

0820.01 Insurance Coverage of State-Owned and Leased Motor Vehicles

Issued: January 1, 1994
Revised: December 22, 2011

PURPOSE

To inform Executive Branch Departments and Sub-units of current insurance coverage in the Motor Vehicle Self-Insurance Program.

APPLICATION

Executive Branch Departments and Sub-units.

CONTACT AGENCY

Department of Technology, Management and Budget (DTMB)
Procurement
Customer Experience Office
Relationship Management Division
Engagement & Risk Section (ERS)
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SUMMARY

State-owned and leased vehicles are covered by the state of Michigan's self-insurance fund. The fund is governed by the established procedures of the DTMB, Engagement and Risk Section (ERS) pursuant to the Management and Budget Act, PA 431 of 1984. Below is a description of the self-insurance coverages.

APPLICABLE FORMS

None.

PROCEDURES

Motor Vehicle Liability

The state of Michigan is self-insured for its automobile liability exposure. This program is known as the Vehicle Self-Insurance Fund (the Fund).

Coverage

The Fund will pay those costs required by Michigan's No-Fault law: Personal Injury Protection (PIP), Property Protection Insurance (PPI), and Residual Liability.

- PIP includes medical benefits, wage loss, and replacement services.
- PPI pays damage to other people's property, such as buildings and fences that may have been caused by the state covered vehicle. It also pays for damage done to another person's properly parked car.
- Residual Liability (bodily injury and property damage) includes payment when the state is sued as a result of an accident. The circumstances under which the state can be sued are defined by Public Act 218 of 1956, as amended.

Exclusions

- The Fund will **not** provide for the defense, or pay damages on behalf of any state employees or agents driving state-owned vehicles who do intentional harm.
- The Fund does **not** provide for the repair of state-owned or operated vehicles.
- The Fund will not pay "property damage" to state-owned property caused by a state-covered vehicle. The department at fault will be responsible for any such payment.
- Rental vehicles from third parties (e.g., Avis, Hertz) are **not** covered by the Fund.
- Vehicles assigned to colleges and universities through the state or Vehicle & Travel Services are **not** covered by the Fund.
- Department of Natural Resources federal excess property vehicles loaned out to rural fire departments are **not** covered by the Fund.
- Employee personal vehicles driven on state business are **not** covered by the Fund in any fashion.
- Additionally, the Fund does **not** pay for any losses or damages not required under the Michigan No-Fault Act.

Limits

- Personal Injury Protection: Unlimited per No-Fault Act.
- Property Protection Insurance: \$1,000,000 per accident. Losses in excess of \$1,000,000 per accident are the responsibility of the at-fault department.
- Residual Liability: \$1,000,000 per accident. Losses in excess of \$1,000,000 per accident are the responsibility of the at-fault department.
 - Allocated Loss Adjustment Expenses (ALAE) are not subject to the \$1,000,000 limit. ALAE are those expenses attributable to the defense or processing of a particular loss. (Examples of ALAE are expert witnesses, medical payments, fees for obtaining reports, etc.)

Claims, Settlements and Judgments

- Claims, settlements and judgments are paid from the Risk Management Revolving Fund, unless otherwise noted.
- ERS works with the Attorney General's Office in the event of litigation, providing approval of defense related expenses and has the authority to authorize all settlements.
- All claims are administered by a third-party administrator.
- All claims involving state-owned or leased vehicles should be reported to ASU Group at 1-800-968-3767.
- All accidents involving state-owned or leased vehicles should be reported to Wheels, Inc. by calling 1-800-937-8149, regardless of fault or damage to the state-owned or leased vehicle. Report all accidents even if there is no damage to the state-owned or leased vehicles.

Miscellaneous

- Certificates of self-insurance should be placed in all state-owned and leased vehicles. The certificates may be obtained by calling Vehicle & Travel Services at 517-322-5000 or by writing to DTMB, Office of Support Services, Vehicle & Travel Services, 6951 Crouner Drive, P.O. Box 30026, Lansing, MI 48909.
- All other questions regarding the automobile liability self-insurance program should be directed to ERS at 517-284-7005.
- Notification will be sent to all departments should any changes be contemplated in this insurance program.

Rates

- Rates are set yearly in conjunction with DTMB, Financial Services supported by a yearly actuarial study in order to ensure adequate loss reserved as required by law in order to maintain the state's self-insurance status. See Ad Guide procedure 0810.03.
