

NO-FAULT INSURANCE REFORM HIGHLIGHTS

Eff 7/2/2020

Bodily Injury Limits – New Minimum Limit Requirements

*Coverage if you are sued for your negligence when you are at-fault in an accident.

The new law requires that each policy carries a Bodily Injury Liability Limit of \$250,000 because of bodily injury to, or death of, one person (“per person”) in any one accident, and \$500,000 because of bodily injury to, or death of, two or more persons in any one accident (“per accident”) unless a form is signed requesting lower limits and acknowledging that the risks of purchasing lower limits is understood. The new minimum statutory limits are \$50,000 “per person” in any one accident and \$100,000 “per accident.”

Why are higher Bodily Injury Liability limits important?

If you hurt someone in an auto accident and are found to be negligent, the injured party can sue you for pain and suffering damages. Your Bodily Injury Limits are there to protect you in that sort of lawsuit. With the new law, an injured person will now also be allowed to sue you for medical damages that exceed their own Personal Injury Protection (PIP) limits. Therein lies the reason to select high Bodily Injury Limits – the new law allows a person to select lower PIP limits. This makes it far more likely that an injured person will sue. You want to be confident that your policy limits are high enough to cover you in case of a lawsuit.

*****If you have limits lower than \$250,000 per person and \$500,000 per accident you will need to update your coverage to avoid signing a form at your renewal after the new law takes effect. You may do so right now by:**

- logging into your online account if you have one and selecting "Increase My Bodily Injury Liability Limits."
- Contacting our agency if you do not have an online account with your carrier or just prefer that we handle the request for you.

*****If you do not amend your limits to a minimum of \$250,000/\$500,000 as per above prior to your policy renewal and do not return your coverage election form, your policy will automatically be increased to the \$250/500 limit upon your renewal on or beyond 7/2/2020**

What can I do to protect myself better?

A Personal Umbrella Policy provides increased liability coverage above the limits of your Personal Auto Policy. In addition to increasing liability limits, a typical Personal Umbrella Policy provides:

- Protection against claims that may not be fully covered by your underlying policies. (for Homeowners, Auto and Watercraft Liability)
- Coverage for defense costs and attorneys’ fees associated with claims against you that are covered by your Personal Umbrella Policy but not covered by your primary policies (these expenses are paid in addition to your policy limit).
- Worldwide coverage.

Our carriers typically offer Personal Umbrella Policies with limits of \$1 million up to \$5 million. This is great coverage and the cost is moderate when you are able to take advantage of multi-policy discounts by bundling your policies with the same carrier. Even if your policies are not with the same carrier, the insurance is much more affordable than going without coverage (self-insuring) and putting your assets at risk.

PERSONAL INJURY PROTECTION (PIP)

PIP is comprised of different components

- Medical/Allowable Expenses which include, but are not limited to, home modifications, nursing home and in-home attendant care, necessary medical devices
- Wage Loss
- Survivor Benefits

Consumers may elect to NOT select PIP coverage IF:

- they have their own health insurance that covers auto related injuries without requesting reimbursement from the auto insurer

Consumers who elect to purchase PIP coverage may select from the following options:

1. Unlimited (10% average rate reduction on PIP premium only)
2. \$500,000 (20% average rate reduction on PIP premium only)
3. \$250,000 (35% average rate reduction on PIP premium only)
4. \$250,000 *excluding all or some person(s) from PIP Medical
 - To be excluded, Applicant/Named Insured must have health coverage that does not exclude or limit coverage for injuries related to motor vehicle accidents and the annual deductible must be \$6,000 or less. This coverage **cannot** be Medicare.
5. \$50,000 *Medicaid Option (45% average rate reduction on PIP premium only) for Medicaid recipients only
 - a. Applicant/Named Insured must be enrolled in Medicaid
 - b. Applicant/Named Insured's Spouse and any resident relative(s) in the same household must also be enrolled in Medicaid, have QHC or be covered under another auto policy with PIP Medical Coverage
6. *Medicare Opt Out (Personal Auto policies only; option not available under Commercial Auto policies)
 - a. Applicant/Named Insured: Must be enrolled in Medicare Parts A & B
 - b. Applicant/Named Insured's spouse and any resident relative(s) in the same household must have QHC which can include Medicare or be covered under another auto policy with PIP Medical Coverage

* If you qualify for and elect this option, the only medical benefits you will receive will be from your Qualified Health Care (QHC) Provider. Individuals who purchase this option will not be eligible for any PIP Medical/allowable expenses.

Excess Attendant Care will be offered as an optional endorsement for all clients except those that retain Unlimited PIP or policies that waive PIP coverage altogether. Sample limits: \$5,000, \$10,000, \$25,000 and \$50,000. These are in addition to the base amount automatically provided within the PIP option selected by the insured.

PIP Order of Priority – What do we mean by Order of Priority?

If an auto accident occurs, the insurance company will look to see what policy or policies have PIP coverage that applies for those who have sustained injuries. There is a set priority for which policy has to respond. They don't look to the next policy in the priority order because PIP benefits don't "stack."

What Changed? The new law changed the order for which policy takes priority and is responsible to pay for claims. The differences are outlined below:

Old Order of Priority:

1. Your Policy
2. Your Spouse's Policy
3. Resident Relative's Policy
4. Owner of the Vehicle's Policy
5. Operator of the Vehicle's Policy
6. Michigan Assigned Claims Plan (MACP)

New Order of Priority:

1. Your Policy
2. Your Spouse's Policy
3. Resident Relative's Policy
4. Michigan Assigned Claims Plan (MACP)
*\$250,000 limit eff 7/2/2020 unless insurer adapted sooner (i.e. Fremont eff 9/15/2019)

Qualified Health Coverage is defined as either of the following:

1. Other health or accident coverage to which both of the following apply:
 - a. The coverage does not exclude or limit coverage for injuries related to motor vehicle accidents AND
 - b. Any annual deductible for the coverage is \$6,000 or less per individual (this amount may be adjusted annually by the Director of the Department of Insurance and Financial Services)
2. Coverage under Parts A and B of the Federal Medicare Program

Note: Discounts will apply to ALL options beginning 7/2/2020 **but bear in mind that if your costs exceed your benefits, you will be responsible to pay the difference.**

Please see the No-Fault Act for complete details. These highlights are being provided for general information purposes only. Coverage is subject to all policy terms, conditions, exclusions and limitations within your policy.