

Commercial Auto Reform



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OBJECTIVE

- How does the reform impact my business, employees, and our families?
 - What should my business consider for upcoming renewals?
 - Answer any questions that may come in.



OVERVIEW

- Changes to Auto Liability coverage limits
- Changes to Property Protection Insurance
- Long anticipated change offering new choices in Medical Benefits coverage under PIP.



FORMS

- Auto leaseback agreements
- PIP limit election form
- BI limit election form



Bodily Injury Liability Limits

- \$1,000,000 combined single limit
- \$250,000 per person/
\$500,000 per accident



Property Protection Coverage

- Policy includes \$1,000,000 of coverage for property damage to third party
- Auto Reform has new exclusion that will not include drivers that are not licensed in Michigan

PIP Limits

- Unlimited lifetime per person per accident
- \$500,000 per person per accident
- \$250,000 per person per accident
- Lower limits available for individuals and sole proprietors

PIP MCCA Charge Changes

- MCCA charge for everyone drops from \$220 to \$100 per vehicle, potentially lower depending on benefit level elections.





PIP Coverage Involves

- Medical expenses incurred resulting from an auto accident
- Lost wages resulting from an auto accident
- Attendant care services required as a result of an auto accident
(Services to assist an injured person with tasks they would normally do for themselves, ex: eating, bathing, dressing, grooming, medical administration)
- Auto and Home modifications
- Mileage reimbursement

POTENTIAL EXPOSURE OR GAPS

- What if we choose lower PIP limits, we don't inform an employee, allow personal use of an auto, there is an accident, and they only have \$500,000 of coverage? Could employee file suit? Could this be a claim under employee practices liability?
- Do you need a higher umbrella? What if you are at fault in an accident, and that person has low or no PIP coverage. Is a higher umbrella limit warranted?
- Is there a company policy on who is allowed in vehicle and for what purpose – coverage may or may not extend to non-employee or non-resident relative of employee. Who is allowed in your vehicles? **Example:** Home health care taking customer to a doctor appointment. Or construction company has project manager driving customer's foreman to jobsites for site inspections of ongoing work.
- Does your company have frequent hire and non-owned auto liability exposure?



THINGS TO CONSIDER

- Personally, titled vehicles insured
- Personal use of company owned vehicles
- Household members use of company owned vehicles
- Cost Savings vs. Increased Risk
- PIP vs. Personal Health Plan

Interaction with Employer-Sponsored Health Insurance

- Individuals can opt out of PIP coverage with “qualified health coverage”
- Qualified Health Coverage is:
 - Medicare parts A or B; or
 - Health coverage that:
 - does not exclude or limit coverage for injuries related to auto accidents (coordination of benefits is not considered an exclusion); and
 - has an annual deductible of \$6,000 or less
- Many employer-sponsored group health plans are “qualified health coverage”

Interaction with Employer-Sponsored Health Insurance continued...

- Options for insured plans:
 - Exclude coverage for all injuries from auto accident.
- Options for self-insured plans:
 - Exclude coverage for all injuries from auto accident.
 - Partial exclusion of injuries from auto accident (but can TPA administrate?)