rate, Michigan's rate is still higher than the national average. Michigan's theft rate was almost 81% higher than the national rate back in 1985 (827.8 vs. 457.5), but in 2009, Michigan was only 15% higher than the national rate. Michigan's theft rate ranking has fallen from the highest nationally in 1984 to 11th place in 2009.

TABLE 2				
Motor Vehicle Theft Rate Per 100,000 Population Nationally and in Michigan 1986-2009				
NATIONAL			MICHIGAN	
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
1986-2009 Change		- 49.0	- 62.2	

Source: FBI and Michigan Uniform Crime Reports 1986-2009

TABLE 3

Motor Vehicle Thefts for
Top 25 Michigan Counties
1986-2009

COUNTY	1986 MVT	2003 MVT	2005 MVT	2007 MVT	2009 MVT	% CHANGE 2003-2005	% CHANGE 2005-2007	% CHANGE 2007-2009
WAYNE	43,300	32,763	28,388	25,223	17,567	-13	-11	-30
MACOMB	5,832	3,839	3,828	3,304	2,541	Even	-14	-23
OAKLAND	9,310	3,987	3,769	3,181	2,312	-5	-16	-27
GENESEE	3,290	2,330	2,702	1,887	1,209	16	-30	-36
KENT	1,778	1,296	1,255	1,121	804	-3	-11	-28
WASHTENAW	1,449	1,067	934	728	584	-12	-22	-20
KALAMAZOO	591	819	571	623	489	-30	9	-22
MUSKEGON	331	666	568	402	371	-15	-29	-8
INGHAM	812	746	617	526	334	-17	-15	-37
SAGINAW	569	530	679	541	310	28	-20	-43
ST. CLAIR	261	301	324	280	233	8	-14	-17
CALHOUN	244	463	302	323	211	-35	7	-35
MONROE	279	308	351	266	205	14	-24	-23
JACKSON	308	335	346	269	199	3	-22	-26
BERRIEN	408	344	299	275	172	-13	-8	-37
OTTAWA	194	260	217	97	134	-17	-55	38
BAY	175	226	190	187	108	-16	-2	-42
VAN BUREN	150	152	138	156	94	-9	13	-40
ALLEGAN	74	107	111	114	91	4	3	-20
ST. JOSEPH	74	114	63	92	89	14	46	-3
CASS	60	75	62	81	88	-17	31	9
EATON	122	149	151	129	87	1	-15	-33
LIVINGSTON	204	227	199	119	87	-12	-40	-27
LENEWEE	119	89	111	43	73	27	-38	70
MONTCALM	70	102	12	88	70	61	633	-23
STATE TOTAL	72,021	53,307	48,064	41,510	29,647	-10	-14	-29

Source: Michigan Uniform Crime Reports 1986-2009

Table 3 illustrates that from 2007 to 2009, 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 28.6% from 2007 to 2009, the value of stolen vehicles fell 37% during that period. That reduction is less than half the reduction in total property stolen, which decreased in value by 82.6% during this two year period. A major portion of that unusually high decrease can be attributed to the fact that in 2007, nearly \$1 billion in computer hardware/software was stolen. Table 4 reveals some other interesting facts:

- 1) In 2009, stolen motor vehicles represented 34.2% of total property value stolen, an increase of nearly 23%, but almost a match of 2005.
- 2) In 2009, 56% of stolen motor vehicle value was recovered, a 2% decrease from 2007. And again, almost a match of 2005.
- 3) In 2009 only 23% of total property value was recovered.

The conclusions which may be suggested from this 2009 data are:

- 1) Provided every vehicle had comprehensive insurance, the decrease in the value of vehicles stolen (2007 to 2009) saved the insurance industry \$95.9 million.
- 2) The fact that only 56% 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), 2005-2009				
	2005	2007	2009	% CHANGE 2005-2009
Total Property Stolen	1,017,841	2,191,628	475,632	-82.6
Value Stolen Vehicles	357,299	258,602	162,668	-37.0
MV's % of Total Stolen	35.0	11.7	34.2	-22.5
Total Property Recovered	533,102	264,629	109,064	-58.7
Value Recovered Vehicles	197,264	151,490	92,427	-38.9
MV's % of Total Recovered	37.0	57.2	84.7	+27.5
% Total Property Value Recovered	52.0	12.0	22.9	
% Stolen Vehicle Value Recovered	55.0	58.5	56.0	

Source: Michigan Uniform Crime Reports 2005-2009

MOTOR VEHICLES FREQUENTLY STOLEN BY MAKE AND MODEL

The Michigan Law Enforcement Information Network (LEIN) captured all the vehicles reported stolen in their system during 2009 and compiled a list of the most frequently stolen automobiles by make and model. (See list below.)

