

### Michigan No-Fault Overview

- ▶ Effective October, 1973
- ▶ Highest Level of Auto Medical Benefits in the Country
- ▶ Unlimited Medical for Lifetime

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### Michigan No-Fault Coverages

- ▶ Personal Injury Protection (“PIP”) Benefit  
“all reasonable charges incurred for reasonably necessary products, services and accommodations for an injured person’s care, recovery and rehabilitation.”

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### Michigan No-Fault Coverages

- ▶ PIP Covered Medical Costs
  1. Doctor/Hospital Bills
  2. Attendant Care (24/7)
  3. Home/Auto Modifications
  4. Mileage Expenses
  5. Adaptive Equipment
  6. Guardian/Conservator Appointment

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### Michigan No-Fault Coverages

- ▶ Other PIP Covered Expenses – 3 Yr. Limit
  1. Wage Loss (up to \$5,104/month)
  2. Replacement Services (up to \$20/day)
  3. Survivor Loss Benefit
    - Funeral/Burial Expense

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### Michigan No-Fault Coverages

- ▶ Property Protection Insurance (“PPI”)
  - One limit, \$1 million
  - Non-vehicle property



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### Michigan No-Fault Coverages

- ▶ Residual Liability (BI & PD)
 

Can be sued if:

  1. Caused an accident where someone is killed or seriously injured
  2. Accident is outside Michigan

**Basic No-Fault Limits**  
 \$20,000/\$40,000/\$10,000 minimum

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### Michigan No-Fault Order of Priority

- ▶ Different order of priorities for:
  - Drivers/Passengers
  - Pedestrians
  - Motorcyclists
  - Out-of-State
- ▶ Last resort:
  - Michigan's Assigned Claims Facility

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### Michigan No-Fault Coverages

- ▶ Recent Court Decisions
  - Douglas vs. Allstate (\$\$ for Attendant Care)
  - Armisted vs. State Farm (Attendant Care Eligibility)
  - McCormick vs. Carrier (Tort Threshold)

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### Michigan No-Fault Coverages

- ▶ Physical Damage Optional Coverages
  - Collision (Limited, Standard, or Broad)
  - Comprehensive
- ▶ Must purchase own coverage; applies regardless of fault

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### Michigan No-Fault MCCA

- ▶ Michigan Catastrophic Claims Association (MCCA)
  - Created in 1978
  - All insurers that write Auto in Michigan must be members
  - Members cede premium and loss to MCCA
  - Member companies are on the risk if the MCCA cannot meet its obligations

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### Michigan No-Fault MCCA

- ▶ Members cede losses which exceed an occurrence threshold:
  - \$250,000 (from 1973 – 2002)
  - Threshold has been increasing since 2002
  - \$500,000 current

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### Michigan No-Fault MCCA

- ▶ Members cede a dollar amount per written car-year
  - Updated every July
  - This cost is passed through to policyholders
- ▶ Historic MCCA per vehicle assessments:
  - ▶ 2009/2010                    \$143.09
  - ▶ 2010/2011                    \$145.00
  - ▶ 2011/2012                    \$175.00

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## Michigan No-Fault LAE

- ▶ Companies generally cannot cede LAE to MCCA, with the exception of some case management costs and medical bill review costs
- ▶ MCCA Plan of Operation changed in 2007  
May see increase in ceded DCC

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