

RULES – IMPLEMENTED

JUNE 14, 2023

COMMERCIAL AUTOMOBILE

LI-CA-2023-196

MICHIGAN REVISION TO COMMERCIAL AUTOMOBILE RULE 293. AMENDED AND TO BE IMPLEMENTED

KEY MESSAGE

We are implementing an amendment to Commercial Auto filing [CA-2023-ORU1](#).

BACKGROUND

In circular [LI-CA-2023-130](#), we announced that, in order to more closely track MICH. COMP. LAWS ANN § 500.3109a, we had revised Rule **293**. Paragraph **C. Coordination of Benefits – Excess Personal Injury Protection** to state that the option to provide Michigan Coordination Of Personal Injury Protection Endorsement CA 22 21 may be offered on all policies covering individually owned automobiles.

ISO ACTION

In response to Michigan Department of Insurance and Financial Services (DIFS) Bulletin 2023-12-INS, we have amended Rule **293**. to revise Paragraph **B.9. Proof of Medicaid or Medicare Enrollment or Qualified Health Coverage** to update the qualified health coverage deductible amount from \$6,000 to \$6,579.

Refer to the attached explanatory material for complete details about the filing.

For more information on the status of filings in a particular state, including filed and approved documents, associated circulars and links to Print Ready Manuals and Commercial Lines Manual, please feel free to access our [Filings](#) feature within the ISOnet Circulars product.

INSURANCE DEPARTMENT ACTION

This amendment has been acknowledged by the Michigan DIFS.

PROPOSED EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after October 1, 2023.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number [CA-2023-ORU1](#) and SERFF Tracking Number [ISOF-133614537](#), NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business, (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

RELATED FORMS REVISION

We are announcing in a separate circular the implementation of a corresponding forms revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-CA-2023-195](#) (06/14/2023) Michigan Revised No-fault Forms Filed
- [LI-CA-2023-130](#) (04/13/2023) Michigan Revision To Commercial Auto Rule 293. Filed

ATTACHMENT(S)

Filing [CA-2023-ORU1\(A\)](#)

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Amendment to Pending Filing CA-2023-ORU1

About This Filing

This amendment is being made in response to Michigan Department of Insurance and Financial Services (DIFS) Bulletin 2023-11-INS and Michigan DIFS Bulletin 2023-12-INS.

Amended Rule

We are amending Rule **293**. No-Fault Coverages.

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

Background

In pending filing CA-2023-ORU1, we, in part, revised Rule **293**. Paragraph **C. Coordination Of Benefits – Excess Personal Injury Protection** to state that the option to provide Michigan Coordination Of Personal Injury Protection Coverage Endorsement CA 22 21 may be offered on all policies covering individually owned automobiles.

Michigan DIFS Bulletin 2023-12-INS, issued on April 14, 2023, announced the annual "maximum deductible for determining whether health or accident coverage is [qualified health coverage] is **\$6,579.00** for the period July 1, 2023 through June 30, 2024."

Explanation of Changes

In response to Michigan DIFS Bulletin 2023-12-INS, we are amending Rule **293**. to revise Paragraph **B.9. Proof Of Medicaid Or Medicare Enrollment or Qualified Health Coverage** to update the qualified health coverage deductible amount from \$6,000 to \$6,579.

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293. NO-FAULT COVERAGES

Rule **293**. is replaced by the following:

A. Personal Injury Protection (PIP) And Property Protection

Use Michigan Personal Injury Protection Endorsement **CA 22 20** and Michigan Property Protection Coverage Endorsement **CA 22 24**.

This coverage must be provided on every auto and trailer having more than two wheels designed for use upon public highways and driven by power other than muscular power.

