



Preferred United Plans[®]
"Alternative Funding"

**Changes to Michigan No Fault Auto Law
that take effect July 2, 2020**



Under the current No-Fault law in Michigan, Medical Benefits are under the Personal Injury Protection or "PIP". When an individual is injured in an automobile accident the auto carrier for Michigan insureds pays for the medical benefits. The coverage under "PIP" medical benefits is Unlimited!

The "PIP" coverage accounts for approximately 40%-45% of auto insurance premiums.

Changes Effective July 2, 2020

It is mandatory for drivers to carry "PIP" coverage in Michigan. Now drivers will be able to choose from 5 different levels of medical coverage under "PIP".

- Unlimited
- \$500,000 limit
- \$250,000 limit
- \$50,000 limit - this is the lowest limit available BUT only for drivers who are on Medicaid.
- Opt-Out of "PIP" coverage entirely, however, you, your spouse and all relatives who live with you must have Medicare, Parts A&B, or Qualified Health Insurance to be eligible.

Other Changes July 2, 2020

- Default resident liability limit of \$250,000 per person/\$500,000 per occurrence.
- State minimum limit increased from \$50,000 to \$100,000 per occurrence.
- Mini-Tort increases from \$1,000 to \$3,000 limit
- Prohibited use of most non-driver rating factors such as home ownership, education level attained, occupation, zip code and credit score.
- **SUING FOR EXCESS MEDICAL BENEFITS** - under the new law a person injured in a car accident can sue the at fault party for excess medical costs (medical costs exceeding the dollar amount of the no fault "PIP" cap they selected).

Preferred United Plans "Alternative Funding" is a Self-Insured Health Care program that totally excludes Auto Accident related medical coverage in the State of Michigan.

Preferred United Plans "Alternative Funding" is NOT "Qualified Health Coverage" under the new No-Fault



Preferred United Plans[®]
"Alternative Funding"

Auto Reform effective July 2, 2020.

See the information below that should be given to your covered employees/dependents to be utilized with their licensed agent for Auto Insurance Coverage.



May 2020

Michigan No Fault Auto Reform Effective July 2, 2020

Michigan No-Fault Law for Automobile Coverage under the Personal Injury Protection (PIP) medical coverage is changing effective July 2, 2020. Currently under Michigan's "PIP" Medical coverage you have UNLIMITED! Prior to July 2, 2020 you will be asked by your Auto Insurance Carrier and Auto Insurance Agent to choose from five (5) different options. You will be required to choose an option.

New Effective July 2, 2020

Michigan No-Fault "PIP" Medical Options:

- Option #1 – "Unlimited" PIP Medical
- Option #2 - \$500,000 PIP Medical
- Option #3 - \$250,000 PIP Medical
- Option #4 – Limited coverage of \$250,000 with some or all personal excluded from PIP Medical.
- Option #5 - \$50,000 Limited PIP for drivers on Medicaid.

~ Risks to options #2 & #3 - Limited PIP medical coverage may not be enough to cover your medical expenses.

If your PIP medical limit is reached you may need to rely on other health coverage, which may not cover all medical, rehabilitation or attending care costs or any costs. If you do not have other health insurance, you may be responsible for paying those expenses.

~Risks to option #4 – Persons relying on qualified health coverage to pay auto accidents should be aware that, unlike auto insurance, health insurance stops paying when the policy ends or is cancelled.

Lawsuits!

Under the new law At-Fault parties will be liable for their part of economic damages. Economic damages include wage loss, replacement services and medical expenses. Medical expenses were never an issue in the past under the old law because the injured party had UNLIMITED PIP Medical benefits. However, under the new law PIP Medical options, you could be involved in an accident with another party that opts out of coverage (Option #4) or is carrying low PIP medical (Option #2 & #3) and be sued for medical expenses. Even if you are only 10% at fault in the accident, the other driver could sue you for economic damages which could include medical expenses. Because of this change in the law you may want to purchase higher limits of automobile Bodily Injury and consider a Personal Umbrella Policy.

- Preferred United Plans* "Alternative Funding" is a self-insured health care program and totally excludes auto related medical claims in the State of Michigan.
- Preferred United Plans* "Alternative Funding" is NOT a "Qualified Health Coverage" under the new No-Fault Auto Reform effective July 2, 2020.

