



Mini-Tort Limit Will Increase October 1

House Bill 5362, which increases Michigan No-Fault's "mini-tort" provision from the current maximum of \$500 to \$1,000, has passed the legislature and is awaiting the Governor's expected signature. The increase takes effect October 1, 2012. MAIA supported the change.

The mini-tort is one exception to Michigan's No-Fault principle, allowing an individual involved in an accident to sue the at-fault party for physical damage not covered by insurance. Over time the mini-tort has reflected the higher end of the marketplace deductible. It debuted at \$400, was raised to \$500 in 1995, and the legislature has now raised that amount to \$1000 to reflect the growing frequency of \$1000 deductibles for collision claims. Language was added during the legislative process to reflect existing prohibitions such that mini-tort recovery is not available to operators driving without proper insurance coverage at the time of the accident.

Since some policies specifically state that they will only pay up to \$500 for the mini-tort provision, it is expected that carriers will update their policies over time to reflect the change. However, there may be some overlap, and insureds who choose the \$1000 deductible may be unaware of the liability limit of \$500 stated in their policy. Although this potential problem was shared, legislators chose not to address it in the legislation, but did agree to a later implementation date for an adjustment period.