

# 76 EVEN COOLER THINGS TO KNOW ABOUT TOPICS 3 & 4

## NO FAULT

1. Auto insurance is mandatory in Michigan.
2. No-Fault applies to both personal and commercial lines.
3. If you own or register a car in Michigan, you must obtain No-Fault within **30 days**.
4. The No-Fault statute does not cover motorcycles.
5. PIP, PPI and Residual Liability are mandatory in every policy.
6. Collision is not mandatory, but at least two forms must be offered.

## NO FAULT—PIP

7. PIP...bodies, anywhere.  
PIP...named insureds and relatives covered (maybe even some other folks).
8. PIP...covers bodily injury arising out of automobile accidents.
9. PIP...Stole a car and then get hurt? Not covered. Didn't buy No-Fault? Not covered **in your car**. From another state in a car not registered in Michigan and insured by an unauthorized company? Not covered, **if all three** are correct.
10. PIP...Medical Expenses are unlimited.
11. PIP...Work Loss, **lost wages payable for 36 months**. Pays up to **85% of gross earned income**. Up to a specific maximum. Also up to **\$20 per day** for Loss of Services.
12. PIP...Survivor Benefits (**Dependent Survivors**) same as Work Loss Benefits.
13. Total of Work Loss and survivor cannot exceed 36 months.
14. PIP...Funeral Expenses, **no less than \$1750, no more than \$5000**.
15. PIP...Will not duplicate government benefits...triggered by the same accident.
16. PIP...Insured **can elect a \$300 deductible** which only applies to the insured and his resident relatives.
17. PIP...Combining coverages such as a Medical Expense Policy and PIP is known as Coordination of Benefits.
18. PIP...Catastrophic Claims Association pays **100% of any PIP claim over a limit set by the Commissioner**.
19. PIP...Priority of Claims. VSODA.
20. PIP...Priority of Claims for Pedestrians and Bicyclists. VSODA.
21. PIP...Priority of Claims for Motorcyclists ODD One.
22. PIP...Hurt in company car? Employer's PIP pays.
23. PIP...Can only get paid once. PIP benefits cannot be stacked.

## NO FAULT—PPI

- 24. PPI... Stuff in Michigan - \$1,000,000.
- 25. PPI...Covers property (other than vehicles) damaged by a car in Michigan.
- 26. PPI...Does not cover vehicles, property owned by the insured or Utility Lines. Will cover bicycles and **legally parked autos** and motorcycles.
- 27. PPI...Covers both direct and indirect losses.
- 28. PPI...Priority of Claims. OD.

## NO FAULT—RESIDUAL LIABILITY

- 29. Residual Liability...covers bodily injury and property damage claims that occur in states other than Michigan and bodily injury claims in Michigan not covered by PIP.
- 30. Residual Liability...Split limit **minimum of 20/40/10**. Limits increase automatically when state the insured is driving in has higher minimum limits.
- 31. Residual Liability...No-Fault law permits lawsuits for **non-economic injury**, damages in excess of Work Loss and Survivor Benefits and intentional injury.
- 32. Residual Liability...Non-economic injury means pain and suffering.
- 33. SIDD is the threshold.
- 34. Residual Liability...Mini Tort...You cause a wreck, the other party **can sue for up to \$500** to cover their collision deductible.

## NO FAULT—COLLISION

- 35. Collision...Not mandatory. Must be offered in at least two forms, Limited and Broad.
- 36. Collision...Limited collision pays only when the other guy is substantially at fault. No deductible.
- 37. Collision...Broad collision pays no matter whose fault it is. If the insured is at fault there will be a deductible.
- 38. Substantially at fault = more than 50%.

# ESSENTIAL INSURANCE ACT

39. Dictates insurance companies must make Homeowner's and Personal Automobile Insurance available to everyone except bad risks.

