



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 787 (Substitute S-4 as reported)
Sponsor: Senator Rick Jones
Committee: Insurance

CONTENT

The bill would amend the Insurance Code to do the following:

- Require an individual who was 65 or older to select between a \$50,000 maximum limit and no maximum limit on personal protection insurance benefits when he or she applied for or renewed an automobile insurance policy.
- Require a person who was 65 or older to complete a form to certify whether he or she was 65 or older, and specify requirements concerning the form.
- State that a person who was 65 or older would be considered to have selected the \$50,000 maximum limit if he or she did not complete the form or make a selection.
- State that a \$50,000 maximum limit selected under the bill would apply only to benefits payable because of an accidental bodily injury to the insured and his or her spouse.
- Specify that the Michigan Catastrophic Claims Association (MCCA) would not have any liability for a loss to which the maximum \$50,000 limit applied.
- State that the premium charged to a member, the total car years of insurance, and the applicable average premium per car would have to be adjusted to provide for policies to which the \$50,000 maximum limit applied.
- Prohibit insurance rates from resulting in a charge for the MCCA for a policy to which the \$50,000 maximum limit applied.
- Specify that an insurance producer or an employee or agent of an insurance producer would not be liable for damages caused by the conduct of the producer, employee, or agent related to obtaining or providing information, or the choice of personal protection insurance benefits, under the bill.

The bill is tie-barred to Senate Bill 1014 (which would make various changes to the Insurance Code regarding automobile insurance and the MCCA). Under Senate Bill 787 (S-4), payments to providers for products, services, and accommodations would be subject to limits proposed by Senate Bill 1014.

MCL 500.3104 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would not have a significant impact on State or local government. Depending on the number of eligible individuals who selected the \$50,000 personal injury protection benefit cap, the bill could lead to additional enrollment in Medicaid services for injured individuals or spouses whose medical bills exceeded private insurance coverage. As the \$50,000 cap would be available only to individuals 65 or older, this would likely be a relatively low number of motorists.

Date Completed: 6-7-18

Fiscal Analyst: Elizabeth Raczkowski

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Bill Analysis @ www.senate.michigan.gov/sfa

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