

Legislative Analysis



AUTO INSURANCE: COORDINATED COVERAGE

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House Bill 4904

Sponsor: Rep. Dave Hildenbrand

Committee: Insurance

Complete to 6-22-05

A SUMMARY OF HOUSE BILL 4904 AS INTRODUCED 6-9-05

The bill would amend the Insurance Code to rewrite the provisions that govern the coordination of coverage between personal injury protection (PIP) benefits available under no-fault automobile insurance and other health and medical coverages.

The bill would provide the following:

- An auto insurer would have to offer a policy that makes PIP benefits secondary to other health and accident coverage on the insured individuals. Coverage in this case (as well as deductibles and exclusions) would apply to the person named in the policy, any spouse, and any relative of either domiciled in the same household.
- An insurer providing PIP benefits could offer a policy making PIP benefits primary to other coverage on the insureds. Coverage in this case would apply to the person named in the policy, any spouse, and any relative of either domiciled in the same household.
- In cases where neither of the above applied to an injured person claiming PIP benefits, those benefits would be secondary to other health and accident coverage available to that person.
- An auto insurer providing personal injury protection benefits could offer, at appropriately reduced premium rates, a deductible of a specified dollar amount. The deductible could be applicable to all or any specified types of PIP benefits but would only apply to the person named in the policy, a spouse, and any relative of either domiciled in the same household.
- An insurer could also offer in connection with PIP benefits preferred provider, managed care, or similar options providing for deductibles and co-pays. Preferred provider, managed care, and similar options would apply to any person claiming benefits under a policy.
- A person could not recover duplicate benefits for the same expenses or losses incurred.

(Generally speaking, the act currently is understood to allow customers to choose to coordinate auto insurance coverage with other health insurance, in which case premium

rates are reduced, the auto benefits are secondary to other health coverage on the insured, and duplicate benefits cannot be collected.)

MCL 500.3109a

FISCAL IMPACT:

The administrative responsibility to ensure compliance with this bill will add an indeterminate amount of cost to the State's Office of Financial and Insurance Services. The potentially lower insurance rates that could result from this bill may lower the cost of automobile and health insurance to both the State of Michigan, and its local units of government, but the amount cannot be readily estimated.

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