

Personal Lines

Michigan auto reform policy setup guidance

Michigan's auto reform implementation has begun. Yet, in a recent Citizens study, 23% of Michigan drivers believed that non-resident insureds still have the same level of personal injury protection (PIP) coverage, while 65% were unsure of the new order of priority rules.

With so many drivers unaware of the impact of the new law on their current policy, now is the time to review coverage. To help identify potential coverage gaps, consider these questions:

- Are there drivers listed on a policy that do not reside with the named insured?
- Are there residents in the home that are not family members?
- Are there resident family members of driving age that are not listed on a policy?
- Is any vehicle on the policy owned by someone other than the named insured(s), spouse or resident family member?
- Does any driver not listed on the policy have regular use of one of the vehicles?
- Are any vehicles used for business purposes such as Uber or Lyft?

If the answer to any of these questions is "yes," the existing policy may have a gap in coverage and needs to be reviewed immediately.

Consider the following common family scenarios, for example.
Each of these scenarios requires a review of coverage.

Son/daughter temporarily away at school

Greg McLaughlin attends college in Virginia, nine months out of the year, but he is at home with his parents in Michigan for the remainder of the year. He owns a vehicle and is insured on his parents' policy.

What should the McLaughlins do now?

A student temporarily away at school is generally considered to be a family member who resides in your household. Greg should remain on his parents' policy as a rated driver.



Son/daughter owns a vehicle, is a resident of the household, and has insurance with a different carrier

Monica Appleton just bought her first car. Her parents both have a Citizens insurance policy for their vehicles, but Monica elected to use a different carrier for her insurance policy, even though she lives in her parents' house.

What should the Appletons do now?

The Appletons need to list Monica on their policy as a driver insured elsewhere.



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Son/daughter owns a vehicle and is not a resident of the household

Allison Smith recently moved out of her parents' house. Her car is still insured on her parent's policy, even though she is no longer a resident of the household.

What should the Smiths do now?

It is recommended that Allison have her own policy, in which she is the named insured.



Son/daughter owns a vehicle and is a resident of the household

Joe Clarkson recently bought a car so he can commute to his local community college. He currently lives with his parents and is insured on their Citizens policy.

What should the Clarksons do now?

The Clarksons have two options. They can have one policy for the entire household, in which Joe is listed as an additional insured (if required by the lending bank). They could also have a separate policy for Joe, in which he is the named insured, and a separate policy for Joe's parents, in which they are the named insureds.



Learn more

There are many other scenarios that involve other family members, roommates and domestic workers. For guidance on other scenarios that require immediate action, discuss with your underwriter.

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