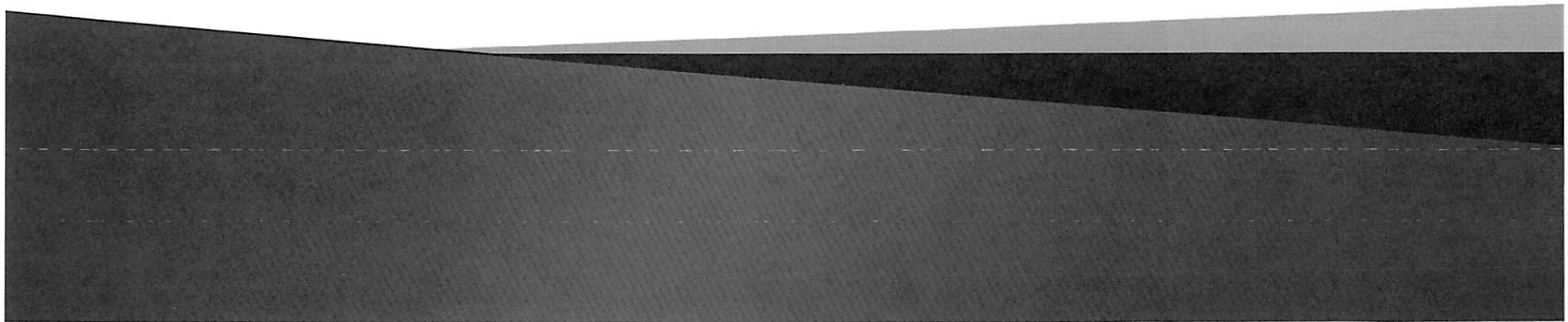


IMPACT OF NO FAULT REFORM (SB 1) ON A MOTORCYCLIST'S CLAIM FOR BENEFITS

.....AND WHAT WE ARE DOING ABOUT IT

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MOTORCYCLE V. AUTOMOBILE ACCIDENT CASES

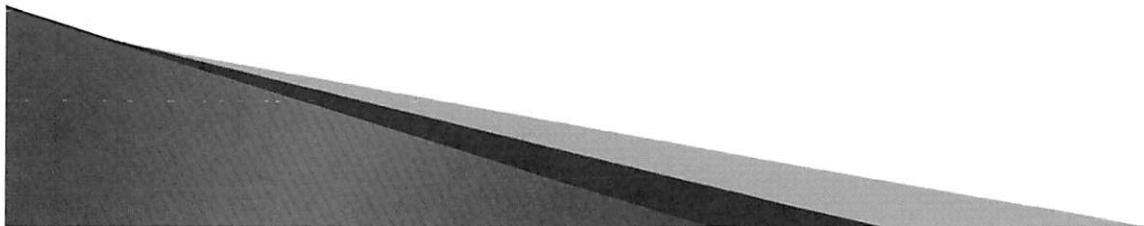
OVERVIEW OF NO-FAULT SYSTEM:

- ▶ NO-FAULT ACT ENACTED IN 1973
- ▶ Michigan is a “pure” no fault state
- ▶ Benefits are available when someone is injured in a “motor vehicle accident.”
 - Motorcycles are not “motor vehicles”, so a “motor vehicle” must be involved in the accident.
- ▶ expected prompt payment of economic claims
- ▶ trade-off: limited ability to sue negligent drivers
d ability to sue negligent drivers




WHAT ARE NO FAULT BENEFITS

1. Wage loss benefits
2. Household chores / Replacement services
3. Medical expenses



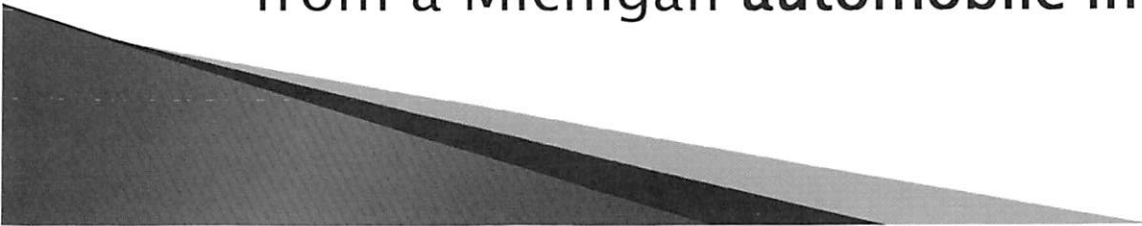
WHO PAYS A MOTORCYCLIST'S NO FAULT BENEFITS?

