



LEVIN INSURANCE AGENCY



**MANY
OPTIONS,
ONE CHOICE**

New Law

Auto Insurance Reform Is Coming

BY NOW you have probably heard something about auto insurance reform. What it is and how it will work are questions many people have. While we don't know all the details yet, we want to share with you what we do know:

WHAT'S IN STORE

1. Most changes don't take effect until July 2020. Although there are a few things that have already happened, such as changes to the "order of priority" for Personal Injury Protection (PIP) claims, as well as the definition of who is an "insured" in a household, the bulk of the changes won't happen until this summer.
2. When things do change, it won't be immediate. Changes to auto insurance policy language will, in large part, not happen until your first renewal AFTER July 1, 2020. So if you renew in July, you'll see changes first. If you don't renew until later in the year, or even spring 2021, your changes won't take effect until then.
3. Most changes surround Personal Injury Protection (PIP) benefits. Currently, all Michigan auto insurance policies provide unlimited medical coverage for injuries sustained in an auto accident. The upcoming changes will offer consumers the option to limit their PIP coverage, with the hope that this limit will provide cost savings.
4. There are other changes, too. Other coverages, including limited property damage or "mini tort", bodily injury liability limits, as well as fee schedules for medical providers, will also be happening.

Although at this point we know what will be changing, we don't yet know the piece that most consumers want to know: what will it do to my price?

Insurers in Michigan will have until roughly April to file their new rates with the state. We expect to get a better understanding of pricing for new policies around May or June. We will not know the effect on renewing policies until 25-45 days prior to those renewals.

The good news is, until things change, they are, for the most part, staying the same. Your PIP benefits are still unlimited and your pricing is staying the same. Once changes to your specific policy are known, you will receive communication from your carrier about those changes.

If you have more questions about auto reform, please contact us any time. ❖

WELCOME!

We hope all of our clients had a wonderful holiday season! We also hope the New Year is a happy and healthy one for you!

**Thank You for Choosing
Levin Insurance Agency**



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If you have any questions regarding any of these articles or have a coverage question, please contact us at:

LEVIN INSURANCE AGENCY

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*Levin Insurance Agency
Wishes you a Happy New Year*



Homeowner's Liability That Goes Beyond Your Home

ONE MISCONCEPTION about homeowner's liability insurance coverage is that it only covers incidents in the home.

But the coverage under the comprehensive personal liability portion of your homeowner's insurance policy is not limited by location. It is, however, limited by the liability caps on your policy. We can show you where in the policy that is stated.

COVERED OFF-PREMISES SCENARIOS

- Sports incidents. For example, you are playing golf and you drive a ball that hits someone in the head. They require immediate medical attention, which causes them to miss weeks of work. Your policy would likely cover this.
- After shopping, you accidentally drop a bottle of olive oil in the parking lot, and it shatters. Another shopper slips and seriously injures themselves on the pavement. While the assumption is the injured party will take action against the market, the typical practice of attorneys is to go after everyone associated with the incident, and that includes you.
- You are on vacation at a hotel, and you are so excited to leave the room to enjoy a sightseeing tour that you forget to turn off the faucet. The running water causes significant damage to the hotel structure. The hotel decides to go after you for damages. Your policy will defend you and may pay out damages if you are found liable.
- Your kid lends his skateboard to a friend, and the friend, who may not be experienced with the board, gets seriously injured trying to make a maneuver. Parents can be held liable for this injury, but there is a very good chance this will be covered by the personal liability portion of your policy.
- If your dog bites a stranger at the park, your policy will cover you as the responsible party for the dog, as long as the policy does not exclude coverage for your dog breed. Some policies exclude coverage for "dangerous" breeds such as pit bulls.

Additionally, the liability portion will usually extend coverage for incidents when you are using the following items, even if an accident happens away from the insured premises:

- Trailers that are not attached to a motor vehicle.
- Motorized golf carts.
- Watercraft that do not have a motor or are not more than a specified horsepower.
- Sailboats below a certain length.
- A vacation residence; however, certain conditions may apply.
- Non-motorized bikes.

Your homeowner's policy would not cover liability arising from:

- Incidents when driving your car.
- Incidents when driving your recreational vehicle.
- Any incident related to business.
- Intentional acts.

Policies vary, so it is important to review yours to see what may or may not be covered.

Additionally, some policies allow you to endorse a coverage that may not be on the policy. This is why it is so important to sit down with us to address additional risks you may have and make sure coverage for those risks is addressed.

The takeaway

Liability coverage is perhaps the most important coverage you should have, simply because most of these cases involve attorneys and, if coverage exists, the insurers provide for your defense, as well as any settlement for up to the limits of your policy. ❖



CONCERNED ABOUT YOUR LIABILITY LIMITS?
CALL US: 248.531.8300





Coverage Facts

Details about Auto Reform Changes and Options

WHEN AUTO reform takes effect, there will be several changes and options available to your insurance. Some of these will be required, some will be optional, all will have an effect on pricing.

Limited Property Damage or 'Mini Tort' – Although Michigan is a no fault state (and will remain a no fault state), there is a coverage available called Limited Property Damage or “Mini Tort”.