This coverage is not required for the following:

1. Special mobile equipment as defined in the Michigan Vehicle Code.
2. Mobile homes.
3. Motorcycles.

B. Premium Development PIP Full Coverage

1. If a liability loss cost is provided and Property Protection and Personal Injury Protection loss costs are not provided, calculate the Property Protection, Personal Injury Protection and liability subject to no-fault loss costs by multiplying the liability base loss cost by the following factors:

| Coverage | Zone-rated Interstate | Zone-rated Intrastate | All Other |
|----------------------------|-----------------------|-----------------------|-----------|
| \$100,000 Liability | 0.80 | 0.20 | 0.80 |
| Personal Injury Protection | 0.05 | 0.07 | 0.07 |
| Property Protection | 0.02 | 0.07 | 0.07 |

Table 293.B.1. No-fault Factors

2. When determining liability premiums for autos where Personal Injury Protection and Property Protection are not required, multiply the liability base loss cost by the following factor only if Personal Injury Protection and Property Protection loss costs are provided for such autos:

| Factor |
|--------|
| 6.20 |

Table 293.B.2. Not Eligible Personal Injury Protection And Property Protection Factor

3. Coverage Options

Michigan law requires the explanation and election of Personal Injury Protection Coverage for medical expenses limit or the rejection of such coverage under a commercial auto policy to be in writing through the use of a Coverage Selection/Rejection form that must be filed and approved by the Michigan Department of Insurance and Financial Services. The Coverage Selection/Rejection form shall be delivered to the applicant or named insured using one of the following ways:

- a. Personal delivery;
- b. First-class mail, postage prepaid; or
- c. By electronic means.

The Coverage/Selection Rejection form shall be completed by the applicant or named insured using one of the following ways:

- Mark and sign a paper form;
- Give verbal instructions as set forth in MICH. COMP. LAWS ANN. § 500.3107e (2)(b); or
- Mark the form electronically and provide an electronic signature.

If the applicant or named insured has not made an effective election of Personal Injury Protection Coverage for medical expenses limit or has not rejected such coverage, the following will apply:

- If the applicant or named insured paid a premium or premium installment, the amount paid accurately reflects the level of coverage applicable to the policy.
- In all other instances, unlimited Medical Expenses Coverage applies to the policy.

4. Coverage Limits

The applicant or named insured shall select one of the following coverage limits for medical expenses:

- a. \$50,000;

This option is only available if:

- (1) The applicant or named insured is a Medicaid participant; and
- (2) The applicant's or named insured's spouse and any resident relative of either the applicant or named insured has qualified health coverage as defined by Michigan law, is enrolled in Medicaid or is covered for personal injury protection under an insurance policy.

- b. \$250,000;
- c. \$500,000; or
- d. Unlimited.

5. Rejection Of PIP Medical Expenses For Medicare Enrollees

An applicant or the named insured has the option to reject coverage for PIP Medical Expenses if all of the following apply:

- a. The applicant or named insured is enrolled in Medicare; and
- b. The applicant's or named insured's spouse and any resident relative of either have qualified health coverage as defined by Michigan law or have PIP Medical Expenses Coverage under an automobile insurance policy.

6. Exclusion Of PIP Medical Expenses Under Qualified Health Coverage

This option shall be offered on all policies covering individually owned automobiles.

An insurer shall offer the option to exclude medical expenses under Personal Injury Protection Coverage under the \$250,000 limit to the applicant or named insured. The applicant or named insured may elect to have the exclusion apply if any of the following applies:

- a. The named insured is covered under qualified health coverage that is not Medicare; or
- b. The named insured's spouse or any resident relative of either the named insured or the spouse is covered under qualified health coverage as defined by Michigan law.

The amount of premium reduction must appear in a conspicuous manner in the Declarations and be shown as a dollar amount of a percentage.

To calculate the loss cost based on the applicability of qualified health coverage, multiply the \$250,000 Medical Expense loss cost calculated in Paragraph **B.4.** by the appropriate factor in Table **293.B.7.**

7. Medical Expenses Coverage Factors

| Medical Expenses Coverage | Factor | |
|---|-----------|-------|
| Either Medical Expenses Coverage is rejected by a Medicare enrollee, or all household members are covered by qualified health coverage and excluded from medical expenses under the policy. | 0.144 | |
| \$250,000 limit when one or more household member(s), but not all, is (are) covered by qualified health coverage and excluded from medical expenses under the policy. | 0.672 | |
| If there is no rejection or exclusion of Medical Expenses Coverage, select a factor according to the limit amount: | \$ 50,000 | 0.800 |
| | 250,000 | 0.960 |
| | 500,000 | 0.990 |
| | Unlimited | 1.000 |

Table 293.B.7. Medical Expenses Coverage Factors

8. Deductibles

Personal Injury Protection Deductible Factors are available in Rule **298.** Do not offer PIP Deductibles if Medical Expenses Coverage has been excluded or if the Coordination Of Benefits Endorsement in Paragraph **C.** is attached.

