

Legislative Analysis



MINI-TORT: RAISE LIMIT FROM \$500 TO \$1,000

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5362
Sponsor: Rep. Cindy Denby
Committee: Insurance

Complete to 2-29-12

A SUMMARY OF HOUSE BILL 5362 AS INTRODUCED 2-7-12

Under Michigan's automobile no-fault insurance system, a driver can sue for damage done to his or her motor vehicle for up to \$500 for damages not covered by insurance. This is known as the "mini-tort," and is one of the exceptions from the general prohibition against suing for damages. Typically, this provision allows a motorist to collect up to \$500 of any deductible for collision damages. Damages are assessed on the basis of comparative fault, and can only be collected from a driver who is more than 50% at fault.

House Bill 5362 would increase the amount of damages that can be sought from \$500 to \$1,000.

The bill would also rewrite a provision relating to the "mini-tort" that now says that liability "shall not be a component of residual liability, as prescribed in Section 3131, for which maintenance of security is required by this act." This is understood to mean that residual liability insurance, which provides coverage for damages in certain kind of lawsuits, does not protect you against the mini-tort. The new provision would say, "liability for damages under [mini-tort provisions] is not a component of residual liability for which maintenance of security is required by Section 3101 or 3131."

MCL 500.3135

FISCAL IMPACT:

House Bill 5362 will not have a significant fiscal impact on state or local budgets.

Legislative Analyst: Chris Couch
Fiscal Analyst: Paul Holland

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.