Legislative Analysis

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MINI-TORT: RAISE LIMIT
FROM $500 TO $1,000

House Bill 5362 (Substitute H-1)
Sponsor: Rep. Cindy Denby
Committee: Insurance

Complete to 3-14-12

A SUMMARY OF HOUSE BILL 5362 AS REPORTED FROM COMMITTEE

Under Michigan's automobile no-fault insurance system, a driver can sue for damage done to his or her motor vehicle for up to $500 for damages not covered by insurance. This is known as the "mini-tort," and is one of the exceptions from the general prohibition against suing for damages. Typically, this provision allows a motorist to collect up to $500 of any deductible for collision damages. Damages are assessed on the basis of comparative fault, and can only be collected from a driver who is more than 50% at fault.

House Bill 5362 would increase the amount of damages that can be sought from $500 to $1,000.

The bill also specifies that, under the mini-tort, damages cannot be assessed if the damaged motor vehicle was being operated without required automobile insurance coverages.

[The mini-tort was last increased, from $400 to $500, in 1995 (Public Act 22).]

MCL 500.3135

FISCAL IMPACT:

House Bill 5362 will not have a significant fiscal impact on state or local budgets.

POSITIONS:

The following indicated support for the bill to the House Insurance Committee on 3-8-12: the Insurance Institute of Michigan, the Michigan Association of Insurance Agents, and the Michigan Association of Professional Insurance Agents.

Legislative Analyst: Chris Couch
Fiscal Analyst: Paul Holland

■ 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.