

HOUSE BILL No. 4639

May 26, 2015, Introduced by Rep. Iden and referred to the Committee on Commerce and Trade.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 3009, 3037, and 3101 (MCL 500.3009, 500.3037, and 500.3101), section 3009 as amended by 1988 PA 43, section 3037 as amended by 1980 PA 461, and section 3101 as amended by 2014 PA 492, 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
6 delivery in this state with respect to any motor vehicle registered
7 or principally garaged in this state unless the liability coverage

1 is subject to ~~a~~ **ALL OF THE FOLLOWING LIMITS:**

2 (A) A limit, exclusive of interest and costs, of not less than
3 \$20,000.00 because of bodily injury to or death of 1 person in any
4 1 accident. ~~and subject~~

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

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

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

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

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

22 (4) ~~(3)~~—If an insurer deletes coverages from an automobile
23 insurance policy pursuant to section 3101, the insurer shall send
24 documentary evidence of the deletion to the insured.

25 **SEC. 3017. (1) AN AUTHORIZED INSURER THAT ISSUES AN INSURANCE**
26 **POLICY INSURING A PERSONAL VEHICLE MAY EXCLUDE ALL COVERAGE**
27 **AFFORDED UNDER THE POLICY FOR ANY LOSS OR INJURY THAT OCCURS WHILE**

1 A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED ON TO A
2 TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK OR WHILE A
3 TRANSPORTATION NETWORK COMPANY DRIVER IS PROVIDING A PREARRANGED
4 RIDE. ALL OF THE FOLLOWING COVERAGES MAY BE EXCLUDED UNDER THIS
5 SECTION:

6 (A) RESIDUAL LIABILITY INSURANCE REQUIRED UNDER SECTIONS 3009
7 AND 3101.

8 (B) PERSONAL PROTECTION AND PROPERTY PROTECTION INSURANCE
9 REQUIRED UNDER SECTION 3101.

10 (C) UNINSURED AND UNDERINSURED MOTORIST COVERAGE.

11 (D) COMPREHENSIVE COVERAGE.

12 (E) COLLISION COVERAGE, INCLUDING COVERAGE REQUIRED TO BE
13 OFFERED UNDER SECTION 3037.

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

17 (A) WHILE A TRANSPORTATION NETWORK COMPANY DRIVER IS LOGGED ON
18 TO A TRANSPORTATION NETWORK COMPANY'S DIGITAL NETWORK.

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

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

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

26 (4) AN INSURER THAT EXCLUDES THE COVERAGE DESCRIBED IN
27 SUBSECTION (1) DOES NOT HAVE A DUTY TO DEFEND OR INDEMNIFY FOR ANY

1 CLAIM THAT IS EXPRESSLY EXCLUDED. THIS SECTION DOES NOT INVALIDATE
2 OR LIMIT AN EXCLUSION CONTAINED IN A POLICY, INCLUDING A POLICY IN
3 USE OR APPROVED FOR USE IN THIS STATE BEFORE THE EFFECTIVE DATE OF
4 THIS SECTION, THAT EXCLUDES COVERAGE FOR VEHICLES THAT ARE USED TO
5 CARRY INDIVIDUALS OR PROPERTY FOR A CHARGE OR THAT ARE AVAILABLE
6 FOR HIRE BY THE PUBLIC. AN INSURER THAT DEFENDS OR INDEMNIFIES FOR
7 A CLAIM AGAINST A TRANSPORTATION NETWORK COMPANY DRIVER WHO IS
8 EXCLUDED UNDER THE TERMS OF THE POLICY HAS A RIGHT OF CONTRIBUTION
9 AGAINST OTHER INSURERS THAT PROVIDED AUTOMOBILE INSURANCE TO THE
10 TRANSPORTATION NETWORK COMPANY DRIVER IN SATISFACTION OF THE
11 COVERAGE REQUIREMENTS OF SECTION 17 OF THE TRANSPORTATION NETWORK
12 COMPANY ACT AT THE TIME OF THE LOSS.

