

# HOUSE BILL No. 4957

June 13, 1991, Introduced by Rep. Brown and referred to the Committee on Insurance.

A bill to amend section 3121 of Act No. 218 of the Public Acts of 1956, entitled as amended  
"The insurance code of 1956,"  
being section 500.3121 of the Michigan Compiled Laws; and to add section 3128.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 3121 of Act No. 218 of the Public Acts  
2 of 1956, being section 500.3121 of the Michigan Compiled Laws, is  
3 amended and section 3128 is added to read as follows:

4 Sec. 3121. (1) Under property protection insurance an  
5 insurer is liable to pay benefits for accidental damage to tangi-  
6 ble property arising out of the ownership, operation,  
7 maintenance, or use of a motor vehicle as a motor vehicle subject  
8 to the provisions of this section and sections 3123, 3125, ~~and~~  
9 3127, AND 3128.

1 (2) Property protection insurance benefits are due under the  
2 conditions stated in this chapter without regard to fault.

3 (3) Damage to tangible property consists of physical injury  
4 to or destruction of the property and loss of use of the property  
5 so injured or destroyed.

6 (4) Damage to tangible property is accidental, as to a  
7 person claiming property protection insurance benefits, unless it  
8 is suffered or caused intentionally by the claimant. Even though  
9 a person knows that damage to tangible property is substantially  
10 certain to be caused by his OR HER act or omission, ~~he~~ THE  
11 PERSON does not cause or suffer such damage intentionally if he  
12 OR SHE acts or refrains from acting for the purpose of averting  
13 injury to any person, including himself OR HERSELF, or for the  
14 purpose of averting damage to tangible property.

15 (5) Property protection insurance benefits consist of the  
16 lesser of reasonable repair costs or replacement costs less  
17 depreciation and, where applicable, the value of loss of use.  
18 However, property protection insurance benefits paid under 1  
19 policy for damage to all tangible property arising from 1 acci-  
20 dent shall not exceed \$1,000,000.00.

21 SEC. 3128. (1) AN AUTOMOBILE INSURANCE INSURER MAY CONTRACT  
22 WITH AUTOMOBILE REPAIR BUSINESSES FOR THOSE AUTOMOBILE REPAIR  
23 BUSINESSES TO PROVIDE AUTOMOBILE REPAIR SERVICES PAYABLE UNDER  
24 THE INSURER'S AUTOMOBILE INSURANCE POLICIES.

25 (2) AN AUTOMOBILE INSURANCE INSURER SHALL PROVIDE FOR A PRE-  
26 MIUM DISCOUNT FOR AUTOMOBILE PHYSICAL DAMAGE COVERAGE BASED UPON  
27 AN INSURED'S WRITTEN AGREEMENT TO USE AN AUTOMOBILE REPAIR

1 BUSINESS UNDER CONTRACT WITH THE INSURER FOR ANY AUTOMOBILE  
2 REPAIR SERVICE PAYABLE UNDER THE INSURED'S AUTOMOBILE INSURANCE  
3 POLICY. A WRITTEN AGREEMENT BETWEEN THE INSURER AND THE INSURED  
4 UNDER THIS SUBSECTION SHALL PROVIDE BOTH OF THE FOLLOWING:

5 (A) THAT THE INSURED IS OBLIGATED TO USE AN AUTOMOBILE  
6 REPAIR BUSINESS UNDER CONTRACT WITH THE INSURER IF THE DAMAGE TO  
7 THE INSURED MOTOR VEHICLE IS COVERED BY THE AUTOMOBILE INSURANCE  
8 POLICY AND OCCURRED WITHIN 30 MILES OF AN AUTOMOBILE INSURANCE  
9 REPAIR BUSINESS UNDER CONTRACT WITH THE INSURER.

10 (B) THAT AN INSURED WHO DOES NOT USE AN AUTOMOBILE REPAIR  
11 BUSINESS UNDER CONTRACT WITH THE INSURER FOR COVERED DAMAGE TO AN  
12 INSURED MOTOR VEHICLE THAT OCCURRED WITHIN 30 MILES OF AN AUTOMO-  
13 BILE INSURANCE REPAIR BUSINESS UNDER CONTRACT WITH THE INSURER  
14 OBLIGATES THE INSURER ONLY TO PAY THE GREATER OF THE FOLLOWING:

15 (i) THE COST THE AUTOMOBILE INSURANCE REPAIR BUSINESS UNDER  
16 CONTRACT WITH THE INSURER CLOSEST TO THE SITE WHERE THE COVERED  
17 DAMAGE TO THE VEHICLE OCCURRED WOULD HAVE CHARGED FOR THE REPAIR  
18 SERVICE.

19 (ii) EIGHTY PERCENT OF THE COST OF THE REPAIR SERVICES  
20 PERFORMED.