

Michigan Approves No-Fault Automobile Insurance Reform

After more than four decades 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.

Sometime today, the House and Senate are expected to vote on a no-fault compromise that was agreed upon with Governor Whitmer, who is expected to sign the bill later today. While there are still some technical changes that could be made to the bill, here are some of the highlights:

- Ability to select an Unlimited, \$500,000 or \$250,000 Personal Injury Protection (PIP) option
- Option for seniors on Medicare to opt out of purchasing PIP coverage entirely
- Ability for Medicaid recipients to purchase a PIP policy of \$50,000
- Enhanced coordination with health insurance
- Mandatory rate rollback on the PIP line of the auto policy: 10% for Unlimited coverage, 20% for \$500,000, 35% for \$250,000, 45% for \$50,000, and 100% PIP reduction for Medicare or Enhanced opt-outs
- Fee schedule to be phased in over three years as well as new limits on attendant care
- Default residual liability limit of \$250,000/\$500,000 with an insured option to reduce limits to a minimum of \$50,000/\$100,000 (up from \$20,000/\$40,000)
- Creation of a statutory form by DIFS that requires the insured's signature acknowledging coverage level
- Increased mini-tort provision from \$1,000 to \$3,000
- Prohibited use of most non-driving rating factors
- Investigation by the auto insurance fraud task force of insurers, health providers, drivers or anyone who is defrauding the system for personal benefit

Some provisions of the bill take effect this July, but many provisions, including the rate reductions, are not effective until 2020 or later.

While there are several positive developments, there are also some concerns. This is a major change, and we are just beginning our legal review of the actual bill and the financial implications, however, we will provide further updates as we complete our review.