

HOUSE BILL NO. 4915

May 25, 2021, Introduced by Reps. Hoitenga, Garza, Hertel, Eisen, Outman and Jones and referred to the Committee on Regulatory Reform.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 3009, 3037, 3101, and 3113 (MCL 500.3009,
500.3037, 500.3101, and 500.3113), section 3009 as amended by 2019
PA 22, section 3037 as amended by 2016 PA 346, and sections 3101
and 3113 as amended by 2019 PA 21, and by adding section 3018.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3009. (1) Subject to subsections (5) to (8), an
- 2 automobile liability or motor vehicle liability policy that insures

1 against loss resulting from liability imposed by law for property
2 damage, bodily injury, or death suffered by any person arising out
3 of the ownership, maintenance, or use of a motor vehicle must not
4 be delivered or issued for delivery in this state with respect to
5 any motor vehicle registered or principally garaged in this state
6 unless the liability coverage is subject to all of the following
7 limits:

8 (a) Before July 2, 2020, a limit, exclusive of interest and
9 costs, of not less than \$20,000.00 because of bodily injury to or
10 death of 1 person in any 1 accident, and after July 1, 2020, a
11 limit, exclusive of interest and costs, of not less than
12 \$250,000.00 because of bodily injury to or death of 1 person in any
13 1 accident.

14 (b) Before July 2, 2020 and subject to the limit for 1 person
15 in subdivision (a), a limit of not less than \$40,000.00 because of
16 bodily injury to or death of 2 or more persons in any 1 accident,
17 and after July 1, 2020, and subject to the limit for 1 person in
18 subdivision (a), a limit of not less than \$500,000.00 because of
19 bodily injury to or death of 2 or more persons in any 1 accident.

20 (c) A limit of not less than \$10,000.00 because of injury to
21 or destruction of property of others in any accident.

22 (2) If authorized by the insured, automobile liability or
23 motor vehicle liability coverage may be excluded when a vehicle is
24 operated by a named person. An exclusion under this subsection is
25 not valid unless the following notice is on the face of the policy
26 or the declaration page or certificate of the policy and on the
27 certificate of insurance:

28 Warning—when a named excluded person operates a vehicle all
29 liability coverage is void—no one is insured. Owners of the vehicle

1 and others legally responsible for the acts of the named excluded
2 person remain fully personally liable.

3 (3) A liability policy described in subsection (1) may exclude
4 coverage for liability as provided in section 3017 **or 3018**.

5 (4) If an insurer deletes coverages from an automobile
6 insurance policy under section 3101, the insurer shall send
7 documentary evidence of the deletion to the insured.

8 (5) After July 1, 2020, an applicant for or named insured in
9 the automobile liability or motor vehicle liability policy
10 described in subsection (1) may choose to purchase lower limits
11 than required under subsection (1)(a) and (b), but not lower than
12 \$50,000.00 under subsection (1)(a) and \$100,000.00 under subsection
13 (1)(b). To exercise an option under this subsection, the person
14 shall complete a form issued by the director and provided as
15 required by section 3107e, that meets the requirements of
16 subsection (7).

17 (6) After July 1, 2020, on application for the issuance of a
18 new policy or renewal of an existing policy, an insurer shall do
19 all of the following:

20 (a) Provide the applicant or named insured the liability
21 options available under this section.

22 (b) Provide the applicant or named insured a price for each
23 option available under this section.

24 (c) Offer the applicant or named insured the option and form
25 under this subsection.

26 (7) The form required under subsection (5) must do all of the
27 following:

28 (a) State, in a conspicuous manner, the risks of choosing
29 liability limits lower than those required by subsection (1)(a) and

1 (b) .

2 (b) Provide a way for the person to mark the form to
3 acknowledge that he or she has received a list of the liability
4 options available under this section and the price for each option.

5 (c) Provide a way for the person to mark the form to
6 acknowledge that he or she has read the form and understands the
7 risks of choosing the lower liability limits.

8 (d) Allow the person to sign the form.

