

0820.01 Insurance Coverage of State-Owned and Leased Motor Vehicles

Issued: January 1, 1994
Revised: April 15, 2022

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
Enterprise Risk Management (ERM)
320 S. Walnut Street
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SUMMARY

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

APPLICABLE FORMS

None.

REFERENCES

- [Administrative Guide Procedure 0810.03 Obtaining Insurance or Risk Management Services and Associated Fees](https://www.michigan.gov/dtmb/-/media/Project/Websites/dtmb/Law-and-Policies/Admin-Guide/800/081003-Obtaining-Insurance-or-Risk-Management-Services-and-Associated-Fees.pdf) (<https://www.michigan.gov/dtmb/-/media/Project/Websites/dtmb/Law-and-Policies/Admin-Guide/800/081003-Obtaining-Insurance-or-Risk-Management-Services-and-Associated-Fees.pdf>)
- [The Insurance Code of 1956, PA 218 of 1956](http://legislature.mi.gov/doc.aspx?mcl-Act-218-of-1956)
(<http://legislature.mi.gov/doc.aspx?mcl-Act-218-of-1956>)
- [The Management and Budget Act, PA 431 of 1984](http://legislature.mi.gov/doc.aspx?mcl-18-1261)
(<http://legislature.mi.gov/doc.aspx?mcl-18-1261>)

PROCEDURES

Motor Vehicle Liability

The SOM 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 pays for medical expenses, wage loss, replacement services, and survivor's loss benefits.
- PPI pays for damage to non-state-owned property, such as a building or fence. It also pays for damage to a non-state-owned or non-state-leased 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 coverage for:

- Acts of intentional harm committed by state employees or agents while driving state-owned or state-leased vehicles.
- The repair of state-owned or state-leased vehicles.
- -Damage to state-owned property caused by a state-owned or state-leased vehicle. Damage to the state-owned property is the responsibility of the department for which the at-fault driver works.
- Vehicles rented through third parties (e.g., Enterprise, Avis, Hertz).
- Vehicles assigned to colleges and universities through the state or Vehicle & Travel Services.
- Vehicles loaned by the Department of Natural Resources to rural fire departments under the Federal Excess Property Program (FEPP).
- Any vehicles that are not owned or leased by the state.
- 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 department for which the at-fault driver works.

- Residual Liability: \$1,000,000 per accident. Losses in excess of \$1,000,000 per accident are the responsibility of the department for which the at-fault driver works.
 - 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 Fund, unless otherwise noted.
- ERM works with the Attorney General's Office in the event of litigation, providing approval of defense-related expenses.
- ERM has the exclusive authority to approve settlements in all motor vehicle accident lawsuits.
- All claims must be reported to the SOM's third-party administrator, The ASU Group, by calling 1-800-968-3767.
- All accidents, regardless of fault or the extent of damage, must be reported to Wheels, Inc. by calling 1-800-937-8149. The driver must provide their driver's license number to Wheels, Inc. upon request.

Miscellaneous

- Certificates of self-insurance must be placed in all state-owned and state-leased vehicles. The certificates may be obtained by calling Vehicle & Travel Services at 517-636-6000 or by writing to DTMB, Office of Support Services, Vehicle & Travel Services, 6951 Crowner Drive, P.O. Box 30026, Lansing, MI 48909.
- Questions regarding the Fund should be directed to ERM at 517-230-7226.
- Notification will be sent to all departments should any changes be contemplated in this insurance program.

Rates

- Rates are determined in conjunction with DTMB, Financial Services and are supported by actuarial data, revised annually, to ensure adequate loss reserves as required by law in order to maintain the SOM's self-insurance status. See Administrative Guide Procedure 0810.03 Obtaining Insurance or Risk Management Services and Associated Fees.
