

AGENCY UPDATE

Buckland Insurance Agency, Inc.

15th Annual Newsletter Christmas 2020

Big changes have been made to Michigan's No-Fault Auto Insurance Law in 2020.

We hope this summary helps you understand the big picture and how you may be impacted. If you have questions about anything related to your auto insurance, be sure to reach out to your Independent Agent. They are your best resource for help with understanding your coverages and options.



BIG CHANGE #1

Bodily Injury Liability

First, what is Bodily Injury Liability? This is coverage for if you get sued because a person covered by your auto policy becomes legally responsible for damages related to the bodily injury of others in an auto accident.

What changed? The new law has increased the amount required for Bodily Injury Liability limits that must be carried on an auto policy. Previously, the lowest limit you could purchase was \$20,000/\$40,000 (where \$20,000 is the limit for any one person in a single accident, and \$40,000 is the limit for a single accident where more than 1 person is injured). Beginning on July 2, 2020, the new law requires limits of \$250,000/\$500,000 or higher unless you sign a form stating that you understand the risks of having lower limits. By signing this form, you may select Bodily Injury limits as low as \$50,000/\$100,000.

BIG CHANGE #2

Personal Injury Protection (PIP) Choice

What is Personal Injury Protection (PIP)? If you or a resident relative are injured in an auto accident, your Insurance policy covers you and any resident relatives (regardless of fault) based on your PIP coverage. A resident relative is defined as a person related to you by blood, marriage or adoption who lives in your household including a ward or foster child that is duly appointed or established by a court of law.

Your PIP coverage is broken up into three categories: Medical Expenses, Work Loss, and Replacement Services.

Medical Expenses (PIP Medical): Your policy will pay up to your policy limits for claims covering medical expenses for the insured's care, recovery, or rehabilitation. Charges incurred for any products, services, and accommodations must be reasonable and necessary. Reasonable funeral and burial expenses are also covered up to your policy limits.



"I THOUGHT CARROTS WERE SUPPOSE TO BE GOOD FOR THE EYES?"

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"Our mission is to provide quality insurance services, delivered in a personal, timely, courteous and professional manner in partnership with our customers and the community."

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Work Loss: Your policy will pay for your loss of income due to an auto accident up to 85% of your current salary for a maximum of three years (your policy sets a maximum per month limit as well).

Replacement Services: If an auto accident causes an inability to complete certain tasks such as lawn/garden maintenance, housekeeping, child care and more, your policy will pay up to \$20 per day for up to three years.

What changed? Before the law changed, all Michigan auto policies were required to carry Unlimited PIP Medical coverage. There were no options for different limits like with Bodily Injury. Beginning July 2, 2020, you will have the following options for your PIP Medical limit:

Option 1 - Unlimited (this is still an available option but at a reduced price)

Option 2 - \$500,000

Option 3 - \$250,000

Option 4 - \$250,000 excluding all or some person(s) from PIP Medical*

Option 5 - \$50,000 (Medicaid option)*

Option 6 - Medicare Opt Out*

As you can see, the new options can be somewhat complicated. Your Independent Agent is your best resource for help with understanding your options.

BIG CHANGE #3

Order of Priority

What do we mean by Order of Priority? If an auto accident occurs, we look to see what policy or policies have PIP coverage that applies for those who have sustained injuries. There is a set priority for which policy has to respond. We don't look to the next policy in the priority order because PIP benefits don't "stack."

What changed? The new law changed the order for which policy takes priority and is responsible to pay for claims. The differences are outlined below:

Old Order of Priority:

- Your Policy
- Your Spouse's Policy
- Resident Relative's Policy
- Owner of the Vehicle's Policy
- Operator of the Vehicle's Policy
- Michigan Assigned Claims Plan (MACP)

New Order of Priority:

- Your Policy
- Your Spouse's Policy
- Resident Relative's Policy
- Michigan Assigned Claims Plan (MACP) - \$250,000 limit (effective 7-2-20)



As you can see, the new law removed both the Owner of the Vehicle and the Operator of the Vehicle from consideration. So even if the Owner or Operator of the vehicle involved in an accident has an insurance policy, it does not apply and will never be responsible for paying for your PIP Medical claim. Additionally, the Michigan Assigned Claims Plan (MACP) will only pay up to \$250,000 if the claim falls to them in the priority, where previously the amount of medical coverage was unlimited.

