

# Financial Products

## Insurance

Having the right insurance coverage provides critical financial security for you and your family. Below is a list of insurance coverages that you may be required to purchase or should consider purchasing to provide you with the security you need.

### Coverage you may be required to purchase:

#### Auto Insurance

No-fault automobile insurance is required by law in Michigan. Every car owner must buy certain basic coverages in order to register a motor vehicle in Michigan. It is against the law to drive, or let your car be driven, without no-fault insurance. The mandatory no-fault policy has three parts: Personal Injury Protection (PIP), Property Protection Insurance (PPI), and Residual Liability Insurance.

The PIP portion of your policy pays for necessary care if you are hurt in an auto accident. PIP represents a significant portion of the premium you pay for your policy. Your premium may be reduced if you designate your health or disability coverage to pay first for any auto accident injuries. This is referred to as “coordination.” However, you may not coordinate PIP coverage with Medicaid, Medicare or a Medicare supplement insurance policy. If you are age 65 or older, the law requires a company to offer you a reduced premium if you drive your vehicle less than 3,000 miles per year. A retired person age 60 or over, who does not have income from work, must also be offered the option to waive coverage for PIP work loss benefits. Doing so will reduce your premium but will not eliminate the coverage altogether. This is because your auto insurance policy covers others who may be injured in an accident involving your auto.

PPI will pay up to \$1 million for damage your vehicle does in Michigan to other people’s property, such as buildings and fences. This coverage will also pay for damage your car does to other people’s properly parked vehicles.

The no-fault law protects insured persons from being sued as the result of an automobile accident, except for certain special situations. The Residual Liability Insurance - Bodily Injury and Property Damage (BI/PD) portion of your policy will pay up to your coverage limits if you are found legally responsible for damages as the result of an auto accident in these situations:

- You cause an accident in Michigan in which someone is killed or seriously injured.
- 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 a state other than Michigan.

The minimum limits of BI/PD coverage that everyone must purchase are:

- \$20,000 per person who is hurt or killed in an accident
- \$40,000 for each accident if several people are hurt or killed
- \$10,000 for damage your vehicle does to property in another state

These minimum limits are often referred to as 20/40/10. Courts sometimes award more than these amounts. If this happens, you would be responsible for paying the amount not covered by your policy. To protect themselves, many people purchase higher limits of liability coverage.

Some optional auto insurance coverages you may wish to consider are: Collision Insurance, Comprehensive Insurance, Uninsured and Underinsured Motorists, Limited Property Damage (or “Mini-Tort”) Coverage, Auto Rental, Road Service, and additional higher liability limits. Should you wish to place the vehicle in storage, you may be able to purchase a comprehensive only policy (“storage policy”). However, not all companies will offer this coverage.

Because insurance companies do not all use the same characteristics to group individuals for rating purposes, the cost of insurance can vary considerably between companies. You should shop around and compare policies among different insurance companies in order to make sure you are receiving the best rate and product for your individual needs. DIFS has created a guide, *Your Guide to Automobile Insurance*, to help consumers better understand automobile insurance. This publication can be found at [www.michigan.gov/difs](http://www.michigan.gov/difs) or requested by contacting DIFS toll-free at 877-999-6442.

## Motorcycle Insurance

Motorcyclists are only required to purchase liability coverage, which protects motorcyclists against liability for property damage, bodily injury or death suffered by another person arising out of the use of a motorcycle.

If a motorcyclist is involved in an accident with an insured motor vehicle in Michigan, the insurance company of the motor vehicle will pay medical benefits for the injuries of the motorcyclist, regardless of who was at fault in the accident. Each insurer who writes motorcycle coverage must offer medical benefits coverage. This medical benefits coverage provides benefits to a motorcyclist if they are injured in a motorcycle accident when no other insurance coverage is available. Medical benefits coverage is not mandatory, and a motorcyclist has the option of choosing whether to purchase this type of coverage.

## Home Insurance (including Renters Insurance)

Home insurance protects your house and your possessions. While not required by law, it is generally required by the lender if you have a mortgage or loan on your property. A home insurance policy will also provide liability coverage against accidents in the home or on the property. Renters insurance will replace your personal property that might be stolen, damaged, or lost in a fire, as well as provide liability coverage for accidents. However, renters insurance will not provide dwelling protection for the rental unit, unlike a home insurance policy. Typically, there is a considerable difference in cost between a home insurance and a renters insurance policy.

Insurance companies offer different types of home and renters policies to fit the individual needs of Michigan citizens. You should talk to your agent about the different policies offered to verify the product you are receiving will meet your needs. In addition, because insurance companies do not all use the same characteristics to group individuals for rating purposes, the cost of insurance can vary considerably between companies. You should shop around and compare policies among different insurance companies in order to make sure you are receiving the best rate and product for your individual needs. DIFS has created *Your Guide to Homeowners Insurance* to assist consumers with shopping. This publication can be found at [www.michigan.gov/difs](http://www.michigan.gov/difs) or requested by contacting DIFS toll-free at 877-999-6442.

