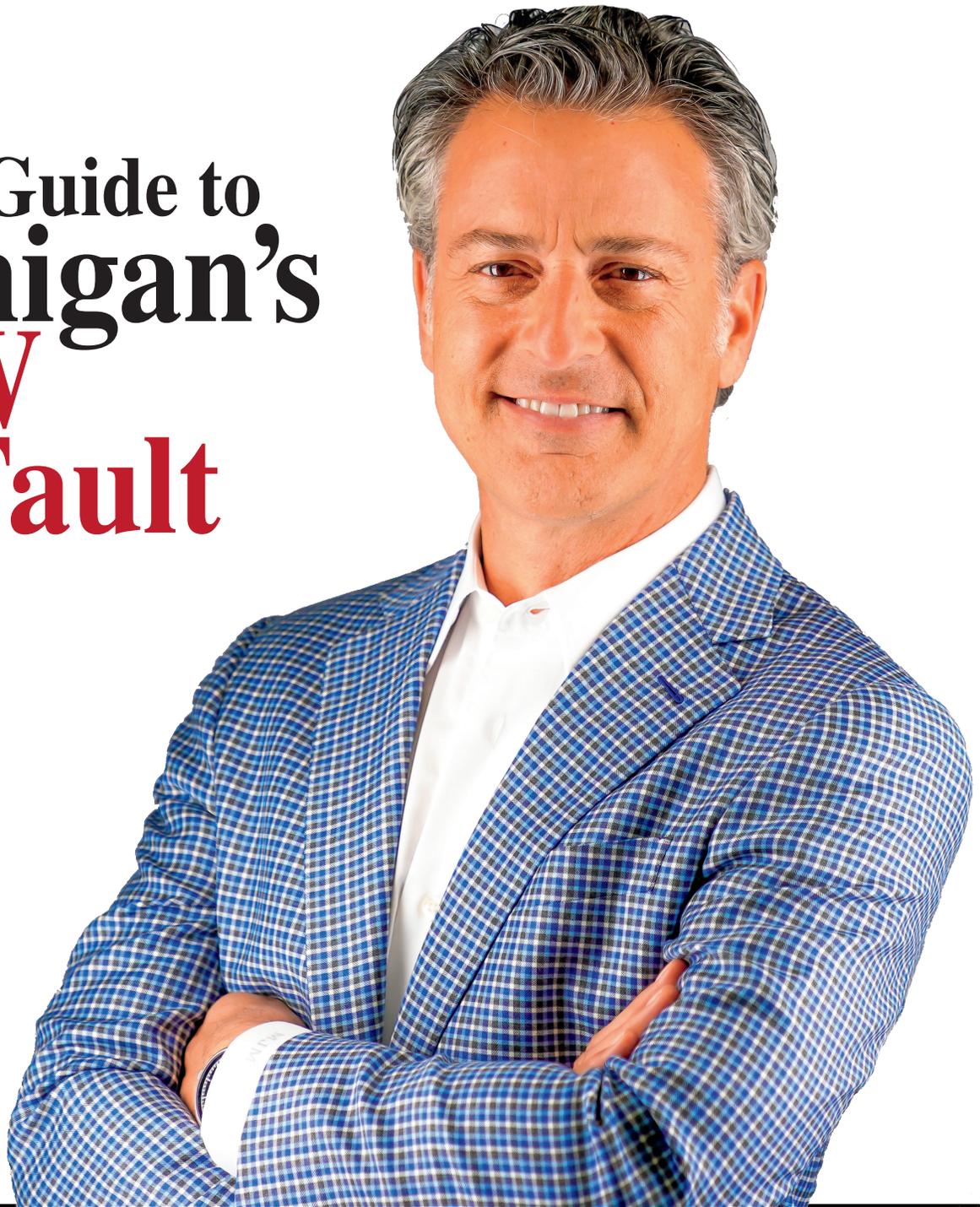


Mike's Guide to
Michigan's
NEW
No-Fault
Law



mikemorselawfirm
Michigan's Largest Personal Injury Firm

A Note from Mike:

Michigan is a No-Fault state, which means (with few exceptions) when an individual is injured in a motor vehicle accident, an automobile insurance company is responsible to pay benefits for their care, recovery and rehabilitation, which includes medical expenses, wage loss and household services. The question of which auto insurance company is responsible to pay your No-Fault benefits is dependent on several factors, some of which have changed under the new law. No-Fault benefits are paid by the auto insurance company regardless of who was at fault. Michigan began its No-Fault insurance policy in 1973 and, in totality, these are the most sweeping changes to the law we have seen since that time.

The new No-Fault insurance reform law was touted as the solution to some of the highest insurance rates in the country. What has emerged from the legislature and the governor's office is more like a runaway train about to strike thousands of Michigan's accident victims, with potential disastrous results. Put together quickly in order to get it passed, the legislation is full of holes that leave gaps of uncertainty regarding changes to Michigan's No-Fault Insurance legacy.

As you review this information remember...at the Mike Morse Law Firm we have been watching these changes very carefully and recognize that many of the provisions will ultimately have to be litigated so new legal precedent can be set. It is my hope some of those case results will be favorable to accident victims in the future. In the meantime, we will continue to fight hard for our clients and stand up for their rights every step of the way.



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What Types of Benefits Do Crash Victims Receive?

When are Changes Starting?

Victims are entitled to four main types of benefits:

Allowable Expenses

These include ANY expenses necessary for the victim's care, recovery or rehabilitation. They include medical care, prescriptions, home care (attendant care), transportation, durable medical equipment such as wheelchairs and medical beds, and much more.

Replacement Services

Replacement services covers assistance the victim needs because of the accident and was able to do for themselves prior to their injury but now have to be done by another person. These services include, but are not limited to, housekeeping, meal preparation, grocery shopping, childcare and much more. This benefit can be claimed up to 3 years.

Work Loss

This is compensation for lost income. It can be claimed for up to 3 years at 85% of the victim's usual gross pay.

Survivors' Loss Benefits

These benefits go to the dependents of a victim in the case of death in a motor vehicle accident. Survivors can be compensated for the victim's lost income, funeral and burial costs, and replacement services.

Most of these policies begin after July 1, 2020. Certain aspects like changes to health care prices and a cap on payment for family-provided home care will not be in effect until July of 2021.

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What are the New PIP Options?

There are six options for PIP (Personal Injury Protection) coverage:

Option 1 - (Recommended)- Unlimited Coverage

With unlimited coverage the insurance company will pay for all allowable expenses for the victim's lifetime. **We recommend this because it is the only option where you are fully protected.**

Option 2 - Coverage up to \$500,000

With this option, your insurance company will only pay up to \$500,000 per person per accident. Wage loss and replacement services are not included in the \$500,000 of coverage.

Option 3 - Coverage up to \$250,000

With this option, your insurance company will only pay up to \$250,000 per person per accident. Wage loss and replacement services are not included in the \$250,000 of coverage.

Option 4 - Coverage up to \$250,000 with exclusions

With this option, your insurance company will only pay up to \$250,000 per person per accident. A person identified as a named insured or anyone in the household can be excluded if they have non-Medicare health insurance that covers auto accident injuries. It is also available for household relatives who have health coverage for auto accident injuries. For included individuals, wage loss and replacement services are not included in the \$250,000 of coverage.

Option 5 - Coverage up to \$50,000

With this option, your insurance company will only pay up to \$50,000 per person per accident. Consumers may only select this option if the named insured person is enrolled in Medicaid and their other household relatives have an auto insurance or health insurance policy that will cover auto accident injuries

Option 6 - No Coverage

This option is available only to those who have Medicare Parts A and B and whose household relatives have another auto or health insurance policy that will cover auto accident injuries.

How Much Will I “Save”?

Under the new auto insurance reform law, insurance companies are required to reduce their average premiums. The reductions are NOT on the cost of the entire policy, but rather apply only to the No-Fault PIP coverage portion of the policy, discussed in the 6 options above. The reductions vary depending on the coverage option chosen.

