



Michigan Automobile Insurance Placement Facility Summer 2013 Newsletter

MAIL: NEW MAILING ADDRESS - P.O. Box 532318, Livonia, MI 48153-2318	Phone: 734-464-1100
17456 Laurel Park Drive North, Suite 130E, Livonia, MI 48152-3981 (<i>Drop off Apps</i>)	8:00 a.m. to 4:20 p.m.
www.maipf.org	Email: info@maipf.org Fax: 734-464-0009

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MANAGER'S MESSAGE Terri A. Miller, CPCU – MAIPF General Manager

I'm sure many of you are aware of the high volume of applications now coming to the MAIPF, which has resulted in increased turnaround times. One thing that is impacting our service levels (both here and at the servicing carrier offices) is the high number of calls we receive directly from customers – often at the direction of their producer.



As a producer, customers look to you for your guidance and assistance. When a customer has a problem or question that you're not able to answer, YOU should be the one to follow up with our office. If the application has been placed, YOU should contact the servicing carrier. As the insurance professional, your clients' needs are your territory so you should be their point of contact. We do not have licensed agents on staff, and therefore are unable to provide guidance on coverage issues to callers.

Answers to many common questions may be found on our website and in back issues of the Facility Newsletter. I encourage you to make this required reading for all employees who handle MAIPF business.

Building a relationship with your client starts with the application process and gives you an opportunity to educate them about the Facility, evaluate their needs and review the coverage options they are selecting. Purchasing auto insurance can often be a complicated subject, and by providing great customer service you gain a good reputation that can help retain existing accounts and increase new sales.

Please contact me (info@maipf.org) if you have any questions or suggestions about Facility operations.

IMPORTANT NOTICE Newly Required Documentation – Copy of Driver's License

Due to the large number of "no hit" returns on MVR orders, MAIPF now requires a copy of the principal operator's driver's license when submitting a private passenger application. While many producers already follow this practice, we are now making this procedure mandatory effective immediately. Failure to submit a copy of the required driver's license will become a producer violation on applications that are effective September 1, 2013 and later.

Application Trends

We are still dealing with very high application volumes compared to prior years. Through June 2013, we have received 11,947 private passenger applications - an increase of over 1,667% from 2012. We received 253 commercial applications, an increase of 19% from 2012.

What's Trending – Premium Financed Policies

We have seen a dramatic increase in producers offering premium financing to their Facility applicants. Please make sure that you have laid out the Facility payment plan as an option, since what may seem to be an equitable option for your applicant will actually end up costing them more due to the high interest rate offered under the finance contract. If/when you do move forward with a premium financed application, we encourage you to explain the contract terms to your applicant. When are payments due? Does the financing include services or products being provided that the Facility does not offer, such as towing? If so, have you explained exactly what they are paying for?

Here are some additional processing pointers and notes about your premium financed applications:

- The finance agreement must accompany the application. The agreement should include the amount financed, the number of payments, the amount of each installment, the due date of each payment, and the applicant's signature. Failure to submit the required finance agreement with the application will result in a producer violation.
- If the policy premium is adjusted due to undisclosed drivers, penalty points, etc., the servicing carrier will bill the insured – not the premium finance company - for the additional premium. Your insured will receive two bills – one from the premium finance company and the other from the servicing carrier.
- The premium finance company may request that the policy be cancelled if the finance agreement permits. Once the finance company requests cancellation, the policy will not be reinstated, even if the finance company receives the customer's payment before the requested cancellation date. In those cases, a new application must be submitted.
- All refunds for premium financed policies will be mailed directly to the finance company.

Western Union Wired Payments

State Farm will no longer accept wired payments from Western Union. Since wired or electronic payments are not an option for State Farm policyholders or any other policyholder, it is extremely important that you review the MAIPF installment plan with your applicants along with their projected due dates. This is a good opportunity to explain that payments are due in the office of the servicing carrier (not your office) on the due date and that late payments will lead to cancellation. To protect yourself from a potential errors & omissions claim, we recommend that you not accept payments for any bills issued on MAIPF policies.

Private Passenger Quick Quote – Calculate Mid-Term Deposits in Four Easy Steps

1. Determine the six-month premium for the mid-term change using Quick Quote (Enter this premium for Step 1).
Be sure to use the effective date of the current policy.
2. Enter the Policy Expiration Date.
3. Enter the Endorsement Date.
4. Click the Calculate Deposit button.

Reminder: For policies whose expiration date is 60 days or less from the effective date of the additional auto or coverage request, the required deposit is 100% of the premium for the remainder of the policy period (MAIPF Manual, Availability, G2).

Off-Road Vehicles

We have received many requests to insure off-road utility vehicles, such as the Polaris Ranger and the Kubota RTV, which have been certified as equipped for road use. While the Secretary of State will issue license plates for these, we feel that the risk of bodily injury is extremely high and are currently working on underwriting rules and rates to reflect the additional exposure.

Until we are able to make additional filings, we have no choice but to insure these vehicles as private passenger units. Applications must include a copy of the certification form that has been signed by a law enforcement officer.

Note that all operators must be listed, even if unlicensed, and servicing carriers will be running reports to identify all household operators. Driver assignment will default to the highest-rated operator. When these units are operated on the road, the operator must be a licensed driver and all road rules must be obeyed.

