

# Consumer Counselor

## Insurance Information for Michigan Consumers

### The Michigan Automobile Insurance Placement Facility

#### What Is the Michigan Automobile Insurance Placement Facility?

The Michigan Automobile Insurance Placement Facility, known also as the MAIPF or the Facility, is an organization designed to provide auto insurance to any qualified person who is unable to get insurance in the regular market.

#### Who is Qualified?

If you have a car registered or to be registered in Michigan, or hold a valid (not suspended or revoked) driver's license, you are qualified for insurance through the Facility. The only reasons you can be refused insurance through the Facility are:

1. If you are not required by law to be covered by no-fault insurance because you are a non-resident who does not intend to live or drive in Michigan for at least 30 days.
2. If your driver's license is suspended or revoked for certain reasons; or
3. If you have had an auto insurance policy cancelled within the past 2 years because of non-payment of premium. This can be overlooked if you pay in advance a premium installment amount developed by the Facility for the policy you are buying.

#### When Would I Need Insurance Through the Facility?

You would only need to buy car insurance through the Facility if you cannot buy it from an insurance company. This would most likely happen if you have several tickets or at-fault accidents or have been convicted of a serious violation such as driving under the influence of drugs or alcohol. There may be other reasons,

however. These are explained more fully in the Insurance Counselor entitled, "Auto Insurance: Are You Eligible?"

While you may be able to find coverage with a company specializing in insuring people with less-than-perfect driving records, these companies can charge very high rates. If you are one of these people, it may be worthwhile to ask your agent what rate you would be charged through the Facility.

#### How Do I Get Insurance Through the Facility?

Any agent can help you apply to the Facility. Facility policies are issued by several companies whose names your agent can give you. The form you fill out gives you a chance to choose the company you want to issue and service your policy.

If you don't choose, the Facility will assign you to a servicing company. If you don't like the assignment, you have the right to ask to be moved to another company. Your insurance will be from the servicing company you are assigned to but will be on forms used by the Facility. Your premium will be the premium charged by the Facility.

#### Are the Rates High?

The Facility rates are a weighted average of the base rates of the five largest insurers in the voluntary market in Michigan. Keep in mind that base rates do not include any discounts that you may qualify for in the voluntary market (i.e., group discount, multi-policy or multi-vehicle discount). Therefore, the premium for insurance through the Facility may be much



higher than what you would pay in the voluntary market. However, all servicing carriers in the Facility charge the same rates, so placement with any servicing carrier will result in the same premium. If you cannot pay the entire premium in advance, the Facility offers a payment plan, but you must pay at least 25% of the total premium or \$100, whichever is greater.

### **What Types of Coverage Are Available Through the Facility?**

The Facility provides the same mandatory coverages as those normally found in the regular, voluntary market including the ability of agents to issue a “binder” upon receipt of the application for coverage. As in the regular, voluntary market, this “binder” is a temporary contract between the insurance company and the policyholder which verifies that the policyholder has insurance coverage until the actual policy is received.

### **What Can I Do if I Have Been Treated Unfairly?**

If you have any questions concerning the premium you have been charged, or if you feel you have been improperly denied car insurance, see your agent. If your agent is unable to help, he or she can tell you how to

ask for a conference with the insurance company.

If you are not satisfied with the result of the conference, or if you do not get a conference within 30 days of asking for one, you have the right to appeal to the Director of Insurance for the State of Michigan.

Most disputes or questions can be handled in the manner described above. However, some disputes may involve the actual rules of the Facility. For example, your insurance company may have given you the correct rate according to the Facility’s rating rules, but you believe those rules are improper. This type of question must be answered through a formal hearing and decision by the Facility. The Facility’s decision can then be appealed to the Director of Insurance within 30 days.

If you have a question about your insurance, contact your agent or company. If they cannot answer your question, contact the Department of Insurance and Financial Services (DIFS) at the address or telephone number below. DIFS is the state department that regulates insurance in Michigan.

