



# MICHIGAN'S NEW AUTO INSURANCE LAW

Changes apply to policies issued or renewed after July 1, 2020.

Governor Whitmer signed historic bipartisan auto no-fault legislation to lower costs, maintain the highest coverage options in the country, and strengthen consumer protections.

## Lowers Costs, Maintains Highest Benefits

**Personal Injury Protection (PIP) Choice:** *Drivers will now be able to choose a coverage level appropriate for their needs and budget.* PIP medical coverage pays allowable expenses for medical care if policyholders are in an auto accident. The new limits equal or exceed the highest benefits in the country, and Michigan is the only state where unlimited PIP medical continues to be an option.

**Premium Reduction:** Each insurance company is required to reduce statewide average PIP medical premiums for eight years. A driver's overall premium will depend on their individual circumstances and the coverage they select.

**Fee Schedule:** A fee schedule will control the costs that medical providers may charge auto insurers. Auto premiums will be more affordable, but the services to which existing and future accident victims are entitled will not be affected.

## Increases Consumer Protections

**Elimination of Certain Non-Driving Factors:** Auto insurance companies are prohibited from using sex, marital status, home ownership, credit score, educational level, occupation, and zip codes in setting rates.

**Fraud Investigation Unit:** A new unit investigates criminal activity related to the insurance industry.

**Prior Approval:** Auto insurance rates must now be approved prior to being offered to consumers.

**Fines and Penalties:** The insurance industry is subject to increased fines for certain violations.

**For more information about the new law, shopping for insurance, or how to file a complaint, contact the Department of Insurance and Financial Services**

[www.michigan.gov/autoinsurance](http://www.michigan.gov/autoinsurance) • [autoinsurance@michigan.gov](mailto:autoinsurance@michigan.gov)  
Toll Free: 833-ASK-DIFS (275-3437)

## New PIP Medical Coverage Options for Policies Issued or Renewed After July 1, 2020.

Drivers must choose a level of PIP medical coverage which pays for medical care if policyholders are in an auto accident.

Insurance companies are required to reduce the PIP medical portion of premiums based on the coverage chosen. Drivers' overall premiums will depend on their individual circumstances and the coverage selected.

There are six PIP medical coverage levels available. Each level is the most a driver's auto insurer will pay per person per accident.

- 1 Unlimited coverage**
- 2 Up to \$500,000 in coverage**
- 3 Up to \$250,000 in coverage**
- 4 Up to \$250,000 in coverage with PIP medical exclusion(s)**  
A named insured with non-Medicare health coverage that covers auto accidents and/or for household members if they have health insurance covering auto accidents.
- 5 Up to \$50,000 in coverage**  
The named insured is enrolled in Medicaid and their household members have another Michigan auto insurance policy or health insurance covering auto accidents.
- 6 PIP medical opt-out**  
The named insured has Medicare (Parts A and B) and their household members have another Michigan auto insurance policy or health insurance covering auto accidents.

### Choosing PIP Medical Coverage

***Drivers need to consider the financial impacts and insurance protections of each coverage level before choosing a policy appropriate for their needs and budget.***

Auto insurers and agents are required to give policyholders forms that describe the benefits and risks of the coverage options. Drivers may want to consult with an auto insurance agent, insurance company, or financial advisor.

Drivers may need information from their health insurer or employer identifying individuals covered under their health insurance and a statement that the health policy does not exclude or limit auto accident injuries and has an individual deductible of less than \$6,000. Medicare and Medicaid participants may need proof of enrollment.

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