

No-Fault Webinar Questions and Answers from June 2020

If PIP only pays for the named insured, why so high? Does it pay for the other people in the other car?

The Personal Injury Protection (PIP) provided by the Michigan auto policy pays for auto accident injury medical costs for named insureds and resident relatives. Other people in the other car have their own PIP coverage from their auto policies. If you were liable for the injuries to people in the other car, and they had medical costs not covered by their PIP, they could sue you for their medical expenses. This is where your liability coverage picks up for you.

If you lose your job that provides health insurance due to your auto accident injuries... scary!

Yes. If you opt out of PIP and choose to use a qualified health plan to cover your medical costs from auto accident injuries, then you lose your health insurance, you could find yourself in a very tough situation. In these scenarios, contact your agent and get Unlimited PIP put back on your policy ASAP! The tough part about this is when someone loses their job, they don't think to call their insurance agent. This REALLY needs to change!

If I am the driver and go out to dinner with another couple and am in an accident does this mean the other couple who are friends will not be covered if they are hurt?

Assuming your scenario is where you're driving your insured auto and your friends are riding along with you, your friends would turn to their own Personal Injury Protection (PIP) coverage on their auto policy.

How are the health care providers seeing this, are they pro or con?

I can't answer this one for sure. Our health insurance costs are influenced by what the health insurance companies pay out to cover our medical costs, so if the health insurance companies need to start paying more claims for auto accident medical costs (which could be a huge additional expense for them), I don't see how this won't eventually lead to them charging us more money. We'll see how and when this all works out.

Can you define resident relative?

A resident relative is a family member who lives with you. Who is a family member is a bit easier to figure out than who is a resident because in certain situations people live in more than one place at a time. Ultimately, the insurance company will decide who your resident relatives are on the day of the accident. Two articles from our website get into this. The "Who is Eligible" provides some questions to ask when determining who your resident relatives are. REMEMBER: these are example questions – insurance companies can vary on how they determine who gets resident relative status and the criteria used. That's why we need to talk about your unique situation.

<https://rummelinsurance.com/blog/resident-relative/>

<https://rummelinsurance.com/blog/who-is-eligible-for-pip-one-of-the-least-understood-changes-created-by-no-fault-auto-reform/>

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Will PIP be the same if I have an accident driving my Michigan vehicle in Florida?

Yes, as long as you are a Michigan resident, and you have a valid Michigan auto policy covering your vehicle that's registered in Michigan.

Personal Injury Protection (PIP) follows you to every state, it doesn't stop protecting you after you cross the state line! PIP is good stuff.

With the new changes, what covers non-resident relatives and non policy members injured while riding in my vehicle? Their own health insurance and lawsuits?

Almost! For Michiganders, everyone's own auto policy provides Personal Injury Protection (PIP) for them no matter whose vehicle they're injured in. After their PIP runs out and they start incurring medical costs not covered by PIP or their health insurance, they'll need to turn to the legal system – and they might need to sue YOU to get their medical expenses paid. If the non-resident relatives have no auto policy of their own they might qualify for \$250,000 of PIP coverage from the Michigan Association Claims Plan (MACP). No-Fault Auto Reform could create situations where your friends (who were riding with you during the auto accident) might need to sue you to get their medical expenses from the auto accident paid.

What about motorcycle insurance?

Motorcycle policies don't provide PIP, so these policies haven't changed, and if a motorcycle is in an accident with an auto, that auto's PIP benefits will be provided to the motorcyclist. This worked out well prior to No-Fault Auto Reform when all Michigan drivers had Unlimited PIP. After No-Fault Auto Reform, in the motorcycle-auto incident, the motorcyclist will still get PIP from the insurance policy covering the auto. What's different is that the auto might not have Unlimited PIP like we all used to have, yet the motorcyclist is "stuck" with the PIP coverage on the auto -- which might not be very much. Expect more motorcycle-auto incidents to be settled in court. If I owned a motorcycle, I'd get all the medical coverage I could get on my motorcycle policy and I'd make sure my health insurance covers motorcycle injuries. And I'd consider purchasing a life policy, a disability policy and a long-term care policy.

How much liability do we need?

There's no right answer to this question, as this comes down to personal preferences and your overall approach for using insurance to protect your financial future. Personally, I'm going to have \$500,000 in liability from my auto policy and \$2,000,000 in liability from an umbrella policy for a total of \$2,500,000. I'm looking into another \$1,000,000. Will this be enough? I won't know until after the accident that I hope never happens!

If your policy is effective until February 2021, does the Unlimited PIP go away now or in February 2021?

You Unlimited PIP will remain effective until February 2021 where you can still choose to have it, along with the five other options. The February 2021 renewal might also remove the "PIP follows your auto" we had before the reform. Some insurance companies managed to remove this already and some are waiting until

NOTE: all of the answers to these questions are using the laws/rules for Michigan No-Fault Auto Reform.

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your renewal after July 2nd. Please call your Rummel Agency Account Manager to see how your insurance company is handling this.

If I'm in an accident and have a friend with me, whose insurance will my friend be covered under by with the new laws?

Everyone's own auto policy provides Personal Injury Protection (PIP) for them no matter whose auto they're in when the accident occurs. If your friend has no auto policy, the medical expenses would get addressed by their health insurance, the state of Michigan if your friend is a Michigan resident, and the court system as you and everyone else involved in the accident could get sued.

If injured in an accident out of state, how will PIP cover now and once the fee schedules are in place?

The same as if you were injured in Michigan.

So if I get the coverage you recommend will I save anything compared to what I am paying with current "full coverage" or pay more?

This is a simple question that doesn't have a simple answer! We're recommending everyone continue buying Unlimited PIP and carefully consider higher liability limits. On average, Unlimited PIP will cost 10% less, and liability could cost more (especially if you raise your liability limits). What you ultimately pay is driven by your other coverage choices, your insurance score, driving record, age, changes in vehicles and literally hundreds of other factors the insurance companies use to calculate what each of us pays.

Would PIP cover rental cars?

Are you asking "does PIP cover my auto policy's named insureds and the resident relatives of the named insureds if we're injured in an accident while in a rental car?" Yes, as long as the accident occurs in the United States (including U.S. territories and possessions) or in Canada.

A note on rental cars: We recommend purchasing the rental company's coverage for theft and property damage. This has nothing to do with PIP... but usually once the topic of rental cars comes up, this question is close behind!

Are credit scores still a factor with insurance rates?

The insurance companies use "insurance scoring", which use some of the data from the credit score algorithm and some data from your insurance history. Many times, someone's credit score lines up with their insurance score. Insurance companies generate their own insurance scores and scoring symbols. Your insurance score with one insurance company could be expressed as "350" and with another your score could be "G1." The insurance scoring algorithm used by each insurance company is considered proprietary (so you won't be able to see "the math" behind your score), and these insurance scores translate to various discounts – again all at the discretion of the insurance company.

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What about if I have my grandchild with me?

If your grandchildren live with you, they'd be your resident relatives and be covered by your auto policy's PIP. If they don't live with you, they'd be covered by the PIP on their parent's auto policy.

What happens if we get in an accident with an elderly relative or a senior you are taking to an appointment or anyplace?

If you have a guest in your vehicle at the time of an accident (this means they aren't a resident relative), they'll get PIP from their own auto policy (if they have one) and the health insurance plan they're on or the \$250,000 in PIP from the Michigan Assigned Claims Plan (MACP).