MICHIGAN TOP TWELVE MOST STOLEN CARS - 2009	
1.	2000 Dodge Caravan
2.	1999 Dodge Caravan
3.	2000 Dodge Intrepid
4.	1998 Dodge Caravan
5.	1996 Dodge Caravan
6.	1999 Dodge Intrepid
7.	2000 Jeep Cherokee
8.	1997 Dodge Caravan
9.	2002 Dodge Intrepid
10.	1997 Ford Taurus
11.	2007 GMC Yukon
12.	1999 Ford Taurus

Source: Michigan LEIN Theft Reports

According to a study recently conducted by the National Insurance Crime Bureau (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; 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 2008. The rate listed is the number of thefts in 2008 per 1,000 cars manufactured in that same year.

TABLE 5		
2008 Model Year		
Cars With the Highest Theft Rate in U.S.*		
(Per 1,000 Cars Manufactured)		
	MAKE AND MODEL	THEFT RATE
1.	Dodge Charger	6.6
2.	Dodge Avenger	4.7
3.	Pontiac G6	3.6
4.	Chevrolet Cobalt	3.0
5.	Chevrolet Impala	2.9
6.	Chevrolet Malibu	2.7
7.	Chevrolet Trailblazer	2.1
8.	Toyota Corolla	1.9
9.	Nissan Sentra	1.9
10.	Ford Fusion	1.9

Source: National Highway Traffic Safety Administration, 2008 *Production - 100,000 minimum.

MOTOR VEHICLE THEFT ARRESTS

As Table 6 displays, the number of subjects arrested for motor vehicle theft related crimes in 2009 was down 25.4% from 2007, which reflects the two year trend in thefts (-28.6%). Other interesting trends:

- 1) Adult arrests represent 82.7% of the total - up 4.3% from 2007.
- 2) Juvenile arrests represent 17.3% of the total - down 4.3% from 2007.
- 3) Adult male arrests represent 71.2% of the total - up 4.2% from 2007.
- 4) Juvenile male arrests represent 15.3% of the total - down 3.9% from 2007.

TABLE 6						
Michigan Motor Vehicle Theft Arrests Subject's Age and Sex 2005-2009						
	2005	% CHANGE 2003-2005	2007	% CHANGE 2005-2007	2009	% CHANGE 2007-2009
Total Arrests	4,575	+90.1	3,484	-23.8	2,600	-25.4
Male % Total	3,950 86.3	+93.5	3,004 86.2	-26.0	2,249 86.5	-25.1
Female % Total	625 13.7	+71.2	480 13.8	-23.0	351 13.5	-26.9
Adult % Total	3,486 76.2	+93.6	2,733 78.4	-21.0	2,149 82.7	-21.4
Juvenile (under 17) % Total	1,089 23.8	+80.0	751 21.6	-31.0	451 17.3	-40.0
Male Adult % Total	2,982 65.2	+91.9	2,334 67.0	-21.0	1,852 71.2	-20.7
Female Adult % Total	504 11.0	+104.0	399 11.5	-20.0	297 11.4	-25.6
Male Juvenile % Total	968 21.2	+98.8	670 19.2	-30.0	397 15.3	-40.7
Female Juvenile % Total	121 2.6	+2.5	81 2.3	-33.0	54 2.1	-33.3

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 2005 to 2009, the motor vehicle theft crimes portion of total index crime fell from 13.1% to 8.9%.

If the incident of a crime is decreased, then the number of subjects arrested for that crime is expected to decrease also. From 2005 to 2009, the number of motor vehicle thefts fell over 28.5% while motor vehicle theft arrests decreased nearly 25.3%. From 2007 to 2009, the motor vehicle theft arrests portion of total index crime arrests fell from 6.6% to 4.8%.

Other trends from 2005 to 2009 which deserve comment are: 1) juvenile motor vehicle theft arrests decreased 58.5%; and, 2) adult motor vehicle theft arrests decreased 38.3%.

