

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2019-15-INS

In the matter of:

**Applicability of PIP Choice to
Self-Insurers and Municipal
Governmental Self-Insurance Pools**

**Issued and entered
This 27th day of September 2019
by Anita G. Fox
Director**

Public Acts 21 and 22 of 2019 amended the Insurance Code (Code) to, among other things, allow for “PIP choice” options whereby an “applicant or named insured” must “select 1 of the following coverage levels for personal protection benefits”: \$50,000, \$250,000, \$500,000, or unlimited coverage. MCL 500.3107c. The requirement to select PIP coverage applies to every “insurance policy that provides the security required under section 3101(1) and is issued or renewed after July 1, 2020.” MCL 500.3107c(1).

Section 3101d(1) of the Code, MCL 500.3101d(1), provides that a “person in whose name more than 25 motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance ...” A certificate of self-insurance “constitutes security equivalent to that afforded by a policy of insurance that provides for the payment of benefits pursuant to the no-fault law.” Michigan Administrative Code R 257.532(1).

Security provided under a certificate of self-insurance is not an “insurance policy.” Instead, it is an assurance that an entity retains all of its risk in the form of sufficient reserves and excess loss coverage to pay its claims.

Similarly, Section 5 of the Intergovernmental Contracts between Municipal Corporations Act (Act), MCL 124.5, authorizes any two or more municipal corporations to “form a group self-insurance pool to provide for joint or cooperative action relative to their financial and administrative resources for the purpose of providing to the participating municipal corporations risk management and coverage for pool members and employees of pool members,” including for “automobile insurance, including motor vehicle liability insurance coverage and security for motor vehicles owned or operated, as required by section 3101 of the insurance code of 1956, 1956 PA 218, MCL 500.3101, and protection against other liability and loss associated with the ownership of motor vehicles.” The Act expressly provides that a group self-insurance pool “is not an insurance company or insurer under the laws of this state,” and that “provision of group self-insurance programs and coverages authorized by this act ... does not constitute doing an insurance business.” MCL 124.6.

The PIP choice language in Section 3107c refers to an “applicant or named insured,” neither of which applies to an entity holding a certificate of no-fault self-insurance or to a municipal self-insurance pool. In addition, the PIP choice levels apply to “an insurance policy.” Self-insurers and municipal group self-insurance pools do not issue “insurance policies,” and thus the PIP choice options are not available to these entities.

Any questions regarding this bulletin should be directed to:

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