

Consumer Counselor

Insurance Information for Michigan Consumers

Insurance Misrepresentation: What to Watch For

When buying an insurance policy, you will probably depend on the insurance agent and any written materials you receive to explain what a policy covers and what it doesn't cover. Most people are not familiar with the various types of policies and the special words used in the insurance business.

Under the Michigan *Uniform Trade Practices Act*, the agent and the insurance company must give you accurate information about any policy they are selling. The agent and the company must not make false or misleading statements or leave out important facts in advertisements, sales presentations, or comparisons of policies, or when answering your questions.

It is illegal for an agent or company to do the following:

1. Misrepresent what a policy covers or does not cover
2. Misrepresent the advantages or disadvantages of a policy
3. Make a false statement in order to persuade you to cancel or exchange a policy you already have
4. Make an incomplete comparison of insurance policies or other products
5. Use a name or title for a policy which misrepresents the content of the policy
6. Make a false or misleading statement about the financial condition of an insurance company or any person involved in the insurance business
7. Make a false or misleading statement about the dividends which have been paid or will

be paid, or tell you that dividends are guaranteed

8. Make a false statement in order to get you to transfer the value of your policy to someone else or to take out a loan against your policy
9. Misrepresent an insurance policy as being an asset which can be traded or sold in the marketplace for investment purposes

You as a policy applicant should do the following:

1. Research the types of policies and different coverages to know what is available before you buy a policy. *Decide what you want the policy to do.*
2. Read any literature about the policy you are considering and make sure you know what you are buying. It is important to know what is covered by the policy and what is **not** covered.
3. Ask questions. Don't be embarrassed to ask and don't be afraid of taking the agent's time. He or she will be earning a commission on the policy you buy.
4. Deal with a reputable agent. If possible, get references from others who have dealt with the agent and the insurance company and find out if they are satisfied with the service and coverage they have received.
5. Take your time in making a decision. An insurance policy can be very valuable to you if you ever have to make a claim and it is important that you know what should or should not be covered by your policy.



6. **See it in writing.** If the agent tells you that something is covered and you don't see it in the policy, ask him or her to show you where it is covered in the policy.
7. **Before you sign any form, read it and make sure you understand what it means.**

If you feel that an agent or company has misrepresented an insurance policy and you can't get a satisfactory answer to your complaint, write to the Department of Insurance and Financial Services (DIFS) at the address listed below. Describe your complaint and what actually happened, provide the name of the

agent and the insurance company, and enclose copies of any documents involved.

About DIFS

The mission of the Michigan Department of Insurance and Financial Services is to ensure access to safe and secure insurance and financial services fundamental for the opportunity, security and success of Michigan residents, while fostering economic growth and sustainability in both industries. 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