9 (8) After July 1, 2020, if an insurance policy is issued or
10 renewed as described in subsection (1) and the person named in the
11 policy has not made an effective choice under subsection (5), the
12 limits under subsection (1)(a) and (b) apply to the policy.

13 **Sec. 3018. (1) An authorized insurer that issues automobile**
14 **insurance policies in this state may exclude from coverage under an**
15 **automobile insurance policy any coverage for benefits required**
16 **under this act, or condition the coverage, as allowed or required**
17 **under the peer-to-peer car sharing program act.**

18 **(2) Notwithstanding anything in this act to the contrary, an**
19 **authorized insurer that issues automobile insurance policies in**
20 **this state shall comply with any applicable requirements of the**
21 **peer-to-peer car sharing program act.**

22 **Sec. 3037. (1) At the time a new applicant for the insurance**
23 **required by section 3101 for a private passenger nonfleet**
24 **automobile makes an initial written application to the insurer, an**
25 **insurer shall offer both of the following collision coverages to**
26 **the applicant:**

27 (a) Limited collision coverage, which must pay for collision
28 damage to the insured vehicle without a deductible amount if the
29 operator of the vehicle is not substantially at fault in the

1 accident from which the damage arose.

2 (b) Broad form collision coverage, which must pay for
3 collision damage to the insured vehicle regardless of fault, with
4 deductibles in the amounts as approved by the director, which
5 deductibles must be waived if the operator of the vehicle is not
6 substantially at fault in the accident from which the damage arose.

7 (2) In addition to the coverages offered under subsection (1),
8 standard and limited collision coverage may be offered with
9 deductibles as approved by the director.

10 (3) An insurer may limit collision coverage offered under this
11 section as provided in section 3017 **or 3018**.

12 (4) If the applicant is required by the insurer to sign the
13 written application form described in subsection (1), and if the
14 applicant chooses to reject both of the collision coverages, or
15 limited collision without a deductible, offered under subsection
16 (1), the rejection must be made in writing, either on a separate
17 form, as part of the application, or in some combination of these,
18 as approved by the director. The rejection statement must inform
19 the applicant of his or her rights if there is damage to the
20 insured vehicle under the alternative coverage option selected.

21 (5) If a written application is made by mail, and if the
22 applicant fails to sign or return a written rejection statement as
23 required by subsection (4), the requirements of subsection (4) are
24 considered to be satisfied with respect to the insurer if all of
25 the following occur:

26 (a) The application provides the applicant with an opportunity
27 to select the coverages required to be offered under subsection
28 (1).

29 (b) The applicant is requested to sign the rejection

1 statement, either as part of the application or as a separate form
2 issued with the application, if the applicant fails to select
3 either of the coverages specified in subsection (1).

4 (c) The applicant signed the application as otherwise required
5 by the insurer.

6 (6) At the time of the initial written application described
7 in subsection (1), an agent or insurer shall provide the applicant
8 with a written explanation of collision coverage options in easily
9 understandable language, if that information is not contained in
10 the application form.

11 (7) At least annually in conjunction with the renewal of a
12 private passenger nonfleet automobile insurance policy, or at the
13 time of an addition, deletion, or substitution of a vehicle under
14 an existing policy, other than a group policy, an insurer shall
15 inform the policyholder, on a form approved by the director, of all
16 of the following:

17 (a) The current status of collision coverage, if any, for the
18 vehicle or vehicles affected by the renewal or change and the
19 rights of the insured under the current coverage if the vehicle is
20 damaged.

21 (b) The collision coverages available under the policy and the
22 rights of the insured under each collision option if the vehicle is
23 damaged.

24 (c) Procedures for the policyholder to follow if he or she
25 wishes to change the current collision coverage.

26 (8) As used in this section:

27 (a) "Collision damage" does not include losses customarily
28 insured under comprehensive coverages.

29 (b) "Substantially at fault" means a person's action or

1 inaction was more than 50% of the cause of the accident.

