

Consumer Counselor

Insurance Information for Michigan Consumers

Auto Insurance: Are You Eligible?

A Michigan insurance law called the Essential Insurance Act guarantees that auto and home insurance will be available to all eligible Michigan citizens. The law says that you are eligible for auto insurance if you have a car registered, or to be registered, in Michigan OR have a valid Michigan driver's license. However, there are times when a company can refuse to insure you.

Reasons for Denial

You can be turned down for insurance if:

1. You are not required by law to have no-fault insurance because you do not intend to live or drive in Michigan for 30 or more days.
2. **Within the past 5 years, you have been** convicted of trying to defraud an insurance company, or have been denied payment of a claim over \$1,000 because there is evidence of fraud on your part.
3. Within the past 3 years, you have been found guilty of a felony with a motor vehicle, driving under the influence of alcohol or drugs, failing to stop at the scene of an accident, or reckless driving.
4. The car you want to insure does not meet Michigan motor vehicle safety requirements.
5. Within the past 2 years, your auto insurance has been canceled because of non-payment of premium. This can be overlooked if you pay your entire premium in advance.
6. The insurance you want to buy requires you to be a member of a group, club or organization and you do not join the organization.
7. Your driving record causes you to have more than the allowable number of *eligibility points*.
8. You do not meet the requirements of a company's underwriting rules.
9. Your license to operate a vehicle is under suspension or revocation.

Your Driving Record Makes a Difference

Insurance companies will assign you *insurance eligibility points* for certain traffic violations and accidents. **THESE POINTS ARE NOT THE SAME AS THOSE ON YOUR OFFICIAL DRIVING RECORD**, but are simply a guide to help the company decide whether you are eligible for auto insurance. The chart on the next page shows how *insurance eligibility points* are assigned.

You can be denied insurance if you have more than six (6) eligibility points from violations within the past 3 years.

Company Guidelines

Insurance companies also use certain guidelines, called underwriting rules, to help decide whether they will insure you. These rules may be different for each company, but each company must apply its rules in the same way to everyone. For example, a company may refuse to insure you if it does not have a rate for your type of car, if your car is very expensive to repair or replace (such as custom or antique cars).



Most drivers in Michigan will be able to get insurance under the Essential Insurance Act. If you are unable to find insurance through a regular company, or can only find it at an extremely high price, you may want to ask your agent to apply to the Michigan Automobile Insurance Placement Facility. The facility was created to offer insurance to persons who have difficulty finding coverage through regular companies. **IF YOU ASK, AND ARE QUALIFIED, YOUR AGENT MUST SUBMIT AN APPLICATION TO THE FACILITY FOR YOU.**

If a Company Refuses to Insure You

1. You are entitled to a written explanation of the reasons for the refusal.
2. If you think the reasons are incorrect, you are entitled to a private, informal conference with a management representative of the company.

3. If, after this conference, you are still not satisfied, you can request the matter be reviewed by the Department of Insurance and Financial Services (DIFS). DIFS is the state department that regulates insurance in Michigan.

If You Are Eligible

1. Shop around for the best combination of price, coverage and service. If the company or agent you go to doesn't offer you the insurance you want or need, go somewhere else.
2. Your agent should provide you a premium quote from among the companies he or she represents. You may also want to ask about the rate charged by the Michigan Automobile Insurance Placement Facility.

Insurance Eligibility Points

<i>Violation</i>	<i>Points Assigned</i>
Driving more than 15 mph over the speed limit (careless driving)	4
Driving 11-15 mph over the speed limit.....	3
Driving 10 mph or less over the speed limit.....	2
Driving 15 mph or less over the speed limit on freeways which used to have a Maximum speed of 70 mph.....	2
Other moving violations	2
The first accident in which you are more than 50% at fault	3
The second and all following accidents in which you are more than 50% at fault	4

How to Get More Information

If you have questions about your auto insurance, contact the agent or company. If they cannot answer your questions, contact DIFS at the address or telephone number below.

