

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

Bulletin 2022-18-CF

In the matter of:

**Insurance Sales at Dealerships
Licensed under the Motor Vehicle Sales Finance Act**

**Issued and entered
this 26th day of October 2022
By Anita G. Fox
Director**

This bulletin concerns the Motor Vehicle Sales Finance Act's prohibition of the sale of automobile insurance in automobile dealerships.

Entities selling motor vehicles through installment sales contracts are subject to regulation under the Motor Vehicle Sales Finance Act (MVSFA), MCL 492.101 *et seq.* Section 16(b) of the MVSFA, MCL 492.116(b), provides "that the buyer of a motor vehicle under an installment sale contract shall have the privilege of purchasing automobile insurance from any company, agent or broker authorized to do business in Michigan other than the installment seller." Section 16(b) also states:

No installment seller shall coerce, threaten, or in any manner influence any installment buyer to purchase from any insurance company, agent or broker designated by such seller: Provided, however, That the inclusion of the cost of the insurance premium in the installment sale contract, when the buyer selects the company, agent or broker, shall be optional with the seller. (Emphasis added.)

In addition, section 31(c) of the MVSFA, MCL 492.131(c), prohibits an insurance company, agent, or broker from paying, and an installment seller from receiving, any portion of an insurance premium involved in the retail installment sale of a motor vehicle.

Any arrangement or agreement that may, either directly or indirectly, provide an insurance producer access to customers at a dealership, or that would encourage a dealer or its employees or agents to influence or steer an installment buyer towards certain insurance companies through the use of on-site kiosks, cell phone apps, direct contact, or written materials, violates section 16(b) of the MVSFA. Any direct or indirect compensation from an insurance company to an installment seller in connection with the purchase of automobile insurance, and any receipt of such compensation by an installment seller, violates section 31(c) of the MVSFA.

Violations of the MVSFA may result in the revocation or suspension of an installment seller's license as provided in section 9 of the MVSFA, MCL 492.109.

Any questions regarding this bulletin should be directed to:

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/s/

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