



Save thousands of dollars and countless hours of stress, anxiety, and misery if you own or drive an automobile in the state of Michigan

BUYING

MICHIGAN AUTO INSURANCE

Real Solutions to Prevent You From Being
Screwed by Your Auto Insurance Carrier.

**Wigod
& Falzon**
LITIGATION ATTORNEYS

25988 W. Twelve Mile Road
Suite 200
Southfield, MI 48034



Contents

03

The Big Problem

04

What Really Happens After You
Are Involved in a Motor Vehicle
Accident

05

The Red Flags in the Insurance
Application Process

11

The Effect of Not Having
Insurance on Your Vehicle at
the Time of the Accident

12

Beware of the Insurance Agent

13

Opting Out of No-Fault
Medical Coverage

15

Failure to Buy UM / UIM
Coverage

16

Problems That May Occur
After the Accident

The Big Problem(s)

Many practical problems present themselves in Michigan's new no-fault law. First, the government requires every vehicle owner to have no-fault insurance. However, they haven't provided adequate means for citizens to access the benefits of this insurance. This is problematic because the insurance companies in charge of paying these benefits operate for profit, making it challenging for individuals to claim their entitled benefits. Of course, you can hire a lawyer and sue these insurance companies to obtain your benefits, but how does that help the ignored and disabled person now?

You can indeed sue these insurance companies to obtain your benefits, but how does that help the people of the State of Michigan?

The second big problem with the no-fault law is that the government removed the requirement for unlimited medical coverage in car insurance policies. Now, the amount of medical expenses your car insurance will cover depends on how much you're willing to spend on the insurance itself. So, the less you pay for insurance, the fewer medical costs it will cover.

What the State has not told citizens is that the new auto insurance medical limits may require the injured person to, out of their pocket, pay for some of their medical expenses. In addition, any money paid by the injured person's health insurance company, like Blue Cross Blue Shield or Medicare, will have to be paid back to those health care programs if any pain and suffering money is awarded to the injured person.





What **Really** Happens...

... after you are involved in a motor vehicle accident.

Okay, so you did the right thing and obtained Michigan no-fault insurance, and now you are driving around when somebody rear-ends you at a red light, causing your car to be damaged and you to be injured. You make a claim with your insurance company... **now what?**

The first thing that the **insurance company** is going to do is scrutinize whether or not they can **cancel your policy**. They do not start the process by basing any decision on your injury or the facts of how the accident occurred. Instead, they start investigating whether or not you told the truth in the application process for the insurance carrier.

They will look under every rock to find anything and everything they can use as an excuse not to pay for your loss or injury. Here are some of the problems people have faced after an accident that could have been avoided during the application process.



The Red Flags

IN THE INSURANCE APPLICATION PROCESS

Understand this: failure to tell the insurance company the absolute truth about your residence and who you live with will allow them to void your insurance policy even AFTER you have been in an accident. In addition, Michigan law requires you to advise your insurance company of any changes in circumstances within **thirty (30) days** of their occurrence.

- » ***If you move, you must tell them.***
- » ***If you have a child, you must tell them.***
- » ***If you get married, you must tell them.***
- » ***If you get a new roommate, you must tell them.***

When you think about the cost of living in our state, three things come to mind: housing costs, the cost of an automobile for transportation, and insurance costs. The State of Michigan demands that every driver obtain no-fault insurance, and yet, have you seen one commercial, infomercial, or public service announcement from the State of Michigan that warns you of the pitfalls involved in purchasing insurance?

The State has mandated that we get insurance if we want to drive a car, yet they leave their citizens uninformed about the process. Here are some examples of things to beware of when purchasing insurance.



01

GARAGING FRAUD

Everyone knows that people in Detroit pay the highest insurance premiums in the country. Trying to reduce those premiums by telling the insurance company that you live somewhere other than Detroit will effectively nullify your insurance if you ever have an accident.

Considering how little help your current insurance will be if the company discovers you provided a false address, you'd be just as well off buying fake insurance to renew your license tabs.

02

NO LICENSE

Applying for insurance and failing to admit that you do not have a valid license will again nullify your insurance when you have an accident and you need it most.

