

Michigan's No-Fault Reform Bill

Tandem Wealth Management recently hosted an educational event entitled "Through No Fault of Your Own" which discussed the changes regarding Michigan's Automobile No-fault Law expected to take effect July 1, 2020. The guest speakers were attorney Michael Swogger and T.J. Phillips. Below are the main takeaways:

1. **Unlimited Medical Coverage:** The Michigan Personal Injury Protection (PIP) is changing, and you will now be able to select your coverage limit; however, the recommendation is to stay with Unlimited Coverage. The benefits under this coverage are more substantial and include long-term care facilities, attendant care, modifications to a home, and transportation. Moreover, the unlimited coverage is for life, while some long-term medical care policies have limited periods of coverage. Further, if you are in a catastrophic accident, the lower coverage limits will be used up very quickly. It is suggested that you do not elect the Medicare waiver since Medicare does not offer the same coverage as unlimited medical.
2. **Umbrella Policy:** Consider adding an umbrella policy or increasing your umbrella policy limits. Under the current law, at-fault drivers can be sued for non-economic damages (pain and suffering) and economic damages (wage loss). However, under the new law, a person can be held responsible for medical expenses beyond the injured person's coverage, which could be as low as \$50,000. Because of the greater exposure, an increase in coverage should be considered.
3. **Additional Coverage:** In addition to PIP considerations, it is highly recommended that the following relatively inexpensive coverage be added to or increased on your automobile insurance policy:
 - o **Uninsured:** Allows you to receive money for damages suffered from your insurance company if you are in an accident with an uninsured driver.
 - o **Underinsured:** Allows you to receive money for damages from your insurance company in excess of the coverage of the at fault driver.
 - o **Mini-tort:** Provides coverage if you are sued by another driver who claims that you were at fault. These claims are related to vehicle damage and the other driver's deductible. An individual can be sued for up to \$3,000.
4. **Owner Liability:** The final takeaway does not deal with No-fault Law but is important information. Because Michigan law holds owners liable, never own automobiles jointly. For example: If a wife drives her solely owned car most of the time and the husband drives his solely owned car most of the time, they limit liability to the driver except when driving the other's car.

The above takeaways are based on the current version of the new legislation, but there is still much that is unknown. Hopefully, the state legislature will provide more clarification before the changes take effect.

Kind regards,
Meghan



Meghan Phillips Dykstra CFP®
Investment Advisor Representative
900 East Front Street, Suite 200
Traverse City, MI 49686
phone: 231-486-6188
fax: 231-486-6191
Meghan.dykstra@TandemWealthTC.com
TandemWealthTC.com