

Michigan No-Fault Reform

MICHIGAN AUTO COVERAGE CONSIDERATIONS

PIP ALLOWABLE EXPENSES (MEDICAL) OPTIONS

A policyholder can elect to purchase unlimited, \$500,000 or \$250,000 in Personal Injury Protection (PIP) Allowable Expenses (Medical) coverage. The following additional options are available to personal auto policies and commercial policies written in the name of an individual. Consider the following if a policyholder wants to elect each of the following limits.

- \$50,000
 - Is the named insured currently enrolled in Medicaid?
 - If no: This option is not available
 - If yes: Is the named insured's spouse and all resident relatives enrolled in or have one of the following?
 - Medicaid, Qualified Health Coverage* or Coverage payable for Allowable Expenses (Medical) from another Michigan auto policy
 - If no, this option is not available
 - If yes, this option is available
 - No additional documentation is required, other than the signed Michigan PIP selection form.
- No Coverage
 - Is the named insured currently enrolled in Medicare Parts A & B?
 - If no: This option is not available
 - If yes: Is the named insured's spouse and all resident relatives enrolled in or have one of the following?
 - Qualified Health Coverage* or Coverage payable for Allowable Expenses (Medical) from another Michigan auto policy
 - If no, this option is not available
 - If yes, this option is available
 - Auto-Owners will require proof of Medicare enrollment for the named insured and either declarations or proof of Qualified Health Coverage* from all other household members.
- \$250,000 with Individual PIP Allowable Expenses (Medical) Exclusion
 - Who wants to be excluded?
 - Does the named insured want to be excluded from coverage?
 - If yes: Does the named insured have Qualified Health Coverage* that is not Medicare Parts A or B?
 - If no, then the named insured cannot be excluded
 - If yes, the named insured can be excluded
 - Auto-Owners will require proof of Qualified Health Coverage*



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- Does the named insured's spouse or resident relative want to be excluded?
 - If yes: Does the individual requesting exclusion have Qualified Health Coverage*?
 - If no, then the individual cannot be excluded
 - If yes, the individual can be excluded
 - Auto-Owners will require proof of Qualified Health Coverage*

* Qualified Health Coverage includes the following:

- Health and accident coverage that does not exclude or limit coverage for injuries related to auto accidents and has an annual individual deductible of \$6,000 or less
- Coverage under both federal Medicare Parts A and B

OTHER ITEMS TO CONSIDER WHEN WRITING MICHIGAN AUTO POLICIES

- For all auto policies:
 - Is the Bodily Injury liability limit adequate to protect the policyholder's assets?
 - Are the Uninsured Motorist and Underinsured Motorist limits adequate to cover the policyholder's losses in the event they are involved in an auto accident with a driver who is uninsured/underinsured?
- For personal auto policies:
 - Does the named insured, spouse and resident relatives have medical insurance that pays primary for Allowable Expenses (Medical) benefits?
 - If no, the policy must be issued with primary Allowable Expenses (Medical)
 - Is there anyone listed/insured on the policy that lives outside the household?
 - If so, they should secure a named operator policy or automobile policy in their own name
- For commercial policies:
 - Is Broadened Coverage for Named Individuals – Drive Other Cars applied when needed?
 - Are there leaseback agreements in place for scheduled autos not titled to the named insured?
 - Are there employees who are domiciled outside of Michigan?
 - If so, PIP benefits will not be afforded to the employee domiciled outside of Michigan unless the employee owns a vehicle that is registered and insured in Michigan.

WHAT ARE SOME OF THE THINGS PIP ALLOWABLE EXPENSES (MEDICAL) BENEFITS MAY COVER?

- Medical Expenses
 - Doctor visits, hospitalizations, surgeries, MRIs, physical therapy, rehabilitation, and prescription medications
- Vehicle Modifications
 - Wheelchair accessible
 - Modifications which allow the injured individual to operate the vehicle
- Home Modifications
 - Elevators
 - Ramps

- Medical Equipment
 - Walkers
 - Canes
 - Crutches
 - Wheelchairs
- Medical Mileage
 - Reimbursement for transportation costs when seeking medical treatment and care
- Attendant Care
 - Assistance with daily activities for an individual injured in an automobile accident; care can be provided by a family member or outside source
- Please Note: PIP benefits are generally paid without requiring a co-pay or deductible. A penalty deductible may be applicable if one has chosen excess Allowable Expenses (Medical) benefits and it is later determined that the policyholder's medical insurance does not pay primary in auto-related accidents.

