

## Agency Talking Points No-Fault Reform

The new No-Fault Auto Insurance law takes full effect on July 2, 2020. The new law has many, many aspects to it and drastically changes how Michigan auto insurance will work. The below is what we feel is most important for you to know.

### PERSONAL INJURY PROTECTION

**Order of Priority**, for Personal Injury Protection/PIP (Medical Expense Benefits), have changed:

- **Before:** Injured parties collected PIP Benefits from...
  1. Insurer of the Named Insured;
  2. Insurer of a Spouse or Resident-Relative;
  3. Insurer of the Owner or Registrant of the accident-involved vehicle; then
  4. Insurer of the Driver of the accident-involved vehicle; otherwise
  5. Injured Person applies for benefits through the MACP (unlimited benefit level)
- **Now:** Injured parties collect PIP Benefits from...
  1. Insurer of the Named Insured;
  2. Insurer of the Spouse or Resident-Relative; then
  3. Injured Person applies for benefits through the MACP (\$250,000 benefit level) ■ The \$250,000 may have to be re-paid to the MACP.
- Therefore, it now matters, more than ever before:
  1. Where all drivers on a policy live, not just where the mail goes and what is typed on the Driver's License
  2. How the vehicles are titled

#### Coverage Levels (Options):

- Policy Exclusion (No Coverage/Opt-out) o Named Insured must be enrolled in Medicare Parts A & B
  - o All others in household must have Qualified Health Coverage (see below) or have coverage from another auto policy.
  - \* 100% rate reduction for the PIP premium and largest reduction for MCCA Fee.
- Limit of \$50,000 o Named insured must be enrolled in Medicaid
  - o All others in household must have Qualified Health Coverage, be enrolled in Medicaid, or have coverage from another auto policy.
  - \* 45% rate reduction for the PIP premium
- Limit of \$250,000 o Can exclude coverage on an individual level o If exclude an individual, such individual must have Qualified Health Coverage, or be enrolled in Medicare Parts A & B
  - \* 35% rate reduction for the PIP premium
- Limit of \$500,000 o 20% rate reduction for the PIP premium ● Limit of Unlimited
  - \* 10% rate reduction for the PIP premium

## **Items not covered by Medicare**

Attendant Care Some limits will allow you to purchase attendant care.

Lost Wages (an unendorsed personal auto policy may not provide a high enough limit)

Modifications to a house, if needed

Modifications to a vehicle, if needed

## HEALTH INSURANCE

If one opts out of PIP coverage....

- Must have Qualified Health Coverage, which is:
  1. Medicare Parts A and B; Or
  2. A Health Insurance Plan ("Qualified Health Insurance") that will
    1. Pay (without limiting or excluding coverage) for motor-vehicle-related injuries
    2. And, have an annual individual deductible of \$6,000 or less.
    3. Must have a letter from your health carrier verifying coverage.
- If Qualified Health Coverage is lost (due to job change or otherwise),
  1. Must get PIP or Qualified Health Coverage elsewhere within 30 days; otherwise
    1. Coverage defaults to \$2,000,000, via MACP, during the period
    2. No coverage, whatsoever, after the period
- Unlike the PIP on the auto policy, health insurance plans will not pay for:
  1. Attendant Care (even if given by a family member)
  2. Lost wages due to not being able to work as a result of auto-accident injuries
  3. Making one's home or auto handicap accessible.
- Therefore, the auto policy will remain the best coverage for medical costs related to auto-accident injuries.

## LIABILITY LIMITS

- Minimum-required liability limits are now \$50,000 per person/\$100,000 per occurrence
- If a new liability selection form is not completed, signed, and returned, liability limits default to \$250,000 per person/\$500,000 per occurrence,
- There will be more auto-accident-related lawsuits because:
  1. Economic damages will be settled on a "pure comparative negligence" basis
  2. If you are even 1% at-fault in an auto accident, you could get sued.
  3. Some people will opt out of the PIP coverage and then sue any and all parties who had any fault, whatsoever, in them getting hurt in an auto accident.
- It is now more important than ever to:
  1. Purchase as high of liability limits as you can afford; and/or
  2. Purchase a Personal Umbrella policy

## MINI-TORT

- The Mini-tort limit will increase from \$1,000 per occurrence to \$3,000 per occurrence.

## REQUIRED FORMS

- Long, complicated forms will be required to be completed, signed, and returned at every renewal if:
  1. Unlimited PIP (Personal Injury Protection) benefits are not chosen; and/or
  2. A liability limit of less than \$250,000 per person/\$500,000 per occurrence is chosen
- New forms will be required for all new auto policies purchased

We, at the agency, understand the strain and confusion all these details may cause you. We are here to help. Should you have any further question or would like to review your unique situation, please don't hesitate to call the office at 734-379-9611. Thank-you for being a customer!

Mercure Insurance Agency.