Summary:

- Talk to a duly licensed agent in Michigan that is experienced and licensed to sell Automobile Insurance.
- We have had multiple conversations with agents that work with us and 100% say to choose "Unlimited"

*This information is a general guidance to changes to Michigan "PIP" coverage effective July 2, 2020.
By no means is this to be determined as legal advice or acting as an agent for auto insurance coverage.*

January 29, 2020

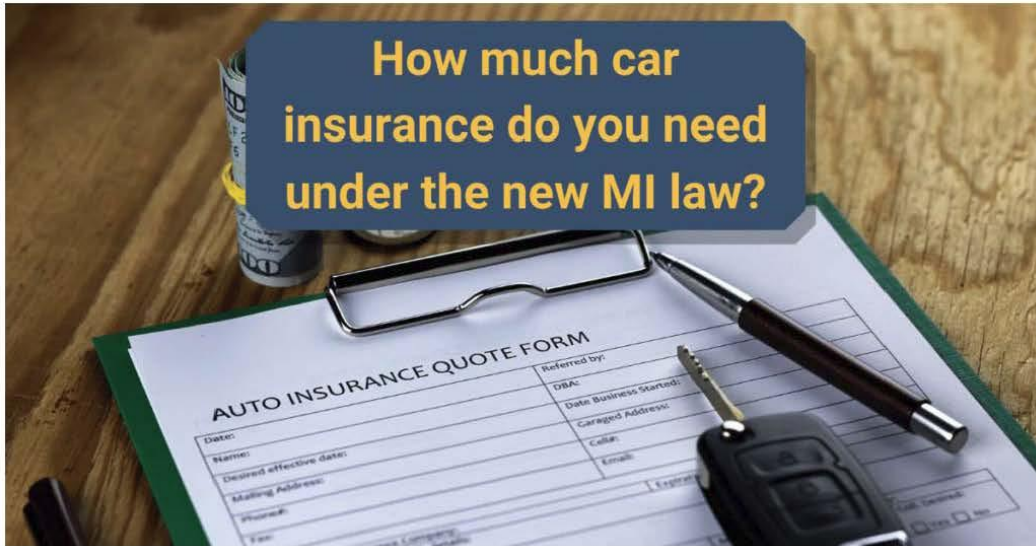
Auto Insurance Recommendations For New Michigan No-Fault Law

Steven Gursten

Michigan Auto Law

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People often ask me “how much car insurance do I need?”

Never has this question been more important than now. Michigan drivers now face the biggest changes in auto No-Fault insurance since the No-Fault Act was enacted in 1973.

For example, with the new monetary caps on first party No-Fault insurance, a person who causes a serious car crash will now be responsible for all the medical bills over and above the PIP cap level that the injured person has at the time of a car accident.

These changes are coming fast. Starting July 1, 2020, drivers will be faced with:

- Choosing between unlimited No-Fault PIP medical benefits and capped lower PIP cap levels.

- An increase in the mandatory minimum liability limits for bodily injury insurance should they be held liable for injuring or killing someone in a car accident.
- A shift in our law allows a person who has been seriously injured in a car accident to sue the person who caused the crash for all medical bills and economic loss over the amount of No-Fault PIP medical benefits selected at the time of the crash (assuming the person who causes the crash has enough liability insurance and assets to pay for what can now be tens or hundreds of thousands of dollars in unpaid medical bills).
- That same shift in the law means that drivers who cause car accidents that result in serious injury can be sued by injured persons for their “excess” medical costs and economic loss, thereby potentially exhausting the drivers’ liability insurance and requiring them to use family assets to pay out-of-pocket for damages that are owed.

Today, I will share my auto insurance coverage recommendations for how much car insurance you need to purchase to protect you, your family and your family’s assets.

How much car insurance do I need for No-Fault medical coverage?

Of all the choices that Michigan drivers must make when deciding how much car insurance they need to purchase, this is the most important.

That is why I am talking about it first.

MY AUTO INSURANCE COVERAGE RECOMMENDATION IS THIS: Michigan drivers should still purchase unlimited auto insurance coverage for No-Fault PIP medical benefits.

