

BAKER-HOPP & ASSOCIATES

Business & Personal Insurance • Employee Benefits • Risk Management

The new legislation has been confusing and unfortunately, there are few details being provided at this time by the state or insurance companies as to how the changes will be communicated to policyholders. Baker-Hopp & Associates is committed to providing you education, clarity and information so you can make an informed coverage decision when the law goes into full effect on July 1st, 2020.

Following are a few adjustments that were put in place in June of 2019:

- Listed drivers on a policy, but not listed as a named insured, cannot make a claim for PIP benefits (medical benefits) under the auto policy they are listed on. They would have to make a claim through the Michigan Assigned Claims Plan. The only way for unrelated, unmarried adults to be covered under the same policy would be for both of them to be listed as named insureds on the policy.
- Drivers of a vehicle that do not live in the household generally cannot make a claim for PIP benefits (medical benefits) under that policy. These drivers would need to be the named insured on their own policy to make a claim. Students away at school are not subject to this change until they move out of the home.
- Out of state drivers can no longer collect PIP benefits (medical benefits) unless they have a vehicle that is registered and insured with a policy in their name in Michigan.

Following are a few of the changes that we think would be of most interest to our clients. These changes will be effective on July 1, 2020:

- In the state of Michigan, if you are found 51% at fault in an accident, the other party can collect money for the damages you caused to their vehicle or the deductible they had to pay. The limit the state allows someone to collect will increase from \$1000 - \$3000. Fault can be determined by a police report, a court of law, or obvious circumstances.
- Minimum limits of liability for Bodily Injury coverage will increase to \$50,000 per person and \$100,000 per accident, currently it is \$20,000 per person and \$40,000 minimum per accident. Also, unless you choose otherwise and sign the required form, the default limits of liability for Bodily Injury coverage will increase to \$250,000 per person and \$500,000 per accident.
- Under the new Michigan No-Fault law, a person injured in a car accident can sue for excess medical costs and economic expenses. With this new exposure, purchasing a personal umbrella policy or increasing your current umbrella policy's limit will become even more significant in providing the additional liability limits you may need.
- Discounts for PIP (medical benefits) options ONLY affect the cost of the PIP limit. It is NOT a discount off the entire policy. The following are the options and discounts associated:

<u>Coverage Option</u>	<u>Savings to PIP (Medical) premium</u>
Unlimited PIP coverage	10% discount
\$500,000 PIP coverage limit	20% discount
\$250,000 PIP coverage limit	30% discount
\$ 50,000 PIP coverage limit*	40% discount

*This option only available with Medicaid
and must provide documentation of such coverage.

- When choosing any optional PIP (medical benefits) or bodily injury limits, a state required form must be completed and new signed forms are required at every renewal thereafter or coverage will default back to unlimited PIP (medical benefits) and \$ 250,000/\$ 500,000 bodily injury coverage.

We also believe that there are some important considerations regarding choosing any option other than unlimited PIP (medical) coverage.

- Coverage from the Michigan Catastrophic Claims Association only provides coverage to people that continue to carry unlimited medical
- Health insurance companies can still exclude injuries due to accidents so it is important to know how they would handle auto injury claims and if there is coverage, you will be subject to their deductibles, co-pays and policy limits.