03

DRUNK DRIVING / SUSPENDED LICENSE

If you fail to tell the insurance agent or company that you have pled guilty to drunk driving, or if your license has ever been suspended for anything as simple as not paying parking tickets, they will nullify their insurance after you have had an accident and leave you financially destitute.



All insurance applications require you to “list all persons who currently reside in your home.” This includes children who are away at college and will return. Failure to list all persons on your insurance application will **nullify your insurance** when you have an accident. This even includes infants.

STORY TIME

We have a recent case where a family was refused insurance coverage because three months before the accident, they brought a new baby into their lives and home. The insurance company refused to pay benefits until we filed a lawsuit against them. Despicable, true, but this is the state of insurance in Michigan today.

If you drive for DoorDash, Uber, Lyft, or any other business that requires you to use your vehicle to make deliveries, **YOU MUST ADVISE YOUR PERSONAL AUTO INSURANCE OF THIS FACT.** If you do not advise them, your regular insurance policy will not cover you in the event you have an accident while in the course of your business activities.

In fact, if the insurance company discovers that you are engaged in such activity even if your accident occurred while you were on your way to church services, they will cancel your policy. That's how they save their company millions of dollars a year by not paying benefits to injured people.



If you obtain your car insurance from the Internet, make sure that you are getting Michigan no-fault insurance. Many companies, such as Geico and State Farm, write policies in different states.

State Farm insurance in Florida or Illinois may be much cheaper than State Farm insurance in Michigan. However, obtaining insurance from a different state while living in Michigan nullifies your insurance coverage.

The insurance company will attempt to cancel your policy for any discrepancy they claim to be a “material misrepresentation.” Trying to figure out what a material misrepresentation means requires court intervention. It’s an expense you don’t want or need.



DON'T CASH THAT CHECK!

If the insurance company, in their investigation, discovers any of the issues that I have listed above exist, they will attempt to cancel your policy by something called “rescission.” They will send you a letter indicating that, “based on their discovery, they have rescinded your policy,” which means they have canceled your policy back to the date the contract was originally signed. That equates to driving without insurance.

In this letter, you may also see the language: “Accompanying this letter will be a check to you for your past insurance premiums,” or something to that effect. This check is from the insurance company paying you back for your insurance premium. While this check is enticing to many people – **do not cash that check!**

Be advised that it is not legal for the insurance company to rescind your policy without a court order. What they are hoping for is that you will cash the check, which means you unknowingly agree to their decision to cancel your insurance through rescission and will then be unable to collect benefits.

The courts have basically ruled that cashing the check is your agreement to the rescission. Whatever you do, if you receive such a letter from your insurance company, contact an attorney immediately, and do not, under any circumstances, cash that check.



Please read the section on page 12 titled, "Beware of the Insurance Agent" for more information. You **MUST** read the application that you are signing and understand all of it. Many times, insurance agents will fail to ask you questions that are on the application and simply fill the answer in for you in an attempt to get you approved for insurance, and then have you sign in a digital signature box so you never see the document he/she filled out for you.

If the insurance agent fills out that form, and you do not read it and just go ahead and sign it; under Michigan law, you are responsible for whatever is on that application page.



PRO TIP

Read whatever the insurance agent has written on the paper for you. It could save you thousands of dollars in the future.



The Effect of

Not Having Insurance

on Your Vehicle at the Time of the Accident

Whether you failed to get insurance on your car before an accident or if you had insurance and the insurance company rescinds your policy, the effect will be the same. You will lose the immunity that the no-fault law gives you for the economic damages suffered by the other driver.

In other words, if you're sitting at a red light and somebody rear-ends you, and you don't have insurance on your car, they can sue you for all of their economic damages, which could include but are not limited to:

- » The loss of their car
- » Their medical and doctor bills, even if those are paid by their insurance company under their No Fault policy
- » Lost wages

By having insurance at the time of the accident, you are immune from most of these economic damages, but beware: The new Michigan no-fault law allows for some damage claims against you in the event you cause an accident. However, the amount of damages you will have to pay is very limited if you have insurance.