▶ ORDER OF PRIORITY:

1. Insurer of the owner or registrant of motor vehicle involved in accident
 2. Insurer of the operator of motor vehicle involved in accident
 3. Motorcycle operator's auto insurer
 4. Motorcycle owner's auto insurer
 5. Motorcycle driver's spouse's or resident relatives' auto insurer
 6. Michigan Assigned Claims Facility
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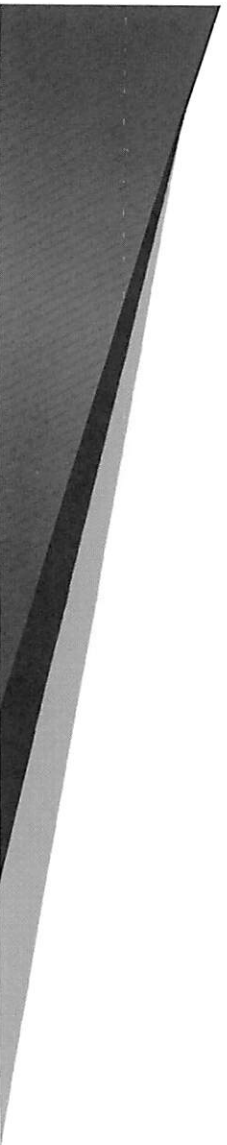
HOW DO I RECEIVE NO-FAULT BENEFITS?

Must have motorcycle insurance to make claims for no-fault benefits if operating your own motorcycle


- If a passenger or not operating own motorcycle, entitled to receive no-fault benefits
 - The motorcycle accident must arise out of the ownership, operation, maintenance or use of an automobile as an automobile, such as a car or truck.
 - The primary pre-requisite is that the motorcycle accident must “involve” an automobile, such as a car or truck, as the No-Fault insurance benefits come from a Michigan **automobile insurance policy**.
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WAGE LOSS CLAIMS

- ▶ Virtually unchanged by SB 1
- ▶ 85% of gross wages (non-taxable income to injured person)
- ▶ Payable for up to 3 years after the accident.



HOUSEHOLD CHORES / REPLACEMENT SERVICES

- ▶ Virtually unchanged by SB 1
 - ▶ \$20.00 per day for household chores provided to injured person or injured person's dependents.
 - ▶ Providers are usually family members or friends
 - ▶ Payable for up to 3 years after the accident
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MEDICAL EXPENSES

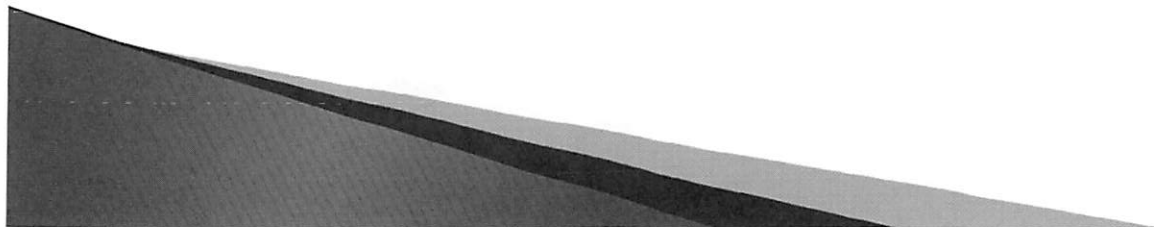
Allowable expenses consisting of all reasonable charges incurred for reasonably necessary products, services and accommodations for an injured person's care, recovery, or rehabilitation.

- Medical bills
- Home and vehicle modifications
- Home modifications
- Attendant care (SB 1 – Family and friend provided care is limited to 56 hours per week)
- Transportation and mileage reimbursement
- Physical Therapy
- Occupational Therapy
- Vocational Training



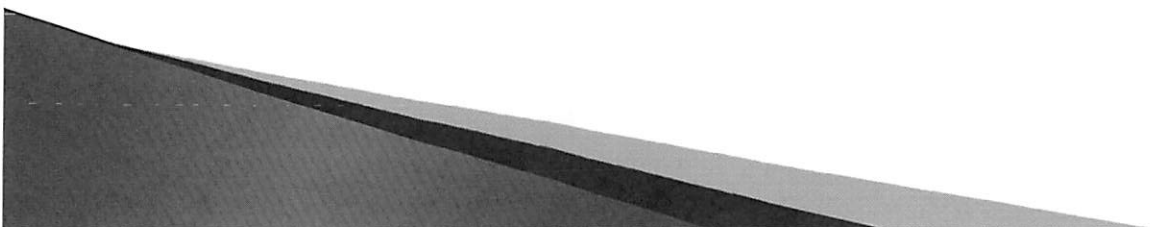
FEE SCHEDULES

- ▶ Under SB 1, medical providers are subject to payment under Medicare fee schedules.
 - If the service is not covered by Medicare, the max reimbursement for that service is 55% of the providers charge for that service as of January 1, 2019
 - Significantly limit the availability of quality medical care for persons injured in motor vehicle accidents.