As an auto accident attorney, this is the most important auto insurance coverage recommendation for you and your family that I am making. Unlimited No-Fault insurance provides you the best medical protection if you or a loved one is seriously in a car accident. Here’s why:

- Unlimited No-Fault PIP medical benefits provides lifetime, life-altering catastrophic for car accident victims such as survivors of traumatic brain injuries and spinal cord injuries.
- Unlimited No-Fault medical benefits ensure that car accident victims will have access to the medical treatment, care, services and specialists that are necessary to their care, recovery or rehabilitation.
- Unlike No-Fault PIP medical benefits, most health insurance plans do not cover or place limits on the following medical services that are essential for car accident victims: Residential care; Attendant care by an agency; In-home attendant care by a family

member; Prescriptions; Hospitalization; Doctors/lab; Rehabilitation services; Case management; Transportation [possibly including medical mileage]; Home purchases/modifications; Prosthesis; Equipment; and, Vehicle purchases/modifications.

- The inadequacy of the caps on No-Fault PIP medical benefits that become available after July 1, 2020, for seriously injured car accident victims, especially those requiring emergency room visits, hospitalizations and surgeries, cannot be overstated. If a person is injured in a bad crash, the capped, insurance levels could be blown through and exhausted in just one weekend at a hospital. Once the No-Fault benefits are gone, the only way for victims to pay for their accident-related medical expenses is through health insurance, suing the at-fault driver (and hoping they are independently wealthy and, thus, able to pay for the hundreds of thousands of dollars – maybe even millions – in medical care that the victim will need), relying on Medicaid or Medicare, spending down the family’s assets to pay out-of-pocket or going without necessary medical care and treatment because there’s no way to pay for it.

Even though other coverage levels will be available to drivers in policies issued or renewed after July 1, 2020, drivers should resist the temptation to [save a few extra dollars](#) by choosing a lower PIP option.

The potential savings that a driver may experience by opting for limited No-Fault medical benefits will be extremely disappointing (if not downright devastating) when compared to what he or she will be losing in terms of protection after a serious car accident by forfeiting his or her unlimited No-Fault PIP medical benefits.

Additionally, if you select a No-Fault PIP deductible, make sure that it does not exceed \$500.

Is managed care part of our recommended auto insurance coverage?

No. Our recommendation is to have Michigan drivers decline the [managed care option](#) for their No-Fault insurance policies.

Managed care means that if you are injured in a car accident, you will not be able to choose your own doctor. You will have to go to doctors hired by your insurance company. Additionally, you will have to have your insurance company’s permission for treatment, procedures, services and surgeries you may desperately need.

To best understand No-Fault’s managed care option, think the bureaucratic red tape you have to fight through with your HMO. Now multiply that by the fact that many of these doctors that will

be selected to oversee your managed care are the same “company doctors” that insurance company adjusters routinely use to cut people off and deny them benefits after car accidents.

The managed care option is an all-around loser for people.

How much liability car insurance do I need?

Our recommendation is that Michigan driver’s purchase liability car insurance with limits of at least \$500,000 per person and \$1 million per accident to protect them and their family.

As I wrote above, your own financial assets are now seriously at risk if you cause a car accident that seriously injures or kills someone.

Fortunately, liability insurance is very inexpensive. Paying the extra difference here to fully protect you and your assets is well worth it.

How much bodily injury insurance do I need?

For people who aren’t insurance agents or car accident lawyers, this is really another way of asking how much liability insurance is needed. Insurance companies list the insurance that you buy to protect yourself if you cause a car accident on your declaration sheet as either bodily injury insurance or liability insurance.

Again, our recommendation is that Michigan driver’s purchase bodily injury insurance (which is also referred to as liability insurance) with limits of \$500,000 per person and \$1 million per accident.

How much property damage car insurance do I need?

Our recommendation is to have Michigan drivers purchase [property damage](#) liability insurance (which covers “injury to or destruction of property of others” resulting from an at-fault, out-of-state car accident) with a minimum limit of \$100,000.

How much car insurance do I need in case I damage someone else’s vehicle?

Our recommendation is that Michigan driver’s purchase mini tort (which is also known as Limited Property Damage insurance) with a limit of \$1,000 before July 1, 2020.

And we recommend that drivers purchase [mini tort](#) with a limit of \$3,000 after July 1, 2020, because after that date the maximum recovery amount under the mini tort law will increase from \$1,000 to \$3,000.

