

# MICHIGAN AUTO INSURANCE CHANGES

## BEGINNING JULY 1

Last year, the Michigan Legislature approved sweeping changes to the state's auto insurance system to begin delivering real rate relief to residents. Although there is more work to be done to guarantee long-term rate reductions for all drivers, the changes beginning **July 1** will help to lower costs, improve consumer protections and enforce insurer accountability.

### LOWERING COSTS

**Personal Injury Protection (PIP) Options:** Drivers will now be able to choose different levels of PIP coverage, while seeing mandated per-vehicle reductions on the PIP portion of their bill.

<b>Unlimited PIP</b> option* (an average 10%)	<b>\$500,000 PIP</b> option (an average 20%)	<b>\$250,000 PIP</b> option (an average 35%)	<b>\$50,000 PIP</b> option (an average 45% for eligible drivers on Medicaid)	<b>PIP Opt-Out</b> option (an average 100% for eligible drivers on Medicare Parts A&B)
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\*Current level of coverage for all Michigan drivers

**Premium Reductions Duration:** Insurers are required to maintain reduced statewide average PIP premium costs for the next eight years.

**Fee Schedule:** Auto insurers and medical providers will work together to control costs, while maintaining health care coverage and services for consumers.

**Michigan Catastrophic Claims Association (MCCA) Assessment:** The MCCA is lowering its per vehicle assessment starting July 2, 2020 due to changes to Michigan's auto insurance law. Drivers that choose less than Unlimited PIP coverage will not pay an assessment to MCCA.

### CONSUMER PROTECTIONS

**Eliminating Certain Non-Driving Factors:** Michigan's new auto insurance law prohibits the use of sex, marital status, home ownership, credit score, educational level, occupation and ZIP code in determining insurance rates.

**Prior Approval:** Auto insurance rates and policies must be filed and approved by the Department of Financial and Insurance Services (DIFS) before being offered to consumers.

**Residual Bodily Injury (BI) Coverage:** New law requires insurance companies to offer higher minimum BI coverage limits to protect consumers from injury claims.

**Small Claims Changes:** New law increases the amount of money that can be recovered in small claims court for uninsured damages.

**Fraud Investigation Unit:** A new unit will work with the Attorney General and law enforcement to investigate instances of fraud or criminal behavior related to insurance and financial markets to keep premiums from increasing for drivers.

**Fines and Penalties:** Insurance companies, agencies and licensed agents will face increased fines and penalties for certain violations of the new law.

### FOR MORE INFORMATION

on the changes to Michigan's auto insurance system, [click here](#).