

# HOUSE BILL NO. 5670

January 18, 2022, Introduced by Reps. Steenland and Clements and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 3009 (MCL 500.3009), as amended by 2019 PA 22.

## **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  
3       against loss resulting from liability imposed by law for property  
4       damage, bodily injury, or death suffered by any person arising out  
5       of the ownership, maintenance, or use of a motor vehicle must not  
6       be delivered or issued for delivery in this state with respect to

1 any motor vehicle registered or principally garaged in this state  
2 unless the liability coverage is subject to all of the following  
3 limits:

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

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

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

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

24 Warning—when a named excluded person operates a vehicle all  
25 liability coverage is void—no one is insured. Owners of the vehicle  
26 and others legally responsible for the acts of the named excluded  
27 person remain fully personally liable.

28 (3) A liability policy described in subsection (1) may exclude  
29 coverage for liability as provided in section 3017.

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

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

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

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

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

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

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

24 (a) State, in a conspicuous manner, the risks of choosing  
25 liability limits lower than those required by subsection (1)(a) and  
26 (b).

27 **(b) State, in a conspicuous manner, that a choice will remain**  
28 **in effect while the insured remains insured with the same insurer**  
29 **or an affiliate unless the insured later chooses different**

1 **liability limits.**

2       **(c)** ~~(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       **(d)** ~~(e)~~ 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       **(e)** ~~(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       **(9) An effective choice under subsection (5) applies while the**  
14 **insured continues to be insured under a policy described in**  
15 **subsection (1) that is issued by the same insurer or an affiliate**  
16 **of the insurer, as defined in section 2102, or until a policy is**  
17 **issued in accordance with a different effective choice under**  
18 **subsection (5) by the insured.**