

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4639**

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 1988  
PA 43, section 3037 as amended by 1980 PA 461, section 3101 as  
amended by 2014 PA 492, and section 3113 as amended by 2014 PA 489,  
and by adding section 3017.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 3009. (1) An automobile liability or motor vehicle  
2 liability policy insuring against loss resulting from liability  
3 imposed by law for property damage, bodily injury, or death  
4 suffered by any person arising out of the ownership, maintenance,  
5 or use of a motor vehicle shall not be delivered or issued for

1 delivery in this state with respect to any motor vehicle registered  
 2 or principally garaged in this state unless the liability coverage  
 3 is subject to ~~a~~**ALL OF THE FOLLOWING LIMITS:**

4 (A) A limit, exclusive of interest and costs, of not less than  
 5 \$20,000.00 because of bodily injury to or death of 1 person in any  
 6 1 accident. ~~, and subject~~

7 (B) **SUBJECT** to ~~that~~**THE** limit for 1 person **IN SUBDIVISION (A)**,  
 8 ~~to~~a limit of not less than \$40,000.00 because of bodily injury to  
 9 or death of 2 or more persons in any 1 accident. ~~, and to a~~

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

12 (2) If authorized by the insured, automobile liability or  
 13 motor vehicle liability coverage may be excluded when a vehicle is  
 14 operated by a named person. ~~Such~~**AN** exclusion ~~shall~~**UNDER THIS**  
 15 **SUBSECTION IS** not ~~be~~valid unless the following notice is on the  
 16 face of the policy or the declaration page or certificate of the  
 17 policy and on the certificate of insurance:

18 Warning—when a named excluded person operates a vehicle all  
 19 liability coverage is void—no one is insured. Owners of the vehicle  
 20 and others legally responsible for the acts of the named excluded  
 21 person remain fully personally liable.

22 (3) **A LIABILITY POLICY DESCRIBED IN SUBSECTION (1) MAY EXCLUDE**  
 23 **COVERAGE FOR LIABILITY AS PROVIDED IN SECTION 3017.**

24 (4) ~~(3)~~—If an insurer deletes coverages from an automobile  
 25 insurance policy pursuant to section 3101, the insurer shall send  
 26 documentary evidence of the deletion to the insured.

27 **SEC. 3017. (1) AN AUTHORIZED INSURER THAT ISSUES AN INSURANCE**

1 POLICY INSURING A PERSONAL VEHICLE MAY EXCLUDE ALL COVERAGE  
2 AFFORDED UNDER THE POLICY FOR ANY LOSS OR INJURY THAT OCCURS WHILE  
3 A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED ON TO A  
4 TRANSPORTATION NETWORK COMPANY DIGITAL NETWORK OR WHILE A  
5 TRANSPORTATION NETWORK COMPANY DRIVER IS PROVIDING A PREARRANGED  
6 RIDE. BY WAY OF EXAMPLE AND NOT AS LIMITATION, ALL OF THE FOLLOWING  
7 COVERAGES MAY BE EXCLUDED UNDER THIS SECTION:

8 (A) RESIDUAL LIABILITY INSURANCE REQUIRED UNDER SECTIONS 3009  
9 AND 3101.

10 (B) PERSONAL PROTECTION AND PROPERTY PROTECTION INSURANCE  
11 REQUIRED UNDER SECTION 3101.

12 (C) UNINSURED AND UNDERINSURED MOTORIST COVERAGE.

13 (D) COMPREHENSIVE COVERAGE.

14 (E) COLLISION COVERAGE, INCLUDING COVERAGE REQUIRED TO BE  
15 OFFERED UNDER SECTION 3037.

16 (2) THIS SECTION DOES NOT REQUIRE AN AUTOMOBILE INSURANCE  
17 POLICY TO PROVIDE COVERAGE UNDER ANY OF THE FOLLOWING  
18 CIRCUMSTANCES:

19 (A) WHILE A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED ON  
20 TO A TRANSPORTATION NETWORK COMPANY DIGITAL NETWORK.

21 (B) WHILE A TRANSPORTATION NETWORK COMPANY DRIVER IS ENGAGED  
22 IN PROVIDING A PREARRANGED RIDE.

23 (C) WHILE A TRANSPORTATION NETWORK COMPANY DRIVER OTHERWISE  
24 USES A VEHICLE TO TRANSPORT PASSENGERS FOR COMPENSATION.

