

## How does the new law affect your coverage?

As you are probably aware, the Governor of Michigan signed into law sweeping changes to automobile insurance in Michigan. There are many aspects to the new law, but ONE VERY IMPORTANT change requires your attention regarding policies which issue or renew after July 1, 2020:

- **Residual Bodily Injury Limits** (new minimum limit requirements) – This is coverage when (if) you are sued by a third party for your negligence when (if) you are at-fault in an accident.

The new law requires that each policy carries a Bodily Injury Liability Limit of \$250,000 because of bodily injury to, or death of, one person (“per person”) in any one accident, and \$500,000 because of bodily injury to, or death of, two or more persons in any one accident (“per accident”) unless a form is signed requesting lower limits and acknowledging that the risks of purchasing lower limits is understood.

**If you already have limits of \$250,000 per person and \$500,000 per accident or above, consider increasing your limits.**

## Why are higher Bodily Injury Liability limits important?

If you hurt someone in an auto accident and are found to be negligent, the injured party can sue you for pain and suffering damages. Your Bodily Injury Limits are there to protect you in that sort of lawsuit. With the new law, an injured person will now also be allowed to sue you for medical damages that exceed their own Personal Injury Protection (PIP) limits. Therein lies the reason to select high Bodily Injury Limits – the new law allows a person to select lower PIP limits. This makes it far more likely that an injured person will sue, and you want to be confident your policy limits are high enough to cover you in case of a lawsuit.

**If you have limits lower than \$250,000 per person and \$500,000 per accident you will need to update your coverage to avoid signing a form at your renewal after the new law takes effect.**

## What can I do to protect myself better?

A Personal Umbrella Policy provides increased liability coverage above the limits of your Personal Auto Policy. In addition to increasing liability limits, a typical Personal Umbrella Policy provides:

- Protection against claims that may not be fully covered by your underlying policies. (for Homeowners, Auto and Watercraft Liability)
- Coverage for defense costs and attorneys’ fees associated with claims against you that are covered by your Personal Umbrella Policy but not covered by your primary policies (these expenses are paid in addition to your policy limit).
- Worldwide coverage.

Pioneer State Mutual offers Personal Umbrella Policies with limits of \$1 million up to \$5 million. This is great coverage, and it won’t break the bank. Speak to your Independent Agent today if you are interested in purchasing a Personal Umbrella Policy.