9. Proof Of Medicaid Or Medicare Enrollment Or Qualified Health Coverage

If the options described in Paragraphs **B.4.a.**, **B.5.** or **B.6.** are being used, insurers must collect directly or through their agents documentation for Medicaid, Medicare or qualified health coverage as applicable. Such documentation must be collected at the time of application and at each renewal.

For Medicare or Medicaid, proof of enrollment can be in the form of a current Medicare or Medicaid card.

For qualified health coverage, the applicant or named insured must provide a document from their health insurer or employer which states:

- a. The names and dates of birth of all persons covered under the qualified health coverage; and

- b. Whether the coverage provided constitutes qualified health coverage as defined by Michigan law or that the coverage does not exclude motor vehicle accidents and has an annual deductible of ~~\$6,579~~\$6,000 or less per covered individual.

With respect to the option to exclude medical expenses under Personal Injury Protection Coverage described in Paragraph **B.6.**, if the applicant or named insured fails to provide proof of qualified health coverage as stated above, the insurer must issue or renew the policy with the \$250,000 limit for medical expenses under Personal Injury Protection Coverage unless the applicant or named insured thereafter provides proof of qualified health coverage. However, the insurer must provide the exclusion for medical expenses under Personal Injury Protection Coverage to any or all household members that provide proof of qualified health coverage.

C. Coordination Of Benefits – Excess Personal Injury Protection

Use Michigan Coordination Of Personal Injury Protection Endorsement **CA 22 21.**

The option to provide this coverage may be offered on all policies covering individually owned automobiles. The insurer does not have to provide this coverage on renewal policies when the named insured has rejected the coverage on the policy previously issued by the insurer.

One of the factors below will apply. If the base loss cost used to calculate the rate is specifically for risks covered by workers' compensation, use only the first factor in the table (1.00).

| | Factor |
|---|---------------|
| Endorsement not attached, or no factor below applies. | 1.00 |
| The named insured has other primary coverage providing benefits for allowable medical expenses, except Medicare Coverage. | 0.85 |
| The named insured has other primary coverage providing benefits for work loss. | 0.80 |
| The named insured has other primary coverage providing benefits for allowable medical expenses and work loss. | 0.65 |

Table 293.C. Coordination Of Benefits Factor

D. Excess Attendant Care

Requirement

An insurer shall offer the applicant or named insured the option to purchase Excess Attendant Care Coverage. A \$10,000 per person/per accident coverage limit is available if the applicant or named insured selects any of the following PIP Medical Expenses Coverage limits: \$50,000, \$250,000 or \$500,000. Refer to company for Excess Attendant Care Coverage limits other than \$10,000. Charge an additional premium per vehicle:

 Additional Premium = Loss Cost * Medical Expenses Coverage Factor * Excess Attendant Care Coverage Factor

1. Refer to the territorial loss costs/rates for the Loss Cost.
2. Refer to Paragraph **B.7.** for the Medical Expenses Coverage Factor.
3. Excess Attendant Care Coverage Factors

| Medical Expense Coverage Limit | Factor |
|---------------------------------------|---------------|
| \$ 50,000 | 0.058 |
| 250,000 | 0.006 |
| 500,000 | 0.002 |

Table 293.D.3. Excess Attendant Care Coverage Factors

E. Broadened Personal Injury Protection Coverage For Named Individuals

An individual who regularly uses the insured auto may be provided Personal Injury Protection by naming the individual as a named insured. Use Named Individuals – Broadened Personal Injury Protection Coverage Endorsement **CA 22 01.** Charge an additional premium:

 Additional Premium = Loss Cost

1. Loss Cost in state Table **293.E.1.(LC).**