25 (3) THIS SECTION DOES NOT PRECLUDE AN INSURER FROM PROVIDING  
26 COVERAGE FOR A TRANSPORTATION NETWORK COMPANY DRIVER'S PERSONAL  
27 VEHICLE BY CONTRACT OR ENDORSEMENT.

1           (4) AN INSURER THAT EXCLUDES THE COVERAGE DESCRIBED IN  
2 SUBSECTION (1) DOES NOT HAVE A DUTY TO DEFEND OR INDEMNIFY FOR ANY  
3 CLAIM THAT IS EXPRESSLY EXCLUDED. THIS SECTION DOES NOT INVALIDATE  
4 OR LIMIT AN EXCLUSION CONTAINED IN A POLICY, INCLUDING A POLICY IN  
5 USE OR APPROVED FOR USE IN THIS STATE BEFORE THE EFFECTIVE DATE OF  
6 THIS SECTION, THAT EXCLUDES COVERAGE FOR VEHICLES THAT ARE USED TO  
7 CARRY INDIVIDUALS OR PROPERTY FOR A CHARGE OR THAT ARE AVAILABLE  
8 FOR HIRE BY THE PUBLIC. AN INSURER THAT DEFENDS OR INDEMNIFIES FOR  
9 A CLAIM AGAINST A TRANSPORTATION NETWORK COMPANY DRIVER WHO IS  
10 EXCLUDED UNDER THE TERMS OF THE POLICY HAS A RIGHT OF CONTRIBUTION  
11 AGAINST OTHER INSURERS THAT PROVIDED AUTOMOBILE INSURANCE TO THE  
12 TRANSPORTATION NETWORK COMPANY DRIVER IN SATISFACTION OF THE  
13 COVERAGE REQUIREMENTS OF SECTION 23 OF THE LIMOUSINE, TAXICAB, AND  
14 TRANSPORTATION NETWORK COMPANY ACT AT THE TIME OF THE LOSS.

15           (5) AN INSURER THAT PROVIDES AUTOMOBILE INSURANCE TO A  
16 TRANSPORTATION NETWORK COMPANY SHALL COMPLY WITH SECTION 23(5),  
17 (6), AND (9) OF THE LIMOUSINE, TAXICAB, AND TRANSPORTATION NETWORK  
18 COMPANY ACT.

19           (6) DURING AN INVESTIGATION OF WHETHER A CLAIM IS COVERED  
20 UNDER AN INSURANCE POLICY, A TRANSPORTATION NETWORK COMPANY AND ANY  
21 INSURER THAT PROVIDES COVERAGE UNDER SECTION 23 OF THE LIMOUSINE,  
22 TAXICAB, AND TRANSPORTATION NETWORK COMPANY ACT SHALL COOPERATE TO  
23 FACILITATE THE EXCHANGE OF RELEVANT INFORMATION WITH PERSONS WHO  
24 ARE DIRECTLY INVOLVED AND ANY INSURER OF THE TRANSPORTATION NETWORK  
25 COMPANY DRIVER. RELEVANT INFORMATION REQUIRED TO BE EXCHANGED UNDER  
26 THIS SUBSECTION INCLUDES, BUT IS NOT LIMITED TO, ALL OF THE  
27 FOLLOWING:

1 (A) THE TIMES THAT THE TRANSPORTATION NETWORK COMPANY DRIVER  
2 LOGGED ON TO AND LOGGED OFF OF THE TRANSPORTATION NETWORK COMPANY  
3 DIGITAL NETWORK DURING THE 12 HOURS PRECEDING THE ACCIDENT AND THE  
4 12 HOURS FOLLOWING THE ACCIDENT.

5 (B) A CLEAR DESCRIPTION OF THE COVERAGE, EXCLUSIONS, AND  
6 LIMITS UNDER ANY INSURANCE POLICY MAINTAINED AS REQUIRED BY SECTION  
7 23 OF THE LIMOUSINE, TAXICAB, AND TRANSPORTATION NETWORK COMPANY  
8 ACT.

9 (7) AS USED IN THIS SECTION, ALL OF THE FOLLOWING TERMS MEAN  
10 THOSE TERMS AS DEFINED IN SECTION 2 OF THE LIMOUSINE, TAXICAB, AND  
11 TRANSPORTATION NETWORK COMPANY ACT:

12 (A) "PERSONAL VEHICLE".

