



MAKING SMART CHOICES: RECOMMENDATIONS FOR PURCHASING AUTO INSURANCE COVERAGE

Coverage options have changed under Michigan's recent auto no-fault reform. Driving is likely the most dangerous activity most of us do on a regular basis. We never think it will happen to us. However, injuries suffered in motor vehicle crashes can be life altering, and often result in bodily injuries including severe brain injuries, requiring long-term rehabilitation and therapy sometimes costing hundreds of thousands to millions of dollars. For these reasons, it is vital to make informed choices regarding your auto insurance coverage – vital for you, your loved ones, and your financial future!

TO BEST PROTECT YOU AND YOUR FAMILY, WE RECOMMEND THE FOLLOWING:

1. PERSONAL INJURY PROTECTION (PIP) COVERAGE LIMIT OPTION

Recommendation: Purchase unlimited, lifetime PIP coverage.

Why: Although you have options to purchase lesser PIP coverage with dollar limitations or to opt-out of purchasing PIP benefits altogether, we recommend that you **NOT** do so. Anything less than uncapped, unlimited/lifetime PIP coverage exposes you and your family to significant financial risk if you are severely injured in a motor vehicle crash.

2. PIP COORDINATION OF BENEFITS OPTION

Recommendation: Purchase uncoordinated no-fault PIP coverage.

Why: Uncoordinated coverage means your auto no-fault insurer pays benefits first. Coordinated PIP coverage means you elevate your health insurance company into the primary pay position, with no-fault insurance only paying what is not covered by health insurance. We believe uncoordinated PIP coverage is preferable, because it is less complicated for claim processing and avoids the possibility that you may have to reimburse your health carrier from sums recovered in a liability case.

3. PIP MANAGED CARE OPTION

Recommendation: Do **NOT purchase a managed care option.**

Why: Although a managed care option may result in a modest reduction in your premium, it could significantly limit your freedom to choose medical providers and limit the type of treatment you would otherwise be entitled to receive.

4. BODILY INJURY LIABILITY AND UMBRELLA COVERAGE OPTIONS

Recommendation: Purchase at least \$500,000 per accident liability coverage. You should also seriously consider purchasing an umbrella liability policy of not less than \$2,000,000. Do **NOT** opt-out of the minimum liability insurance requirement of \$250,000 per person/ \$500,000 per occurrence by purchasing the allowed \$50,000 of coverage.

Why: Under the new law, you have potential financial liability for any medical expenses suffered by a person who you injure, if those expenses exceed the injured person's PIP coverage limit. So, for example, if you severely injure a person who has \$50,000 of PIP coverage, you could be held personally liable for all excess medical expenses incurred by that person for the rest of his/her life. That could be an enormous financial liability. Umbrella coverage stacks on top of your auto liability coverage and provides you with extra protection beyond \$500,000.

5. UNINSURED AND UNDERINSURED MOTORIST COVERAGES

Recommendation: Purchase at least \$500,000 of uninsured and underinsured motorist protection.

Why: Uninsured motorist coverage is important because it provides you with additional compensation if you are seriously injured because of the negligence of an uninsured motorist. Underinsured motorist coverage is important because it provides you with additional compensation if you are seriously injured because of the negligence of an underinsured motorist. An underinsured motorist is one who has liability insurance, but not enough to fully compensate you for your damages. The number of uninsured and underinsured motorists driving today on Michigan roadways is very high. Therefore, this coverage is essential.

6. AVOID STEP-DOWN POLICIES

Avoid step-down policies which discriminate against family members of the insured person. These policies state that if the claimant is a relative of the insured person's household, that claimant can recover only limited liability damages under the policy which, in many situations, are far less than what total strangers would be entitled to recover under that same policy.

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