## Health Insurance

Health insurance is a type of insurance coverage that pays for medical and surgical expenses that are incurred by you and your family members. Health insurance can either reimburse you directly for expenses incurred from illness or injury or pay the healthcare provider directly. There are several types of health insurance policies and health care plans with many different features that are available to consumers in Michigan. Consumers may get health coverage through: an employer; a government

program like Medicare or Medicaid; purchasing coverage directly from a health insurance company; or purchasing coverage through the Health Insurance Marketplace ([www.healthcare.gov](http://www.healthcare.gov)).

Under federal law, individuals who do not have health coverage will be required to pay a federal tax penalty. Consumers who currently have coverage through Medicare, Medicaid, the Healthy Michigan Plan or an employer, are considered covered and will not pay a federal tax penalty.

More information on health insurance can be found on the DIFS website at [www.michigan.gov/hicap](http://www.michigan.gov/hicap).

## Medicaid

Medicaid is a federal program administered by the states that provides health coverage to those meeting certain income requirements: pregnant women, people with disabilities, people in need of nursing home care and others. Depending on your income, Medicaid may provide assistance with certain Medicare costs or home and community-based health care services. For more information, please visit [www.michigan.gov/mdhhs](http://www.michigan.gov/mdhhs) or call your local Michigan Department of Human Services office (DHS). For assistance in finding your county DHS office, call 855-275-6424.

Some Michigan residents may be eligible for the Healthy Michigan Plan, a new health coverage program that began on April 1, 2014. To be eligible for the Healthy Michigan Plan, you must be:

- Ages 19-64
- Not currently eligible for Medicaid
- Not eligible for or enrolled in Medicare
- Not pregnant when applying for the Healthy Michigan Plan
- Earning up to 133% of the federal poverty level (The federal poverty level is adjusted annually. In 2016, 133% of the poverty level for an individual was \$15,654 or \$32,252 for a family of four)
- A resident of Michigan

For more information, visit [www.michigan.gov/healthymiplan](http://www.michigan.gov/healthymiplan) or call 855-789-5610.

## Medicare

Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (sometimes called ESRD). Medicare has two main parts: **Part A (Hospital Insurance)** and **Part B (Medical Insurance)**. Part A covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care. Part B covers certain doctors' services, outpatient care, medical supplies, and preventive services.

There are two main ways to get your Medicare coverage - **Medicare** (Part A and Part B) or a **Medicare Advantage Plan (Part C)**. Once you decide if you want Medicare or a Medicare Advantage Plan, then you need to decide if you want to purchase prescription drug coverage (Part D) or a Medicare supplement insurance policy (Medigap). More information on these policies is provided below. You can learn about all of your Medicare coverage choices, when your Medicare coverage will start, and other steps to help you decide how to get your coverage at [www.medicare.gov](http://www.medicare.gov) or call the Michigan Medicare Medicaid Assistance Program (MMAP) at 800-803-7174 to speak with a counselor. Visit MMAP's website for assistance at [www.mmapinc.org](http://www.mmapinc.org).

## Medicare Supplement ("Medigap")

A Medicare supplement insurance policy, also called Medigap, is health insurance that's designed to supplement Medicare. It helps to pay some of the health care costs that Medicare doesn't cover

(referred to as “gaps”), such as copayments, coinsurance, and deductibles. You must have Part A and Part B to buy a Medicare supplement policy. The best time to buy a Medicare supplement policy is during your open enrollment period. This period lasts for 6 months and begins on the first day of the month in which you are 65 or older **and** enrolled in Medicare Part B. For more information on Medicare supplement plans, visit [www.medicare.gov](http://www.medicare.gov) or [www.michigan.gov/difs](http://www.michigan.gov/difs).

## Medicare Advantage (MA) Plans

Medicare Advantage plans are offered by private companies approved by Medicare. Medicare Advantage plans are solely under the authority of the Center for Medicare and Medicaid Services (CMS), a federal agency. These plans are sometimes called “Part C” or “MA Plans.” Medicare Advantage plans actually replace Medicare coverage (Part A and Part B) as these plans provide all of the same coverage except for hospice care. They are **not Medicare supplement policies** even though they cover many of the same benefits as Medicare supplement policies. For this reason, individuals do not need both a Medicare Advantage plan and Medicare supplement plan. You may only enroll, switch or drop a Medicare Advantage plan during certain times of the year. Once enrolled in a Medicare Advantage plan, you must stay enrolled for the calendar year starting the date your coverage begins. There are limited circumstances during which you may be able to change your coverage. For more information, call 1-800-MEDICARE (1-800-633-4227) or visit [www.medicare.gov](http://www.medicare.gov).

