

Consumer Counselor

Insurance Information for Michigan Consumers

Road Service Club Memberships

Road service clubs are commonly known for the towing, starting, and labor services they provide to motorists having mechanical difficulties while on the road. They may also provide other services such as bail bonding, travel information and discounts for lodging and other travel expenses.

Some of the services offered through road service clubs are a form of insurance which makes them subject to regulation by the Department of Insurance and Financial Services (DIFS). Bulletin 2016-20-INS has more information on which clubs may be subject to regulation by DIFS.

DIFS suggests that if you are interested in a road service club, you take the following steps before becoming a member:

1. **Buy from a reputable agent.** Ask friends and relatives for recommendations before purchasing car insurance or road service club membership.
2. **Shop around.** Talk to several agents before making your decision. Ask each agent to give you a written explanation of the benefits you would be entitled to and then compare benefits and costs, as price varies greatly.
3. **Check your policy.** DIFS has found that some agents have been adding the cost of membership in a road service club into the amount of premium charged for auto insurance coverage without notifying the customer. If you find you have paid for a membership in such a club without knowing it, the agent has acted illegally. You are entitled to a full refund. If you consider keeping the membership, ask for an

explanation of benefits for which you are eligible.

4. **Know how the product works.** Some memberships offer coverage that will not require you to pay for services up front. Others require you to present receipts for services to receive reimbursement.
5. **Don't be misled.** Michigan law does not require you to purchase road service club membership with your auto insurance. In addition, it is illegal for an insurance agent to require you to buy such a membership as part of your auto insurance. It is also illegal for an agent to represent the membership as automatically included at no additional cost. The membership cost must be disclosed to you by your agent.
6. **Make sure you receive a membership card** if you decide to join a road service club.

If you believe you have been misled by an insurance agent with regard to road service clubs, or feel you have not received benefits to which you are entitled, contact DIFS.

About DIFS

The mission of the Michigan Department of Insurance and Financial Services is to ensure that the insurance and financial services industries are safe, sound, and entitled to public confidence, while providing a business climate that promotes economic growth. In addition, the Department provides consumer protection, outreach, and financial literacy and education services to Michigan citizens. For more information please contact DIFS at 877-999-6442 or visit www.michigan.gov/DIFS.