	2005	2007	% CHANGE 2005-2007	2009	% CHANGE 2007-2009
# Index Crimes	367,395	355,134	-3.3	329,556	-7.2
MVT Incidents	48,064	41,510	-13.6	29,647	-20.5
% of Index	13.1	11.7		8.9	
# Index Arrests	56,272	52,320	-7	53,337	1.9
# MVT Arrests	4,575	3,484	-23.8	2,600	-25.3
% of Index	8.1	6.6		4.8	
# Index Adult Arrests	45,543	42,648	-6.4	44,777	44.9
# MVT Adult Arrests	3,486	2,733	-21.6	2,149	-213
% of Index	7.7	6.4		4.7	
# Juvenile Index Arrests	10,729	9,672	-9.9	8,560	-11.4
# Juvenile MVT Arrests	1,089	751	-31	451	-39.9
% of Index	10.2	7.8		5.2	

Source: Michigan Uniform Crime Report

AUTOMOBILE THEFT PREVENTION AUTHORITY

The Automobile Theft Prevention Authority (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 Authority 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 Department of State Police. 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 activities of the Authority are funded by annual assessments on automobile insurance companies of \$1 per private passenger car premium earned in the previous year. Those funds (annual revenues of \$6.3 million) are collected from policyholders and passed on to ATPA each year. The ATPA board 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 Authority's mission of reducing auto theft. (Appendix IV lists 2011 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. They have historically committed over 80% of the Automobile Theft Prevention 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
1989-2003	36,842	42,486	\$374,946,375
2004	2,719	3,823	33,819,435
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
TOTALS	55,498	74,155	\$653,027,024

A special review of ATPA funded law enforcement teams activity found that in 15 years, from 1996 to 2011, those teams were involved in 7,000 insurance fraud cases that recovered vehicles or denied claims valued at \$50 million. Without the ATPA teams, these fraudulent claims would have been paid by insurance companies.

PROSECUTION

In order to provide maximum attention to auto thieves, the ATPA board funds twelve assistant prosecutors in five counties with serious auto theft problems. These specially trained assistant prosecutors vertically prosecute (handle cases through both district and circuit court systems) the thieves and seek the maximum sentence length on all convictions. From 1992 to 2011, they successfully obtained a conviction on 94% of the arrest warrants that were upheld by the court (7,294 were dismissed) and 85% of the subjects who take the issues to trial.

Nearly 47% 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 CONVICT.	JAIL SENTENCE	PROBATION SENTENCE
1992-2003	27,016	17,923	1,240	1,070	8,936	8,945
2004	2,502	2,244	30	22	1,031	1,198
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
TOTALS	46,367	31,053	1,400	1,201	15,182	17,260

PREVENTION

As important as law enforcement officers and assistant prosecutors are in responding to auto thefts, the ATPA board 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 or vehicle recoveries.

The non-profit groups hold block club meetings to teach residents how to prevent auto theft, organize neighborhood watch or CB patrol programs, etch the vehicle identification number (VIN) onto the glass of residents' automobiles (60,000 since 1989), and distribute printed materials (flyers or newsletters) regarding auto theft prevention. These activities are primarily responsible for increasing neighborhood awareness of auto theft and advertising auto theft tip hot lines which provide a pipeline of information to law enforcement teams.

INSURANCE FRAUD

Insurance fraud can involve a wide variety of things:

- 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, 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. Our funded officers do occasionally handle cases in category six and seven if the insurance company's investigation clearly proves the fraud, and our officers can quickly process the criminal elements.

Admittedly, 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.

During 2007 and 2008, ATPA initiated a new partnership with the National Insurance Crime Bureau (NICB) to co-sponsor a grant with the Michigan Attorney General's Office. This innovative project confronted insurance fraud cases outside of ATPA's mandate and assisted ATPA units that did not have an ATPA-funded prosecutor.

ANTI-THEFT DEVICES

The Automobile Theft Prevention Authority was charged in Act 10, P.A. 1986, with the responsibility for approving automobile theft prevention devices. Therefore, the ATPA board 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 Authority 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 is attached as Appendix III.

TABLE 8		
Anti-Theft Device Discounts Offered by Six Major Michigan Insurers		
<u>Company</u>	<u>Device</u>	<u>Discount</u>
Allstate Ins. 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%
	-Active device/VIN etching/Alarm	5%
Farmers Group	-All devices	3%
State Farm Mutual	-Passive device	10%
	-Active device AND VIN etching	10%
	-Active device/VIN etching/Alarm	5%

Source: Office of Financial and Insurance Regulation

DEPARTMENT OF CORRECTIONS

The number of new prison commitments for auto theft related crimes has remained fairly consistent from 1993 to 2005, averaging about 800 annually. Since 2005, the Department of Corrections has closed some prisons and implemented several new policies to reduce the prison population below 50,000. Therefore, we estimate that during 2009, motor vehicle theft related commitments fell to approximately 700.

