

Personal Lines

# Navigating change. Driving choice.

Michigan auto reform is here. That means you now have more choices when it comes to your coverage selections — in particular, you may now select how much personal injury protection (PIP) you want to purchase.

Michigan's new insurance laws allow you the unique opportunity to tailor your insurance coverages according to your individual or family needs. We encourage you to review your options to help ensure you have the right combination of protection, value and price.

## Reform at a glance

### Independent agents

are the



### #1 resource to help you

navigate your auto reform options



### \$500,000 of PIP medical protection

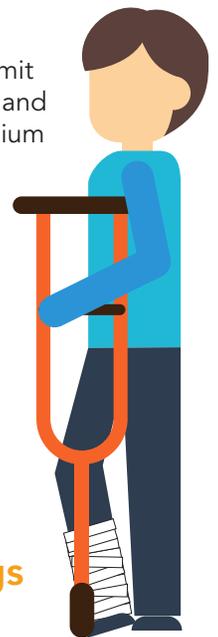
per person covers  
99% of claims

### \$250K/\$500k BI coverage

is the default minimum limit  
if you do not take action and  
\$50K/\$100K is the minimum  
bodily injury (BI) allowed

### 6 PIP medical options

if you do not choose a  
limit, you will default to  
unlimited PIP



**July 2, 2020**

effective date of most  
auto reform changes



**10% to 100%**

potential PIP  
premium savings



**At least  
\$120 savings  
per vehicle**

on Michigan  
Catastrophic  
Claims Association  
assessment

## What is personal injury protection?

Personal injury protection covers medical bills and lost wages when you, your spouse or a resident family member is injured in a car accident. The cost of PIP coverage varies based on your coverage limit selection.

## How much PIP medical do I need?

The new law provides you with six options. The limit you select is what your auto insurance will pay per person per accident should you or a resident family member be injured in an accident. **If you do not choose a PIP medical coverage level, the unlimited option will apply by default and your PIP savings will be reduced.**

**PIP QUICK TIP**

The average Michigan PIP medical claim cost is

\$34,000

according to the Insurance Research Council



PIP MEDICAL OPTIONS	INFORMATION TO CONSIDER
Unlimited	<ul style="list-style-type: none"> <li>Offers the most protection, but will have the <b>highest premiums</b></li> </ul>
\$500,000	<ul style="list-style-type: none"> <li><b>Some PIP premium savings</b> and still the highest PIP limit in the country</li> <li>The vast majority of claims are covered by a \$500,000 medical limit</li> </ul>
\$250,000	<ul style="list-style-type: none"> <li><b>More PIP savings</b> in exchange for a coverage limit reduction</li> </ul>
\$50,000	<ul style="list-style-type: none"> <li>Named insured <b>must have Medicaid to qualify</b></li> <li>Some PIP benefits but only up to the \$50k limit.</li> </ul>
No PIP medical coverage for anyone covered on the policy	<ul style="list-style-type: none"> <li>Most savings but no PIP medical coverage</li> <li>Named insured <b>must have Medicare (Parts A and B)</b></li> <li>Other resident family members must have "qualified health coverage" or another auto insurance policy that covers PIP medical</li> </ul>
No PIP medical coverage for excluded insureds, limited \$250,000 for non-excluded insureds	<ul style="list-style-type: none"> <li>Greater savings, but more risks than other options</li> <li>Resident family members <b>must have "qualified health coverage" to exclude</b></li> </ul>

## Who is covered under my PIP medical?

Under the new Michigan auto reform laws only resident family members are covered under your PIP medical. A resident family member is related to you by blood, marriage or adoption and physically resides primarily in your household. This includes the following:

- A ward who resides with the "named insured"
- A foster child who resides with the "named insured"
- Unmarried dependent children of the named insured, while temporarily away from home if they intend to continue to reside in the household of the "named insured"

### Action required

- You are encouraged to review your insurance needs and choose the level of PIP medical and BI coverage that is right for you. If your policy renews after July 1, 2020 you may wait to make your selections or contact your agent or carrier to do it sooner.
- Your insurance agent or auto carrier will provide you with your selection options.
- If you make your selections online or via phone, you will need to sign documents electronically, or print, sign and return hard copies.

## Who can be added to my PIP medical policy?

Your independent agent can help you understand if your family member can be on your household policy or if the person should have a separate policy. To get you started, here's some general guidance.

RELATIONSHIP	ONE HOUSEHOLD POLICY	SEPARATE POLICY REQUIRED
Child owns a vehicle and is not a resident of the household		X
Child owns a vehicle and is a resident of the household	Both options are available	
Child temporarily away at school	X	
Spouse	X	
Non-married couple residing together, each owning a vehicle	Both options are available	
Other family members living in the household		X
Roommate		X

## What is bodily injury protection?

Bodily injury pays for medical expenses, lost wages or income and legal fees of those injured in an auto accident that you cause. This protection covers passengers, those in the other vehicles and pedestrians.

## What are the new default BI coverage limits?

- Up to \$250,000 for a person who is hurt or injured in an accident
- Up to \$500,000 for each accident if several people are hurt or injured in an accident

In order to choose lower limits of BI coverage, you must complete a selection form. If you do not complete the form choosing a lower limit, the law requires that your BI coverage be defaulted to \$250,000 per person/\$500,000 per accident.

## Should I just select the minimum amount of BI coverage required?

Only you can decide how much coverage you need. However, most advisers do not recommend choosing the minimum amount of coverage required by state law. That's because if you are in an accident, injuring the other driver or passengers, and those injuries exceed your limits, you may be personally responsible for paying the damages above what your policy covers.

### BI QUICK TIP

**50%**  
**OF CITIZENS**  
**POLICYHOLDERS**  
 select at least  
**\$250,000 PER**  
**PERSON/\$500,000**  
**PER ACCIDENT**  
 bodily injury protection.



## Extra protection. Extra peace of mind.

An umbrella policy kicks in where your auto and homeowners policies leave off, providing you with extra protection. If you are sued, an umbrella policy will help cover defense costs as well as the settlement, safeguarding your current and future assets. As you consider your BI coverage, connect with your agent to do a full insurance coverage analysis to determine if you would benefit from having an umbrella policy and if you have any gaps in your auto, home and other insurance protections.

## Citizens is ready for reform



**Citizens Auto Reform Assistant** – if you are a current Citizens customer, you will be able to make your PIP and BI selections online in a few easy steps. Watch your email for more information.



**hanover.com/autoreform** – our website provides resources to help you explore your options and make an informed decision about your PIP and BI coverage. Visit [hanover.com/autoreform](https://hanover.com/autoreform)



**More people** – we're doubling the number of call center representatives dedicated to Michigan, so we'll be extra staffed to answer your questions and help you navigate reform.



**Trusted advisers** – we partner with the best independent agents in Michigan. Consulting an independent agent can help ensure you have the right combination of coverage, value and price.



**e-signature** – reform will create additional paperwork, but our e-signature capabilities will allow you to sign everything securely from the convenience of your own home.

## Citizens and Michigan go together

As a company with headquarters in Michigan, we understand the auto insurance market better than most. In fact, we wrote the very first auto insurance policy in the state and have been protecting drivers in Michigan for more than 100 years.

Protecting Michigan  
drivers since  
**1915**

**250,000**  
Michigan households  
choose Citizens

**700+**  
Michigan  
employees

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