How much uninsured motorist coverage do I need?

Because of the rampant, ever-growing problem of uninsured drivers in Michigan (in Detroit, it's estimated that the uninsured driver rate is now over 50%), our recommendation is that drivers purchase [uninsured motorist insurance](#) with limits of at least \$500,000 per person and \$1,000,000 per accident.

This will protect your family and yourself in case of a car accident caused by a driver who has no insurance.

If you don't have this, and the person who hits you is driving without insurance, understand that no matter how serious your injuries are you will receive nothing for your injuries and pain and suffering and excess medical bills after a car accident.

The good news is that this insurance is again, incredibly cheap. I often tell people that for the price of a movie and popcorn, you can buy up to \$500,000 in uninsured and underinsured motorist insurance to protect you and your family.

How much underinsured motorist coverage do I need?

Our recommendation is that Michigan drivers purchase underinsured motorist coverage with limits of at least \$500,000 per person and \$1,000,000 per accident.

This will protect your family and yourself in case of a car accident caused by a driver whose liability insurance limits are inadequate to fully compensate his or her victims for their injuries.

With the new cap levels, if you hit someone who has the lowest amount of mandatory liability insurance of \$50,000 in Michigan, and you have selected a lower PIP cap amount, you need to understand just how quickly tens or hundreds of thousands of dollars in medical bills can mount up with no insurance available to pay for it. That leaves Michigan drivers dangerously exposed.

The good news here is that, as with uninsured motorist insurance, underinsurance is also very cheap and you can buy a lot of underinsurance to protect your family and yourself for relatively little extra cost.

How much collision coverage do I need?

Our recommendation is that drivers purchase either broad-form or standard [collision insurance](#) with at most a maximum deductible of \$1,000.

How much comprehensive coverage do I need?

Our recommendation is that drivers purchase comprehensive coverage, which covers theft and fire and glass damage unrelated to a car accident, with a maximum deductible of \$1,000.

How much full coverage car insurance do I need?

Our recommendation is that Michigan driver's purchase the following full coverage No-Fault auto insurance coverages:

- No-Fault PIP with unlimited medical benefits (and no managed care option).
- Liability/Bodily Injury insurance with limits of \$500,000 and \$1 million.
- Property damage insurance (for out-of-state car accidents) with a limit of at least \$100,000.
- Mini tort coverage with a limit of \$1,000 before July 1, 2020, and with a limit of \$3,000 after July 1, 2020.
- Uninsured motorist coverage with limits of \$500,000 and \$1 million.
- Underinsured motorist insurance with limits of \$500,000 and \$1 million.
- Collision insurance with a maximum deductible of \$1,000.
- Comprehensive insurance with a maximum deductible of \$1,000.

What is the state minimum car insurance for Michigan?

Drivers who purchase the minimum car insurance required under Michigan law are buying what is called PLPD insurance – or “Personal Liability and Property Damage” insurance.

PLPD auto insurance coverage consists of:

- No-Fault PIP (personal injury protection) , which includes medical benefits, wage loss reimbursement, replacement services and attendant care services. Until July 1, 2020, Michigan No-Fault guarantees unlimited No-Fault PIP medical benefits to all drivers. In policies issued or renewed after July 1, 2020, drivers will have the option of giving up unlimited benefits and opting for one of several auto insurance coverage levels. (MCL 500.3101(1); 500.3107c(1))
- Residual liability insurance that covers “bodily injury and property damage.” (MCL 500.3101(1); 500.3131)

- Bodily injury liability insurance with minimum limits of “\$20,000.00 because of bodily injury to or death of 1 person in any 1 accident” and “\$40,000.00 because of bodily injury to or death of 2 or more persons in any 1 accident.” (MCL 500.3131; 500.3009(1)(a) and (b)) However, those limits will increase to \$250,000 and \$500,000 after July 1, 2020.
- Property damage insurance with a minimum limit of \$10,000 for “injury to or destruction of property of others” resulting from an out-of-state car accident. (MCL 500.3131; 500.3009(1)(c))
- Property Protection Insurance (PPI), which covers property damage to buildings and other non-vehicular property, with a \$1 million statutorily-mandated limit. (MCL 500.3101(1); 500.3121(5))

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