CHOICE TO CAP NO FAULT COVERAGE ON AUTO POLICY

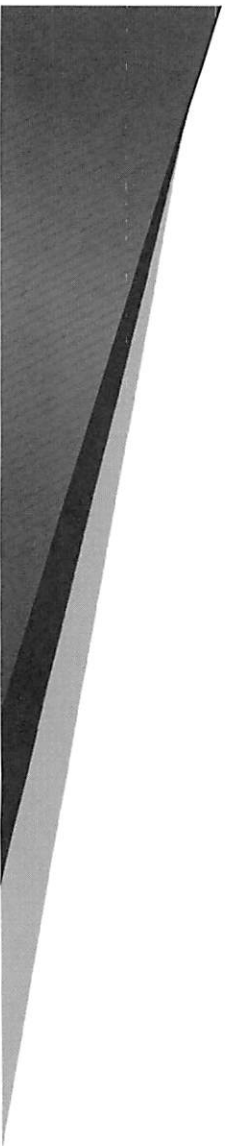
Under SB 1, starting July 1, 2020, persons obtaining/renewing auto policies can choose to cap his/her no fault medical benefits

1. Opt out if you have Medicare
 2. \$50,000 if you have Medicaid
 3. \$250,000
 4. \$500,000
 5. Keep unlimited
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Alleged “Savings”

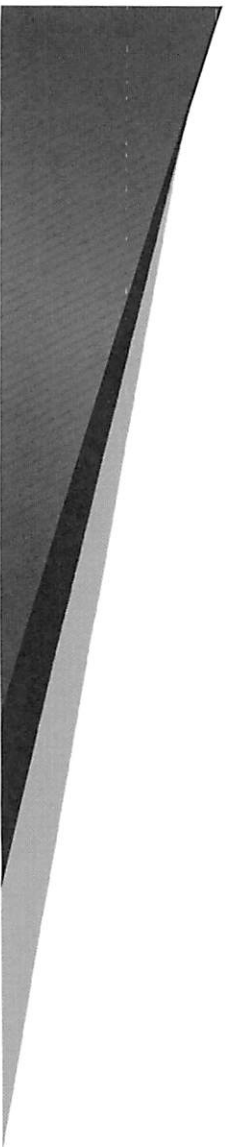
Under SB 1, rates must result “as nearly as practicable” to

- 45% savings if choose \$50,000 cap
- 35% savings if choose \$250,000 cap
- 20% savings if choose \$500,000 cap
- 10% savings if keep unlimited

