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## Michigan Auto Insurance Changes to Personal Injury Protection Coverage

### What is changing?

Currently, every insured Michigan driver has unlimited Personal Injury Protection (PIP) coverage through their auto insurance policy. This means that if you are in an auto accident and suffer a medical injury, your auto policy typically in coordination with your health insurance policy, will cover all of the costs for your care. Payment for such expenses as attendant care, lost wages, certain funeral expenses, survivors' benefits, and vehicle and housing modifications are covered by the PIP medical portion of your auto policy and are not covered by your health insurance plan.

Of course, having unlimited PIP medical coverage sounds great, but it comes at a price. Michigan is the only state where unlimited PIP coverage is still offered, and the added price of PIP is one reason Michigan drivers pay some of the highest auto insurance premiums in the country.

However, beginning July 2, 2020, a new Michigan law will offer drivers more levels of coverage for Personal Injury Protection in addition to the current unlimited coverage option. Reducing your PIP coverage will reduce your premiums and make auto insurance more affordable.

### What are the new personal injury protection options?

- 1) **Unlimited** coverage per person per accident (current coverage)
- 2) Limited coverage of **\$500,000** per person per accident
- 3) Limited coverage of **\$250,000** per person per accident
- 4) Limited coverage of **\$250,000 with some exclusions** from PIP medical
  - a) The named insured may be excluded from PIP medical coverage if he or she has qualified medical coverage other than Medicare; **AND**
  - b) Other household members may be excluded from PIP medical coverage if he or she has qualified health coverage.
- 5) Limited coverage of **\$50,000** per person per accident
  - a) The named insured must be on Medicaid; **AND**
  - b) Any household members must have qualified healthcare coverage, Medicaid or PIP medical coverage with another auto policy.
- 6) **No coverage** (opt out)
  - a) The named insured must be covered under Medicare Part A and Part B; **AND**
  - b) Any household members must have qualified healthcare coverage or other PIP medical coverage with another auto policy.

### How does PIP affect individuals on Medicare?

In the event of an auto accident that causes medical injuries, your auto insurance's PIP medical coverage is the primary payer and Medicare is the secondary payer. This causes auto insurance premiums to increase for individuals when Medicare begins. Medicare typically does not get involved in auto accident claims, and never gets involved paying for attendant care services (such as in-home care) as a result of an automobile-related injury. While it may be tempting to opt out of all PIP medical benefits (Option #6) to significantly reduce auto insurance premiums, please know that you will be giving up valuable coverage for attendant care services that cannot be replaced by health insurance.

## How much will I save in monthly premiums?

You can expect to save at least 10% per vehicle on the PIP portion only of your car insurance premiums if you retain the unlimited PIP medical coverage. You will save 20% for \$500,000 of coverage, 35% for \$250,000, 45% for \$50,000 and 100% if you opt out completely. Although, your total premium after the PIP discount is based on your individual circumstances and all the coverage options you select. You will need to contact your agent to determine what your actual premium decrease or increase will be.

## When do these changes to PIP coverage go into effect?

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

## What if I do nothing?

If you do nothing, you will retain **unlimited** PIP coverage. To select an alternate coverage option, contact your insurance agent to sign and submit the proper form.

## What are the risks of not having unlimited PIP coverage?

Limited PIP medical coverage may not be enough to pay for your medical expenses. If you reach your PIP medical limit, you may need to rely on other health coverage which may not cover all medical, rehabilitation and attendant care expenses. You may be personally responsible to pay for expenses not covered by your health insurance plan once your PIP coverage is exhausted.

## Recommendations regarding personal injury protection limits:

If you are on Medicare, we recommend that you retain the unlimited PIP medical coverage. If you have insurance through your employer or through a private insurer, contact your healthcare provider and ask if your medical insurance will provide care in the event of an auto accident. Even if your health insurance is the primary payer in the event of an auto-related medical injury, you may still want to retain some PIP medical coverage through your auto policy to pay for such things as attendant care services or recovery of lost wages.



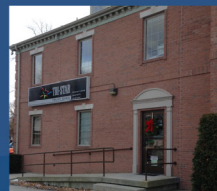
If you have additional questions about these upcoming changes to Michigan Auto Insurance Personal Injury Protection coverage, please consult your financial advisor, insurance agent and healthcare provider to determine the level of PIP medical coverage you should carry based on your circumstances.

[www.tristartrust.com](http://www.tristartrust.com)

Source: <https://www.michigan.gov/autoinsurance/>



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2000



FRANKENMUTH  
2004



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