

Brief Explanation of Michigan No-Fault Insurance

NO-FAULT INSURANCE is required by law in Michigan. Every owner of a car must buy certain basic coverages in order to get license plates. It is against the law to drive or let your car be driven without no-fault insurance. If you have an auto accident, no-fault insurance pays for your medical expenses, wage loss benefits, replacement services, and the damage you do to other people's property. It does not matter who caused the accident. Your basic no-fault insurance does NOT pay for repairs to your car.

The Basic No-Fault Policy You Must Buy Has Three Parts: 1. Personal Injury Protection (PIP) If you are hurt in an auto accident, this part of your no-fault policy will pay all reasonably necessary medical expenses with no maximum limit. It will also pay up to 85% of the income you would have earned if you had not been hurt, for up to three years. However, the amount that you would be paid for lost income is limited and the limit is revised annually. Effective 10/1/18, the maximum is \$5,700 per month. If you are killed in an accident, your policy will pay your family up to \$5,700 per month for three years, depending upon what they would have received from your earnings and fringe benefits. In addition, you are entitled to "up to" \$20 per day in replacement services. This is to pay for routine household services which injured persons are no longer able to provide for themselves or their families, such as housekeeping and yard work. 2. Property Protection (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 another person's properly parked vehicle. It does not pay for any other damage to cars. 3. Residual Liability Insurance - Bodily Injury and Property Damage The no-fault law protects insured persons from being sued as a result of an auto accident except in certain special situations. In general, you can only be sued: (a) if you cause an accident in Michigan in which someone is killed, seriously injured, or permanently disfigured; (b) 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; (c) if you are involved in an accident in another state; or (d) for up to \$1,000 if you are 50% or more at fault in an accident which causes damages to another person's car which are not covered by insurance. Your required minimum coverage no-fault policy will pay up to certain amounts if you are found legally responsible. Although you may purchase additional coverage with higher limits, the minimum coverage offers: ⌘ 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. To protect themselves, many people buy higher limits of liability insurance. A no-fault policy covers all family members living in the same house. Personal injury protection benefits will be paid even when a family member is a passenger in another person's car or is a pedestrian when an accident takes place. The personal injury protection coverage of your No Fault policy also covers anyone who does not have a no-fault policy and is hurt as a passenger or pedestrian in an accident involving your car. It will also cover a motorcyclist who is hurt in an accident involving your car. This is only a brief summary of no-fault insurance. Some of the details have been left out.

Talk to an attorney for more information.