

Consumer Counselor

Insurance Information for Michigan Consumers

The Three Types of Collision Coverage

IF YOU WANT YOUR INSURANCE TO PAY FOR DAMAGES TO YOUR CAR IN CASE OF AN ACCIDENT, YOU MUST BUY THE OPTIONAL COLLISION COVERAGE.

Michigan law requires you to have no-fault auto insurance, which provides 3 basic coverages:

1. Medical expenses, payment of lost wages, and replacement services if you are hurt in an accident
2. Payment for damage your car does to someone else's property, other than a car
3. Payment in case you are sued and found liable for injury to others

You are not required to buy collision coverage. However, a lender may require you to purchase collision coverage before giving you a car loan.

There are three basic types of collision coverage: limited, standard and broad form. The chart on the next page of this sheet tells you what you can receive with each type of collision coverage if your car is damaged in an accident. In Michigan, each driver's insurance covers damage to his or her own car.

When you apply for auto insurance:

1. The company or agent must offer you collision coverage and give you a **CLEAR, WRITTEN EXPLANATION** of the different types available to you.
2. The company or agent must give you a form on which you accept or reject collision

coverage **IN WRITING**. This form **MUST TELL YOU WHAT YOUR RIGHTS ARE** if your car is damaged in an accident under the type of collision coverage you choose.

Deductibles

Collision coverage is often offered with a deductible. A deductible is the amount you agree to pay for damages to your car before the insurance company pays anything. Not all companies offer the same deductibles. The higher the deductible, the lower the cost of your collision coverage.

REMEMBER, you do not have to buy collision insurance. **IF YOU DO NOT**, and you have an accident, **YOU WILL HAVE TO PAY FOR THE DAMAGES TO YOUR CAR, EVEN IF YOU ARE NOT AT FAULT** in the accident. You can, however, sue the at-fault driver to recover up to \$1,000 for damages to your car which he or she caused and which are not covered by your insurance. The at-fault driver is the one who is more than 50% the cause of the accident. For more information on this part of the law, see the Insurance Counselor "Mini-Tort: An Exception to No-Fault."

If you have questions about your auto insurance, talk to your agent or company. If your questions are not answered, 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.

The Three Types of Collision Coverage

Michigan law requires you to have no-fault automobile insurance on your car. If you have an accident, this required insurance pays for injuries to people and for damages your car does to other people's property and to properly parked cars. **IT DOES NOT PAY FOR ANY OTHER DAMAGE TO CARS. You must buy collision coverage if you want coverage for damage to your car in case of accident.** The other driver's insurance will not pay for damage to your car.

There are three kinds of collision insurance you can choose from: limited, standard, and broad form. The chart tells you when each kind of insurance will pay YOU if your car is damaged in an accident. Your collision coverage will not cover damage to the other driver's car.

REMEMBER, you are not required by law to have collision insurance, BUT YOU MUST HAVE COLLISION INSURANCE IF YOU WANT INSURANCE TO PAY FOR DAMAGES TO YOUR CAR RESULTING FROM AN ACCIDENT.

If your vehicle is damaged in an accident and you have this kind of collision coverage.	Nature of Accident	
	You are MORE THAN 50% at fault (you hit a tree, a person, another vehicle, etc.)	You are 50% OR LESS at fault (you are rear-ended, side-swiped, etc.)
No Collision Coverage	Your insurance pays nothing. You are responsible for the cost of repairs to your car.	Your insurance pays nothing. You are responsible for the cost of repairs to your car.*
Limited Collision Coverage	Your insurance pays nothing. You are responsible for the cost of repairs to your car.	Your insurance pays. If you have chosen a deductible, your insurance pays the cost of repairs over and above the deductible. You must pay the deductible.
Standard Collision Coverage	Your insurance pays, except the deductible that you have chosen. You must pay the deductible.	Your insurance pays, except the deductible that you have chosen. You must pay the deductible.
Broad Form Collision Coverage	Your insurance pays, except the deductible that you have chosen. You must pay the deductible.	Your insurance pays. You do not have to pay the deductible.

*You may be able to collect up to \$1000 from the other driver under the "mini-tort" provision of the no-fault law. For more information, see the Insurance Counselor on "Mini-Tort: An Exception to No-Fault."