

NO-FAULT TORT THRESHOLD

House Bill 4341

Sponsor: Rep. Harold Voorhees

Committee: Insurance

Complete to 2-9-95

A SUMMARY OF HOUSE BILL 4341 AS INTRODUCED 2-8-95

Michigan's no-fault automobile insurance system only permits lawsuits for non-economic losses ("pain and suffering") when a certain threshold of injury has been met. The Insurance Code says that a person remains subject to tort liability for non-economic loss caused by his or her ownership, maintenance, or use of a motor vehicle only if the injured person "has suffered death, serious impairment of body function, or permanent serious disfigurement." The expression "serious impairment of body function" is not currently further defined in statute, but its meaning is governed by a state supreme court ruling. House Bill 4341 would put a more restrictive definition in statute by specifying that "serious impairment of body function" means "an objectively manifested impairment of an important body function that affects the person's general ability to lead his or her normal life."

The bill also would specify that for a lawsuit for non-economic damages:

-- The issues of whether an injured person had suffered serious impairment of body function or permanent serious disfigurement would be questions of law for the court (i.e., issues for a judge to decide rather than a jury, as now).

-- Damages could not be assessed in favor of a party who was 50 percent or more at fault.

-- Damages could not be assessed in favor of a party who was operating his or her own vehicle at the time of the injury and did not carry required insurance coverage on the vehicle.

The bill also would expand the current "mini-tort" exception to the limitation on lawsuits. Under the no-fault act, a person is liable for damages to a motor vehicles up to \$400, to the extent that the damages were not covered by insurance. (This means a person can recover the amount of a deductible, up to \$400, from a person who damages his or her motor vehicle.) The bill would raise the amount of damages that can be recovered to \$500.

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