To protect yourself in these cases, you must make sure that you have enough liability insurance to cover any and all damages you may cause.





Beware

of the Insurance Agent

An **insurance adjuster** is not the same thing as an **insurance agent**. When you go to buy insurance for your car, you are dealing with an agent who is a salesman. That agent will attempt to get your money and write you a policy of insurance that may or may not suit your needs. Remember, he just wants to make a dollar.

If he gives you an insurance quote that is too high and you walk away, he will make nothing, so he is not concerned with whether or not you're getting the right coverage; he's concerned with making a sale.

It does not matter to him whether or not he tells you the whole truth about the insurance you're getting or how you're getting it. He knows that if you get into a car accident, it will be the insurance adjuster at the other end of the line who will have to deal with you and your problems, not him. He has already made his money.



STORY TIME

I have a client who recently told me that she decided to separate from her husband. She left their marital home to move back into a home she owned in Livonia and took her daughter with her. I advised her that she needed to speak to the insurance company and let them know that she had moved, even though the house was in the same city as her marital home.

When she did so, the agent told her that he would not make the change for her because the particular area she was moving into would cause her insurance rate to increase. This agent may have felt he was doing her a favor, but in the long run, and in the event she had an accident, she would have lost her coverage and not been paid one dime.

Insurance agents are no different than anyone else; they are motivated by the same things including making more money and trying to help people. But sometimes they just end up hurting their clients.

Opting Out of No-Fault Medical Coverage

Recently, the Mayor of the city of Detroit was promoting the idea that people can “opt out” of the medical coverage portion of the Michigan No-Fault Act to lower their premiums. You are allowed to opt out if you have Medicare A and B coverage, or coverage with a qualified health insurance plan such as Blue Cross and Blue Shield, with a deductible of less than \$6,000.00. There are two problems with this proposal.



First, Medicare and health insurances like Blue Cross and Blue Shield, no matter how good of a policy, have their limitations. You could go in for physical therapy and the doctor may suggest 30 treatments, but your Blue Cross only covers 15. If you opt out of Michigan no-fault, no one is there to cover those additional fifteen sessions you may need except you.

And what about co-pays and deductibles? We all know health insurance companies have these. With an opt-out, you will have to pay these, not the No Fault insurance carrier.

Secondly, these insurance companies include something called subrogation agreements in their policies. This means if you have the chance to sue the driver who caused your accident for your pain and suffering (which is a different lawsuit from your no-fault case), the insurance company can ask you to repay them the medical expenses they covered using the money you win for your pain and suffering.

So, essentially, it can feel like you don't really have insurance because you might end up paying for your medical costs in the end. By not opting out and getting unlimited no-fault coverage, which does cost more initially, you will save thousands and thousands of dollars in the long run.

Your insurance agent will not tell you this because it adds a cost to your insurance bill, and he knows that if the cost is too high, you will walk away and go somewhere else. However, you are practically uninsured when you buy a no-fault policy without unlimited medical coverage.

He will not tell you because it adds a cost to your insurance bill, and he knows that if the cost is too high, you will walk away and go somewhere else. However, you are practically uninsured when you buy a no-fault policy without unlimited medical coverage.



Failure to Buy

UM/UIM Coverage

UM coverage, or uninsured motorist coverage, will cover you for pain and suffering damages when you are hit by a car that either has no insurance or leaves the scene of an accident without identifying themselves. In other words, you purchase UM coverage from your insurance company, and they protect you in the event you are hurt in a hit and run accident.

UIM coverage, which stands for underinsured motorist coverage, helps protect you if the person who caused the accident doesn't have enough insurance to cover all your damages. For example, if the other driver has a basic insurance policy that covers up to \$50,000, but your injuries are severe and cost much more to treat - possibly hundreds of thousands or even millions of dollars - UIM coverage can help pay for the extra amount that their insurance doesn't cover.

Both UM and UIM are voluntary coverages. They are not part of the mandatory Michigan no-fault law, but they are required to be offered to insureds by every company. Lately, some companies have promoted not getting UM coverage because it saves money on the policy premium you pay. However, I'm here to tell you that nothing could be more dangerous than not purchasing UM or UIM coverage for your vehicle. This coverage, while more expensive upfront, protects you and your family from uninsured or underinsured drivers.