ORDER OF PRIORITY

No-fault reform has made changes to the order of priority. Drivers, passengers or pedestrians who are not a resident relative (*either they live outside the home permanently or live within the home and are not related*) will no longer receive PIP coverage from the motor vehicle owner's policy. Instead, they will now go to the Assigned Claims Plan (ACP) if they do not have their own insurance or have a spouse or resident relative who carries insurance. In essence, the new law removed the third and fourth order of priority for these individuals. A person is not entitled to be paid PIP coverage if they are not a resident of the state of Michigan, unless the person owns a motor vehicle that is registered and insured in the state of Michigan.

OLD ORDER OF PRIORITY CHART				
Occupant of a Private Vehicle	Occupant of a Vehicle for Hire/Public Transport	Occupant of Employer's Vehicle	Occupant/Passenger of a Motorcycle	Non-Occupant (Includes Pedestrian)
MCL 500.3114(1)	MCL 500.3114(2)	MCL 500.3114(3)	MCL 500.3114(5)	MCL 500.3115(1)
Your own insurer(s)	Insurer(s) of the owner(s) of vehicle occupied*	Employer's insurer(s)	Insurer(s) of the owner(s) or registrant(s) of motor vehicle involved	Your own insurer(s)
Insurer(s) of a spouse or relatives domiciled in the same household	Your own insurer(s)	Your own insurer(s)	Insurer(s) of the operator of motor vehicle involved	Insurer(s) of a spouse or relatives domiciled in the same household
Insurer(s) of the owner(s) or registrant(s) of motor vehicle occupied	Insurer(s) of a spouse or relatives domiciled in the same household	Insurer(s) of a spouse or relatives domiciled in the same household	Motorcycle operator's motor vehicle insurer(s)	Insurer(s) of the owner(s) or registrant(s) of motor vehicle occupied
Insurer(s) of the operator of motor vehicle occupied	Assigned Claims Plan	Assigned Claims Plan	Insurer(s) of the motorcycle owner(s) or registrant(s) motor vehicle(s)	Insurer(s) of the operator of motor vehicle occupied
Assigned Claims Plan			Claimants own automobile policy	Assigned Claims Plan
			Insurer(s) of Claimant's spouse or relatives domiciled in the same household	
			Assigned Claims Plan	

NEW ORDER OF PRIORITY CHART

Occupant of a Private Vehicle	Occupant of a Vehicle for Hire/Public Transport	Occupant of Employer's Vehicle	Occupant/Passenger of a Motorcycle	Non-Occupant (Includes Pedestrian)
MCL 500.3114(1)	MCL 500.3114(2)	MCL 500.3114(3)	MCL 500.3114(5)	MCL 500.3115(1)
Your own insurer(s)	Insurer(s) of the owner(s) of vehicle occupied*	Employer's insurer(s)	Insurer(s) of the owner(s) or registrant(s) of motor vehicle involved	Your own insurer(s)
Insurer(s) of a spouse or relatives domiciled in the same household	Your own insurer(s)	Your own insurer(s)	Insurer(s) of the operator of motor vehicle involved	Insurer(s) of a spouse or relatives domiciled in the same household
Assigned Claims Plan	Insurer(s) of a spouse or relatives domiciled in the same household	Insurer(s) of a spouse or relatives domiciled in the same household	Motorcycle operator's motor vehicle insurer(s)	Assigned Claims Plan
	Assigned Claims Plan	Assigned Claims Plan	Insurer(s) of the motorcycle owner(s) or registrant(s) motor vehicle(s)	
			Claimants own automobile policy	
			Insurer(s) of Claimant's spouse or relatives domiciled in the same household	
			Assigned Claims Plan	

*Subject to the exclusions listed in MCL 500.3114(2)

DOMICILE

As a result of no-fault reform, a relative who is not considered domiciled with the named insured will not receive PIP coverage from a motor vehicle owner's policy. The following factors should be considered when discussing household members with policyholders. This list is not exhaustive and one factor does not outweigh another. Ultimately, PIP claims will weigh all the evidence and make a final determination of domicile at the time of claim. If it is unclear where a person may be domiciled, one option would be to write a policy with them as a named insured.

- Where does the individual intend to have their domicile or household?
- How formal of a relationship is there between the person and the policyholder?
- Does the person live in the same house or on the same premise?
- Is there another place of lodging that the person considers their residence or domicile?
- What mailing address does the person use?
- Where does the person keep their possessions?
- What address does the person use on their driver's license?
- Does the person have an established room at the policyholder's residence?
- Is the person dependent on support from the policyholder?



Note: The analysis of coverage is in general terms and is superseded in all respects by the Insuring Agreements, Endorsements, Exclusions, Terms and Conditions of the Policy. Some of the coverage mentioned in this material may not be applicable in all states or may have to be modified to conform to applicable state law. Some coverages may have been eliminated or modified since the printing of this material.