13 (5) DURING AN INVESTIGATION OF WHETHER A CLAIM IS COVERED
14 UNDER AN INSURANCE POLICY, A TRANSPORTATION NETWORK COMPANY AND ANY
15 INSURER THAT POTENTIALLY PROVIDES COVERAGE UNDER SECTION 17 OF THE
16 TRANSPORTATION NETWORK COMPANY ACT SHALL COOPERATE TO FACILITATE
17 THE EXCHANGE OF RELEVANT INFORMATION WITH PERSONS WHO ARE DIRECTLY
18 INVOLVED AND ANY INSURER OF THE TRANSPORTATION NETWORK COMPANY
19 DRIVER. RELEVANT INFORMATION REQUIRED TO BE EXCHANGED UNDER THIS
20 SUBSECTION INCLUDES, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

21 (A) THE TIMES THAT THE TRANSPORTATION NETWORK COMPANY DRIVER
22 LOGGED ON TO AND LOGGED OFF OF THE TRANSPORTATION NETWORK COMPANY'S
23 DIGITAL NETWORK DURING THE 12 HOURS PRECEDING THE ACCIDENT AND THE
24 12 HOURS FOLLOWING THE ACCIDENT.

25 (B) A CLEAR DESCRIPTION OF THE COVERAGE, EXCLUSIONS, AND
26 LIMITS UNDER ANY INSURANCE POLICY MAINTAINED AS REQUIRED BY SECTION
27 17 OF THE TRANSPORTATION NETWORK COMPANY ACT.

1 (6) AS USED IN THIS SECTION, ALL OF THE FOLLOWING TERMS MEAN
 2 THOSE TERMS AS DEFINED IN SECTION 3 OF THE TRANSPORTATION NETWORK
 3 COMPANY ACT:

- 4 (A) "DIGITAL NETWORK".
 5 (B) "PERSONAL VEHICLE".
 6 (C) "PREARRANGED RIDE".
 7 (D) "TRANSPORTATION NETWORK COMPANY".
 8 (E) "TRANSPORTATION NETWORK COMPANY DRIVER".
 9 (F) "TRANSPORTATION NETWORK COMPANY RIDER".

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

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

19 (b) Broad form collision coverage, which ~~shall~~**MUST** pay for
 20 collision damage to the insured vehicle regardless of fault, with
 21 deductibles in ~~such~~**THE** amounts as ~~may be~~ approved by the
 22 ~~commissioner~~**DIRECTOR**, which deductibles ~~shall~~**MUST** be waived if
 23 the operator of the vehicle is not substantially at fault in the
 24 accident from which the damage arose.

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

1 (3) AN INSURER MAY LIMIT COLLISION COVERAGE OFFERED UNDER THIS
2 SECTION AS PROVIDED IN SECTION 3017.

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

13 (5) ~~(4) In the case of~~ **IF** a written application **IS** made by
14 mail, **AND** if the applicant fails to sign or return a written
15 rejection statement as required by subsection ~~(3)~~, **(4)**, the
16 requirements of subsection ~~(3)~~ **shall be** **(4) ARE** considered to have
17 ~~been~~ **BE** satisfied with respect to the insurer if all of the
18 following occur:

19 (a) The application provides the applicant with an opportunity
20 to select the coverages required to be offered under subsection
21 (1).

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

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

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

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

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

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

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

21 (8) ~~(7)~~—As used in this section:

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

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

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

27 Sec. 3101. (1) The owner or registrant of a motor vehicle

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

12 (2) As used in this chapter:

13 (a) "Automobile insurance" means that term as defined in
14 section 2102.

15 (b) "Commercial quadricycle" means a vehicle to which all of
16 the following apply:

17 (i) The vehicle has fully operative pedals for propulsion
18 entirely by human power.

19 (ii) The vehicle has at least 4 wheels and is operated in a
20 manner similar to a bicycle.

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

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

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

27 (vi) The vehicle is operated by the owner of the vehicle or an

1 employee of the owner of the vehicle.

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

4 (d) "Highway" means highway or street as that term is defined
5 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
6 257.20.

