



Michigan Auto Insurance Reform begins July 2, 2020. Most people ask, “How does this affect me?” Here is a brief Outline of Changes, along with answers to Common Questions.

You will receive notice from your insurance company approximately ninety (90) days before your auto policy renews. We are here to help guide you through this process.

Outline of Changes – Effective July 2, 2020, Personal Auto Insurance

- **Coverage for Medical Expenses.** Your current MI auto policy provides Unlimited Medical Coverage. With Auto Insurance Reform you will now choose the level of medical coverage in your auto policy as follows: Unlimited, \$500,000, \$250,000, \$50,000, or \$0 with proof of a qualifying health plan.
- **MCCA fees to be lowered.** The Michigan Catastrophic Claims Association fees will be lower. The current MCCA fee is \$221 per auto, per year. This amount will be significantly lower when your policy renews. New costs for this fee have not yet been set.
- **Attendant Care Endorsement** can be purchased to provide coverage for “assistance with activities of daily living” if a lower level of medical coverage is selected.
- **Bodily Injury Liability Coverage.** Bodily injury liability coverage will automatically be issued at \$250,000 per person/\$500,000 per occurrence. If you already have higher liability limits that will continue unchanged. If you prefer to choose lower liability limits, you will need to sign a form confirming your choice for lower liability coverage.
- **Increased Liability Exposure for you.** Under the new law you can be sued by an injured person for “uncovered medical expenses”. This new exposure for “uncovered medical expenses” is in addition to your current legal exposure for pain and suffering caused by serious injury, disfigurement or death.
- **A Motorcyclist injured** in an accident with a motor vehicle will be subject to the PIP medical limit applicable to that motor vehicle.
- **If you are currently uninsured** you can purchase new auto insurance without penalty until January 2022.

Outline of Changes - Effective Now, Personal Auto Insurance

1. **PIP Auto Medical coverage** no longer extends to relatives who do not reside in the household of the named insured, unless they are full-time students away at school.
2. **PIP Auto Medical coverage no longer extends** to non-relatives who reside in the household, even if they are listed as drivers.

Common Questions - Auto Insurance Reform

After July 2, 2020 Auto Insurance Reform will affect your auto policy renewal. Listed below are questions we hear from our clients and answers for you.

1. **Q. Does my separate medical insurance policy offer the same coverage that is now provided by my auto insurance policy?**
 - A. Your CURRENT pre-reform auto insurance policy pays for medical expenses under Personal Injury Protection (PIP) coverage. This auto PIP medical coverage is UNLIMITED. It also provides broader coverage than a medical/health insurance policy as follows:
 - Medical Expenses - unlimited
 - Work Loss (reimburse for lost wages)
 - Attendant care (assistance with activities of daily living).
 - Replacement Services (household activities you can no longer perform).
 - Survivor Benefits

2. Q. When my auto policy renews after July 2, 2020 will it look different?

- A.** Yes, when your policy renews after July 2nd it will list four parts for Personal Injury Protection:
- Allowable Expenses (Medical expenses, attendant care, and funeral expenses)
 - Work Loss (reimburse for lost wages)
 - Replacement Services (household activities you can no longer perform)
 - Survivor Benefits

3. Q. My auto insurance policy currently has the required unlimited medical benefits. Can I choose lower medical coverage with the new Auto Insurance Reform?

- A.** Yes when your auto policy renews after July 2, 2020 you can choose lower coverage for medical benefits, called "Allowable Expenses", or you can continue with unlimited medical coverage.

4. Q. How will I be asked to make changes in my auto policy?

- A.** Ninety (90) days before your policy renews your insurance company will mail papers to explain your options. You will be asked to sign and return a form if you prefer to select the lower Allowable Expenses coverage option.

At future policy anniversaries the Auto Insurance Reform Law also requires your signed form to renew with lower Allowable Expenses coverage.

5. Q. Does my medical/health insurance cover injuries in an auto accident and if so, do I still need to purchase PIP medical coverage under my auto policy?

- A.** Not all medical/health insurance policies cover auto-related injuries. You should confirm with your medical/health insurance company prior to making any decisions on changing your PIP auto coverage.

6. Q. Will I see a savings in my auto insurance rates?

- A.** The new law mandates that insurance companies lower their rates for the PIP (Personal Injury Protection) part of the policy listed in #2 above. Savings amounts will vary based on your situation.

7. Q. Will I have a greater liability exposure as a driver in Michigan after the new law takes effect July 2, 2020?

- A.** Yes! Under Current Michigan Law unlimited medical coverage is required for all drivers. As a result, if you are at-fault in an accident you can only be sued for "pain and suffering" caused by serious injury, disfigurement or death.

With the new Auto Insurance Reform Law beginning July 2, you can also be sued for uncovered medical expenses of an injured person, in addition to "pain and suffering" caused by serious injury, disfigurement or death.

Example: An individual chooses lower medical expense coverage of \$250,000 and later is injured in an auto accident. You are involved in the accident and determined to be at fault. If the other person has \$1M of medical bills you can be sued for the \$750,000 balance of uncovered medical expenses. If you injure several people in an accident your liability exposure is even greater. (We suggest raising the liability coverage on your auto policy and/or adding an umbrella liability policy)

8. Q. Will the required bodily injury liability coverage be higher when my auto policy renews after July 2, 2020?

- A.** Yes! For the reasons explained above the new law now requires a “default” bodily injury liability amount of \$250,000 per person/\$500,000 per accident. All policies with lower bodily liability coverage will be increased to this amount at renewal, unless you specifically request lower coverage.

If you currently have higher liability coverage your policy will renew with your higher protection amounts still in place.

We recommend that our clients review their liability limits and consider increasing coverage, and/or adding an umbrella liability policy.

9. Q. Will the same people still be covered under my auto policy for PIP (Personal Injury Protection) medical expenses due to injuries in an auto accident?

- A.** NO! Medical Expense (PIP) coverage will not extend to children who no longer live with you. Also, partners or people who live with you who are not relatives may be excluded from medical expense (PIP) coverage.

If these examples apply to you, please contact us to learn how to obtain coverage.

10. Q. What should I do when my auto insurance policy is up for renewal?

- A.** Watch for communication from your insurance company ninety (90) days before your renewal date. Their letter will include forms for you to complete and return if you wish to select new coverage amounts.

The CIA Staff is ready and happy to assist. Please contact us via email or phone at your convenience.

Combined Insurance Agencies has made every attempt to ensure the information contained in this Summary and Q&A is accurate. For specific language please refer to your auto insurance policy as well as state statutes, laws and regulations.