

Michigan No-Fault Reform

EFFECTIVE JULY 2, 2020

PERSONAL INJURY PROTECTION (PIP) ORDER OF PRIORITY

- Drivers or occupants of private-passenger automobiles and non-occupants, such as pedestrians, bicyclists, ORV operators, etc., are no longer provided Personal Injury Protection (PIP) through our named insured's policy unless they are one of the following:
 - Named insured
 - Named insured's spouse
 - Relative domiciled with a named insured
- The changes described above for private passenger automobiles also apply to drivers or occupants of a commercial vehicle. However, the order of priority for PIP claims did not change if you are one of the following:
 - An employee, their spouse, or a resident relative of either, occupying an employer's vehicle; or occupants of some motor vehicles in the business of transporting passengers

PIP COVERAGE

PIP coverage will be split out on the Declarations:

- Allowable Expenses (Medical)
- Work Loss
- Replacement Services
- Survivor's Benefits
- Excess Attendant Care (*Optional*)

PIP ALLOWABLE EXPENSES (MEDICAL)

- Allowable Expenses (Medical) includes the following coverage:
 - Medical expenses
 - Attendant care
 - Rehabilitation
 - Funeral benefits
- Some Allowable Expenses (Medical) limit options require that the policyholder have Qualified Health Coverage, which includes one of 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

Auto-Owners
INSURANCE

LIFE • HOME • CAR • BUSINESS

- Available Allowable Expenses (Medical) limits
 - Unlimited (*Default*)
 - \$500,000 per person
 - \$250,000 per person
 - When this coverage amount is selected, the option to exclude individuals is available.
 - The named insured must have Qualified Health Coverage that isn't Medicare in order to be excluded, and provide a letter from their healthcare provider verifying that coverage is qualified.
 - Each spouse or resident relative for which Allowable Expenses (Medical) coverage is excluded must also provide proof from their healthcare provider of Qualified Health Coverage.
 - \$50,000 per person
 - Named insured must be enrolled in Medicaid
 - Everyone else within the household must have Qualified Health Coverage, coverage payable for Allowable Expenses (Medical) from another Michigan auto policy or Medicaid.
 - No coverage
 - Named Insured must be enrolled in federal Medicare Parts A and B
 - Everyone else must have Qualified Health Coverage or coverage payable for Allowable Expenses (Medical) from another Michigan auto policy.
 - Those with Qualified Health Coverage must also provide proof from their healthcare provider of Qualified Health Coverage.
- PIP Allowable Expenses (Medical) selection forms
 - Applicable selection forms
 - Michigan Selection of Personal Injury Protection (PIP) Medical Coverage - Individual(s)
 - For personal policies and commercial policies in the name of an individual
 - Michigan Selection of Personal Injury Protection (PIP) Medical Coverage - Commercial/Business
 - For commercial policies written for an entity other than an individual
 - Form currently required to be signed and returned every renewal
 - Coverage will default to Unlimited if selection form is not received prior to the issuance of each policy renewal, which is typically 36 days prior to the renewal effective date.

EXCESS ATTENDANT CARE

- Optional coverage available when Allowable Expenses (Medical) limit is \$500,000, \$250,000 and \$50,000
- Coverage limits available
 - \$5,000
 - \$10,000
 - \$25,000
 - \$50,000

PRIMARY OR EXCESS ALLOWABLE EXPENSES (MEDICAL) AND WORK LOSS

- Personal Automobile
 - You can still select Excess or Primary Allowable Expenses (Medical) and Work Loss, except for \$50,000 Allowable Expenses (Medical)
 - Since Medicaid will not pay primary for auto-related accidents, Allowable Expenses (Medical) limit of \$50,000 will require the policyholder to select Primary.
 - Just because a policyholder has Qualified Health Coverage does not mean they qualify for Excess Allowable Expenses (Medical). For example, Qualified Health Coverage includes Medicare, however, Medicare does not pay primary for auto-related accidents.
 - In order to select Excess Allowable Expenses (Medical) coverage, the policyholder must have a health insurer that will pay primary for auto-related accidents.

- Commercial Lines
 - All policies will be required to have Primary Allowable Expenses (Medical) and Primary Work Loss.

MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION (MCCA)

MCCA will be split into two separate fees:

- MCCA Deficit
 - Will apply to all vehicles regardless of PIP Allowable Expenses (Medical) option
 - Pays for MCCA deficit, if any
 - From July 2020 to July 2021, the MCCA Deficit = \$0
- MCCA Unlimited
 - Will apply to all vehicles when PIP Allowable Expenses (Medical) is Unlimited
- Motorcycles
 - Scheduled motorcycles will have both MCCA Deficit and MCCA Unlimited applied, regardless of PIP Allowable Expenses (Medical) option selected for automobiles on the policy.
 - When involved in a collision with an automobile, a motorcyclist may receive PIP subject to the limits selected for the applicable automobile insurance policy, which may be Unlimited.

RESIDUAL BODILY INJURY (BI)

- Default limit will be \$250/\$500
- New minimum limit is \$50/\$100
- Bodily Injury forms:
 - Michigan Choice of Bodily Injury Liability Coverage Limits
 - Signed form will be required one time for all policies with BI limits below \$250/\$500 split limits or \$510 combined single limit (CSL)
 - The form must be completed and returned to Auto-Owners by those who wish to maintain limits below \$250/\$500 or \$510 CSL
 - If the form is not received and limits are below \$250/\$500 or \$510 CSL, BI will default to \$250/\$500
 - Policies with \$300/\$300 split limits or \$300 CSL that do not return a signed form prior to renewal will be rolled to \$250/\$500 and receive a reduction in coverage letter.
 - Form will be required if a policyholder requests to endorse Bodily Injury limits below \$250/\$500 or \$510 CSL.
 - Residual Bodily Injury Limits with Premiums
 - Required by statute to be sent at every renewal.
 - The form will provide all BI limits, with the associated premiums, at the time the document is created.
 - This form is for informational purposes; it does not need to be returned.
- Comparative Negligence
 - With respect to Michigan residents, at-fault parties will be liable for their percentage of fault of the total amount of all economic damages. This includes wage loss, replacement services and medical expenses.
 - There hasn't been a change to Michigan's comparative negligence law; however, once PIP is no longer unlimited for everyone it will come into play more often. Even if the policyholder is only 10% at fault, if there is a catastrophic accident and the other driver has lower PIP limits, they could be sued. Because of this, policyholders may wish to purchase higher BI limits.

SPECIAL TORT LIABILITY (STL)

Increasing from \$1,000 to \$3,000 for claims that occur on or after July 2, 2020

ADDITIONAL INFORMATION

- The following cannot be used for rating purposes on personal automobile policies:
 - Occupation or Education Level
 - As a result of this, some groups will be discontinued
 - Home Ownership
 - As a result, our Auto/Home Multi-Policy discount will be combined with Auto/Dwelling Fire and Auto/Renter discounts into the new Property Discount
 - ZIP Codes/Postal Zones
 - Territories can be used as long as they do not mirror ZIP codes/postal zones
 - As a result, our territories have been redefined
 - Credit Scores
 - Statute specifically allows companies to continue to rate on insurance score
 - No Prior Insurance
 - As a result, an applicant without a prior auto insurance policy will be eligible
 - They will be allowed to have any term length and any payment plan
 - This is in effect until Jan. 1, 2022
- Reimbursement for family attendant care may now be limited to 56 hours per week
- Benefits through the Michigan Assigned Claims Plan (MACP) will be limited to \$250,000
- Changes to the Medical Fee Schedule are effective July 1, 2021, and will limit payment to doctors, facilities and providers for services provided



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.