## ESSENTIAL INSURANCE ACT—HOMEOWNERS INSURANCE

40. Essential Insurance Act Homeowners is at a minimum an HO-2
41. Who is eligible under the Act? Owner-occupant of single family dwelling, tenants, owner-occupant of multiple family dwelling with no more than 4 units.
42. Who is not eligible under the Act? Anyone ***who in the last 5 years*** has been convicted of arson, who has been convicted of insurance fraud or who has had a claim denied because of fraud, misrepresentation or arson.
43. Also ineligible are those who won't buy enough insurance, ***had a policy canceled during the last 2 years*** for nonpayment of premium ***or is more than 2 years delinquent*** on property taxes.
44. Ineligible property includes properties that are hazardous or will be used for illegal purposes. Also, property that does not meet minimum value, or does not meet minimum standards of insurability established by the Commissioner is ineligible.
45. Companies may refuse to write new policies based on ineligible persons, ineligible property, physical condition of the property, adjacent hazards, and ***property vacant for more than 60 days***.
46. Companies cannot refuse coverage based solely on the age of the structure.
47. Companies may refuse to renew policies ***if during the past 3 years***, there is a liability claim in which the insured was negligent, there were ***3 property claims of any type totaling over \$4000*** (or ***3 non-weather related claims totaling more than \$3000***), or if the insured fails to correct a dangerous condition after being notified by the company.
48. In setting premium, company can use territorial ratings, type and amount of coverage, fire protection and law enforcement quality, size of structure, discount plans and repairable defects.
49. Companies may inspect dwellings they are considering insuring, but inspections **cannot be based on structure's location, age or value**, except as a minimum. Inspections also cannot be based on race, color, creed, sex, marital status, age, handicaps, national or lawful occupation of the insured.

## ESSENTIAL INSURANCE ACT—PERSONAL AUTOMOBILE INSURANCE

50. Essential Insurance Act only applies to Personal Automobile not Commercial Automobile Insurance.
51. Who is eligible? Almost anyone (see exceptions below) with a car registered in Michigan or who has a Michigan driver's license.
52. Not eligible. Anyone **who in the past 5 years** was convicted of insurance fraud or **had claim of more than \$1000 denied because of fraud.**
53. Not eligible. Anyone **who in the past 3 years** was convicted of an automobile related felony **or who has accumulated more than 6 points.**
54. Not eligible. Anyone who had an auto **policy canceled within the last 2 years** for nonpayment of premium.
55. Not eligible. Uninsurable property (unsafe car).
56. Points and how they are assessed. Moving violation, that is, if you move at all, **2 points.** Move slow (**1-10 mph over limit**), **2 points.** Move faster (**11-15 mph over limit**), **3 points.** Move fastest (**more than 15 mph over limit**), **4 points.** Don't care how fast you're going (**careless driving**), **4 points.** **Accident your fault? First time 3 points, after that, 4 points.**
57. Should a single occurrence generate more than set of points: waive the lower and charge the higher.
58. Agents must explain Insurance Eligibility Point System at least once a year.
59. Underwriting guidelines the company can use include eligibility of the person and the car, modifications to the car that make it go faster, unusual cars, requirement for a portion of the premium up front, and abstinence from alcohol.
60. Companies cannot use the age of the car as an underwriting guideline.
61. Pricing guidelines the company can use: Age and experience of the driver...Who the primary driver will be...Type of use. Safety features of the car...Number of cars and drivers in the house...Coverage limits and location.
62. Companies cannot use marriage or sex in pricing policies.

## ESSENTIAL INSURANCE ACT—GENERAL GUIDELINES

63. Agents and companies cannot refuse to take an application from anyone eligible for coverage under the Act.
64. Agents must provide eligible persons with the names of the companies the agent represents, provide all premium quotes requested, find the best deal available and submit every application requested.
65. Agents may not channel business to any one company.
66. **Rejection** is defined as an agent refusing to provide or submit an application or an insurer who refuses to issue a policy.
67. **Termination** is defined as a company refusing to continue coverage, or transferring business to another company resulting in either less coverage or higher premium.
68. Cancellation for non-payment is not termination.
69. If a rejected applicant wants to know why he was rejected and the request is **verbal, the agent must respond verbally but offer to provide a written explanation within 90 days**. If the request is in writing the agent must respond in writing immediately.
70. If coverage is terminated, the insured must be notified in writing. If **termination occurs during the 55 days of coverage the notice of termination must be sent 20 days prior to the termination of coverage. Otherwise, 30 days prior to termination**.
71. Termination and Rejection are both considered denial of coverage.
72. Grievance Procedures under the act involve a 3-step process.
73. Step 1, consumers meet with the insurance company management. This **informal meeting must held within 30 days of the request**.
74. Step 2, if the first step is not satisfactory to the consumer or if the **company fails to hold the meeting within 30 days**, the consumer can have the matter reviewed informally by the Commissioner.
75. **The review with the Commissioner must be requested with 120 days**. Once all relevant materials have been received by the Commissioner, the Commissioner will render a decision with **10 working days**.
76. Step 3, if either party disagrees with the Commissioner's decision a formal contested hearing will be held.

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