

Consumer Counselor

Insurance Information for Michigan Consumers

Brief Explanation of Michigan No-Fault Insurance

NO-FAULT INSURANCE is required by law in Michigan. Every owner of a car must buy certain basic coverages in order to get license plates. It is against the law to drive or let your car be driven without no-fault insurance.

If you have an auto accident, no-fault insurance pays for your medical expenses, wage loss benefits, replacement services, and the damage you do to other people's property. It does not matter who caused the accident.

Your basic no-fault insurance does NOT pay for repairs to your car. For an explanation of insurance coverages providing protection for your car, see the next page of this sheet.

The Basic No-Fault Policy You Must Buy Has Three Parts:

1. Personal Injury Protection (PIP)

If you are hurt in an auto accident, this part of your no-fault policy will pay all reasonably necessary medical expenses with no maximum limit. It will also pay up to 85% of the income you would have earned if you had not been hurt, for up to three years.

However, the amount that you would be paid for lost income is limited and the limit is revised annually. Effective 10/1/17, the maximum is \$5,541 per month. If you are killed in an accident, your policy will pay your family up to \$5,541 per month for three years, depending upon what they would have received from your earnings and fringe benefits. In addition, you are entitled to "up to" \$20 per day in replacement services. This is to pay for routine household services which injured persons are no longer able to provide for themselves or their families, such as housekeeping and yard work.

2. Property Protection (PPI)

No-fault will pay up to \$1 million for damage your car does in Michigan to other people's property, such as buildings and fences. It will also pay for damage your car does to another person's properly parked vehicle. It does not pay for any other damage to cars.

3. Residual Liability Insurance - Bodily Injury and Property Damage

The no-fault law protects insured persons from being sued as a result of an auto accident except in certain special situations. In general, you can only be sued:

- if you cause an accident in Michigan in which someone is killed, seriously injured, or permanently disfigured;
- if you are involved in an accident in Michigan with a non-resident who is an occupant of a motor vehicle not registered in Michigan;
- if you are involved in an accident in another state; or
- for up to \$1,000 if you are 50% or more at fault in an accident which causes damages to another person's car which are not covered by insurance.

Your required minimum coverage no-fault policy will pay up to certain amounts if you are found legally responsible. Although you may purchase additional coverage with higher limits, the minimum coverage offers:

- ❖ Up to \$20,000 for a person who is hurt or killed in an accident.
- ❖ Up to \$40,000 for each accident if several people are hurt or killed.
- ❖ Up to \$10,000 for property damage in another state.



Increased Limits

You may be sued because of an accident, as was discussed in the section on residual liability insurance. If this happens, your no-fault policy will pay up to the amounts shown in the residual liability section.

However, courts sometimes award more than these amounts. If this happens, you would be responsible for paying the amount not covered by your insurance policy. To protect themselves, many people buy higher limits of liability insurance.

A No-Fault Policy Covers the Whole Family

A no-fault policy covers all family members living in the same house. Personal injury protection benefits will be paid even when a family member is a passenger in another person's car or is a pedestrian when an accident takes place. The personal injury protection coverage of your no-fault policy also covers anyone who does not have a no-fault policy and is hurt as a passenger or pedestrian in an accident involving your car. It will also cover a motorcyclist who is hurt in an accident involving your car.

This is only a brief summary of no-fault insurance. Some of the details have been left out. For more information read your policy, talk to your agent, or contact the Department of Insurance and Financial Services (DIFS) for any additional publications on this topic.

Insurance You May Want to Buy:

There are several types of coverage that you can choose to buy in addition to the required no-fault insurance. Three of the most common types of extra insurance are described on this page.

1. Collision and Comprehensive Insurance

Your no-fault insurance DOES NOT pay for repairs to your car if it is damaged in an accident. If your car is properly parked and hit by another car, the other driver's no-fault coverage will pay for the damage to your car. Except for this one situation, the only kinds of auto insurance that will pay for repairs to your car are collision and comprehensive coverage.

- a. Collision coverage pays for repairs to your car when it is damaged in a crash. There are three basic kinds of collision insurance to choose from: limited, standard and broad form. The chart on the next page describes each type and what it covers. The deductible mentioned in the chart is the amount of money you agree to pay toward the cost of repairs before the insurance company steps in and pays the remainder. The larger the deductible, the lower the cost of your collision insurance.
- b. Comprehensive insurance pays for your car if it is stolen or for repairs if it is hit by a falling object, collides with an animal, or is damaged in a fire, flood or by vandals.

If you have an older car, you may not want collision and comprehensive coverage. If your car is financed, the company that loans you the money may require that you buy collision and comprehensive coverage.

2. Limited Property Damage Liability Insurance - "Mini-Tort"

Most companies offer coverage for the \$1,000 liability mentioned in (d) in the section on residual liability insurance.

3. Towing and Rental Car Coverage

Towing and Rental Car Coverage is an optional coverage available from most insurance companies as an additional coverage on an automobile insurance policy. This coverage generally covers or reimburses the cost of towing and/or a rental car for covered events (accident, breakdown, flat tire, etc.). The cost is usually small in relation to the total policy premium.

Alternatively, many insurance agencies offer memberships into clubs that offer these types of benefits to their members. These clubs generally offer limited reimbursement for the same types of events. The memberships may also offer additional benefits, and the membership fees vary greatly. You should ask your agent how much the membership costs, how the product works, and what other benefits are available with the



membership to determine if the product is right for you.

What to Do if You Have a Question or a Problem:

If you have an insurance question or problem, call your insurance agent or company. If your

questions are not answered, contact DIFS at the address or telephone number below. DIFS is the state department that regulates insurance in Michigan.



The Three Types of Collision Coverage

Michigan law requires you to have no-fault automobile insurance on your car. If you have an accident, this required insurance pays for injuries to people and for damages your car does to other people's property and to properly parked cars. IT DOES NOT PAY FOR ANY OTHER DAMAGE TO CARS. **You must buy collision coverage if you want coverage for damage to your car in case of accident.** The other driver's insurance will not pay for damage to your car.

There are three kinds of collision insurance you can choose from: limited, standard, and broad form. The chart tells you when each kind of insurance will pay YOU if your car is damaged in an accident. Your collision coverage will not cover damage to the other driver's car.

REMEMBER, you are not required by law to have collision insurance, BUT YOU MUST HAVE COLLISION INSURANCE IF YOU WANT INSURANCE TO PAY FOR DAMAGES TO YOUR CAR RESULTING FROM AN ACCIDENT.

If your vehicle is damaged in an accident and you have this kind of collision coverage.	Nature of Accident	
	You are MORE THAN 50% at fault (you hit a tree, a person, another vehicle, etc.)	You are 50% OR LESS at fault (you are rear-ended, side-swiped, etc.)
No Collision Coverage	Your insurance pays nothing. You are responsible for the cost of repairs to your car.	Your insurance pays nothing. You are responsible for the cost of repairs to your car.*
Limited Collision Coverage	Your insurance pays nothing. You are responsible for the cost of repairs to your car.	Your insurance pays. If you have chosen a deductible, your insurance pays the cost of repairs over and above the deductible. You must pay the deductible.
Standard Collision Coverage	Your insurance pays, except the deductible that you have chosen. You must pay the deductible.	Your insurance pays, except the deductible that you have chosen. You must pay the deductible.
Broad Form Collision Coverage	Your insurance pays, except the deductible that you have chosen. You must pay the deductible.	Your insurance pays. You do not have to pay the deductible.

*You may be able to collect up to \$1000 from the other driver under the "mini-tort" provision of the no-fault law. For more information, see the Insurance Counselor on mini-tort.

