



Bodily Injury and the New Michigan Auto Insurance Reform Law



Bodily Injury (BI) liability covers injuries or damage you cause to other people if you're in an accident and found to be at-fault.

Today, if you're at-fault for an auto accident and someone else gets injured, they can make BI claims against you for non-economic damages, such as pain and suffering or excess work loss. As of July 2, 2020, in Michigan, they will also be able to make BI claims for **Personal Injury Protection Allowable Expenses (PIP AE)** against you if those expenses are higher than their own PIP AE limit.



Review your limits.

Check with your insurance to learn what your limits are and what's covered under your BI insurance.

Bodily Injury

What is Bodily Injury (BI) coverage?

In Michigan, Bodily Injury coverage pays when you are responsible for seriously hurting or causing the death of another driver, passenger or pedestrian in an auto accident. It can help pay for medical expenses, lost wages, and legal and funeral expenses. It also includes some damages not covered by Personal Injury Protection (PIP) coverage, often referred to as pain and suffering.



What is the difference between Personal Injury Protection (PIP) coverage and Bodily Injury (BI) coverage?

No-fault personal injury protection (PIP) pays for your treatment when you're injured in an accident no matter who's at fault. Bodily injury coverage helps to protect you when you're responsible for an accident that seriously hurts or results in the death of someone else.

Why is \$250k/\$500k the new state default for Bodily Injury (BI) coverage? Will this affect my premium?

If your coverage increases, your cost will most likely increase, too. BI coverage limits are going up. The minimum coverage will now be \$50k per person/\$100k per accident. However, the new default coverage is \$250k/\$500k. In fact, if you opt to choose coverage lower than the default, you'll have to fill out a form that says you know the risks that come with choosing lower levels of BI coverage.

What do I need to think about when selecting Bodily Injury (BI) coverage?

BI coverage only protects you up to the limits you choose. So, if you're thinking about choosing a lower level of Bodily Injury coverage, it's important you know the potential financial risks.

If you're responsible for an auto accident that hurt someone or results in a person's death, and the costs are higher than your coverage limit, you'll need to pay the difference. If you can't:

- Your assets may be seized (including pensions) or a lien may be placed on your home.
- Your wages may be garnished.
- Your driver's license may be suspended.

If you have assets, including a home or pension, that add up to more than the default bodily injury coverage limit of \$50k/100k, you should consider choosing a higher limit.

What will happen with my Bodily Injury (BI) coverage in 2020?

Every auto insurance policy AAA issues or renews after July 1, 2020, will start at the new default BI coverage level of \$250k per person/\$500k per accident. If your current coverage is already higher than the state defaults, then your policy will renew at its current limits. However, you can choose more coverage if you'd like, or you can add an umbrella policy for additional protection.

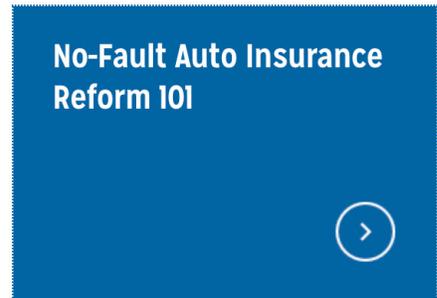
For most of our current policyholders, this will mean an increased BI premium. But the projected decreases in Personal Injury Protection (PIP) premiums should make up for that. As always, talk to your agent. They're



there to help provide information to you so you can make the decision that's best for your situation.

*Please see the No-Fault Act for complete details. This summary is being provided for general information purposes only. Subject to regulatory approval. Discounts and savings opportunities subject to eligibility requirements. Coverage is subject to eligibility terms, conditions, exclusions and limitations. Subject to underwriting eligibility requirements. Insurance underwritten by Auto Club Insurance Association, Auto Club Group Insurance Company, MemberSelect Insurance Company or non-affiliated insurance companies.

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