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

9 (f) "Motorcycle" means a vehicle that has a saddle or seat for
10 the use of the rider, is designed to travel on not more than 3
11 wheels in contact with the ground, and is equipped with a motor
12 that exceeds 50 cubic centimeters piston displacement. For purposes
13 of this subdivision, the wheels on any attachment to the vehicle
14 are not considered as wheels in contact with the ground. Motorcycle
15 does not include a moped or an ORV.

16 (g) "Motorcycle accident" means a loss that involves the
17 ownership, operation, maintenance, or use of a motorcycle as a
18 motorcycle, but does not involve the ownership, operation,
19 maintenance, or use of a motor vehicle as a motor vehicle.

20 (h) "Motor vehicle" means a vehicle, including a trailer, that
21 is operated or designed for operation on a public highway by power
22 other than muscular power and has more than 2 wheels. Motor vehicle
23 does not include any of the following:

24 (i) A motorcycle.

25 (ii) A moped.

26 (iii) A farm tractor or other implement of husbandry that is
27 not subject to the registration requirements of the Michigan

1 vehicle code under section 216 of the Michigan vehicle code, 1949
 2 PA 300, MCL 257.216.

3 (iv) An ORV.

4 (v) A golf cart.

5 (vi) A power-driven mobility device.

6 (vii) A commercial quadricycle.

7 (i) "Motor vehicle accident" means a loss that involves the
 8 ownership, operation, maintenance, or use of a motor vehicle as a
 9 motor vehicle regardless of whether the accident also involves the
 10 ownership, operation, maintenance, or use of a motorcycle as a
 11 motorcycle.

12 (j) "ORV" means a motor-driven recreation vehicle designed for
 13 off-road use and capable of cross-country travel without benefit of
 14 road or trail, on or immediately over land, snow, ice, marsh,
 15 swampland, or other natural terrain. ORV includes, but is not
 16 limited to, a multitrack or multiwheel drive vehicle, a motorcycle
 17 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious
 18 machine, a ground effect air cushion vehicle, an ATV as defined in
 19 section 81101 of the natural resources and environmental protection
 20 act, 1994 PA 451, MCL 324.81101, or other means of transportation
 21 deriving motive power from a source other than muscle or wind. ORV
 22 does not include a vehicle described in this subdivision that is
 23 registered for use ~~upon~~**ON** a public highway and has the security
 24 ~~described in section 3101~~**REQUIRED UNDER SUBSECTION (1) or SECTION**
 25 3103 in effect.

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

27 (i) A person renting a motor vehicle or having the use of a

1 motor vehicle, under a lease or otherwise, for a period that is
2 greater than 30 days.

3 (ii) A person renting a motorcycle or having the use of a
4 motorcycle under a lease for a period that is greater than 30 days,
5 or otherwise for a period that is greater than 30 consecutive days.
6 A person who borrows a motorcycle for a period that is less than 30
7 consecutive days with the consent of the owner is not an owner
8 under this subparagraph.

9 (iii) A person that holds the legal title to a motor vehicle
10 or motorcycle, other than a person engaged in the business of
11 leasing motor vehicles or motorcycles that is the lessor of a motor
12 vehicle or motorcycle under a lease that provides for the use of
13 the motor vehicle or motorcycle by the lessee for a period that is
14 greater than 30 days.

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

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

21 (m) "Registrant" does not include a person engaged in the
22 business of leasing motor vehicles or motorcycles that is the
23 lessor of a motor vehicle or motorcycle under a lease that provides
24 for the use of the motor vehicle or motorcycle by the lessee for a
25 period that is longer than 30 days.

26 (3) Security required by subsection (1) may be provided under
27 a policy issued by an authorized insurer that affords insurance for

1 the payment of benefits described in subsection (1). A policy of
2 insurance represented or sold as providing security is considered
3 to provide insurance for the payment of the benefits.

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

14 (5) AN INSURER THAT ISSUES A POLICY THAT PROVIDES THE SECURITY
15 REQUIRED UNDER SUBSECTION (1) MAY EXCLUDE COVERAGE UNDER THE POLICY
16 AS PROVIDED IN SECTION 3017.

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

19 Enacting section 2. This amendatory act does not take effect
20 unless Senate Bill No. ____ or House Bill No. 4637 (request no.
21 02043'15) of the 98th Legislature is enacted into law.