2 Sec. 3101. (1) Except as provided in sections 3107d and 3109a,
3 the owner or registrant of a motor vehicle required to be
4 registered in this state shall maintain security for payment of
5 benefits under personal protection insurance and property
6 protection insurance as required under this chapter, and residual
7 liability insurance. Security is only required to be in effect
8 during the period the motor vehicle is driven or moved on a
9 highway.

10 (2) Except as provided in section 3107d, all automobile
11 insurance policies offered in this state must include benefits
12 under personal protection insurance, and property protection
13 insurance as provided in this chapter, and residual liability
14 insurance. Notwithstanding any other provision in this act, an
15 insurer that has issued an automobile insurance policy may only
16 delete portions of the coverages under the policy and maintain the
17 comprehensive coverage portion on a motor vehicle that is not
18 driven or moved on a highway in accordance with section 3009(4).

19 (3) As used in this chapter:

20 (a) "Automobile insurance" means that term as defined in
21 section 2102.

22 (b) "Commercial quadricycle" means a vehicle to which all of
23 the following apply:

24 (i) The vehicle has fully operative pedals for propulsion
25 entirely by human power.

26 (ii) The vehicle has at least 4 wheels and is operated in a
27 manner similar to a bicycle.

28 (iii) The vehicle has at least 6 seats for passengers.

29 (iv) The vehicle is designed to be occupied by a driver and

1 powered either by passengers providing pedal power to the drive
2 train of the vehicle or by a motor capable of propelling the
3 vehicle in the absence of human power.

4 (v) The vehicle is used for commercial purposes.

5 (vi) The vehicle is operated by the owner of the vehicle or an
6 employee of the owner of the vehicle.

7 (c) "Electric bicycle" means that term as defined in section
8 13e of the Michigan vehicle code, 1949 PA 300, MCL 257.13e.

9 (d) "Golf cart" means a vehicle designed for transportation
10 while playing the game of golf.

11 (e) "Highway" means highway or street as that term is defined
12 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
13 257.20.

14 (f) "Moped" means that term as defined in section 32b of the
15 Michigan vehicle code, 1949 PA 300, MCL 257.32b.

16 (g) "Motorcycle" means a vehicle that has a saddle or seat for
17 the use of the rider, is designed to travel on not more than 3
18 wheels in contact with the ground, and is equipped with a motor
19 that exceeds 50 cubic centimeters piston displacement. For purposes
20 of this subdivision, the wheels on any attachment to the vehicle
21 are not considered as wheels in contact with the ground. Motorcycle
22 does not include a moped or an ORV.

23 (h) "Motorcycle accident" means a loss that involves the
24 ownership, operation, maintenance, or use of a motorcycle as a
25 motorcycle, but does not involve the ownership, operation,
26 maintenance, or use of a motor vehicle as a motor vehicle.

27 (i) "Motor vehicle" means a vehicle, including a trailer, that
28 is operated or designed for operation on a public highway by power
29 other than muscular power and has more than 2 wheels. Motor vehicle

1 does not include any of the following:

2 (i) A motorcycle.

3 (ii) A moped.

4 (iii) A farm tractor or other implement of husbandry that is not
5 subject to the registration requirements of the Michigan vehicle
6 code under section 216 of the Michigan vehicle code, 1949 PA 300,
7 MCL 257.216.

8 (iv) An ORV.

9 (v) A golf cart.

10 (vi) A power-driven mobility device.

11 (vii) A commercial quadricycle.

12 (viii) An electric bicycle.

13 (j) "Motor vehicle accident" means a loss that involves the
14 ownership, operation, maintenance, or use of a motor vehicle as a
15 motor vehicle regardless of whether the accident also involves the
16 ownership, operation, maintenance, or use of a motorcycle as a
17 motorcycle.

