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NAVIGATING NO-FAULT AUTO REFORM

What can Michigan drivers expect for July 2, 2020?

Personal Injury Protection (PIP)

PIP is now separated into coverages for Allowable Expenses (Medical), Wage Loss and Other.

"Allowable Expenses"- includes medical care; products and services for care, recovery and rehab; attendant care and some funeral expenses.

Previously, it was mandatory for drivers to carry unlimited Personal Injury Protection (PIP) benefits. Beginning on July 2, drivers will now be able to choose from different coverage options such as:

- ☐ Unlimited PIP Coverage
- ☐ \$500,000 limit
- ☐ \$250,000 limit
- ☐ \$50,000 limit; the lowest limit but only for drivers who are Medicaid,

or

- ☐ Opt-out of PIP coverage entirely. All relatives who live with you must have Medicare or a qualified health insurance plan to be eligible.

Insurance companies must reduce PIP premium rates and guarantee they will be reduced for eight years. This rate reduction only applies to PIP premiums. The reduced amount is dependent on the PIP coverage the driver selects. So, the higher the coverage, the lower your reduction will be.

In addition to PIP, these additional changes will take effect July 2, 2020:

- Non-driving factors can't be used to set insurance rates such as credit scores, education level, occupation, and postal zone
- Minimum liability coverage limits will be increased from \$20,000/\$40,000 to \$50,000/\$100,000.
- Tort damages will also be recoverable for expenses and work loss. The mini-tort damage cap will increase from \$1,000 to \$3,000.
- Policyholders choose PIP at each renewal. It will default at unlimited coverage
- **Order of Priority**
 - Relatives who **do not** reside in the household of the named insured unless they are away at school. These relatives such as your children, would need to have their own insurance policy, even if they're driving a car you own.
 - Non-relatives who reside in the household, (even if they are listed as drivers) would need to have their own insurance policy.



NO-FAULT AUTO REFORM FAQ'S

? How do I know if I have gaps in my coverage?

We will always recommend you speak with your Future Insurance agent. Our agents can help identify any potential gaps in your coverage that may need to be corrected.

? How will I select my Personal Injury Protection (PIP) and bodily injury limits

Policy holders should be receiving PIP benefit selection forms prior to their policy renewal. This should include a letter of explanation to help you select the option that best fits your insurance needs and the deadline to submit your selection. As mentioned above, if you have questions or need assistance, contact Future Insurance.

? Why have my auto premiums not decreased now that No-Fault reform has been passed?

Although the new law passed in the first part of 2019, most of the significant changes don't go into effect until July 2020. It is also important to note that some savings may not be as much as you initially thought. This is due to much of the reform focusing on PIP coverage selections.

? What if I drive an employer-provided company vehicle?

If you drive a vehicle provided by your employer, typically, you'll first pursue coverage through your employer's insurance company that covers the vehicle. The next order of priority is your own personal auto policy, then that of your spouse or resident relative, then finally the Michigan Assigned Claims Plan (MACP).

? How will economic damages be settled?

Economic damages will be settled on a pure comparative negligence basis. So, if you're determined to be 30% at fault, you will pay 30% of the damages.

? If a policyholder has 2 vehicles titled to them, but a significant other as a driver only, will the fact that they are not related or married have an impact on medical coverage available for the person only listed as a driver?

Yes, the change in order of priority limits PIP benefits to the insurer of the named insured and then to the insurer of the spouse or resident relative in the same household. If neither, then the claim would go to the MACP for a benefit limit of \$250,000. The scenario above does not list the significant other as either a named insured, a spouse or resident relative – so they would not be provided benefits from the policy. To be listed, they need to be co-titled on the vehicle.

This information is general in nature and is intended to provide guidance only. Future Insurance suggests that you always read the policy or contact your agent if there is a question about coverage or a claim. If any information herein should conflict with the actual policy's specific language, the policy's language will be controlling.

PROPERTY & CASUALTY COMPANIES American Collectors | Auto Owners | American Modern | Cincinnati | CNA | Fremont | Foremost | Hagerty | Harleysville
Liberty Mutual | Nationwide | North Pointe | Progressive | Retailers Mutual | Safeco | The Hartford | Zurich

LIFE, HEALTH & ANNUITY COMPANIES Aflac | Allianz | American General | Assurant Health | Auto Owners | Banner Life | Blue Cross Blue Shield | Cincinnati | Genworth
Golden Rule | Harleysville | Health Plus | Illinois Mutual | Lincoln Financial | United of Omaha | North American | Protective | Prudential | Settlers Life | West Coast Life

PIP Medical Coverage **Limit Options**

Eligible for all customers:

Unlimited

\$500,000
per person
per occurrence

\$250,000
per person
per occurrence

Options with eligibility requirements:

\$50,000
per person
per occurrence

- Applicant or named insured must be enrolled in Medicaid
- Household relative(s) must have "qualified health coverage", be enrolled in Medicaid, or have PIP medical coverage under another personal auto policy

Medicare Opt Out

- Applicant or named insured must have Medicare Part A & B
- Household relative(s) must have "qualified health coverage" or have PIP medical coverage under another personal auto policy

Health Care Exclusion

No PIP for excluded insured(s)

- Applicant or named insured must have "qualified health coverage" that is not Medicare
- Household relative(s) wanting to exclude must have "qualified health coverage" or have PIP medical coverage under another personal auto policy
- Household relative(s) wanting to include PIP coverage can only do so at the \$250,000 limit

Personal Injury Protection (PIP)

PIP medical coverage pays allowable expenses for medical care, recovery, rehabilitation and some funeral expenses



Qualified Health Coverage

Medicare Parts A and B;
or

Other health and accident coverage that does not exclude or limit coverage for injuries related to an auto accident AND has an annual deductible of \$6,000 or less per individual

If you are responsible for injuries sustained in an auto accident to a person that did not elect to carry unlimited PIP, the injured party could file suit against you for their uncovered medical and related costs.

Your bodily injury coverage will respond with legal defense cost & any awarded damages up to the limits chosen. An umbrella policy can be purchased to increase your liability coverage. Reviewing your bodily injury limits and considering an umbrella policy to better protect yourself is essential. Contact us to discuss your bodily injury and umbrella options.



Customer must provide a document to the insurer/agency that proves current qualified health coverage.

Document must include the names of all persons covered under the qualified health coverage.

Required Forms

Bodily Injury Forms:

Required Signature	Subsequent Renewals	Missing Signature
Applicant or named insured will provide a signature confirming their BI limit choice at new business or first renewal after 07/02/2020	Applicant or named insured will provide a signature confirming their BI limit choice, IF customer elects less than \$250,000/\$500,000	If a signature from an applicant or named insured is not returned by renewal deadline, BI limits will default to \$250,000/\$500,000

Bodily Injury Limits:

Default Limits	State Minimum Limits
\$250,000/\$500,000	\$50,000/\$100,000 or \$110,000 combined single limit

PIP Medical Coverage Forms:

Required Signature	Opting Out?	Missing Signature
Applicant or named insured will provide a signature confirming their PIP limit choice at new business AND all subsequent renewals	If applicant or named insured is opting out of PIP due to a qualified health plan, PIP coverage forms must be completed. Excluded persons must be listed by their name and date of birth	If a signature from an applicant or named insured is not returned by deadline, PIP limit will default to <i>unlimited</i>

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