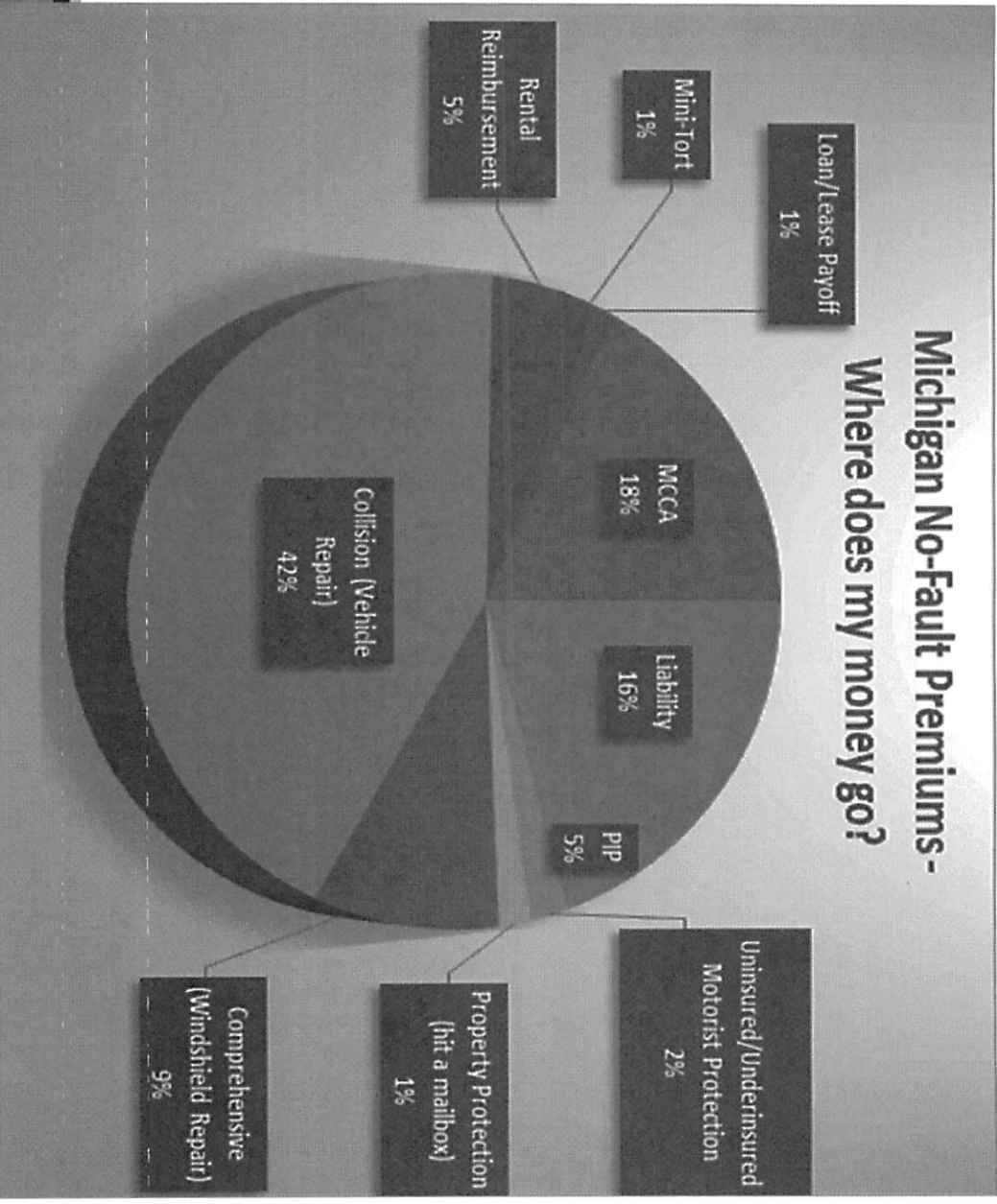


“Fine print” regarding “savings”

- ▶ Only until July 1, 2028
- ▶ Don't have to offer savings if it will result in insurer “reaching the company action level risk-based capital” or violates insurers constitutional rights



Savings is only on premium paid for no fault (PIP) benefits (5%) – not the entire policy premium



MOTORCYCLIST IS BOUND BY THE NO FAULT CAP CHOSEN BY THE MOTORIST!!!!!!

- ▶ Under old law and SB 1, the injured motorcyclist claims no fault benefits from the insurer of the owner/operator of the motor vehicle.
- ▶ EXAMPLE – MOTORCYCLE IS HIT BY A CAR. MOTORCYCLIST INCURS \$200,000 IN MEDICAL BILLS. OPERATOR OF CAR CHOSE A \$50,000 CAP. THE MOTORCYCLIST RECEIVES A MAXIMUM OF \$50,000 IN NO FAULT MEDICAL BENEFITS AND IS ON HIS OWN FOR THE REMAINING \$150,000.00 IN MEDICAL BILLS.

- ▶ Exception if motorist chose to opt out, then motorcyclist goes to next order of priority to where a cap was chosen...and will be bound by it
- ▶ Health insurance for motorcyclists will skyrocket; more people on Medicaid and Medicare; more bankruptcies
- ▶ MOTORCYCLISTS ONLY CLASS OF PERSONS (IE. MOTORISTS, PEDESTRIANS, BICYCLISTS, ATV OPERATORS) WHO ARE NOT GIVEN A CHOICE REGARDING NO FAULT MEDICAL BENEFITS

SB 528 – FIX THIS INJUSTICE!

▶ SB 1 ORDER OF PRIORITY:

1. Insurer of the owner or registrant of motor vehicle involved in accident
2. Insurer of the operator of motor vehicle involved in accident
3. Motorcycle operator's auto insurer
4. Motorcycle owner's auto insurer
5. Motorcycle driver's spouse's or resident relatives' auto insurer
6. Michigan Assigned Claims Facility

▶ SB 528 ORDER OF PRIORITY:

1. Motorcycle operator's auto insurer
 2. Motorcycle owner's auto insurer
 3. Motorcycle driver's spouse's or resident relatives' auto insurer
 4. Michigan Assigned Claims Facility
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