PLUNKETT COONEY

Increased Liability Limits Under No-Fault Act Reform

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Michigan – Increased Liability Limits Under No-Fault Act Reform

Bonter v Progressive Marathon Ins. Co.
No. 166182, --- N.W.3d ---, 2025 WL 1832292 (Mich. July 2, 2025)

The Michigan Supreme Court, in a 3-2 order in which two justices did not participate, reversed the judgment of the Michigan Court of Appeals finding that auto insurance policies in effect after July 1, 2020, were required to include increases in minimum liability limits per the 2019 reforms to Michigan's No-Fault Act.

In 2019, the Michigan Legislature made significant changes to the state's No-Fault Act. Those changes included, among other things, an increase in statutorily mandated coverage for tort liability in Michigan from $20,000 for one person in any one accident and $40,000 for two or more persons in any one accident to $250,000 for one person in any one accident and $500,000 for two or more persons in any one accident.

This coverage dispute arose after Cody Bonter (Bonter) and Kaytlin Jackman (Jackman) sustained serious injuries on July 25, 2020, when Taylon Williams (Williams), who was driving a 2017 Dodge Charger, struck their vehicle head on. Prior to the accident, on June 20, 2020, Williams secured an auto policy from Progressive Marathon Insurance Company (Progressive) for a 2014 Jeep Grand Cherokee with a six-month term running from June 20, 2020 to Dec. 20, 2020 and liability limits of $20,000/$40,000. On July 6, 2020, Williams contacted Progressive to remove the Cherokee and add the 2017 Dodge Charger to the policy. Progressive did not issue a new policy but made the requested change on the existing auto policy and kept the liability limits at $20,000/$40,000. Progressive sent Williams an "auto insurance coverage summary" reflecting the change in the auto policy.

After the accident, Progressive offered Bonter and Jackman the liability limits set forth in the policy. Bonter and Jackman rejected Progressive's offer and commenced a declaratory judgment action seeking a declaration that Progressive, as Williams' insurer, was liable up to the new statutorily mandated $250,000/$500,0000 liability limits and not the lower limits of $20,000/$40,000. Progressive counterclaimed and moved for summary disposition. The trial court denied Progressive's dispositive motion and granted summary disposition in favor of Bonter and Jackman, finding that the July 6, 2020, change in vehicles, coupled with Progressive's sending of the "auto insurance coverage summary" required the auto policy to include the higher statutory-mandated liability limits of $250,000/$500,000. Progressive appealed.

The Michigan Court of Appeals, relying on its previous decision in *Progressive Marathon Ins. Co. v. Pena*, 345 Mich. App. 270, 5 N.W.3d 367 (2023), reversed the trial court, concluding that Progressive did not deliver or issue for delivery a policy to Williams after July 1, 2020, and per the plain language of MCL 500.3009(1), the Michigan Legislature did not intend for the increased minimums to apply automatically to policies that were delivered before July 2, 2020.

Bonter and Jackman appealed to the Michigan Supreme Court, which reversed the lower appellate court. The Supreme Court determined that Progressive's policy failed to comply with MCL 500.3009, which, per the plain language of the statute, required that policies issued after June 11, 2019, to provide – beginning on July 1, 2020 – the minimum liability limits of $250,000/$500,000. The Supreme Court noted that MCL 500.3009(1)(a) and (1)(b) set forth the coverage level to be provided and differentiated the required coverage level for policies before July 1, 2020, and after July 1, 2020. The statute did not expressly provide that higher liability limits would apply only in policies delivered or issued after July 1, 2020.

The Supreme Court also rejected Progressive's arguments that its interpretation of the MCL 500.3009 is inconsistent with subsection (1)'s provision that it is subject to subsections (5) to (8) because subsection (1) requires any policy delivered or issued after the effective date of the statute, June 11, 2019, to provide the statutory minimum liability coverage of $250,000/$500,000 after July 1, 2020, and subsections (5) through (7) allow an insured to opt for lower liability coverage beginning on July 2, 2020, and subsection (8) requires an insured to provide the minimum liability coverage of $250,000/$500,000 if the insured has not elected lower liability coverage.

The Supreme Court opined that had the Legislature intended to require that the higher liability limits would only apply in policies issued or renewed after July 1, 2020, it would have used different language to express that intention, but it did not. The Supreme Court reversed the appellate court's judgment and remanded the case to that court to consider Progressive's remaining arguments.

By: Amy Diviney