18 (k) "ORV" means a motor-driven recreation vehicle designed for
19 off-road use and capable of cross-country travel without benefit of
20 road or trail, on or immediately over land, snow, ice, marsh,
21 swampland, or other natural terrain. ORV includes, but is not
22 limited to, a multitrack or multiwheel drive vehicle, a motorcycle
23 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious
24 machine, a ground effect air cushion vehicle, an ATV as defined in
25 section 81101 of the natural resources and environmental protection
26 act, 1994 PA 451, MCL 324.81101, or other means of transportation
27 deriving motive power from a source other than muscle or wind. ORV
28 does not include a vehicle described in this subdivision that is
29 registered for use on a public highway and has the security

1 required under subsection (1) or section 3103 in effect.

2 (l) "Owner" means any of the following:

3 (i) A person renting a motor vehicle or having the use of a
4 motor vehicle, under a lease or otherwise, for a period that is
5 greater than 30 days.

6 (ii) A person renting a motorcycle or having the use of a
7 motorcycle under a lease for a period that is greater than 30 days,
8 or otherwise for a period that is greater than 30 consecutive days.
9 A person who borrows a motorcycle for a period that is less than 30
10 consecutive days with the consent of the owner is not an owner
11 under this subparagraph.

12 (iii) A person that holds the legal title to a motor vehicle or
13 motorcycle, other than a person engaged in the business of leasing
14 motor vehicles or motorcycles that is the lessor of a motor vehicle
15 or motorcycle under a lease that provides for the use of the motor
16 vehicle or motorcycle by the lessee for a period that is greater
17 than 30 days.

18 (iv) A person that has the immediate right of possession of a
19 motor vehicle or motorcycle under an installment sale contract.

20 (m) "Power-driven mobility device" means a wheelchair or other
21 mobility device powered by a battery, fuel, or other engine and
22 designed to be used by an individual with a mobility disability for
23 the purpose of locomotion.

24 (n) "Registrant" does not include a person engaged in the
25 business of leasing motor vehicles or motorcycles that is the
26 lessor of a motor vehicle or motorcycle under a lease that provides
27 for the use of the motor vehicle or motorcycle by the lessee for a
28 period that is longer than 30 days.

29 (4) Security required by subsection (1) may be provided under

1 a policy issued by an authorized insurer that affords insurance for
2 the payment of benefits described in subsection (1). A policy of
3 insurance represented or sold as providing security is considered
4 to provide insurance for the payment of the benefits.

5 (5) Security required by subsection (1) may be provided by any
6 other method approved by the secretary of state as affording
7 security equivalent to that afforded by a policy of insurance, if
8 proof of the security is filed and continuously maintained with the
9 secretary of state throughout the period the motor vehicle is
10 driven or moved on a highway. The person filing the security has
11 all the obligations and rights of an insurer under this chapter.
12 When the context permits, "insurer" as used in this chapter,
13 includes a person that files the security as provided in this
14 section.

15 (6) An insurer that issues a policy that provides the security
16 required under subsection (1) may exclude coverage under the policy
17 as provided in section 3017 **or 3018**.

18 Sec. 3113. A person is not entitled to be paid personal
19 protection insurance benefits for accidental bodily injury if at
20 the time of the accident any of the following circumstances
21 existed:

22 (a) The person was willingly operating or willingly using a
23 motor vehicle or motorcycle that was taken unlawfully, and the
24 person knew or should have known that the motor vehicle or
25 motorcycle was taken unlawfully.

26 (b) The person was the owner or registrant of a motor vehicle
27 or motorcycle involved in the accident with respect to which the
28 security required by section 3101 or 3103 was not in effect.

29 (c) The person was not a resident of this state, unless the

1 person owned a motor vehicle that was registered and insured in
2 this state.

3 (d) The person was operating a motor vehicle or motorcycle as
4 to which he or she was named as an excluded operator as allowed
5 under section 3009(2).

6 (e) The person was the owner or operator of a motor vehicle
7 for which coverage was excluded under a policy exclusion authorized
8 under section 3017 **or 3018**.

9 Enacting section 1. This amendatory act does not take effect
10 unless Senate Bill No.____ or House Bill No.4917 (request no.
11 01248'21) of the 101st Legislature is enacted into law.