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This Guide provides important coverage, rating, and eligibility information, as well as ways you may be able to save money on your Automobile Insurance.

Please carefully review this information, your policy, and your Declaration Certificate to determine if the coverages and limits you have selected best meet your needs.

Your AAA agent will be able to help you with any questions you may have and with any changes you may wish to make.

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## ***INSURANCE COVERAGES***

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### **NO-FAULT INSURANCE**

Michigan law requires you to have No-Fault insurance coverage if you own and/or drive an automobile. Among other benefits, your No-Fault insurance covers your automobile accident-related medical expenses as part of your Personal Injury Protection Insurance Allowable Expenses Benefits Coverage. However, you may be able to opt out of Allowable Expenses Benefits Coverage.

Your No-Fault insurance also covers accidental damage your automobile causes to other people's property and protects you if you are sued or held legally responsible for injuries to other people caused by an automobile accident, regardless of who is at fault.

You may choose to add other coverages that protect you and your automobile. A brief description of mandatory and optional coverages follows.

### **MANDATORY COVERAGES**

#### **Bodily Injury and Property Damage Liability**

This coverage protects you if you are more than 50% at fault for causing an automobile accident that injures another person. You must have Bodily Injury limits of at least \$250,000 per person and \$500,000 per occurrence, unless you sign a form acknowledging that you are choosing to purchase lower limits. However, we offer higher Bodily Injury limits from which you may choose.

This coverage also protects you if your automobile causes accidental damage to another person's property outside of Michigan. You must have a Property Damage limit of at least \$10,000. However, we offer higher Property Damage limits from which you may choose.

#### **Property Protection Insurance**

This coverage protects you if your automobile causes accidental damage to another person's property and/or properly parked automobile in Michigan. Your Property Protection Insurance limit is \$1,000,000. This limit may not be changed.

#### **Personal Injury Protection Insurance**

This coverage provides various benefits if you are injured or killed in an automobile accident. These benefits include:



- Allowable Expenses Benefits – Cover automobile accident-related medical expenses, attendant care, and some funeral expenses. Allowable Expenses Benefits are payable per person, per accident up to the coverage limit selected. Coverage options include:
  1. Unlimited coverage
  2. Up to \$500,000 in coverage
  3. Up to \$250,000 in coverage
  4. Up to \$250,000 in coverage with exclusion(s) – Exclusion is available for a named insured who has qualified health coverage and/or a spouse or resident relative(s) who have qualified health coverage or Medicare Parts A and B.
  5. Up to \$50,000 in coverage – Available if the named insured is enrolled in Medicaid and any spouse and all resident relatives have qualified health coverage, Medicare Parts A and B, Medicaid, or other PIP allowable expense coverage.
  6. PIP allowable expense opt-out – Available if the named insured has Medicare Parts A and B and any spouse and all resident relatives have qualified health coverage, Medicare Parts A and B, or other PIP allowable expense coverage.
- Work Loss Benefits – Cover loss of income as a result of automobile accident-related injuries. An additional work loss benefit of \$1,000 per month may be purchased. The additional benefit allows an individual to recover more than the statutory maximum wage loss benefit and is applicable when a person's income exceeds the statutory maximum amount.
- Essential Services Benefits – Cover the cost of household services incurred as a result of automobile accident-related injuries.
- Survivor's Loss Benefits – Cover loss of financial contributions to dependents as a result of automobile accident-related death.

You may be able to coordinate your medical expense benefits and your work loss benefits. You may only do this if you have other medical expense and/or work loss insurance coverage that is primary for automobile accident-related injuries. If you choose to coordinate your medical expense benefits and/or work loss benefits, all other sources of medical expense and/or work loss recovery available to you will be primary and must be exhausted before we will make any medical expense and/or work loss payments. Amounts for medical expense benefits payable by us may be reduced by up to \$500 if you choose to coordinate your medical expense benefits and primary protection is not available.

### Death Indemnity Coverage

For your added protection, Death Indemnity Coverage is automatically provided on vehicles with mandatory coverages in effect, except for Antique Vehicles. This coverage pays \$10,000 in the event of the accidental death of a named insured, spouse, or resident relative(s) as a result of an automobile accident.

### OPTIONAL COVERAGES

#### Attendant Care Rider

This coverage provides up to \$5,000 for attendant care when the amount of attendant care for a named insured, spouse, or resident relative exceeds the Personal Injury Protection Insurance Coverage Allowable Expenses

Benefits limit. Attendant Care Rider is only available for the Personal Injury Protection Insurance Coverage Allowable Expenses Benefits limit options of \$50,000, \$250,000, and \$500,000.

