

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

***** 500.3037.amended THIS AMENDED SECTION IS EFFECTIVE OCTOBER 17, 2025 *****

500.3037.amended Limited collision, broad form collision, and standard and limited collision coverages; deductibles; waiver of deductible; rejection of coverages; form; rejection statement; failure to sign or return written rejection statement; explanation of collision coverage options; providing policyholder with collision coverage information; "collision damage" and "substantially at fault" defined.

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

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

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

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

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

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

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

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

(b) The applicant is requested to sign the rejection statement, either as part of the application or as a separate form issued with the application, if the applicant fails to select either of the coverages specified in subsection (1).

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

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

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

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

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

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

(8) As used in this section:

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

(b) "Substantially at fault" means a person's action or inaction was more than 50% of the cause of the accident.

History: Add. 1976, Act 303, Imd. Eff. Oct. 27, 1976;—Am. 1979, Act 145, Imd. Eff. Nov. 13, 1979;—Am. 1979, Act 147, Eff. Mar. 1, 1980;—Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981;—Am. 2016, Act 346, Eff. Mar. 21, 2017;—Am. 2024, Act 224, Eff. Oct. 17, 2025.

Compiler's note: Act 143 of 1993, which amended this section, was submitted to the people by referendum petition (as Proposal C) and rejected by a majority of the votes cast at the November 8, 1994, general election.

Popular name: Act 218