From 1993 to 2005, the number of inmates in prison for motor vehicle theft related crimes stayed fairly consistent, averaging about 2,100. Factoring in the overall reduction in prison population, we estimate that during 2009 there were 1,066 prisoners housed for auto theft related crimes.

DEPARTMENT OF STATE

The 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, manages 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 initiation of 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 and/or stolen parts. In 2010, the division conducted approximately 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.

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

In October of 1985, Michigan insurers initiated a statewide tip reward program, HEAT® (Help Eliminate Auto Thefts), 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. HEAT® 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 HEAT® tip line (800-242-4328) is funneled to a Michigan State Police office, which is funded in part by the Automobile Theft Prevention Authority (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 HEAT® Program provides free materials such as posters, flyers, and litter bags, as well as exhibits and H.E.A.T. speakers for ATPA funded groups and other interested parties. HEAT® 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. For more information on HEAT®, visit their website at www.miheat.org or call (734) 464-1100.

H*E*A*T PROGRAM STATISTICS

10/85 - 12/10

Tip Calls Received	--	8,860
Tips Paid	--	2,164
Tip \$ Awarded	--	\$3,620,450
Suspects Arrested	--	3,438
Vehicles Recovered	--	4,323
Value of Recovery	--	\$52,405,973

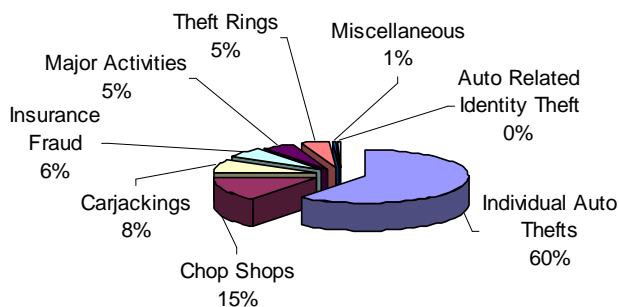
1(800) 242-HEAT

TIPS PAID BY TYPE

10/85 - 12/10

Individual Auto Thefts	--	1,309
Chop Shops	--	324
Carjackings	--	169
Insurance Fraud	--	134
Major Activities	--	105
Theft Rings	--	99
Miscellaneous	--	14
Auto Related Identity Theft	--	10
TOTAL TIPS		2,164

Tips Paid By Type



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 after market has successfully marketed 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 vehicle identification number 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 State Police Automated Fingerprint Identification System (AFIS) has 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 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 data base of DNA records to match against. Some agencies have successfully taken DNA swabs of the steering wheel or food left in the vehicle to determine who the last driver of that vehicle was.

OFFICE OF FINANCIAL AND INSURANCE REGULATION

One of the primary reasons for the creation of the Michigan Automobile Theft Prevention Authority 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 % of Combined Average Premium						
	Combined Average Premium (\$)		Average Comprehensive Premium (\$)		Ave. Comp. Premium as a % of Combined Avg. Premium.	
	2006	2008	2006	2008	2006	2008
Michigan	1,067.74	1,032.02	158.31	151.55	14.8	14.7
National	936.60	902.86	140.38	133.52	14.9	14.8

Source: National Association of Insurance Commissioners – 2008

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 2007 to 2009, 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%
Auto Club			Farmers Ins.		
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%
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%

Source: Company Data, 1993-2009

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 21st place in 2008.

The average comprehensive premium Michigan motorists paid has decreased from \$158.31 in 2006 to \$151.55 in 2008. That savings of 4.3% is a bit less than the national average reduction of 4.9% 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 fifth place. Under that scenario, Michigan motorists would have paid \$50.91 (see Wyoming in 2008 column) more 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 Automobile Theft Prevention Authority to the policyholders is only \$1, the \$51 return is excellent. Over the 22 years of ATPA's existence (1987-2009), Michigan residents have paid \$22 toward the cost of the ATPA program and have saved \$712 in premiums.