Medicare Advantage plans may require you to use doctors that are within the plan’s network of providers and may require different copayments, coinsurance and deductibles than Medicare. They may also offer extra coverage, including vision, hearing or dental coverage. Many include Medicare Prescription Drug coverage.

Medicare Advantage plans include:

- Health Maintenance Organization Plans (HMO)
- Private Fee-for-Service plans (PFFS)
- Preferred Provider Organization Plans (PPO)
- Special Needs Plans (SNP)

## Medicare Prescription Drug Plan (Part D)

Prescription drug coverage is available to everyone with Medicare and is offered by Medicare Prescription Drug plans or Medicare Advantage Plans. Medicare Prescription Drug plans are solely under the authority of the Center for Medicare and Medicaid Services (CMS), a federal agency.

Health carriers will offer a variety of options, with different covered prescriptions, and different costs. Medicare Prescription Drug plans are voluntary. If you want prescription drug coverage under Medicare, you must choose a plan offering the coverage that best meets your needs and then enroll. You may only join, switch or drop Medicare Prescription Drug coverage during certain times. Once enrolled, you generally must stay enrolled for the calendar year starting the date your coverage begins.

If you have retiree health coverage, or are covered under an employee group health plan, watch for any information that is sent by the employer. You may or may not have to make changes to your plan. If you do not understand the information you receive from your current or former employer, contact the company’s human resources department or use the contact number provided on any written communication you receive.

Medicare Prescription Drug plans will charge a monthly premium that varies by plan. This premium is in addition to the Medicare Part B premium. Medicare Advantage Plans that include prescription drug coverage may include an amount for the prescription drug coverage in their monthly premium.

Medicare Prescription Drug plans may have yearly deductibles that must be met before the plan begins to pay its share of your covered drugs. They may also have copayments and coinsurance that must be paid after the deductible has been met. Medicare Prescription Drug plans also have a coverage gap commonly known as the “donut hole.” This means after you and your Medicare Prescription drug plan have spent a certain amount of money, you then have to pay all of the out-of-pocket costs for your prescriptions up to a yearly limit. **Federal law will reduce the coverage gap in Medicare Prescription Drug plans over the next ten years. There are additional savings each year in the coverage gap through 2020 when the coverage gap will be eliminated.** You can visit our website at [www.michigan.gov/difs](http://www.michigan.gov/difs) where you will find our publication *Michigan Consumer Guide to Health Insurance* with more information on health insurance.

For more information on prescription drug plans, visit [www.medicare.gov](http://www.medicare.gov) and look for the following publications:

- Guide to Medicare Prescription Drug Coverage
- Things to Think About When You Compare Medicare Drug Coverage
- Closing the Coverage Gap-Medicare Prescription Drugs Are Becoming More Affordable

Or, call 1-800-MEDICARE (1-800-633-4227) for Medicare and prescription drug coverage information. If you need help making health benefit decisions, counselors are available at the Michigan Medicare Medicaid Assistance Program (MMAP) by calling 800-803-7174.

#### Coverage you may consider purchasing:

#### Life Insurance

Life insurance provides money to a beneficiary after an insured person passes away. There are different types of life insurance including: term, whole, and universal life.

- Term life covers an individual for a certain time period or to a certain age.
- Whole life insurance provides lifetime coverage at a premium that does not increase after you buy it.
- Universal life insurance has premium payments and death benefits that are flexible. You can change the amount and frequency of your payments and/or death benefit after buying. As you age, the policy’s cost of insurance increases.

It is important to discuss your needs and policy questions with your insurance agent. Additional information regarding life insurance can be viewed at [www.michigan.gov/difs](http://www.michigan.gov/difs) under “Publications” and “Guides.”

## Travel Insurance

No insurance policy can prevent the unexpected from ruining your vacation, but insurance can provide you the option of recovering some of the money you might otherwise lose due to unforeseen problems. However, it is important to read a copy of the policy closely. The insurance policy may exclude cancellations which result from pre-existing medical conditions. By reading the policy, including the small print, you can verify if the policy covers most of your worst-case scenarios. Trip cancellation policies contain a laundry list of “covered reasons” or “named perils.” If your “reason” is not on that list, your claim will be denied. Finalize your itinerary before buying the policy, as itinerary changes you make may affect coverage. You may also want to check the coverage of your existing homeowner, auto and medical policies. If your health insurance doesn’t cover you overseas, and Medicare generally does not, then you probably need medical travel insurance.

To find out if an insurance company, agency, or agent is licensed, or if you have other insurance questions, please contact DIFS toll-free at 877-999-6442 or visit the website at [www.michigan.gov/difs](http://www.michigan.gov/difs)