This allows someone to file a claim against your insurance if you are at fault in an accident with them (and allows you to do the same if someone else is at fault in an accident with you).

This coverage is designed for you to recover a limited amount of money, like your deductible, rather than suing the other driver.

This is an optional coverage on auto policies and we recommend everyone carry it. Currently the limit of this coverage is \$1,000. The new limit will be \$3,000.

Bodily Injury Liability Minimum Limit Increase – Bodily Injury Liability coverage is the part of your auto insurance coverage that protects your assets if you are in an accident with someone and you injure or kill the driver or passengers of the car.

The current minimum limit for bodily injury liability coverage is \$20,000 per person, \$40,000 per accident, or “20/40.” The new minimum limit will be going up to \$50,000 per person, \$100,000 per accident, or “50/100.”

Additionally, the “default” limit for this coverage will go to \$250,000 per person, \$500,000 per accident. This means you will no longer be able to carry 20/40 and, if you don't sign and return a form at each insurance renewal, according to state law, your coverage will automatically become 250/500.

We think this is good news. We believe that people in general need to carry more liability insurance than they do today, and we think that auto reform is going to lead to more consumer-to-consumer lawsuits and you will want to be sure you are covered. Effective January, our agency will be writing all new customers at a minimum of 250/500. Existing customers will have the option at renewal to increase this coverage or sign a form to keep lower coverage.

Existing customers are also welcome to call us any time prior to renewal to make this change.

Personal Injury Protection (PIP) Options – Currently, all auto insurance policies in Michigan have unlimited PIP coverage for medical coverage for injuries sustained in an auto accident. Effective July, there will be five options:

1. Unlimited – Customers will be able to keep unlimited coverage and benefits.
2. \$500,000.
3. \$250,000.
4. \$50,000 – Only available to people with Medicare and those with a qualified health plan that covers all individuals in the household.
5. Opt out – Only available Medicaid recipients or those with a qualified health plan covering all members of the household.

One of the biggest changes is a decrease in the Michigan Catastrophic Claims Association (MCCA) fee. The fee will drop \$100 per vehicle that carries unlimited PIP, down from \$220 currently. This change takes effect on your first renewal after July 1.

While we believe that the changes to Limited Property Damage coverage and Bodily Injury Liability coverage will have a minimal effect on pricing, we believe that the changes to PIP and MCCA fees are going to have the biggest impact on pricing, with MCCA really being the big factor. You will see a good deal of relief from the 55% decrease in MCCA fees plus a decrease in the cost of PIP.

We are happy to discuss any and all of these changes with you and how they will affect you going forward. As a general standard, we do not recommend cutting coverage. We believe that keeping unlimited coverage will provide enough savings that cutting your PIP limits just won't be worth the few extra dollars you might save. ❖

**HAVE QUESTIONS? CONTACT US ANY TIME:
248.531.8300**



Insurance Checklist for the New Year

D ID YOU make any New Year's resolutions this year? Besides making time to rid your life of bad habits or setting goals to improve your life and health, the start of the year is also a perfect time to re-evaluate your insurance coverage needs.

This is especially true if you've had any significant life changes or made large purchases during the prior year.

POLICY REVIEW TRIGGERS

- Having a baby
- Getting married or divorced
- Making add-ons to your home, like a new deck or swimming pool
- Making big purchases like an entertainment system or appliances

You can call us to schedule a time to review your policies to make sure they meet your current needs. The last thing you want is to be underinsured in case you have to file a claim.

We can help to check if your coverage is adequate or if you might need to make adjustments. If you haven't had a life-changing event or any of the above scenarios, you should still talk to us as you may be eligible for discounts. Here are some things to consider:

Life insurance

You may need to make changes to your life insurance policy if you've had a child, divorced, remarried or obtained a new mortgage or job.

In the case of the birth of a child or a new marriage, you may want to increase your death benefit. Call us to see if your insurance company requires a physical exam before increasing your coverage levels.

On the other hand, you may want to reduce your coverage if:

- You pay off your mortgage
- You retire
- Your children finish college.



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Homeowner's or rental insurance

After years of steadiness, homeowner's and renter's insurance rates are on the rise due to the increasing costs of natural catastrophes that have been hitting with increasing frequency in the past few years.

If you live in an area prone to disasters – floods, hurricanes, earthquakes, wildfires or tornadoes – you may see more pronounced rate hikes.

That's why it's more important than ever that you update your home inventory and make sure your homeowner's or renter's policy is up-to-date.

You can make the process more efficient by using the National Association of Insurance Commissioners' free home inventory smartphone app: myhomescr.APP.book, which you can find on iTunes or Google Play.

After you have made note of any material changes, including any work you have done on your home, call us to go over your policy.

Auto insurance

If you have had an accident or a few tickets in the past year, it would be worth a call to go over your auto insurance policy with us.

You should make sure all of your limits are appropriate, particularly the liability portion.

If you have not updated your liability limits recently, maybe you should. Besides medical costs having increased substantially in the past decade, the cost of repairing modern cars is also much higher than in years past.

If you have low liability limits and you exceed the limit, you may be out of pocket for any excess costs from damage or injuries that you may have caused.

Review your deductibles for comprehensive and collision coverage.