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What is the impact of this change? This question depends largely on your personal situation, but there is one pretty common scenario that has huge potential repercussions. The example goes like this: Mom and Dad have an auto policy that carries Unlimited PIP Medical coverage and both kids are listed as drivers as well. Their son Johnny still lives at home, while their daughter Jane moves out of the house and is living alone in her own apartment. Since Jane no longer meets the definition of Resident Relative, there is no PIP Medical coverage for her from Mom and Dad's policy even though she is still listed as a driver. Her PIP Medical Coverage would fall to #4 in the Order of Priority: the MACP for a max limit of \$250,000. In this scenario Jane should purchase her own auto policy.

There are a couple things to consider carefully, and your Independent Agent can help you purchase appropriate coverage:

Do you have anyone currently listed as a driver on your policy that is no longer a resident of the household?

Do you have anyone listed as a driver on your policy that resides in your household and is not a relative?

Expected Increase in Lawsuits for Bodily Injury Liability

Prior to July 2020, if you were in an accident where you injured someone and you were found to be negligent, there was never a need for the injured person to sue you to get medical coverage, because they had Unlimited PIP on their policy. Now that people can select lower PIP limits, they might run out of PIP coverage on their policy. If they still need money for care due to the accident, they will be able to sue you for those dollars. Your policy will pay for those lawsuits out of your Bodily Injury Liability limits. This new scenario means it's more likely a claim is made against your Bodily Injury Liability limits.

Once your Bodily Injury Liability limits are exhausted, you will be responsible to pay any further damages awarded in a lawsuit from your personal assets (i.e. bank accounts, future wages, etc.). It's a real possibility and a great reason to increase your Bodily Injury Liability limits now. You should also consider purchasing an Umbrella policy to protect your assets.

What if I still have questions?

As always, your Independent Agent is your best resource for help with understanding your options and will make sure you are covered properly. You can also visit the FAQs section of the Michigan Department of Insurance and Financial Services (DIFS) website for additional information.

This Information came from <https://www.psmic.com/no-fault-101/>

PIONEER
STATE MUTUAL



Buckland Insurance Agency would like to welcome Emily Wasolaskus to our team



Emily comes to us with 13 years of insurance experience. She left the business, for a few years. However, she missed it so much she decided to get back into it.

She is looking forward to meeting new people, and helping them with their insurance needs.

Emily lives in Nashville with her husband, two daughters and their dog. In their free time they enjoy camping, playing basketball and spending time together as a family.



Buckland Insurance Agency is very glad to have Emily working out of our Hastings office.

Our Vision

"The Buckland Agency is an independent provider of insurance services. We will work to create and maintain an atmosphere of caring and commitment to provide quality insurance services to our customers. Our main strength is our staff. We will continue to increase our abilities and knowledge through education and evaluation. We will develop and maintain good working relationships with our customers, companies and community."

Christmas Trivia

1. Which country started the tradition of putting up a Christmas tree?
2. What is the highest grossing Christmas movie of all time?
3. Which country does eggnog come from?
4. What is the Grinch as cuddly as?
5. What company first used Santa Claus in advertising?
6. What country is the Poinsettia native to?

Answers on page 3.

Our Holiday Hours:

Thanksgiving

Our office will close at Noon on Wednesday November 25th and will remain closed Thursday November 26th and Friday November 27th.

Christmas

Our Office will be Closed Christmas Eve and Christmas Day

New Year

Our Office will be Closed New Years Eve and New Years Day

For after-hours claims emergencies please call 269-623-5115 and follow the prompts to leave a message for our emergency claims contact. Our goal is to have one of our licensed agents return your emergency call as soon as possible.



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This year, due to health concerns with COVID,
we have decided to cancel our annual
Christmas open house.

We will have calendars available at both offices
during normal business hours.

We thank you for your business

Buckland insurance Agency Inc.

P.O. Box 100
Delton MI 49046
1127 W State St Suite 6
Hastings, MI 49058

Contact Us

**Buckland Insurance
Agency, Inc.**

Delton (269) 623-5115

Hastings (269) 948-3720

info@bucklandinsurance.com

Visit us on the web at

www.bucklandinsurance.com



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