



Brief Explanation of Michigan No-Fault Insurance

Michigan Department of Insurance and Financial Services Quick Facts

To drive legally in Michigan, state law requires you to purchase no-fault automobile insurance. The financial security that results from being insured is one of the most important reasons to purchase insurance. In a serious accident, injuries can amount to hundreds of thousands of dollars in costs to you or your family.

Driving without insurance is a crime. It is punishable as a misdemeanor with a fine of up to \$500 and up to one year in jail. The court may also order your license suspended for 30 days or until you are able to provide proof of valid insurance.

This document is only a brief summary of no-fault insurance. For more information read your policy, talk to your agent, and/or contact the Department of Insurance and Financial Services (DIFS).

The Basic Auto Insurance Policy You Must Buy Has Three Parts:

1. Personal Injury Protection (PIP)

If you are injured in an auto accident, PIP will pay all reasonable and necessary medical expenses for your lifetime up to the maximum coverage amount selected in the affected policy. PIP will pay wage loss and replacement services for up to three years after the date of the accident. There are additional limits on the amount of attendant care, which is care provided in your home to help you with daily living activities while you are recovering from an accident.

The PIP coverage options are:

- **Unlimited coverage;**
- **\$500,000 per person per accident;**
- **\$250,000 per person per accident;**
- **\$250,000 per person per accident with exclusions:**

To select this option, one or both of the following must be met:

- A named insured who is excluding PIP medical has qualified health coverage that is not Medicare;
- Any resident relative or spouse who is excluding PIP medical has qualified health coverage;

- **\$50,000 per person per accident:**

To select this option, both of the following must be met:

- The applicant or named insured is enrolled in Medicaid; AND
- Any spouse and all resident relatives have qualified health coverage, are enrolled in Medicaid, or are covered under another auto policy with PIP medical coverage;

- **No medical PIP coverage:**

To select this option, both of the following must be met:

- The applicant or named insured has coverage under both Medicare Parts A and B; AND
- Any spouse and all resident relatives have qualified health coverage or are covered under another auto policy with PIP medical coverage.

You must choose the level of PIP medical coverage you wish to have under your auto policy. If you do not make a selection your policy will be issued with unlimited PIP medical coverage and you will be charged the appropriate premium for this unlimited coverage.

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 (BI/PD)

Michigan's no-fault insurance protects insured persons from being sued as the result of an automobile accident, except in certain situations. This includes when the injured party does not have enough coverage to pay for treatment or payment must be made to compensate someone that was killed or seriously injured. This portion of your automobile insurance policy will pay up to your coverage limit amounts if you are found legally responsible for damages in the following situations:

- You cause an accident in Michigan in which someone is killed, seriously injured, or permanently disfigured;
- You are involved in an accident in Michigan with a non-resident who is an occupant of a motor vehicle not registered in Michigan;
- You are involved in an accident in another state; or
- For up to \$3,000 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 coverage with different limits by speaking with your agent or company, the default coverage is:

- Up to \$250,000 for a person who is hurt or killed in an accident.
- Up to \$500,000 for each accident if several people are hurt or killed.
- Up to \$10,000 for property damage in another state.

Protect Yourself and Your Family

If you are responsible for injuries to another person, you may be liable for damages for their pain and suffering, as well as the costs of their medical and other care that exceed their coverage under their auto insurance policy. The bodily injury liability limit of your policy will pay for such damages, but only up to the

amount of the limit you choose. You will be required to pay any amount over the limit you choose. This amount could be substantial and may lead to severe financial consequences.

You may consider speaking with your insurance agent or auto insurance company on the options available to you as well as consulting a legal and financial advisor(s) to determine how to best protect your assets and income.

A No-Fault Policy Covers the Whole Family

A no-fault policy covers all family members living in your household. PIP 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. It will also cover a motorcyclist who is hurt in an accident involving your car up to the limit of coverage selected under your policy.

Three Optional Coverages 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.

- 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.
- 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 \$3,000 liability mentioned in the section on residual liability insurance.

3. Towing and Rental Car Coverage

Towing and Rental Car Coverage is available from most insurance companies and 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 are concerned your auto insurance company is unfairly delaying or denying your claim, charging you the wrong premium, or otherwise is not performing as required under the law, the Michigan Department of Insurance and Financial Services (DIFS) is here to help. DIFS encourages you to first attempt to resolve your complaint directly with your agent or auto insurance company. If you are still dissatisfied, please contact DIFS' Office of Consumer Services toll free at 877-999-6442 to ask questions or to file a written complaint against the company, agent, or agency. You can click here [to access the complaint form provided by DIFS.](#)

About DIFS

The mission of the Michigan Department of Insurance and Financial Services is to ensure access to safe and secure insurance and financial services fundamental for the opportunity, security and success of Michigan residents, while fostering economic growth and sustainability in both industries. In addition, the Department provides consumer protection, outreach, and financial literacy and education services to Michigan citizens. For more information please contact DIFS at 833-ASK-DIFS or visit www.michigan.gov/DIFS.