



## A Brief History of Michigan's No-Fault Auto Law

The current no-fault auto insurance law has been in place in Michigan since 1973. When it was originally passed, nearly 50 years ago, the no-fault system was designed to:

- Streamline the claims process and make it more straightforward for auto accident victims, especially if more than one driver contributed to an accident.
- Provide accident victims an effective method to collect needed benefits, allowing them to recover quickly while saving time and money.
- Appropriately and efficiently compensate accident victims for medical expenses and lost income resulting from an auto accident.
- Reduce the high number of auto accident related lawsuits in our legal system. Prior to the 1973 law, our courts saw approximately 70,000 cases annually, compared to around 30,000 cases today.

Under the current no-fault law in Michigan, accident victims are entitled to unlimited lifetime medical benefits and limited wage loss benefits. Severely injured accident victims are able to receive the needed medical and wage loss benefits immediately following an accident, versus trying to reach a settlement in the legal system, like the traditional system found in various other states. In Michigan, all drivers are required to carry PIP coverage, property damage coverage, and bodily injury at state minimum limits.

The no-fault system in Michigan has seen its fair share of challenges, such as the rising cost of auto insurance for Michigan drivers. Shared from The Insurance Alliance of Michigan (IAM), the cost of auto insurance is being driven up due to; the cost of; unlimited, lifetime medical benefits, the rising cost of health care, the increased cost in auto and body repair and the number of lawsuits. Due to Michigan being one of the highest states for car insurance premiums, many Michiganders choose to not have insurance at all, which stresses the basic insurance. The upcoming No-Fault Reform is expected to alleviate a number of these issues.



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