

Personal Lines

Michigan no-fault reform— notable changes and provisions*

TOPIC	DETAIL
Key dates	<ul style="list-style-type: none"> July 26, 2019 (new business), August 25, 2019 (renewal) — Citizens/Hanover form changes removing non-family members and non-residents from definition of insured take effect. July 2020 — Statutorily required PIP medical coverage options, PIP average rate reductions, increased BI minimum limit and rating/underwriting limitations take effect. July 2021 — Statutory medical fee schedule and attendant care hourly limits take effect. July 2028 — Statutorily mandated average PIP rate reduction requirement ends.
Personal injury protection (PIP) medical coverage options** <small>** All carriers are statutorily required to offer all options</small> <small>*** Limit applies to medical portion of loss and applies per individual, per claim</small>	<ul style="list-style-type: none"> Unlimited \$500,000*** \$250,000*** \$50,000*** — Medicaid required on at least one named insured¹ Opt out — Medicare A&B required on at least one named insured¹ Healthcare exclusion — available to individuals with a “qualified” health plan² <small>¹ Any resident household member that is not on Medicaid (\$50K option) or Medicare (opt-out option) must maintain a qualifying health plan or a no-fault policy from another carrier to qualify for this coverage option</small> <small>² A qualified health plan must not exclude or limit coverage for auto-accident related injuries and must not contain a deductible higher than \$6,000</small>
Statutorily mandated PIP average rate reductions <small>(Reductions based on rates in effect on May 1, 2019)</small>	<ul style="list-style-type: none"> Unlimited: 10% \$500,000: 20% \$250,000: 35% \$50,000: 45% Opt out: 100% medical Healthcare exclusion — 100% off medical (for household members that qualify and elect to exclude)
Rating prohibitions	<ul style="list-style-type: none"> Gender, marital status, home ownership, education, occupation, credit score and postal zone
Underwriting limitations	<ul style="list-style-type: none"> Insurers are prohibited from declining, cancelling, non-renewing, limiting coverage, charging, reinstatement fees, or increasing premiums to eligible persons solely based on failure to maintain insurance before January 1, 2022.
Bodily injury (BI) minimum limits	<ul style="list-style-type: none"> Minimum BI limit is increased from \$20K/\$40 (per person/per accident) to \$50K/\$100K. Default minimum is \$250K/\$500K, policyholder must sign election form to select lower limit.
Medical fee schedule <small>(Phased in over 2 years beginning July 2021)</small>	<ul style="list-style-type: none"> 200–250% of Medicare fee schedule, based on statutorily created criteria. Statutorily created reimbursement rates for services not included in Medicare fee schedule.

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Other claims highlights	<ul style="list-style-type: none"> • "Order of priority" changes transfer most uninsured occupants and non-occupants (e.g. pedestrians) to the MACP and exclude some non-Michigan residents. • Tort language broadened to allow lawsuits for economic damages in excess of PIP coverage. • Family attendant care limited to 56 hours per week. Carriers are permitted to negotiate additional hours. • Additional requirements for independent medical examinations.
Other	<ul style="list-style-type: none"> • Automobile Insurance Fraud Unit created within the Department of Insurance and Financial Services (DIFS) to investigate and refer cases for prosecution. Allows fines and criminal penalties for fraudulent insurance acts. • Michigan Assigned Claims Plan (MACP): Most medical losses limited to \$250K coverage. Mandatory procedural changes designed to improve claimant cooperation. • Carriers allowed to offer a "managed care" option.

**Note: The above summary includes some of the key items that were contained within the bills that comprise the 2019 no-fault reform. For all of the specifics, please refer to S.B. 1 and H.B. 4397. Please also be aware that H.B. 4397 makes certain changes to S.B. 1 – the two bills together comprise the 2019 no-fault reform, and to the extent that the two conflict, H.B. 4397 replaces the conflicting language in S.B. 1.*

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