STATE	AVERAGE COMP. PREMIUM		% CHANGE 2006—2008
	2006	2008	
1. District Of Columbia	260.69	250.01	-4.1%
2. North Dakota	238.01	215.94	-9.3%
3. Louisiana	208.78	213.76	2.4%
4. Arizona	230.63	207.27	-10.1%
5. Wyoming	216.37	202.46	-6.4%
6. South Dakota	202.30	190.61	-5.8%
7. Kansas	197.71	190.45	-3.7%
8. Montana	197.46	183.89	-6.9%
9. Texas	174.72	178.15	2.0%
10. New Mexico	164.50	171.38	4.2%
11. Nebraska	189.34	167.80	-11.4%
12. West Virginia	179.79	167.01	-7.1%
13. Georgia	169.00	164.22	-2.8%
14. Minnesota	172.83	162.39	-6.0%
15. Oklahoma	169.05	160.24	-5.2%
16. Colorado	188.07	155.40	-17.4%
17. Mississippi	164.37	154.15	-6.2%
18. New York	152.71	154.04	0.9%
19. Iowa	162.84	153.06	-6.0%
20. Arkansas	160.54	152.42	-5.1%
21. Michigan	158.31	151.55	-4.3%
22. Alaska	157.95	149.37	-5.4%
23. Missouri	146.26	147.78	1.0%
24. South Carolina	149.26	147.13	-1.4%
25. Maryland	145.73	139.88	-4.0%
26. New Jersey	160.43	134.38	-16.2%
NATIONAL AVERAGE	140.38	133.52	-4.9%

Source: National Association of Insurance Commissioners—April 2008

The National Association of Insurance Commissioners (NAIC) “makes the point that extreme caution must be exercised in interpreting average expenditure and premium measures [since] they are imperfect measures of the relative ‘price’ of insurance across states because . . . they are affected by a number of other factors.”

The NAIC report indicates that average premiums for automobile insurance are affected by a number of factors:

- | | |
|--|---|
| - Average coverage purchased | - Medical costs |
| - Average deductible selected | - Law enforcement and tort liability laws |
| - Average value of vehicle insured | - Average accident rates and vehicle repair costs |
| - Average driver characteristics | - Motor vehicle theft rate |
| -Traffic conditions and road maintenance | - Rate regulatory approaches |
| - Proportion of drivers in urban areas | - Financial responsibility requirements |
| - Cost of living and wage levels | |

They go on to indicate that “the auto insurance product is not homogenous across states. Therefore, caution should be exercised when making direct comparisons between states. Because of the many different factors that affect average premiums, these measures do not indicate the relative efficiency of the auto insurance markets in various states.”

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, all the states were treated consistently.

APPENDICES

APPENDIX I							
Total Comprehensive and Vehicle Theft Claims Experience for Six Major Companies 1997-2009							
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
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
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
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
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
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

Source: Michigan Office of Financial and Insurance Regulation, Company Data

APPENDIX II

Michigan Automobile Theft Prevention Authority 2011 Total Approved Budgets

GENESEE COUNTY	
Genesee County Prosecutor's Office	\$180,159
Genesee County Sheriff's Department	644,875
KENT COUNTY	
Grand Rapids, Kentwood, and Wyoming Police Departments	499,052
West Grand Neighborhood Organization	37,157
MACOMB COUNTY	
Macomb County Prosecutor's Office	130,032
Macomb County Sheriff's Department	1,136,621
OAKLAND COUNTY	
Oakland County Sheriff's Department	1,209,640
Southfield Police Department	273,736
SAGINAW COUNTY	
Saginaw County Prosecutor's Office	114,255
Saginaw Police Department	244,682
WAYNE COUNTY	
Wayne County Prosecutor's Office	869,106
Dearborn Police Department	232,609
Detroit Police Department, Precincts	1,126,093
Detroit Police Department, Insurance Fraud/Conspiracy	1,449,286
Grosse Pointe Park Police Department	503,673
Hamtramck Police Department	187,643
Michigan State Police, Canton Township	1,611,560
Mt. Olive Grand Lodge	14,180
Wayne State University	84,363
OTHER	
Lansing Police Department	127,481
Michigan Department of State	146,048
Michigan State Police, Monroe Auto Theft Team	159,615
Michigan State Police, Southwestern Michigan Team	554,540
Michigan State Police, Washtenaw Team	272,789
Michigan Association of Auto Theft Investigators (MAVTI) Training Grant	30,000
TOTAL	\$11,935,815

Source: Michigan Automobile Theft Prevention Authority

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: Michigan Automobile Theft Prevention Authority

For More Information, Please Contact:

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