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MOTORCYCLISTS' INSURANCE COVERAGE

House Bill 4913
Sponsor: Rep. Thomas George
Committee: Transportation

Complete to 9-6-01

A SUMMARY OF HOUSE BILL 4913 AS INTRODUCED 6-6-01

House Bill 4913 would amend the Insurance Code to require that motorcyclists carry the same coverages as automobile drivers under the no-fault insurance law. The new law would take effect January 1, 2002.

Currently under the law, an owner or registrant of a motorcycle must provide security against loss resulting from liability for property damage, bodily injury, or death arising out of the ownership, maintenance, or use of his or her motorcycle. That security must conform with requirements that are specified within the Insurance Code at section 500.3009(1) [which sets minimum liability coverage limits of not less than \$20,000 because of bodily injury to or death of one person in any one accident, \$40,000 because of injury or death of two people, and \$10,000 because of injury to or destruction of others' property]. Further, the code requires that each insurer transacting motorcycle insurance in the state under this provision also offer to an owner or registrant security for the payment of first-party medical benefits only, in increments of \$5,000, payable in the event the owner or registrant is involved in a motorcycle accident. Under the law, the insurers providing first-party medical benefits can offer, at appropriate premium rates, deductibles, provisions for the coordination of benefits, and provisions for the subtraction of other benefits provided under the laws of other states or the federal government, subject to the prior approval of the insurance commissioner. These deductibles and provisions apply only to benefits payable to the person named in the policy, the spouse of the insured, and any relative of either who lives in their household. When personal protection insurance benefits or personal injury benefits are payable to or for the benefit of an injured person under his or her own policy, and also would be payable under the policy of his or her spouse, relative, or relative's spouse, the injured person's insurer pays all of the benefits, and is not entitled to recover from another insurer. Finally, the law also specifies the order of priority for filing personal protection claims when a person is injured in a motorcycle—motor vehicle accident. The four-tier priority is as follows: first, a claim is filed against the insurer of the owner or registrant of the motor vehicle involved in the accident; second, against the insurer of the operator of the motor vehicle involved in the accident; third, against the motor vehicle insurer of the operator of the motorcycle involved in the accident; and finally the motor vehicle insurer of the owner or registrant of the motorcycle involved in the accident.

Further and under the law, as a condition of its authority to transact insurance, each insurer engaged in writing motorcycle insurance which provides these coverages must be a member of the catastrophic claims association. The association's plan of operation specifies that each insurer pays a preliminary premium, in proportion to its total first-year premium, for initial expenses necessary to commence operation of the association.

House Bill 4913 (9-6-01)

House Bill 4913 would delete all of these provisions. In addition, the bill would eliminate outdated provisions concerning the initial composition and organizational meeting of the board of the catastrophic claims association.

Instead, House Bill 4913 would require that an owner or registrant of a motorcycle maintain security for payment of benefits under personal protection insurance, property protection insurance, and residual liability insurance. Under the bill, security would only be required to be in effect during the period that a motorcycle was driven or moved upon a highway. The bill also specifies that notwithstanding other provisions of the act, an insurer that had issued an insurance policy on a motorcycle that was not driven or moved upon a highway could allow the insured owner or registrant of the motorcycle to delete a portion of the coverages under the policy, and maintain the comprehensive coverage portion of the policy in effect.

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.