

## A Brief Explanation of Michigan No-Fault Insurance Benefits

If you have been injured in an automobile accident in Michigan, you will generally be entitled to no-fault insurance benefits. These benefits extend to Michigan motorists traveling outside the state as long as they are in the United States, its territories, or Canada.

No-fault benefits are payable regardless of who was at fault in the accident. This file is an effort to summarize the benefits you may be entitled to. It is not intended to be viewed as legal advice. Please review this information carefully; feel free to ask us any questions you may still have.

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### What your insurance company must pay...

The list of benefits available under the Michigan No-Fault Insurance Law includes:

- **Medical expenses** include all expenses reasonably necessary for your "care, recovery, or rehabilitation." This means that your no-fault insurer must pay for all hospital and doctor services, medicines, orthopedic devices, and other medically necessary equipment. In some instances, and depending on the severity of your injury, private nursing care, home modification, vehicle modification, and even food and housing expenses may be payable. Similarly, out-of-pocket expenses associated with travel for medical purposes are also payable. Family members who provide practical nursing services such as bathing, assisting with exercise, administering medication, etc., are entitled to be compensated by your no-fault carrier at a reasonable market rate for their services.
- **Wage loss** must be paid by your insurance company for up to three (3) years from the date of your accident if you have missed work because of your injury. Since the benefits received from your insurance company are not taxable income, these benefits are reduced by 15% unless you present reasonable proof to the insurance company that a lower percentage should apply. The benefits payable for work loss sustained in a single 30-day period are limited by statute and are revised yearly. Check with an attorney to learn the current maximum monthly rate.
- **Replacement services benefits** are payable at a rate of up to \$20 per day for the cost of obtaining ordinary and necessary services in place of those that the injured person would have performed were it not for the accident. This benefit, which is payable for three (3) years from the date of the accident, is intended to cover the cost of household chores such as yard maintenance, meal preparation, cleaning, laundry, and simple household maintenance.
- **Survivor's loss benefits** are payable to the dependents of a person fatally injured as a result of an automobile accident. These benefits are intended to replace the contribution of tangible things of economic value the dependents would have received from the deceased had he or she not been fatally injured.
- **Funeral and burial expense benefits** are payable in an amount of not less than \$1,750 but not more than \$5,000. Check your no-fault insurance policy for further details.

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## **Things you should do...**

### **First things first:**

1. Consult an attorney about your rights to bring a claim against the negligent driver who caused the accident. Such a claim would seek compensation for damages not covered by your no-fault insurance and would include such things as excess wage loss, compensation for pain and suffering, disability, etc.
2. File an application for no-fault benefits with your insurance company. It is important to file this application promptly. If you wait more than one year from the date of the accident before providing your company with written notice, your claim will be barred by law. (i.e., there is a one (1) year statute of limitation on this type of claim.)
3. Write the date of your correspondence on every letter you send to your insurance company and keep a copy for your records. Be sure to include your name, claim number, and date of the accident.

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### **Medical:**

1. Make sure your doctors and other health care providers are aware of the adjuster's name, your insurance company's name, and claim number once you are assigned an adjuster by your insurance company.
2. Immediately forward any medical bills you receive to your insurance company and request payment.
3. Keep track of all out-of-pocket expenses such as prescription drugs and mileage expenses. Submit a request for reimbursement of these expenses to your insurance company on a monthly basis.
4. Keep a calendar or diary record of the hours and nature of attendant care services provided by friends or family members. Submit a bill to your insurance company on a monthly basis seeking reimbursement at a reasonable market rate for these services. Check with area nursing agencies for a service quote for basis of comparison.

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### **Wage loss:**

1. Consider what your total loss of income has been as a result of the accident. Have you lost overtime pay or depleted a "sick time" fund? Were you scheduled to receive a pay raise? Have you been unable to work at a second "moonlighting" job? Submit a claim for all income lost resulting from the accident.
2. Obtain a note or disability slip from your doctor explaining why you are unable to work or why your hours must be reduced.

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### **Replacement services:**

1. Keep a diary or calendar to record the type of services being provided and the name of the person(s) performing the service. Provide this information to your insurance company on a monthly basis.
2. Because the no-fault law requires that expenses be "incurred," you should keep a copy of check stubs or receipts for payment. Make oral agreements

with family members or friends to pay them for their services where payment is not being made immediately.

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**Time limits**

Your insurance company is obligated to pay benefits within 30 days after it receives “reasonable proof of the fact and the amount of the loss”—in other words, from the time your company receives copies of medical bills, wage verification forms, etc. Overdue payments bear simple interest at the rate of 12% per annum. Also keep in mind that there is a one (1) year statute of limitations on any action you may bring against a no-fault insurance company. Even once you have filed your application, it is important that you make sure that all bills get submitted to your insurance company within one (1) year from the date they are incurred. By law, an insurer will be excused from paying a bill that has not been submitted within one (1) year. We encourage you to speak to one of our attorneys immediately if you are pursuing no-fault benefits on your own and experience any difficulties or delay in payment.

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**Coordination & set-off**

Be aware that certain benefits may be subject to coordination (reduction) to the extent you have health insurance coverage. Likewise, if you are entitled to worker’s compensation or social security benefits, your no-fault insurance carrier may be entitled to a set-off.