

# **NO-FAULT AUTO REFORM**

You may have questions about No-Fault Auto Reform and what it means for you and your family. Farm Bureau Insurance of Michigan is dedicated and ready to help as you learn more about No-Fault and the decisions you'll need to make about your auto insurance policy. As your agent, I'm here to help guide you through these changes and the options available for you to consider. Here are some quick answers to some of the questions you may be pondering:

## **What is No Fault?**

Since 1973, Michigan has been a No-Fault state for auto insurance. Drivers are responsible for covering their own auto accident damages, regardless of if they are at fault or not. With this, Michigan's No-Fault provides unlimited "cream of the crop" medical protection.

Unfortunately, it has resulted in Michigan's car insurance rates being the second highest monthly bill most consumers have. This cost concern is what the new Auto Reform is trying to solve.

## **Why did it change?**

Legislators wanted to reduce costs through medical fee schedules and fraud controls. They also wanted to provide policyholders with medical limit options that could significantly reduce auto insurance premiums. Under the reform you can choose to keep today's unlimited medical coverage, you can choose a medical limit, or you may be able to opt out of medical coverage on your auto policy altogether.





## How much money will I save on car insurance?

The lower the medical limit the more the savings, but that choice WILL come with additional risk. It is important that policyholders speak with an agent about their options. While choosing a lower premium option could provide savings—your coverage WILL change, and you may not be covered the way you want to be. The phrase “you get what you pay for” rings true here so it’s important you understand the risks.

Remember, we’ve been an unlimited coverage state for medical costs associated with an auto accident. That means if you were in an accident, both you and the others involved were fully covered. Once Auto Reform is fully implemented, that may not be the case.

## I have my own health insurance, so I don’t need to worry about that.

But your health insurance may not cover auto accidents, or it may have limits.

What about the other driver; what if they don’t have medical coverage? Covering damages will come down to lawsuits—an unfortunate byproduct of these changes. Excessive lawsuits were something the original No-Fault was attempting to limit when it was first created.

## When will the change happen?

You don’t need to select a medical limit until July 2020. However, some changes are already in place which may eliminate or reduce coverage. If any of the following apply to you and your household today, you should speak with your insurance provider ASAP to ensure you are properly covered:

- A** Someone lives with you who is not a relative
- B** Someone driving your vehicles or listed on your policy is living somewhere other than your home
- C** Someone driving your vehicles or listed on your policy is not a resident of Michigan

## What do I need to do?

Talk to an agent. It is incredibly IMPORTANT you understand your options so you can make the best decision for you and your family.