#### Comprehensive

This coverage pays for damage to your automobile that results from fire, theft, vandalism, and certain other causes. A deductible applies.

#### Collision

You may choose from three types of coverage for damage to your automobile resulting from a collision:

- Limited Collision - Covers repairs to your automobile only if the driver of your automobile is not more than 50% at fault. No deductible applies.
- Basic Collision - Covers repairs to your automobile without regard to fault. A deductible applies.
- Broad Collision - Covers repairs to your automobile without regard to fault. A deductible applies unless the driver of your automobile is not more than 50% at fault or the other automobile involved in the collision is insured under a policy issued by the Auto Club Group.

NOTE: If you do not purchase Collision Coverage, we will not pay for damage to your automobile resulting from a collision. If the driver of another automobile is more than 50% at fault, you may sue that driver for the damage to your automobile that is not covered by us. If the other driver is insured, you can only sue that driver for up to \$3,000. You must bring suit against the other driver in a district court or a municipal court. We will not file the suit for you.

If your automobile has Collision Coverage, Supplementary Payments are automatically included. This provides up to \$500 in Pet Injury Protection for your pet dog or cat if it is injured or killed while in your automobile as a result of a collision.

#### Car Rental

This coverage pays your car rental costs while your automobile is being fixed. It only applies when the damage to your automobile is covered by your policy. You may choose from several daily Car Rental Coverage limits.

#### Michigan Limited Property Damage

This coverage protects you if you are more than 50% at fault for causing an automobile accident that damages the other automobile involved in the accident. The owner of the other automobile involved in the accident may sue you for the damages to their automobile that are not covered by their automobile insurance. They can only sue you for up to \$3,000. We will pay up to this amount if you purchase this coverage.

#### Broadened Other Car

Your Bodily Injury and Property Damage Liability Coverages do not protect you if you are driving an automobile not owned by you, your spouse, or your resident relative at the time of an automobile accident. This coverage provides that protection.

#### Uninsured and Underinsured Motorists Bodily Injury

This coverage pays your automobile accident-related bodily injury damages if the driver of the other automobile involved in the accident is more than 50% at fault for causing the accident. We will pay these damages if the at-fault automobile is either uninsured or insured with bodily injury limits that are lower than your Uninsured and

Underinsured Motorists Bodily Injury Coverage limits. You may choose from several Uninsured and Underinsured Motorists Bodily Injury Coverage limits.

#### Extra Equipment

This coverage pays for damage to your automobile, whether or not it results from a collision. Coverage for parts and equipment not available from or installed by the original manufacturer of your automobile is limited to \$1,000. However, you may purchase up to an additional \$5,000 in coverage to protect aftermarket custom or electronic items that have been added to your automobile. You may only purchase this coverage if you have purchased Comprehensive Coverage for your automobile.

#### EXCLUSIONS

Exclusions state what is not covered by your Policy. Each Part of your Policy has its own set of Exclusions. You should be aware that there may be no coverage if your automobile is:

- rented, leased or consigned to others;
- used to carry persons or property for a fee;
- used in a vehicle sharing program in which the vehicle is shared, rented or leased to others for a fee;
- used to flee or elude police; or
- operated in prearranged, organized or spontaneous racing or speed contest.

You must review each Part of your Policy to determine what is not covered.

## ***RATING INFORMATION***

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#### ESSENTIAL INSURANCE

In Michigan, insurance is regulated by the Department of Insurance and Financial Services under the terms of the Essential Insurance Act. The intent of the Essential Insurance Act is to ensure that No-Fault insurance protection is available to all eligible Michigan residents. All companies offering insurance in Michigan must comply with the Essential Insurance Act. In accordance with the Essential Insurance Act, Auto Club Insurance Association's and Auto Club Group Insurance Company's filed rules and rating plans provide fair and equitable treatment to all of our policyholders.