Our recommendation is that owners do not license these units for road use due to the significant risk of serious bodily injury. They were manufactured strictly for off-road use and should be operated accordingly.

Frequently Asked Question

Q - Does the Facility accept credit card payments for application deposits?

A - We do not accept electronic payments. Applications must be accompanied with a check or money order made payable to MAIPF.

Website Changes – MAIPF Home Page

1. To clarify the use of the *Register/Update Producers* link, we renamed the link to *Producer Registration & Staff Changes*. To determine the proper UPS shipping rate, we revised the form to ask whether the address is residential.
2. We also renamed the *Change Address Form* link to *Producer Change of Address Form*.

Commercial Auto Items of Interest

Minimum Term for Commercial Endorsements

Several producers have attempted to “game” the system by deleting vehicles, usually trucks, when they are idle and adding them again when they go back on the road. This creates a great deal of work and expense for our commercial servicing carrier, and often creates billing problems for the insured.

As a result, we are instituting a minimum term of thirty days for any endorsement. Units will be deleted for no less than 30 days, and once a vehicle is added it may not be deleted less than 30 days later unless proof of sale is provided.

Upcoming Revisions to CARS

- The Commercial application (MAIPF-04) will have a fresh look and will be easier to read with the increased font size.
- If the risk is a Taxicab, Limousine or Non-Emergency Medical Transportation risk, the questionnaire (MAIPF-06) will follow the application when you view or print. In addition, the questionnaire will be retrieved when you access a Saved Quote for one of these risks.

Application Reminders

- When submitting an application electronically using EARS or CARS, print the completed application and mail us one copy along with the deposit check, ownership documentation and, if private passenger, a copy of the principal operator's driver's license.
- Please include the System ID for the licensed producer who is signing the application in the designated area of the EARS or CARS application. While the application is prefilled with the System ID of the Agency/Producer on page 1, the producer signing the application isn't always the principal in the office. We need this information for internal purposes only; it is not commission related.
- The producer must sign the Producer's Statement, Section 11 of the EARS application, even if a signature is present under the vehicle inspection statement, Section 10.
- Please do not mail us double sided copies of the application; single sided copies only!
- Certificates cannot be downloaded from our website. Our temporary certificate of insurance (MAIPF-01) is printed on special paper with several embedded safety features to prevent reproduction and to deter fraud.

HEAT® Program

HEAT® is well into its 28th year and continues to serve as a valuable tool for fighting crime. Our program has aided law enforcement in the recovery of over \$56.5 million in stolen vehicles and related property, and has paid rewards to tipsters totaling over \$3.9 million.

HEAT® is a confidential, toll-free tip line to allow citizens to report information about auto theft, auto theft-related insurance fraud or identity theft, carjacking, theft rings and chop shops. If the suspects are arrested and bound over for trial, rewards can range up to \$10,000! All funding for the program is provided by Michigan auto insurers. Live operators are ready to take calls 24/7.

In 2013 we have awarded over \$59,000 to tipsters who provided information leading to two arrests, including the operator of a large chop shop, and the recovery of over \$1.4 million in stolen vehicles and other property.

We can also be found on social media. "Like" our page on [Facebook](#) and "follow" us on [Twitter](#) to receive periodic updates on program successes and activities as well as breaking auto theft news.

To obtain free materials for display in your agency or to include in mailings to your clients, contact Nina Hier at ext. 227 or via email at info@miheat.org. Program information and theft prevention tips are also available on our web site, www.1800242HEAT.com.

	Help Eliminate Auto Thefts by reporting Auto Theft & Auto Related Crimes	
	Call the 24/7 HEAT® Confidential Tip Line 1-800-242-HEAT OR Report Tips Online!	Contact us for HEAT® Info and to Order Supplies

We Want to Hear From You

Your feedback is especially important to us and we want to hear from you. Please share with us your experience, good or bad with any Facility related item; from our website, rating programs and employee support. Send us your comments at info@maipf.org.

How to Contact Us:

MAIPF Applications & General Correspondence		Drop off applications at our office Monday through Friday, 8:00 A.M. to 4:20 P.M.	
NEW MAIPF P.O. Box 532318 Livonia, MI 48153-2318		17456 Laurel Park Drive N., Suite 130 E, Livonia MI 48152-3981. Our office is near 6 Mile Road & I-275. Our parking lot is adjacent to Laurel Park Mall.	
Phone: 734.464.1100	Email: info@maipf.org	Fax: 734.464.0009	Internet: www.maipf.org

Servicing Carrier Directory:

CARRIER	ADDRESS	PHONE NUMBER
Auto Club	JUA Processing 1 Auto Club Drive Dearborn MI 48126-2694	(313) 336-1145
Auto Owners	JUA Operations 6101 Anacapri Blvd. PO Box 30660 Lansing MI 48909-8160	(517) 323-1201 x 2009
Citizens	Auto Plan Department PO Box 930 Howell MI 48844-0930	(800) 243-8921
State Farm	JUA Operations 2550 Northwestern Ave. West Lafayette IN 47906-1394	(765) 463-8140
Amerisure (Commercial)	26777 Halsted Rd PO Box 9201 Farmington Hills MI 48333-9201	(800) 789-9594
For a complete listing of servicing carrier claim offices in Michigan, go to http://www.maipf.org/SC/SC-Directory.pdf		