- Unlimited Coverage will receive an average 10% per vehicle.
- Coverage up to \$500,000 an average 20% per vehicle
- Coverage up to \$250,000 an average 35% per vehicle
- Coverage up to \$50,000 an average 45% per vehicle

As noted above, although there are mandated reductions to premiums, they only apply to No-Fault PIP (personal injury protection) coverage. Only around 35% of a person's premium will receive the reduction. For example, if a consumer selected the \$500,000 option and they had previously paid \$1,500 per year, they would now only be saving \$105 per year. These “savings” are much less dramatic than they sound, and drivers are now vulnerable to bankruptcy from a car accident.

Furthermore, the reduced premiums will not even apply to every insured driver. The law only demands a decrease in the average costs across the entire state but not every individual driver. These cuts allow insurance companies to even raise premiums for some drivers.

Detroit motorists have long been subject to increased costs because of where they live. While this new law bans discrimination by zip code, it still allows insurance companies to discriminate by territory. Drivers who live in areas deemed to be higher risk could be forced to pay higher premiums even when they were promised a reduction.

Motorcycles are only entitled to No-Fault benefits if a motor vehicle is involved in the collision. Motorcycles do not qualify as “motor vehicles” under Michigan law. If a motorcyclist is involved in an accident with another motorcycle or non-motorized object, No-fault benefits are not recoverable.

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Differences for Motorcycles

If a motorcyclist is involved in a crash with a motor vehicle, the auto insurance company of the owner (or driver) of the motor vehicle pays No-Fault benefits if they have insurance. In the past, all insured motor vehicles had unlimited coverage so it didn't matter who a motorcyclist was in a crash with, they would be entitled to unlimited benefits. Now, with the new law, injured motorcyclists are subject to the amount of purchased coverage amount of the involved motor vehicle.

For example; If a motorcyclist is injured in a crash with someone who chose the \$50,000 option, the victim is limited to only \$50,000 in No-Fault benefits. This could very easily end up bankrupting the victim as a result of their medical costs when those benefits are quickly exhausted. Worse yet, this is true even if a motorcyclist pays for unlimited coverage on their own motor vehicle! In that case, they are still subject to the limits of the policy the motor vehicle's owner (or driver) chose.

If a motorcyclist gets into a crash where neither they nor the other driver has no-fault insurance, they can receive benefits through the Michigan Assigned Claims Plan, but they will be limited to a cap of \$250,000 in benefits. Motorcyclists can sue the motor vehicle operator and owner for excess medical costs if the other driver is at fault for the accident. However, the owner and operator may not be collectable for these amounts, leaving the victim with little or no options to pay for their medical bills.

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Bodily Injury Coverage

Bodily injury liability coverage protects a driver who is at fault in causing a collision. This coverage is the amount the at fault driver's insurance company will pay to people injured in the collision.

Prior to July 1, 2020, Michigan required all vehicles to be insured with limits of \$20,000 per person and \$40,000 per accident. In other words, an at-fault driver's insurance company would pay at most \$20,000 per injured person, but no more than \$40,000 per accident regardless of the number of people who injured in the accident.

Beginning after July 1, 2020, drivers will be offered a default minimum of \$250,000 per person and \$500,000 per accident. However, the minimum coverage required in Michigan is now \$50,000 per person and \$100,000 per accident.

As an example of this coverage, if you were at fault in a collision, and the other driver died, and your bodily injury coverage is only \$50,000 (per person) /\$100,000 (per occurrence), you could be **personally liable** for any amount a jury awards over the \$50,000. Therefore, our recommendation is that you carry **at least** \$250,000/\$500,000 in bodily injury liability coverage.

Have More Questions?

Give Us a Call... 855-MIKE-WINS

OR

Looking for more information? Click [here](#) to watch a recent episode of the Open Mike podcast that covers everything you need to know about Michigan's No-Fault law.

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