

Legislative Analysis



NO FAULT: EXCLUDED FROM PIP BENEFITS

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

Senate Bill 1140 without amendment

Sponsor: Sen. Virgil Smith

House Committee: Insurance

Senate Committee: Insurance

Complete to 12-15-14

A SUMMARY OF SENATE BILL 1140 AS PASSED BY THE SENATE 12-11-14

The bill would amend the no-fault automobile insurance provisions within the Insurance Code to specify that the following are not entitled to personal [injury] protection benefits for accidental bodily injury:

** A person who was operating a motor vehicle or motorcycle as to which he or she has been named as an excluded operator under Section 3009(2).

Section 3009(2) says, "If authorized by the insured, automobile liability or motor vehicle liability coverage may be excluded when a vehicle is operated by a named person. Such exclusion shall not be valid unless the following notice is on the face of the policy or the declaration page or certificate of the policy and on the certificate of insurance: Warning—when a named excluded person operates a vehicle all liability coverage is void—no one is insured. Owners of the vehicle and others legally responsible for the acts of the named excluded person remain fully personally liable."

** A person who was using a motor vehicle or motorcycle that was taken unlawfully, unless the person reasonably believed that he or she or the driver was entitled to use the motor vehicle or motorcycle.

This would rewrite a current provision that applies to: "the person [who] was using a motor vehicle or motorcycle which he or she had taken unlawfully, unless the person reasonably believed that he or she was entitled to take and use the vehicle." The underlined language appears to reflect the key amendments proposed by the bill.

** A person who was not a resident of the state, was an occupant of a motor vehicle or motorcycle not registered in this state, and the motor vehicle or motorcycle was not insured by an insurance company that has filed a certification in compliance with Section 3163. The bill adds the underlined language.

[Under Section 3163, an insurance company authorized to transact automobile liability insurance and personal and property protection insurance in this state must file and maintain a written certification that any accidental bodily injury or property damage occurring in this state arising from the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle by an out-of-state resident who is insured under its

automobile liability insurance policies, is subject to the personal and property protection insurance system under this act.]

MCL 500. 3113

FISCAL IMPACT:

Senate Bill 1140 would not have a significant fiscal impact on the state or local units of government.

Legislative Analyst: Chris Couch
Fiscal Analyst: Paul Holland

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