13 (B) "PREARRANGED RIDE".

14 (C) "TRANSPORTATION NETWORK COMPANY".

15 (D) "TRANSPORTATION NETWORK COMPANY DIGITAL NETWORK".

16 (E) "TRANSPORTATION NETWORK COMPANY DRIVER".

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

22 (a) Limited collision coverage, which ~~shall~~**MUST** pay for  
23 collision damage to the insured vehicle without a deductible amount  
24 ~~when~~**IF** the operator of the vehicle is not substantially at fault  
25 in the accident from which the damage arose.

26 (b) Broad form collision coverage, which ~~shall~~**MUST** pay for  
27 collision damage to the insured vehicle regardless of fault, with

1 deductibles in ~~such~~ **THE** amounts as ~~may be~~ approved by the  
 2 ~~commissioner,~~ **DIRECTOR**, which deductibles shall ~~shall~~ **MUST** be waived if  
 3 the operator of the vehicle is not substantially at fault in the  
 4 accident from which the damage arose.

5 (2) In addition to the coverages offered ~~pursuant to~~ **UNDER**  
 6 subsection (1), standard and limited collision coverage may be  
 7 offered with deductibles as approved by the ~~commissioner.~~ **DIRECTOR**.

8 (3) **AN INSURER MAY LIMIT COLLISION COVERAGE OFFERED UNDER THIS**  
 9 **SECTION AS PROVIDED IN SECTION 3017.**

10 (4) ~~(3) Where~~ **IF** the applicant is required by the insurer to  
 11 sign the written application form described in subsection (1), **AND**  
 12 if the applicant chooses to reject both of the collision coverages,  
 13 or limited collision without a deductible, offered under subsection  
 14 (1), the rejection shall ~~shall~~ **MUST** be made in writing, either on a  
 15 separate form, ~~or~~ as part of the application, or **IN** some  
 16 combination thereof, ~~OF THESE~~, as approved by the ~~commissioner.~~  
 17 **DIRECTOR**. The rejection statement shall ~~shall~~ **MUST** inform the applicant  
 18 of his or her rights ~~in the event of~~ **IF THERE IS** damage to the  
 19 insured vehicle under the alternative coverage option selected.

20 (5) ~~(4) In the case of~~ **IF** a written application **IS** made by  
 21 mail, **AND** if the applicant fails to sign or return a written  
 22 rejection statement as required by subsection ~~(3),~~ **(4)**, the  
 23 requirements of subsection ~~(3) shall be~~ **(4) ARE** considered to have  
 24 ~~been~~ **BE** satisfied with respect to the insurer if all of the  
 25 following occur:

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

1 (1).

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

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

8 (6) ~~(5)~~—At the time of the initial written application  
9 ~~specified~~ **DESCRIBED** in subsection (1), an agent or insurer shall  
10 provide the applicant with a written explanation of collision  
11 coverage options in easily understandable language, if that  
12 information is not contained in the application form.

13 (7) ~~(6)~~—At least annually in conjunction with the renewal of a  
14 private passenger nonfleet automobile insurance policy, or at the  
15 time of an addition, deletion, or substitution of a vehicle under  
16 an existing policy, other than a group policy, an insurer shall  
17 inform the policyholder, on a form approved by the ~~commissioner,~~  
18 **DIRECTOR**, of all of the following:

19 (a) The current status of collision coverage, if any, for the  
20 vehicle or vehicles affected by the renewal or change and the  
21 rights of the insured ~~in the event of damages to the insured~~  
22 ~~vehicle~~ under the current coverage **IF THE VEHICLE IS DAMAGED.**

23 (b) The collision coverages available under the policy and the  
24 rights of the insured ~~in the event of damage to the insured vehicle~~  
25 under each collision option **IF THE VEHICLE IS DAMAGED.**

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

1           (8) ~~(7)~~As used in this section:

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

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

6 ~~(8) This section shall take effect March 1, 1980.~~

7           Sec. 3101. (1) The owner or registrant of a motor vehicle  
8 required to be registered in this state shall maintain security for  
9 payment of benefits under personal protection insurance, property  
10 protection insurance, and residual liability insurance. Security is  
11 only required to be in effect during the period the motor vehicle  
12 is driven or moved on a highway. Notwithstanding any other  
13 provision in this act, an insurer that has issued an automobile  
14 insurance policy on a motor vehicle that is not driven or moved on  
15 a highway may allow the insured owner or registrant of the motor  
16 vehicle to delete a portion of the coverages under the policy and  
17 maintain the comprehensive coverage portion of the policy in  
18 effect.

