



Michigan No-Fault Auto Insurance Reform

As of May 30, 2019

After more than 40 years under the current no-fault system, Michigan is about to see major reform for the first time since the No-Fault Automobile Insurance Law took effect in 1973.

Governor Whitmer signed the bill on May 30, 2019. Here are some of the highlights:

- **Rate reductions, are not effective until July 2020 at the earliest.** Companies need time to reformat their rating structure. They are required to file their new rates before July 1, 2020.
- **Personal Injury Protection (PIP) Choice**
 - Choices include \$250,000; \$500,000; or Unlimited.
 - Medicaid recipients have \$50,000 option
 - Seniors on Medicare may opt out of purchasing PIP coverage
- Enhanced coordination with health insurance
- **Savings**
 - For policies effective July 1, 2020 and before July 1, 2028, the new No-Fault law promises the following savings:
 - 45% savings for drivers with the \$50,000 PIP cap
 - 35% savings for drivers with the \$250,000 PIP cap
 - 20% savings for drivers with the \$500,000 PIP cap
 - 10% savings for drivers with the Unlimited benefits
 - 100% savings for drivers who Opt Out of PIP benefits
 - ***Note: The percentages are limited only to the No-Fault PIP portion of your auto insurance bill, not to your entire auto insurance bill.**
- **Fee schedule** to be phased in over three years as well as new limits on attendant care
- **Default residual liability** limit of \$250,000 per person, \$500,000 per occurrence
- **State minimum limits** increased to \$50,000 per person, \$100,000 per occurrence
- **Mini-Tort** increased from \$1,000 to \$3,000 limit
- **Attendant Care** – Auto insurers not required to pay for more than 56 hours per week for in-home family-provided attendant care.
- Prohibited use of most **non-driving rating factors** such as home ownership, education level attained, occupation, zip code, credit score.
- **Anti-Fraud Unit** – New law creates an anti-fraud unit to investigate insurers, health providers, drivers, or anyone who is defrauding the system for personal benefit.
- **MCCA Fee** - Drivers who decide to cap their No-Fault benefits or opt out will still be required to pay annual MCCA assessments to cover deficits.
- **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 and expenses exceeding the dollar amount of the no-fault PIP cap they have selected).