

Michigan Raises No-Fault Wage Loss Rate

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For claimants injured in motor vehicle accidents, the maximum available wage loss benefits were recently increased to \$5,282 per month for claimants injured in accidents occurring between Oct. 1, 2013 and Sept. 30, 2014.

Generally, wage loss benefits are available under the Michigan No-Fault Act if a claimant can show proof of wages that would have actually been earned but for injuries arising out of the motor vehicle accident pursuant to MCL 500.3107(1)(b).

If a claimant can meet his or her burden of proof to show entitlement to wage loss, then he or she may claim wage loss in an amount equal to 85 percent of gross monthly income up to the monthly statutory cap. The current cap is roughly equivalent to an annual salary of just under \$73,000.

However, it is important to keep in mind that wage loss is limited to taxable income and does not involve calculation of employer provided benefits like health insurance, pensions and other contributions. Moreover, wage loss benefits are capped after three years and claimants seeking wage loss beyond three years or the monthly cap are left to seek excess wage loss from the allegedly at-fault party. In addition, the monthly maximum in effect on the accident date is not affected by any later legislative changes to the maximum.

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