

**SUBSTITUTE FOR
HOUSE BILL NO. 5362**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 3135 (MCL 500.3135), as amended by 2002 PA 697.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3135. (1) A person remains subject to tort liability for
2 noneconomic loss caused by his or her ownership, maintenance, or
3 use of a motor vehicle only if the injured person has suffered
4 death, serious impairment of body function, or permanent serious
5 disfigurement.

6 (2) For a cause of action for damages pursuant to subsection
7 (1) filed on or after July 26, 1996, all of the following apply:

8 (a) The issues of whether ~~an~~**THE** injured person has suffered
9 serious impairment of body function or permanent serious
10 disfigurement are questions of law for the court if the court finds

1 either of the following:

2 (i) There is no factual dispute concerning the nature and
3 extent of the person's injuries.

4 (ii) There is a factual dispute concerning the nature and
5 extent of the person's injuries, but the dispute is not material to
6 the determination ~~as to~~ whether the person has suffered a serious
7 impairment of body function or permanent serious disfigurement.
8 However, for a closed-head injury, a question of fact for the jury
9 is created if a licensed allopathic or osteopathic physician who
10 regularly diagnoses or treats closed-head injuries testifies under
11 oath that there may be a serious neurological injury.

12 (b) Damages shall be assessed on the basis of comparative
13 fault, except that damages shall not be assessed in favor of a
14 party who is more than 50% at fault.

15 (c) Damages shall not be assessed in favor of a party who was
16 operating his or her own vehicle at the time the injury occurred
17 and did not have in effect for that motor vehicle the security
18 required by section 3101 at the time the injury occurred.

19 (3) Notwithstanding any other provision of law, tort liability
20 arising from the ownership, maintenance, or use within this state
21 of a motor vehicle with respect to which the security required by
22 section 3101 was in effect is abolished except as to:

23 (a) Intentionally caused harm to persons or property. Even
24 though a person knows that harm to persons or property is
25 substantially certain to be caused by his or her act or omission,
26 the person does not cause or suffer that harm intentionally if he
27 or she acts or refrains from acting for the purpose of averting

1 injury to any person, including himself or herself, or for the
2 purpose of averting damage to tangible property.

3 (b) Damages for noneconomic loss as provided and limited in
4 subsections (1) and (2).

5 (c) Damages for allowable expenses, work loss, and survivor's
6 loss as defined in sections 3107 to 3110 in excess of the daily,
7 monthly, and 3-year limitations contained in those sections. The
8 party liable for damages is entitled to an exemption reducing his
9 or her liability by the amount of taxes that would have been
10 payable on account of income the injured person would have received
11 if he or she had not been injured.

12 (d) Damages for economic loss by a nonresident in excess of
13 the personal protection insurance benefits provided under section
14 3163(4). Damages under this subdivision are not recoverable to the
15 extent that benefits covering the same loss are available from
16 other sources, regardless of the nature or number of benefit
17 sources available and regardless of the nature or form of the
18 benefits.

19 (e) Damages up to ~~\$500.00~~ **\$1,000.00** to ~~A motor vehicles~~
20 **VEHICLE**, to the extent that the damages are not covered by
21 insurance. An action for damages ~~pursuant to~~ **UNDER** this subdivision
22 shall be conducted **AS PROVIDED** in ~~compliance with~~ subsection (4).

23 (4) ~~In~~ **ALL OF THE FOLLOWING APPLY TO** an action for damages
24 ~~pursuant to~~ **UNDER** subsection (3)(e):

25 (a) Damages shall be assessed on the basis of comparative
26 fault, except that damages shall not be assessed in favor of a
27 party who is more than 50% at fault.

1 (b) Liability ~~shall~~**IS** not be a component of residual
2 liability, as prescribed in section 3131, for which maintenance of
3 security is required by this act.

4 (C) ~~(5) Actions under subsection (3)(e)~~**THE ACTION** shall be
5 commenced, whenever legally possible, in the small claims division
6 of the district court or the municipal court. If the defendant or
7 plaintiff removes the action to a higher court and does not
8 prevail, the judge may assess costs.

9 (D) ~~(6) A decision of a~~**THE** court ~~made pursuant to subsection~~
10 ~~(3)(e)~~ is not res judicata in any proceeding to determine any other
11 liability arising from the same circumstances ~~as~~**THAT** gave rise to
12 the action. ~~brought pursuant to subsection (3)(e).~~

13 (E) **DAMAGES SHALL NOT BE ASSESSED IF THE DAMAGED MOTOR VEHICLE**
14 **WAS BEING OPERATED AT THE TIME OF THE DAMAGE WITHOUT THE SECURITY**
15 **REQUIRED BY SECTION 3101.**

16 (5) ~~(7)~~As used in this section, "serious impairment of body
17 function" means an objectively manifested impairment of an
18 important body function that affects the person's general ability
19 to lead his or her normal life.