

SENATE BILL No. 450

August 1, 1991, Introduced by Senators CONROY, CHERRY, HART, EHLERS, GEAKE and N. SMITH and referred to the Committee on Commerce.

A bill to amend sections 3107 and 3107a of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

section 3107 as amended by Act No. 312 of the Public Acts of 1988, being sections 500.3107 and 500.3107a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3107 and 3107a of Act No. 218 of the
2 Public Acts of 1956, section 3107 as amended by Act No. 312 of
3 the Public Acts of 1988, being sections 500.3107 and 500.3107a of
4 the Michigan Compiled Laws, are amended to read as follows:

5 Sec. 3107. (1) ~~Personal~~ EXCEPT AS PROVIDED IN
6 SUBSECTION (2), PERSONAL protection insurance benefits are
7 payable for the following:

1 (a) Allowable expenses consisting of all reasonable charges
2 incurred for reasonably necessary products, services and
3 accommodations for an injured person's care, recovery, or
4 rehabilitation. Allowable expenses within personal protection
5 insurance coverage shall not include charges for a hospital room
6 in excess of a reasonable and customary charge for semiprivate
7 accommodations except ~~when~~ IF the injured person requires spe-
8 cial or intensive care, or ~~before October 1, 1988 charges~~ for
9 funeral and burial expenses in ~~excess of \$1,000.00.~~ Beginning
10 ~~October 1, 1988, benefits for funeral and burial expenses shall~~
11 ~~be payable in~~ the amount set forth in the policy ~~but~~ WHICH
12 shall not be less than \$1,750.00 ~~nor~~ OR more than \$5,000.00.

13 (b) Work loss consisting of loss of income from work an
14 injured person would have performed during the first 3 years
15 after the date of the accident if he or she had not been
16 injured. ~~and expenses not exceeding \$20.00 per day, reasonably~~
17 ~~incurred in obtaining ordinary and necessary services in lieu of~~
18 ~~those that, if he or she had not been injured, an injured person~~
19 ~~would have performed during the first 3 years after the date of~~
20 ~~the accident, not for income but for the benefit of himself or~~
21 ~~herself or of his or her dependent.~~ Work loss does not include
22 any loss after the date on which the injured person dies.
23 Because the benefits received from personal protection insurance
24 for loss of income are not taxable income, the benefits payable
25 for such loss of income shall be reduced 15% unless the claimant
26 presents to the insurer in support of his or her claim reasonable
27 proof of a lower value of the income tax advantage in his or her

1 case, in which case the lower value shall apply. Beginning
2 March 30, 1973, the benefits payable for work loss sustained in a
3 single 30-day period and the income earned by an injured person
4 for work during the same period together shall not exceed
5 \$1,000.00, which maximum shall apply pro rata to any lesser
6 period of work loss. Beginning October 1, 1974, the maximum
7 shall be adjusted annually to reflect changes in the cost of
8 living under rules prescribed by the commissioner but any change
9 in the maximum shall apply only to benefits arising out of acci-
10 dents occurring subsequent to the date of change in the maximum.

11 (C) EXPENSES NOT EXCEEDING \$20.00 PER DAY, REASONABLY
12 INCURRED IN OBTAINING ORDINARY AND NECESSARY SERVICES IN LIEU OF
13 THOSE THAT, IF HE OR SHE HAD NOT BEEN INJURED, AN INJURED PERSON
14 WOULD HAVE PERFORMED DURING THE FIRST 3 YEARS AFTER THE DATE OF
15 THE ACCIDENT, NOT FOR INCOME BUT FOR THE BENEFIT OF HIMSELF OR
16 HERSELF OR OF HIS OR HER DEPENDENT.

17 (2) A PERSON WHO IS 60 YEARS OF AGE OR OLDER AND IN THE
18 EVENT OF AN ACCIDENTAL BODILY INJURY WOULD NOT BE ELIGIBLE TO
19 RECEIVE WORK LOSS BENEFITS UNDER SUBSECTION (1)(B) MAY WAIVE COV-
20 ERAGE FOR WORK LOSS BENEFITS BY SIGNING A WAIVER ON A FORM PRO-
21 VIDED BY THE INSURER. AN INSURER SHALL OFFER A REDUCED PREMIUM
22 RATE TO A PERSON WHO WAIVES COVERAGE UNDER THIS SUBSECTION FOR
23 WORK LOSS BENEFITS. WAIVER OF COVERAGE FOR WORK LOSS BENEFITS
24 APPLIES ONLY TO WORK LOSS BENEFITS PAYABLE TO THE PERSON OR PER-
25 SONS WHO HAVE SIGNED THE WAIVER FORM.

26 Sec. 3107a. Subject to the provisions of section ~~3107(b)~~
27 3107(1)(B), work loss for an injured person who is temporarily

1 unemployed at the time of the accident or during the period of
2 disability shall be based on earned income for the last month
3 employed full time preceding the accident.