#### WHY RATES ARE DIFFERENT

Several factors affect the premium you pay for your automobile insurance coverage. These include:

- **Drivers/Automobile Usage** - The age, type of operator (occasional or principal driver) and automobile usage are considered for all households. Young drivers under 23 generally pay more than older drivers; principal drivers under 23 pay more than occasional drivers under 23. In general, lower rates apply to older drivers. If you drive your automobile to work or school, or use it in business, you likely will pay more than a person who uses an automobile for pleasure. If your automobile is used for pleasure driving only and you drive less than 7,500 miles a year, a lower premium may apply.
- **Driving Records** - Rates are lowest for safe drivers who have no tickets and no substantially at-fault (SAF) accidents on their record. Those with convictions for chargeable traffic violations will pay more. Rates may also be higher for those who have been involved in a substantially at-fault accident. However, in recognition of loyalty and safe driving experience, the accident or violation points for a substantially at fault loss and for most minor traffic violations will be waived if you have been continuously insured with us for 5 years or longer as an owner or principal driver and have not had a SAF loss or been convicted of a traffic violation in the last 5 years.
- **Type of Automobile** - The rates for Comprehensive Coverage and Collision Coverage are based largely on the age of your automobile and the cost of your automobile when it was new. If you own a newer or higher-priced automobile, you will pay more to insure it. This is because these automobiles cost us more

to repair or replace than older automobiles or lower-priced automobiles. Additionally, certain automobiles are more easily damaged or more expensive to repair than others. Rates reflect these factors.

- Income - Personal Injury Protection Insurance Coverage provides benefits that are related to your income. If you are retired or do not work, your premium for this coverage will be lower.
- Optional Coverages - The type and amount of additional coverages you choose will affect your premium.
- Garaging Location - Your premium is influenced by where you live. Those in large cities and suburbs usually pay more because the risks of automobile accidents and automobile thefts in these areas are higher. Additionally, the higher costs of automobile repairs, legal defense, and medical care increase rates in these areas.

Please refer to your Declaration Certificate to see how your policy is rated.

## *WHO QUALIFIES*

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Many people are eligible for No-Fault insurance through one of our affiliated insurance companies. However, our affiliate companies, Auto Club Insurance Association (ACIA) and Auto Club Group Insurance Company (ACGIC), will not offer or continue to provide No-Fault insurance if:

- A person is not the owner or registrant of an automobile registered or to be registered in this state; or does not hold a valid Michigan driver's license to operate a motor vehicle; or if not required to maintain No-Fault insurance, has not declared written intent to reside in this state for 30 days or more.
- The driver's license of an operator of the automobile is under suspension or revocation.
- An operator of the automobile has been convicted of fraud or intent to defraud an insurance company in the preceding five years.
- A AAA membership is not obtained or maintained when required.
- An operator of the automobile has been denied, within the immediately preceding five-year period, payment by an insurer of a claim in excess of \$1,000 under an automobile insurance policy, where there is evidence of fraud or intent to defraud involving the insurance claim or application.
- Insurance premiums are not paid when due.
- The company does not have a premium lawfully in effect for the type of automobile insured or to be insured.
- The automobile is used for transportation of passengers for hire or rental purposes.
- The automobile has been substantially modified from its original manufactured state for purposes of increasing the speed or acceleration capabilities of the automobile. (ACIA only)
- The automobile fails to meet applicable motor vehicle safety requirements.
- An insured or applicant for insurance has on one or more occasions threatened, harassed, or assaulted the insurer's employee, agent, or agent employee while that individual was acting within the scope of their employment and a report of the incident was filed with an appropriate law enforcement agency. (ACIA only).

## *YOUR RIGHT TO APPEAL*

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If you do not agree with our rule or rate filings, you may write to the Department of Insurance and Financial Services and ask for a hearing.

You may also appeal our decision if you think that we have wrongfully denied you insurance or charged you more than we should have. Upon request, we will provide copies of all information that caused us to deny or cancel your insurance.

To start your appeal, call your AAA agent and ask for an explanation.

If you still do not agree or want more information, write to: Insurance Regulatory Complaint Resolution, 1 Auto Club Drive, Dearborn, Michigan 48126. In your letter, state that you would like to appeal our decision concerning your insurance. Please provide your name, address, policy number, and phone number.

Within 30 days of our receipt of your letter, you will be called by an Insurance Regulatory Complaint Resolution representative. They will ask you to contact your AAA Michigan Branch Office to schedule an informal management conference. If this is not held within 30 days, or if you are still not satisfied, you can appeal to the Department of Insurance and Financial Services.

Upon request, the Commissioner will hold a hearing on the case.

## ***IN CASE OF AN ACCIDENT***

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Unfortunately, accidents happen. If you are involved in an automobile accident, get all the facts. Exchange names, addresses, driver license numbers, telephone numbers, and insurance information with the other driver. Record license plate numbers, descriptions and directions of the automobiles involved. Get the names and addresses of any witnesses. Also, make note of the location.

To report your claim, simply call 1-800-222-6424.

Please refer to your Policy for additional details on what you must do after a loss.

