

Michigan auto reform policy setup guidance

Michigan’s auto reform implementation has begun. Yet, in a recent 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 scenarios.

Each of these scenarios requires a review of coverage.

Note that this is not an exhaustive list of scenarios. Please direct questions about an individual applicant or insured to your underwriter.

SCENARIOS INVOLVING CHILDREN	
SCENARIO	POLICY SETUP GUIDANCE
Son or daughter owns a vehicle and is not a resident of the household.	Write a separate policy with the son/daughter as the named insured.
Son or daughter owns a vehicle and is a resident of the household.	Options: <ol style="list-style-type: none"> 1. One policy for the entire household <ul style="list-style-type: none"> • List the son/daughter as an additional insured if required by the bank. • If the child permanently moves out of the household, he/she should obtain a separate policy. 2. Write a separate policy with Citizens for the son/daughter as a named insured. <ul style="list-style-type: none"> • Do not list the son/daughter on the parent’s policy and do not list parents on son/daughter’s policy. • Note that the Hanover Family Discount applies if the insured is aged 21–29 and was previously listed as a principal/occasional driver on their parent’s Citizens auto policy.
Son or daughter owns a vehicle, is a resident of the household and they have a policy with a carrier other than Citizens.	List the son/daughter on the parent’s policy as an “insured elsewhere” driver.

SCENARIOS INVOLVING CHILDREN	
SCENARIO	POLICY SETUP GUIDANCE
Parent is the titled owner of the vehicle, but it is furnished to their non-resident son/daughter for regular use.	Options: 1. Title the vehicle to son/daughter and write a separate policy with the son/daughter as the named insured using their garaging address. 2. If the vehicle can't be titled solely to the son/daughter, then co-title it to the son/daughter and write a separate policy with the son/daughter as the named insured at their garaging address. The parents do not need to be listed as drivers on the separate policy. The parents need to be added using the Additional Insured—Joint Owner(s) endorsement. 3. If the parents are insured with Citizens and the son/daughter was previously on the Citizens policy and the vehicle cannot be titled or co-titled to the son/daughter, then write a separate policy with the son/daughter as the named insured at their garaging address. The parents do not need to be listed as drivers on the separate policy. The parents need to be added using the additional insured endorsement. Underwriting will verify parent/child relationship.
Joint custody arrangements	If the son/daughter lives part time with both parents, list the son/daughter on the policy with the address that matches their license. The license address should match where the child primarily resides and is considered a resident family member.
Son or daughter temporarily away at school	These children are generally considered to be a family member in the household. They should remain on the parents' policy as a rated driver.
Foster children and wards	These children are generally considered to be a family member in the household. They should remain on the parents' policy as a rated driver.
Exchange students	These are not considered a "family member" and would seek benefits from the Assigned Claims Plan if injured in an auto accident. Exchange students should not be listed on the policy.

SCENARIOS INVOLVING COUPLES	
SCENARIO	POLICY SETUP GUIDANCE
Non-married couple residing together where each owns a vehicle. OR All vehicles are co-titled to both individuals	Options: 1. Write separate auto policies for each person. 2. Write one auto policy using the following guidance: Connections policy —Add both individuals as named insureds on the policy. Platinum policy —The named insured(s) on the auto policy needs to align with those on the homeowners policy. If both individuals are listed on the home policy, then list both individuals as named insured on the auto policy and this customer can be written in Platinum. Otherwise, if the named insured(s) don't align, this customer is not yet eligible for Platinum.* <i>*Note: we are adding additional functionality in July 2020 to allow this scenario to be written in Platinum.</i>
Non-married couple residing together where one individual owns the vehicle and the other individual owns the home	Connections policy —Add both individuals as named insureds on the auto policy. Platinum policy —Not eligible, as the named insured on the auto policy needs to align with those listed on the homeowners policy. The individual who does not own the home cannot be listed as a named insured.
Non-married couple residing together where one individual owns the vehicle, and both own the home	Platinum policy —Add both individuals as named insureds on the auto policy. This scenario is eligible as the named insureds on the auto policy align with those on the homeowners policy.
Married couple who is separated and temporarily living apart	If the spouse ceases to be a resident of the same household, our policy provides coverage until the end of the current policy period. A separate policy should be written for the insured who ceases to be a permanent resident of the household.

OTHER SCENARIOS	
SCENARIO	POLICY SETUP GUIDANCE
Roommates (non-family members)	Write a separate policy for each roommate's vehicle(s). Do not list either individual on the other's policy.
Live-in nanny or au pair	These are not considered a "family member" and would seek benefits from the Assigned Claims Plan if injured in an auto accident. A live-in nanny/au pair should be listed on the policy using the live-in nanny driver status.
Family member in the military away from home for an extended period of time.	Family members in the military that are serving elsewhere temporarily may still have their permanent address at home. As a permanent resident, a family member in the military away from home should still be a named insured on the policy.
Other family members living in the household	Other family members, such as a cousin, aunt, nephew, etc. should have separate policies for their vehicles. If other family members have an insurance policy with Citizens, do not list the family members on the policy in question. If other family members do not have an insurance policy with Citizens, list the relatives as "insured elsewhere" drivers on the Citizens policies.
Non-resident drivers who regularly operate the named insured(s) vehicle(s)	Do not list the non-resident driver on the policy. If the vehicle is not garaged at the named insured's residence it should not be listed on the policy. The non-resident driver should obtain their own policy, or a non-owned auto policy, if applicable.
Owned vehicles garaged outside the residence at a seasonal home in Michigan	If one of the insured's vehicles is garaged at the seasonal home and another vehicle is garaged at the permanent residence, then all vehicles can be insured on the same policy. List the garaging address for the vehicle kept at the seasonal home on the garaging locations screen.
Owned vehicles garaged outside the residence at a seasonal home in a state other than Michigan	Policy should be written in the state which the vehicle garaged the majority of the year.
Automobiles listed in the name of a trust	The policy is to be written in the name of the individual with possession of the vehicle. The trust must be shown in the additional interest detail as a trustee.

Important definitions The definition of insured for PIP coverage only includes the following:

- The named insured(s)
- The named insured(s) spouse and
- Resident family members

Resident family member means a person related to you by blood, marriage or adoption who physically resides primarily in your household. This includes the following:

- A ward who resides with the "named insured"
- A foster child who resides with the "named insured"
- Unmarried dependent children of the named insured, while temporarily away from home if they intend to continue to reside in the household of the "named insured"