Nationally, the American Automobile Association (AAA) has estimated that 13% of drivers are uninsured. In Michigan, the rate is **20%**, which is the **4th highest in the country**.



In 2019, **26%** of Michigan drivers were unlawfully driving without insurance. As you can see, the chances of being hit by a driver without insurance are tremendous. Do not harm yourself or your family by failing to buy UM or UIM coverage with your insurance policy.

Problems That May Occur After the Accident

01

THE BIG INSURANCE DELAY TACTIC

The law requires insurance companies to pay for medical bills, lost wages, replacement services, etc. within **thirty (30) days** of the date they receive reasonable proof that such benefits are owed. This has turned into a wait of almost a year. I have many clients for whom we file an insurance claim but don't receive any payment for up to eight months, if at all.

This delay is usually because the insurance company says they are conducting an investigation. The law requires them to pay within 30 days, but they normally do not. *Who are you gonna call—Ghostbusters?*

How can we force them to pay? The only solution the law allows us is to file a lawsuit against them, which is pointing an empty pistol at them. The practical effect of filing a lawsuit is more delay. The courts are not inclined to rule in favor of injured persons but more for the insurance company when motions are filed to speed things along.



One insurance company, who shall remain nameless, will not even return our phone calls. That is not a joke - they simply will not answer the phone. They will not tell us where they are with their investigation, they simply refuse to even talk to us.

Therefore, the most we can do is sue them. But as I said, this is nothing more than just added delay.

I believe that the insurance adjusters do it on purpose so that we will sue, thereby forcing the adjuster to turn the file to their legal department and relieving them of the problem of having to deal with injured people and their lawyers.

02

THE APPLICATION FOR BENEFITS

For you to obtain no-fault benefits after a car accident, the insurance companies require you to fill out an application for benefits. There is no legal requirement that you fill out such an application, but only that you provide the insurance company with written notification of your accident, the date it occurred, and the fact that you are injured.

However, getting an insurance company to pay you without the application for benefits is nearly impossible.

In addition, if you or a resident relative, do not have car insurance, the State requires that the insurance companies provide insurance for you through the Assigned Claims Plan office. However, the Assigned Claims Plan office does require you to have an application for benefits. It's also two pages longer than a normal application for benefits, containing many words and terms that you may not understand.



I have seen many cases thrown out by the judges just because somebody answered a question in the application for benefits incorrectly. Ask yourself, would you know the answer to this question: “Have you ever had any pre-existing injuries that are the same as you received in this accident?”

Many people do not know what the word pre-existing means or how it fits into the auto accident and the injuries you receive from that accident.

The courts do not care if you make mistakes and answer this question incorrectly; they will claim you committed fraud and throw out your entire case if you get it wrong. You have the State of Michigan, the courts, and the insurance industry all against you. It is not a pretty sight.

Make sure you understand what you are answering in the application for benefits and do not answer a question that you do not understand. Call a lawyer, ask your neighbors, talk to your pastor, find somebody who may understand the question better than you, and put down the correct answer to protect yourself in the future.

KNOWLEDGE IS POWER

No-fault is a complicated area of the law. It has become more complicated because, after 40 years, the government changed the rules and the law to make it much more difficult to obtain benefits.

Most lawyers will give you free advice regarding your accident. We suggest you take advantage of this and contact them with your questions, so that they can provide you with good legal advice that will prevent you from losing your no-fault benefits.



A GUIDE TO MICHIGAN'S NEW NO-FAULT LAW

LOSING IS **NOT** AN OPTION.

Disclaimer: *The content of this book does not constitute an attorney-client agreement. The information is for general informational purposes only and should not be construed as legal advice.*



If you want to discuss these laws any further, please feel free to reach out to us by scanning the QR code or at the contact information below.

LAWRENCE FALZON

(248) 356-3300

lawrence@falzonlaw.com

25988 W. Twelve Mile Rd.

Suite 200

Southfield, MI 48034

**Wigod
& Falzon**

LITIGATION ATTORNEYS