19           (2) 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.



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

2 (iv) The vehicle is designed to be occupied by a driver and  
3 powered either by passengers providing pedal power to the drive  
4 train of the vehicle or by a motor capable of propelling the  
5 vehicle in the absence of human power.

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

7 (vi) The vehicle is operated by the owner of the vehicle or an  
8 employee of the owner of the vehicle.

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

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

16 (f) "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 (g) "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 (h) "Motor vehicle" means a vehicle, including a trailer, that

1 is operated or designed for operation on a public highway by power  
2 other than muscular power and has more than 2 wheels. Motor vehicle  
3 does not include any of the following:

4 (i) A motorcycle.

5 (ii) A moped.

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

10 (iv) An ORV.

11 (v) A golf cart.

12 (vi) A power-driven mobility device.

13 (vii) A commercial quadricycle.

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

19 (j) "ORV" means a motor-driven recreation vehicle designed for  
20 off-road use and capable of cross-country travel without benefit of  
21 road or trail, on or immediately over land, snow, ice, marsh,  
22 swampland, or other natural terrain. ORV includes, but is not  
23 limited to, a multitrack or multiwheel drive vehicle, a motorcycle  
24 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious  
25 machine, a ground effect air cushion vehicle, an ATV as defined in  
26 section 81101 of the natural resources and environmental protection  
27 act, 1994 PA 451, MCL 324.81101, or other means of transportation

1 deriving motive power from a source other than muscle or wind. ORV  
2 does not include a vehicle described in this subdivision that is  
3 registered for use ~~upon~~**ON** a public highway and has the security  
4 ~~described in section 3101~~**REQUIRED UNDER SUBSECTION (1) or SECTION**  
5 3103 in effect.

6 (k) "Owner" means any of the following:

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

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

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

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

24 (l) "Power-driven mobility device" means a wheelchair or other  
25 mobility device powered by a battery, fuel, or other engine and  
26 designed to be used by an individual with a mobility disability for  
27 the purpose of locomotion.

1 (m) "Registrant" does not include a person engaged in the  
2 business of leasing motor vehicles or motorcycles that is the  
3 lessor of a motor vehicle or motorcycle under a lease that provides  
4 for the use of the motor vehicle or motorcycle by the lessee for a  
5 period that is longer than 30 days.

6 (3) Security required by subsection (1) may be provided under  
7 a policy issued by an authorized insurer that affords insurance for  
8 the payment of benefits described in subsection (1). A policy of  
9 insurance represented or sold as providing security is considered  
10 to provide insurance for the payment of the benefits.

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

21 **(5) AN INSURER THAT ISSUES A POLICY THAT PROVIDES THE SECURITY**  
22 **REQUIRED UNDER SUBSECTION (1) MAY EXCLUDE COVERAGE UNDER THE POLICY**  
23 **AS PROVIDED IN SECTION 3017.**

24 Sec. 3113. A person is not entitled to be paid personal  
25 protection insurance benefits for accidental bodily injury if at  
26 the time of the accident any of the following circumstances  
27 existed:

1 (a) The person was willingly operating or willingly using a  
2 motor vehicle or motorcycle that was taken unlawfully, and the  
3 person knew or should have known that the motor vehicle or  
4 motorcycle was taken unlawfully.

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

8 (c) The person was not a resident of this state, was an  
9 occupant of a motor vehicle or motorcycle not registered in this  
10 state, and the motor vehicle or motorcycle was not insured by an  
11 insurer that has filed a certification in compliance with section  
12 3163.

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

16 **(E) THE PERSON WAS THE OWNER OR OPERATOR OF A MOTOR VEHICLE**  
17 **FOR WHICH COVERAGE WAS EXCLUDED UNDER A POLICY EXCLUSION AUTHORIZED**  
18 **UNDER SECTION 3017.**

19 Enacting section 1. This amendatory act takes effect 90 days  
20 after the date it is enacted into law.

21 Enacting section 2. This amendatory act does not take effect  
22 unless all of the following bills of the 98th Legislature are  
23 enacted into law:

24 (a) House Bill No. 4637.

25 (b) House Bill No. 4640.

26 (c) House Bill No. 4641.

27 (d) Senate Bill No. 392.