

MICHIGAN VEHICLE CODE (EXCERPT)
Act 300 of 1949

***** 257.401.amended THIS AMENDED SECTION IS EFFECTIVE OCTOBER 17, 2025 *****

257.401.amended Civil actions; liability of owner; liability of lessor; construction of subsections (3) and (4); "motor vehicle" defined; liability for off lease vehicle; exception for shared vehicle owner and peer-to-peer car sharing program.

Sec. 401. (1) This section must not be construed to limit the right of a person to bring a civil action for damages for injuries to either person or property resulting from a violation of this act by the owner or operator of a motor vehicle or the owner or operator's agent or servant. Except as otherwise provided in this section, the owner of a motor vehicle is liable for an injury caused by the negligent operation of the motor vehicle whether the negligence consists of a violation of a statute of this state or the ordinary care standard required by common law. The owner is not liable unless the motor vehicle is being driven with the owner's express or implied consent or knowledge. It is presumed that the motor vehicle is being driven with the knowledge and consent of the owner if it is driven at the time of the injury by the owner's spouse, father, mother, brother, sister, son, daughter, or other immediate member of the family.

(2) A person engaged in the business of leasing motor vehicles that is the lessor of a motor vehicle under a lease that provides for the use of the motor vehicle by the lessee for a period that is greater than 30 days, or a dealer acting as agent for that lessor, is not liable at common law for damages for injuries to either person or property resulting from the operation of the leased motor vehicle, including damages that occur after the expiration of the lease if the vehicle is in the possession of the lessee.

(3) Notwithstanding subsection (1), a person engaged in the business of leasing motor vehicles that is the lessor of a motor vehicle under a lease that provides for the use of the motor vehicle by the lessee for a period of 30 days or less is liable for an injury caused by the negligent operation of the leased motor vehicle only if the injury occurred while the leased motor vehicle was being operated by an authorized driver under the lease agreement or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member. Unless the lessor, or the lessor's agent, was negligent in the leasing of the motor vehicle, the lessor's liability under this subsection is limited to \$20,000.00 because of bodily injury to or death of 1 individual in any 1 accident and \$40,000.00 because of bodily injury to or death of 2 or more individuals in any 1 accident.

(4) A person engaged in the business of leasing motor vehicles as provided under subsection (3) shall notify a lessee that the lessor is liable only up to the maximum amounts provided for in subsection (3), and only if the leased motor vehicle was being operated by the lessee or other authorized driver or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member, and that the lessee may be liable to the lessor up to amounts provided for in subsection (3), and to an injured person for amounts awarded in excess of the maximum amounts provided for in subsection (3).

(5) Subsections (3) and (4) must not be construed to expand or reduce, except as otherwise provided by this act, the liability of a person engaged in the business of leasing motor vehicles or to impair that person's right to indemnity or contribution, or both.

(6) As used in subsections (3), (4), and (5), "motor vehicle" means a self-propelled device by which a person or property may be transported on a public highway. Motor vehicle does not include a bus, power shovel, road machinery, agricultural machinery, or other machinery or vehicle not designed primarily for highway transportation. Motor vehicle also does not include a device that moves on or is guided by a track.

(7) A lessee in possession of an off lease vehicle, and not the dealer of the vehicle, is liable as the owner of the vehicle for any damages awarded for an injury to a person or property resulting from the operation of the vehicle. The dealer of an off lease vehicle may be liable at common law for damages awarded for an injury to a person or property resulting from the operation of the vehicle only if the dealer is in possession of the vehicle and the certificate of title and has acknowledged possession of the certificate of title to the lessor.

(8) The liability imposed on an owner under subsection (1) does not apply to a shared vehicle owner or a peer-to-peer car sharing program during a car sharing period. As used in this subsection, "car sharing period", "peer-to-peer car sharing program", and "shared vehicle owner" mean those terms as defined in section 3 of the peer-to-peer car sharing program act.

History: 1949, Act 300, Eff. Sept. 23, 1949;—Am. 1988, Act 125, Imd. Eff. May 23, 1988;—Am. 1995, Act 98, Imd. Eff. June 22, 1995;—Am. 2002, Act 652, Eff. Jan. 1, 2003;—Am. 2024, Act 225, Eff. Oct. 17, 2025.

Constitutionality: The guest passenger exception to the owners liability statute is unconstitutional. Manistee Bank & Trust Company v McGowan, 394 Mich 655; 232 NW2d 636 (1975).