



# Automobile Insurance for Seniors

## Michigan Department of Insurance and Financial Services Quick Facts

Governor Gretchen Whitmer signed historic bipartisan auto no-fault insurance legislation to lower costs, maintain the highest coverage options in the country, and strengthen consumer protections. These changes take effect for policies issued or renewed after **July 1, 2020**.

As part of the new law, drivers must now choose a level of Personal Injury Protection (PIP) medical coverage that fits their needs and budgets, and insurance companies are required to reduce the PIP medical portion of premiums based on the coverage level chosen. Your overall premium will depend on your individual circumstances and the coverages you select.

The coverage choices available are:

- Unlimited coverage.
- Up to \$500,000 in coverage per person per accident.
- Up to \$250,000 in coverage per person per accident.
- Up to \$250,000 in coverage per person per accident which excludes other household members who have non-Medicare health coverage which pays for auto accidents.
- Up to \$50,000 in coverage for named insureds enrolled in Medicaid and with all other household members having another Michigan auto insurance policy or other qualifying health care coverage.
- A PIP medical opt-out is available for named insureds who have Medicare Parts A and B and all other household members have another Michigan auto insurance policy or other qualifying health care coverage.

You will make your new PIP medical coverage limit choice on a form provided to you by your insurance agent or company. If you don't make a choice, you will default to the unlimited PIP medical coverage option and will pay the premium associated with that choice.

Under the new law, you'll also need to choose a level of Bodily Injury Residual Liability (BI) coverage. This coverage pays for claims made against you if you are found liable for the serious injury or death of another person. Prior to July 1, 2020, the minimum coverage is \$20,000 per person and \$40,000 for any two or more persons in one accident. This limit had not been adjusted for inflation in over 30 years, and you will now have a choice to purchase coverage limits to protect yourself against the increased risk of lawsuit. The new minimum coverage you can purchase is \$50,000 per person and \$100,000 for any two or more persons in one accident.

Like with PIP, you'll make your new BI limit choice on a form provided by your insurance agent or company. If you don't make a choice, you will receive the new default coverage of \$250,000 per person and \$500,000 for any two or more persons in one accident.

**It is important that you consider the financial impacts and insurance protections of each coverage level before choosing a policy appropriate for your needs and budget.**

## Questions Frequently Asked by Michigan Seniors

### **How much money will I save under the new law?**

The amount of your savings will depend on your situation and the choices you make. You should consider reviewing your options, their risks and benefits, with your insurance agent or company before making your PIP coverage choice.

### **How will I make my new PIP medical coverage and BI limit choice?**

Prior to the issuance or renewal of your policy which takes effect after July 1, 2020, your insurance agent or company will provide you with a PIP choice form and a BI choice form. You'll fill out these forms to make your selections.

### **What information will I need to have to make my PIP choice?**

To make your PIP choice, you may need to have the following:

- Proof of enrollment in Medicare or Medicaid.
- A statement from your non-Medicaid health insurer (if applicable), which identifies all members of your household who are covered under that policy.
- A statement from your non-Medicaid health insurer (if applicable) which confirms that your policy complies with the new law, meaning that it doesn't exclude or limit coverage for auto accident injuries and has an individual deductible of less than \$6,000.

### **Should I choose to opt out of PIP medical coverage if I am on Medicare?**

It depends on your situation. Opting out of PIP medical coverage means that you will save 100% of the PIP medical coverage premium on your auto insurance bill. This can be a substantial savings, but you may want to check your Medicare deductible and any Medicare copayment requirements you might have. It is also important to know that there are certain medical services which Medicare will not cover, including such things as long-term care and home modifications to accommodate wheelchair use. You may want to discuss your personal insurance needs with an insurance agent or company and carefully weigh the risks and benefits before making your decision.

### **Does a Medicare Advantage Plan (AKA Part C) count as Medicare for the purposes of opting out of PIP medical coverage?**

Yes. With a Medicare Advantage Plan, you are still covered by Parts A and B, the coverage is just provided by a private insurance company instead of directly by Medicare. A Medicare Advantage plan will count as Medicare and will enable you to opt out of PIP medical coverage if you choose to do so.

### **I have a Medicare Supplement Plan (AKA Medigap), does this count as Medicare for the purposes of opting out of PIP medical coverage?**

Yes. A person with a Medicare Supplement Plan has original Medicare Parts A and B. The Medigap plan helps pay some of the out-of-pocket cost not covered by original Medicare. As such if you have Medicare and a Medicare Supplement plan, you are able to opt out of PIP medical coverage if you choose to do so.

**Can a single senior covered by Medicare with no resident relatives opt out of PIP medical coverage?**

Yes. The new auto insurance law allows named insureds covered by Medicare to opt out of PIP medical coverage as long as all other household members have other qualifying coverage. Since there are no other household members in this scenario, that requirement is met.

**Can a married couple both opt out of PIP medical coverage if they both have Medicare Parts A and B or a Medicare Advantage Plan and there are no other household members?**

Yes. The new auto insurance law allows named insureds covered by Medicare to opt out of PIP medical coverage as long as all other household members have other qualifying coverage. Since both household members are covered under Medicare, that requirement is met.

**If I'm on Medicare and have an adult child living in my home, can I opt out of PIP medical coverage?**

You may opt out of PIP medical coverage provided that your adult child has either another Michigan auto insurance policy or other qualifying health coverage which doesn't exclude or limit coverage for auto accident injuries and has a deductible of less than \$6,000 per year. If the adult child is covered under another Michigan auto insurance policy, the qualifying health coverage requirement is met, and you will be able to opt out of PIP medical coverage if you choose to do so.

**If I don't opt out of PIP medical coverage, how will my PIP medical coverage choice and Medicare coverage work together?**

If you choose not to opt out of PIP medical coverage, your PIP medical coverage will serve as primary payer up to the coverage limit you've selected. After that, your Medicare policy, Medicare Advantage, and any supplemental coverages will serve as secondary payers. It is important to note that your coverage will be subject to any applicable deductibles and coinsurance payments you might have on those policies.

**Can I exclude or opt out of Personal Injury Protection (PIP) medical if I have TRICARE or Veterans Affairs (VA) coverage?**

The U.S. Department of Veterans Affairs has determined that VA coverage is not Qualified Health Coverage (QHC) under Michigan's new auto insurance law, so consumers may not use VA coverage to exclude or opt out of PIP medical coverage. The department is reviewing QHC questions related to TRICARE and anticipates issuing guidance in the near future. Please see [Bulletin 2020-37-INS](#) for more information.

**For more information about the new law, shopping for insurance, or how to file a complaint, visit [Michigan.gov/AutoInsurance](https://Michigan.gov/AutoInsurance) or contact the Department of Insurance and Financial Services at 833-ASK DIFS (275-3437).**