

Historic Auto Reform Passed in Michigan!

State Farm® Is Here to Help

Here is What You Need to Know:

- A new Michigan law passed reforming auto insurance.
- The legislation increases consumer choices and potential savings become effective July 2020.

Why Reform Was Needed

Since 1973, state law mandated consumers buy an auto policy with unlimited, lifetime medical coverage. There were no cost reducing measures, regardless of who was at fault. As the years passed, this flawed system caused Michigan auto insurance rates to skyrocket to some of the highest in the country.

Changes Coming

Facing long-standing calls for reform, [Senate Bill 1](#) became law in May 2019. It significantly reforms Michigan's auto insurance system. The legislation passed with overwhelming support. You'll see the following key changes over the next two years:

- [Consumer Choice](#) – provisions for personal injury protection (PIP) insurance options.
- [Fee Schedules](#) - subjects medical services, products and accommodations to a fee schedule.
- [Fraud Bureau](#) - creates a fraud bureau within the Department of Insurance and Financial Services.
- [Michigan Catastrophic Claims Association \(MCCA\)](#) - provides increased transparency of the MCCA*.
- [Residual Bodily Injury](#) - increases residual bodily injury requirements.
- [Non-Driving Factors](#) - places limits on several non-driving factors.
- [Rate Reductions](#) - sets mandatory rate relief for consumers.

Looking Forward

Beginning July 2020, you can choose what type of PIP coverage best fits your needs. We are still determining the specific impact these changes will have on your rates. Even so, it's not too early for you to start talking to your State Farm agent. You can begin to review the PIP coverage options available to you and your family. These options will enable you to save on your auto insurance costs.

New PIP coverage options:

- Unlimited PIP coverage (with MCCA involvement)
- \$500,000 PIP coverage option
- \$250,000 PIP coverage option
- \$50,000 – Medicaid eligible consumer's option (more details to come)
- Opt-out of PIP coverage – Qualifying medical insurance option (more details to come)

In July 2021, a fee schedule will limit the amount health care providers can charge for auto insurance-related injuries. This change is good news for auto insurance consumers. Before the new law, there was no cap on the amount providers could charge insurers. The [Insurance Research Council](#) found auto insurers pay multiple times more than workers compensation, health insurance and Medicare do for the same procedure. Meaning you pay more.

State Farm will continue working with legislators and other allies to promote solutions to benefit and protect you - the consumer. You are encouraged to work with a State Farm agent to help find the right options for you and your family.

*[*The Michigan Catastrophic Claims Association \(MCCA\)](#) is a nonprofit association. The MCCA reimburses insurance companies for any auto-related medical claims over \$580,000. In return, Michigan requires all insurance companies to belong to the MCCA. They must also pay an annual per-insured-vehicle assessment to fund the association.*