

Broadened Insurance Policy Terms Dictate Entitlement to No-Fault Benefits

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In the recent unpublished opinion, *Stone v Auto-Owners*, 2014 WL 3844069 (Aug 5, 2014), the Michigan Court of Appeals held that entitlement to no-fault benefits, pursuant to MCL 500.3114(4), is dictated by how expansively the policy defines “named insureds.”

In *Stone*, the plaintiff sought survivor loss benefits on behalf of the decedent, Stephanie Stone, who was involved in a motor vehicle accident while driving her car. The decedent lived with her husband at the time of the accident and neither had their own auto insurance policy. However, she was listed as an additional driver on her parents' policy with Auto Owners and the car was added to the vehicle schedule several months prior to the accident.

As such, the plaintiff was unable to claim benefits pursuant to MCL 500.3114(1), which is the first level of insurance priority for occupants of motor vehicles where other exceptions do not apply (i.e., employer vehicles, business transportation vehicles).

Accordingly, the plaintiff sought benefits under section 3114(4) which provides, in pertinent part:

Except as provided in subsections (1) to (3), a person suffering accidental bodily injury arising from a motor vehicle accident while an occupant ... shall claim ... in the following order of priority:

- (a) The insurer of the owner or registrant of the vehicle occupied.
- (b) The insurer of the operator of the vehicle occupied.

Because the decedent was the owner, operator and registrant of the car at issue. The major question before the court was whether Auto Owners could be considered the insurer of decedent. The court held that even if the owner/registrant/operator is not a named insured under the policy, the carrier may still qualify as the insurer if the policy expands the definition of an “insured person” beyond the named insured so as to include such persons. *Dobbela II v Auto-Owners Ins Co*, 275 Mich App 527 (2007)

BROADENED INSURANCE POLICY TERMS DICTATE ENTITLEMENT TO NO-FAULT BENEFITS Cont.

The policy in question listed the decedent's parents as the only named insureds and the plaintiff was unable to point to any language in the policy expanding the meaning of "insured" to include the decedent. The court reasoned that the proper inquiry focuses upon whether the individual seeking benefits, pursuant to section 3114(4), was intended as a "contractual insured," which the plaintiff was unable to show despite her inclusion as an additional driver on the policy.

Although no-fault priority is almost entirely dictated by statute, a no-fault policy is still a contract, and in these circumstances, the benefit of the bargain will extend only to those contemplated by the plain language of the policy. However, even though the plaintiff in these circumstances would be unable to claim benefits from Auto-Owners, pursuant to MCL 500.3114(4), benefits would arguably have still been available to the plaintiff and the decedent through the assigned claims facility if all other requirements under the Michigan No-Fault Act were met since the car was specifically listed on the policy. Arguably, the decedent would not have been disqualified from benefits, pursuant to MCL 500.3113, because her car was included on the Auto-Owners policy.

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