

Michigan No-Fault Automobile Insurance

No-fault insurance is required by law in Michigan. Every car owner must buy certain basic coverages in order to register a vehicle in Michigan. It is against the law to drive, or let your car be driven, without no-fault insurance. The basic no-fault policy has three parts:

Personal Injury Protection (PIP)

If you are hurt in an auto accident, this part of your no-fault policy will pay all of your medical costs. It will also pay, up to a maximum amount, for the wages you would have earned if you had not been hurt, for up to three years.

In 2006, the allowed amount under no-fault is \$4,400 per month. If you are killed in an accident, your policy will pay your family up to the monthly amount for three years, based on what they would have received from your earnings and fringe benefits. You may also be entitled to up to \$20 per day in replacement services. This is to pay for services you are no longer able to provide for yourself or your family because you are injured, such as housekeeping and yard work.

You may coordinate PIP coverage with any health or disability policy you have (except Medicaid, Medicare or a Medicare supplemental policy) to reduce your PIP premium. The health or disability plan then becomes the primary payer for medical or wage loss expenses, and the auto policy would cover remaining medical or wage loss expenses. These auto insurance coverages are also called excess medical and excess wage loss.

Property Protection Insurance (PPI)

No-fault will pay up to \$1 million for damage your car does in Michigan to other people's property, such as buildings and fences. It will also pay for damage your car does to other people's properly parked vehicles.

Residual Liability Insurance—Bodily Injury and Property Damage (BI/PD)

The no-fault law protects insured persons from being sued as the result of an auto accident

except in certain special situations. These are some of the circumstances under which you could be sued:

- If you cause an accident in Michigan in which someone is killed or seriously injured.
- If you are involved in an accident in Michigan with a non-resident who is an occupant of a motor vehicle not registered in Michigan.
- If you are involved in an accident in a state other than Michigan.
- For up to \$500 in damages to another person's car, which is not covered by insurance, if you are 50% or more at fault in the accident.

Your required no-fault policy will pay up to your coverage limit amounts if you are sued or are legally responsible for damages in these situations.

The minimum required BI/PD coverage limits are:

- Up to \$20,000 for a person who is hurt or killed in an accident.
- Up to \$40,000 for each accident if several people are hurt or killed.
- Up to \$10,000 for property damage in another state.

These limits are often described as 20/40/10. Courts sometimes award more than these amounts. If this happens, you would be responsible for paying the amount not covered by your policy. To protect themselves, many people buy extra liability insurance.

Optional Automobile Insurance Coverages

There are some optional insurance coverages you may wish to consider. State law does *not* require that these coverages be purchased.

Your no-fault insurance does not pay for repairs to your car if it is damaged in an accident. If your car is properly parked and hit by another car, the other driver's insurance will pay for your repairs. Except for this situation, the only kinds of auto insurance that pay for repairs to your car are collision and comprehensive coverage. Several of the examples in the guide include these optional coverages.

Collision Insurance

This coverage pays for repairs to your car when it is damaged in a crash. There are three basic kinds of collision insurance to choose from: broad form, standard, and limited. Collision insurance is usually sold with a deductible. A deductible is the money you agree to pay toward the cost of repairs before the insurance company steps in and pays the rest. The larger the deductible, the lower the cost of your collision insurance.

- Broad Form collision pays for damages regardless of fault, with a deductible that applies only if you are substantially at fault.
- Standard collision pays for damages regardless of fault, with a deductible that always applies.
- Limited collision pays only if you are not substantially at fault, and may or may not have a deductible.

Comprehensive Insurance

This coverage pays for your car if it is stolen or for repairs if it is damaged by a falling object, fire, flood, vandalism, or collision with an animal.

Uninsured Motorists Coverage (UM)

This coverage will pay if an uninsured motorist seriously injures you or a member of your family. Uninsured motorists coverage is usually sold with limits of \$20,000 per person and \$40,000 per accident (20/40). This coverage will not pay for damage to your vehicle.