## ***ASSESSMENTS***

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Michigan Law requires all insurance companies writing automobile insurance in Michigan to participate in various associations, which include:

- Michigan Automobile Insurance Placement Facility;
- Automobile Theft Prevention Authority;
- Michigan Property and Casualty Guaranty Association;
- Michigan Assigned Claims Plan;
- Michigan Catastrophic Claims Association (MCCA).

The MCCA provides a means to share the costs of unlimited Personal Injury Protection Benefits when payments for catastrophic injuries resulting from an automobile accident exceed a high threshold amount.

Each company is assessed a portion of the costs associated with these organizations. A charge is added for each automobile with mandatory no-fault coverages to offset our companies' share of these assessments.

## ***DISCOUNTS AND MONEY-SAVING TIPS***

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### **DISCOUNTS**

#### **Air Bag Discount**

If your automobile is equipped with a factory installed air bag(s), you may be eligible for a discount on your Personal Injury Protection Insurance premium.

#### **Anti-Theft Device Discount**

If your automobile has an approved theft prevention or theft recovery device, you may be eligible for a discount on Comprehensive and Extra Equipment Coverages.

#### **Good Student Discount**

If the principal driver or driver rated in your household is a full-time student between 16 and 24 years of age with a 3 point ("B") or better grade point average, you may be eligible for a discount on most coverages applying to the automobile rated for that student.

#### **Multiple Car Discount**

If more than one automobile in your household is insured on a policy with us, you may receive a discount on

various coverages.

#### Multiple Product Discount

Your Comprehensive and Collision Coverage premiums may be reduced if you insure your automobile(s) and maintain homeowners or life insurance with a AAA Michigan affiliated company.

#### Pay in Full Discount

A discount is available when a qualifying full premium payment is made on your policy.

#### Premier Discount

Premiums for household automobiles may be reduced if a driver's insurance score exceeds established thresholds.

#### MONEY SAVING TIPS

##### Coordinated Benefits

If you choose to coordinate medical expense and/or work loss benefits, the cost of your insurance will be less. You can only do this if you have other insurance that will qualify as primary. Medicare and Medicare supplement policies do not qualify for coordination of medical expenses.

##### Coverage Selection/Limits

Make sure to compare the costs and benefits of the optional coverages and limits you have selected. For example, if you have an older automobile or one in very poor condition, Comprehensive Coverage or Collision Coverage may cost more than your automobile is worth.

##### Deductibles

You can lower the premium you pay by increasing the amount of your deductible.

##### Type of Automobile

We offer reduced rates for automobiles that have a better than average record for repairability, theft potential, and occupant protection.

## ***FRAUD NOTICE***

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Under Michigan law, a fraudulent insurance act includes acts or omissions committed by a person who knowingly presents any statement that contains any false information concerning any fact material to an application for insurance or claim for payment under the policy. A person who commits a fraudulent insurance act is guilty of a felony punishable by imprisonment for not more than four years or a fine of not more than \$50,000, or both.

## ***NOTICE OF INSURANCE UNDERWRITING AND RATING INFORMATION PRACTICES***

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As part of our normal underwriting process, we rely upon various consumer reports to verify the accuracy of information and to determine qualification for our lowest possible rates. These reports may include information from consumer reporting agencies regarding driving records, prior claims, licensed drivers in the household, and insurance rating score. Under certain circumstances, we may also disclose information we collect to third parties. You will be notified whenever information from a consumer reporting agency results in an adverse action.

Your AAA agent can provide specific information about reports ordered, the results obtained, and the effect they have on your insurance.



## ***AFFILIATED INSURANCE COMPANY AUTOMOBILE INSURANCE PROGRAM***

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Qualifying policyholders have the opportunity to continue their current policy or to apply for automobile insurance coverage under a program available through MemberSelect Insurance Company (MSIC). There are several differences in the policies, product features, and rating methods between your current coverage and what is available through the MSIC program. Some differences include:

- The policies are not the same and one policy may offer more or less of certain coverages than the other policy.
- The availability, pricing, and packaging of optional and automatically provided coverages, limits, and deductibles may differ between the policies.
- Certain rating factors and discounts are new and others have a larger or smaller impact on the overall premium. Your premium may be higher or lower depending on coverage selection and your individual rating characteristics under each policy.

*Please contact the AAA Agent shown on your Declaration Certificate if you have any questions. The agent can also provide additional information to help you decide which coverages best meet your individual needs and can assist in making any changes that may be necessary as a result.*

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*The descriptions in this brochure are not exhaustive. All coverages are subject to the limits of liability, exclusions, conditions, and other terms of the policy and endorsements.*