

# HOUSE BILL No. 6093

December 18, 2014, Introduced by Rep. Cavanagh and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 3037 (MCL 500.3037), as amended by 1980 PA 461.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 3037. (1) **AUTOMOBILE COLLISION INSURANCE FOR A VEHICLE**  
2 **MAY BE OFFERED AND ISSUED BY THE SAME INSURANCE COMPANY THAT**  
3 **PROVIDES COVERAGE UNDER CHAPTER 31 FOR THE VEHICLE OR BY A**  
4 **DIFFERENT INSURANCE COMPANY.**

5           (2) ~~(1) At the time a new AN applicant for the insurance~~  
6 ~~required by section 3101 for a private passenger nonfleet~~  
7 ~~automobile makes an initial written application to~~ **FOR AUTOMOBILE**  
8 **COLLISION INSURANCE,** the insurer ~~, an insurer~~ shall offer both of  
9 the following collision coverages to the applicant:

10           (a) Limited collision coverage, which ~~shall pay~~ **PAYS** for  
11 collision damage to the insured vehicle without a deductible amount

1 ~~when~~ **IF** the operator of the vehicle is not substantially at fault  
2 in the accident from which the damage arose.

3 (b) Broad form collision coverage, which ~~shall pay~~ **PAYS** for  
4 collision damage to the insured vehicle regardless of fault, with  
5 deductibles in ~~such~~ amounts as ~~may be approved by the commissioner,~~  
6 **DIRECTOR**, which deductibles ~~shall~~ **WILL** be waived if the operator of  
7 the vehicle is not substantially at fault in the accident from  
8 which the damage arose.

9 (3) ~~(2)~~ In addition to the coverages offered ~~pursuant to~~ **UNDER**  
10 subsection ~~(1), (2)~~, standard and limited collision coverage may be  
11 offered with deductibles as approved by the ~~commissioner~~ **DIRECTOR**.

12 (4) ~~(3)~~ ~~Where~~ **WHEN** the applicant is required by the insurer to  
13 sign the written application form described in subsection ~~(1), (2)~~,  
14 if the applicant chooses to reject both of the collision coverages,  
15 or limited collision without a deductible, offered under subsection  
16 ~~(1), (2)~~, the rejection shall be made in writing, either on a  
17 separate form or as part of the application, or **IN** some combination  
18 ~~thereof,~~ **OF A SEPARATE FORM AND AS PART OF THE APPLICATION**, as  
19 approved by the ~~commissioner~~ **DIRECTOR**. The rejection statement  
20 ~~shall~~ **MUST** inform the applicant of his or her rights ~~in the event~~  
21 ~~of~~ **IF THERE IS** damage to the insured vehicle under the alternative  
22 coverage option selected.

23 (5) ~~(4)~~ ~~In the case of~~ **IF** a written application **IS** made by  
24 mail, if the applicant fails to sign or return a written rejection  
25 statement as required by subsection ~~(3), (4)~~, the requirements of  
26 subsection ~~(3)~~ **(4)** shall be considered to have been satisfied with  
27 respect to the insurer if all of the following occur:

1 (a) The application provides the applicant ~~with an~~ opportunity  
2 to select the coverages required to be offered under subsection  
3 ~~(1)-(2)~~.

4 (b) The applicant is requested to sign the rejection  
5 statement, either as part of the application or as a separate form  
6 issued with the application, if the applicant fails to select  
7 either of the coverages specified in subsection ~~(1)-(2)~~.

8 (c) The applicant ~~signed~~ **SIGNS** the application as otherwise  
9 required by the insurer.

10 (6) ~~(5)~~ At the time of the initial written application  
11 ~~specified in~~ **UNDER** subsection ~~(1)-(2)~~, an agent or insurer shall  
12 provide the applicant with a written explanation of collision  
13 coverage options in easily understandable language, if that  
14 information is not contained in the application form.

15 (7) ~~(6)~~ At least annually in conjunction with the renewal of a  
16 ~~private passenger nonfleet~~ **AN** automobile **COLLISION** insurance  
17 policy, or at the time of an addition, deletion, or substitution of  
18 a vehicle under an existing policy, other than a group policy, an  
19 insurer shall inform the policyholder, on a form approved by the  
20 ~~commissioner,~~ **DIRECTOR**, of all of the following:

21 (a) The current status of collision coverage, if any, for the  
22 vehicle or vehicles affected by the renewal or change and the  
23 rights of the insured ~~in the event of damages to~~ **IF** the insured  
24 vehicle **IS DAMAGED** under the current coverage.

25 (b) The collision coverages available under the policy and the  
26 rights of the insured ~~in the event of~~ **IF THERE IS** damage to the  
27 insured vehicle under each collision option.

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

3 (8) ~~(7)~~As used in this section:

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

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

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