

Assignment of No-Fault Benefits Coverage Update

September 2, 2025

Michigan – Assignment of No-Fault Benefits

Sharp v. Tracht

No. 369607, 2025 WL 2406599 (Mich. Ct. App. Aug. 19, 2025)

The Michigan Court of Appeals, in an unpublished per curiam opinion, reversed for a second time the trial court's order that granted Progressive Mutual Insurance Company's (Progressive) partial dispositive motion, finding that the plaintiff, Parsha Shantel Sharp (Sharp), restored her real party in interest status when she received revocations of her assignment from a medical provider. However, the appellate court remanded the case for the trial court to engage in a proper rescission analysis and the applicability of the one-year back rule under MCL 500.3145.

The lawsuit arose from a motor vehicle accident that happened on Sept. 1, 2019. At the time of the accident, Progressive insured Sharp under an auto policy that provided No-Fault benefits pursuant to Michigan's No Fault Act. On Nov. 18, 2019, Sharp sued Progressive, claiming that Progressive unreasonably refused to pay her No-Fault benefits as a result of the accident. In March 2021, Progressive moved for partial summary disposition with regard to medical bills from various health care providers, claiming that Sharp lacked standing to seek payment from Progressive for these bills because she had executed assignments transferring her rights to recover from Progressive to these medical providers. Progressive, however, did not attach any assignments to its dispositive motion. Nonetheless, the trial court granted Progressive's motion in an order dated Sept. 8, 2021.

The plaintiff filed an application for leave to appeal the trial court's order granting Progressive's partial summary disposition motions. In lieu of granting the application, the appellate court reversed the trial court's order and remanded the case for further proceedings, noting that Progressive failed to meet its burden because no assignments were attached to its motions for partial summary disposition.

On remand, Progressive filed a renewed motion for partial summary disposition with regard to medical services provided by Capital Surgery Center, arguing again that Sharp had assigned her rights to pursue No-Fault benefits to Capital Surgery before suing Progressive and that Sharp could not obtain a revocation of the assignment because the assignment executed by Sharp indicated that it was irrevocable. Progressive further noted that Capital Surgery Center did not have any interest to assign the right of No-Fault benefits back to Sharp because Capital Surgery Center had sold Sharp's account receivable to National Health Finance. Progressive also argued that, even if the assignment was revocable, Sharp's claim was barred by the one-year back rule per MCL 500.3145. Sharp, in response

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to the partial summary disposition motion, argued that Capital Surgery Center and National Health had mutually rescinded their respective assignments, rendering them void *ab initio*.

The trial court granted Progressive's dispositive motion, finding Sharp was not the real party in interest as a result of the assignments, and that, because Sharp was not the real party in interest at the time of filing, the revocations of assignments produced by Sharp were untimely. The trial court also noted that Sharp filed no supplemental pleadings and the one-year-back rule applied to bar Sharp's additional claims.

Sharp again appealed and the appellate court again reversed the trial court's order granting Progressive's partial motion for summary disposition. The appellate court, relying on *C-Spine Orthopedics, PLLC v. Progressive Michigan Ins. Co.*, Nos. 165537, 165538, and 165964, --- Mich. ---; --- N.W.3d ---, 2025 WL 1840435 (Mich. July 3, 2025), determined that Sharp restored her real party in interest status with revocations of assignments obtained mid-litigation. However, the appellate court remanded the case to engage in a rescission analysis and whether equitable rescission should apply and for the trial court to reconsider under the proper legal framework its ruling with regard to the one-year-back rule.

By Amy Diviney