

Consumer Counselor

Insurance Information for Michigan Consumers

Beware of Fraudulent Insurance

Consumers oftentimes find out that their insurance is fraudulent after it's too late (i.e., after car accident, theft, etc.). The best way to stop the sale of fraudulent insurance is to be an informed consumer. Below are tips that DIFS is providing to help you protect yourself from individuals who are trying to take advantage of you.

Protect yourself from purchasing fraudulent insurance:

1. Question the transaction when buying insurance. If the insurance offer is too good to be true, it probably is. Be cautious when buying insurance on-line, especially on social media sites such as Facebook or Craigslist, or from an unofficial business location, such as a vacant parking lot. Individuals, sometimes referred to as "street brokers," prey on individuals who see rates as unaffordable, promising lower premiums.
2. Identify the person you are working with to ensure they are properly licensed to sell insurance. To transact the business of insurance, an individual/agency must be licensed by DIFS. Ask the person for their full name and insurance license number. You may verify their license by calling 877-999-6442 or via DIFS' licensing locators located on the DIFS website, www.michigan.gov/DIFS. ([Agent](#)) ([Agency](#))
3. Cash is not always king. Cash is the least traceable method of payment. If the individual you are purchasing insurance from insists you pay via cash, thoroughly document the transaction and obtain a receipt. When writing a check, make the check payable to the insurance company, not the individual agent.

4. Check for accuracy. Valid insurance certificates contain correct effective dates, policy numbers, identify the licensed agent/agency who sold the coverage, and the identity of the authorized insurance company.
5. Follow up with the insurer. Call the insurer listed on the certificate to make sure the policy is legitimate. While you may be presented with an insurance certificate immediately after your transaction, valid insurance companies provide a copy of the full policy within two weeks.

Consequences you may face when purchasing fraudulent insurance:

1. Chapter 45 of the Michigan Insurance Code (The Code) makes it a felony to knowingly purchase fraudulent insurance.
2. Not having No-Fault insurance coverage if you are involved in an automobile accident could make you liable for the damages and injuries related to the accident.
3. If found to have invalid automobile insurance, the State of Michigan, Department of State (the S.O.S.), will revoke your vehicle registration.

If you suspect you purchased a fraudulent insurance certificate, file a complaint with DIFS at 877-999-6442, or visit our website at www.Michigan.gov/DIFS.

