

**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
6 delivery in this state with respect to any motor vehicle registered

1 or principally garaged in this state unless the liability coverage
2 is subject to ~~a~~**ALL OF THE FOLLOWING LIMITS:**

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

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

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

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

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

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

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

26 **SEC. 3017. (1) AN AUTHORIZED INSURER THAT ISSUES AN INSURANCE**
27 **POLICY INSURING A PERSONAL VEHICLE MAY EXCLUDE ALL COVERAGE**

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

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

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

11 (C) UNINSURED AND UNDERINSURED MOTORIST COVERAGE.

12 (D) COMPREHENSIVE COVERAGE.

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

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

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

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

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

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

27 (4) AN INSURER THAT EXCLUDES THE COVERAGE DESCRIBED IN

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

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

22 (A) THE TIMES THAT THE TRANSPORTATION NETWORK COMPANY DRIVER
23 LOGGED ON TO AND LOGGED OFF OF THE TRANSPORTATION NETWORK COMPANY'S
24 DIGITAL NETWORK DURING THE 12 HOURS PRECEDING THE ACCIDENT AND THE
25 12 HOURS FOLLOWING THE ACCIDENT.

26 (B) A CLEAR DESCRIPTION OF THE COVERAGE, EXCLUSIONS, AND
27 LIMITS UNDER ANY INSURANCE POLICY MAINTAINED AS REQUIRED BY SECTION

1 17 OF THE TRANSPORTATION NETWORK COMPANY ACT.

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

5 (A) "DIGITAL NETWORK".

6 (B) "PERSONAL VEHICLE".

7 (C) "PREARRANGED RIDE".

8 (D) "TRANSPORTATION NETWORK COMPANY".

9 (E) "TRANSPORTATION NETWORK COMPANY DRIVER".

10 (F) "TRANSPORTATION NETWORK COMPANY RIDER".

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

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

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

26 (2) In addition to the coverages offered ~~pursuant to~~**UNDER**
27 subsection (1), standard and limited collision coverage may be

1 offered with deductibles as approved by the ~~commissioner~~-DIRECTOR.

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

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

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

20 (a) The application provides the applicant with an opportunity
21 to select the coverages required to be offered under subsection
22 (1).

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

27 (c) The applicant signed the application as otherwise required

1 by the insurer.

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

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

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

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

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

22 (8) ~~(7)~~ As used in this section:

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

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

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

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

13 (2) As used in this chapter:

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

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

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

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

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

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

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

1 (vi) The vehicle is operated by the owner of the vehicle or an
2 employee of the owner of the vehicle.

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

5 (d) "Highway" means highway or street as that term is defined
6 in section 20 of the Michigan vehicle code, 1949 PA 300, MCL
7 257.20.

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

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

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

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

25 (i) A motorcycle.

26 (ii) A moped.

27 (iii) A farm tractor or other implement of husbandry that is

1 not subject to the registration requirements of the Michigan
2 vehicle code under section 216 of the Michigan vehicle code, 1949
3 PA 300, MCL 257.216.

4 (iv) An ORV.

5 (v) A golf cart.

6 (vi) A power-driven mobility device.

7 (vii) A commercial quadricycle.

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

13 (j) "ORV" means a motor-driven recreation vehicle designed for
14 off-road use and capable of cross-country travel without benefit of
15 road or trail, on or immediately over land, snow, ice, marsh,
16 swampland, or other natural terrain. ORV includes, but is not
17 limited to, a multitrack or multiwheel drive vehicle, a motorcycle
18 or related 2-wheel, 3-wheel, or 4-wheel vehicle, an amphibious
19 machine, a ground effect air cushion vehicle, an ATV as defined in
20 section 81101 of the natural resources and environmental protection
21 act, 1994 PA 451, MCL 324.81101, or other means of transportation
22 deriving motive power from a source other than muscle or wind. ORV
23 does not include a vehicle described in this subdivision that is
24 registered for use ~~upon~~**ON** a public highway and has the security
25 ~~described in section 3101~~**REQUIRED UNDER SUBSECTION (1) or SECTION**
26 3103 in effect.

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

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

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

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

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

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

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

27 (3) Security required by subsection (1) may be provided under

1 a policy issued by an authorized insurer that affords insurance for
2 the payment of benefits described in subsection (1). A policy of
3 insurance represented or sold as providing security is considered
4 to provide insurance for the payment of the benefits.

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

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

18 Sec. 3113. A person is not entitled to be paid personal
19 protection insurance benefits for accidental bodily injury if at
20 the time of the accident any of the following circumstances
21 existed:

22 (a) The person was willingly operating or willingly using a
23 motor vehicle or motorcycle that was taken unlawfully, and the
24 person knew or should have known that the motor vehicle or
25 motorcycle was taken unlawfully.

26 (b) The person was the owner or registrant of a motor vehicle
27 or motorcycle involved in the accident with respect to which the

1 security required by section 3101 or 3103 was not in effect.

2 (c) The person was not a resident of this state, was an
3 occupant of a motor vehicle or motorcycle not registered in this
4 state, and the motor vehicle or motorcycle was not insured by an
5 insurer that has filed a certification in compliance with section
6 3163.

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

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

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

15 Enacting section 2. This amendatory act does not take effect
16 unless House Bill No. 4637 of the 98th Legislature is enacted into
17 law.