

**State of Michigan
Department of Insurance and Financial Services**

Bulletin 2015-21-INS

In the matter of

Insurance Sliding
_____ /

**Issued and entered
this 23rd day of September 2015
by Patrick M. McPharlin, Director**

It has come to the Director's attention that some insurance producers are engaging in the practice known as insurance "sliding." "Sliding" is defined as an agent's failure to fully disclose all the details of, and obtain informed consent to, the purchase of all products and services being included in an insurance transaction. Often, the charges attributable to the additional coverages are hidden in the total premium charged to the customer and result in a much higher premium than that to which the customer agreed. This practice is in violation of the Michigan Insurance Code ("Code").¹

Section 1239(1)(h) of the Code, MCL 500.1239(1)(h), provides that the Director may take action against a producer who engages in "fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere." Under that section, the Director is authorized to "place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine," or impose a combination of those sanctions.

Examples of sliding that will give rise to sanctions under Section 1239(1)(h) include, but are not limited to, the following:

- representing to an applicant that a roadside assistance product is part of a DIFS-approved insurance product when, in fact, it is not;
- representing to an applicant that a roadside assistance product is required for the purchase of automobile insurance, when it is not;
- representing to an applicant that any ancillary coverage or product is required in conjunction with the purchase of insurance when such coverage or product is not required;

¹ Bulletin 81-20, issued October 20, 1981, addressed one form of "sliding," in which insurance producers required membership in an auto club as a condition for the purchase of insurance. This bulletin does not supersede or in any way alter Bulletin 81-20; instead, it addresses other, additional forms of "sliding," in which other insurance coverages or ancillary products are added to a customer's purchase without the customer's informed consent. Bulletin 81-20 remains in effect.

- enticing customers into signing up for an auto club membership by failing to fully explain and disclose what is being signed or agreed to;
- enticing customers into signing up for insurance coverage without fully explaining all coverages included and the cost for each;
- representing to an applicant that an ancillary coverage, service, or product is included as part of an insurance product or without additional charge, when it is not or when such charge is in fact required;
- failing to accurately disclose the cost of insurance as charged by the insurer;
- failing to fully explain the separate cost of roadside assistance and towing coverage and/or roadside assistance and tow club membership; and
- charging an applicant for an ancillary coverage or product, in addition to the cost of the insurance coverage being applied for, without the informed consent of the applicant.

Pursuant to Sections 1242 and 1244 of the Code, MCL 500.1242 and 500.1244, and the Michigan Administrative Procedures Act, the Director will commence administrative proceedings against producers who, at any time, have engaged in any form of sliding.

Any questions concerning this bulletin should be directed to:

Department of Insurance and Financial Services
Office of General Counsel
Enforcement Section
530 West Allegan Street 7th Floor
Lansing, MI 48933
P.O. Box 30220
Lansing, MI 48909-7720
Telephone: (517) 284-8729
Toll Free: (877) 999-6442



Patrick M. McPharlin
Director