

# no-fault newslines

A ROAD MAP FOR MOTOR VEHICLE INSURERS AND OWNERS

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## Court of Appeals considers who is an “insurer” under MCL 500.3114(4)

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The Michigan Court of Appeals, in an unpublished opinion issued August 5, 2014, has offered helpful guidance as to when a no-fault insurer is considered the “insurer” of someone other than the named insured for purposes of the no-fault priority provision, MCL 500.3114. In *Stone v Auto-Owners Insurance Company*, Plaintiff sought survivor benefits as the widower of Stephanie Stone, who died while driving a Ford Taurus that she owned and registered. Linda Stone, a named insured on a no-fault policy issued by the Defendant, added the Ford Taurus to that policy prior to the accident. Also before the accident, Plaintiff and Stephanie were listed as drivers on that policy. These transactions took place between Linda Stone and an insurance agency.

The panel examined the provisions of MCL 500.3114 to conclude that Defendant had no liability to the Plaintiff. Looking first to MCL 500.3114(1), the panel concluded that where Stephanie Stone was neither a spouse of, nor living with those persons named as insureds in the policy, there was no liability under Section 3114(1). The Court added that merely listing Stephanie and William Stone as drivers did not make them named insureds.

The central issue in the case was whether, under MCL 500.3114(4), the Defendant was the “insurer” of Stephanie Stone, who was both the owner and registrant as well as the operator of the vehicle occupied at the time of the accident. The Court provided a helpful synthesis of existing law when it explained that “the named insured’s insurer may also constitute an ‘insurer’ of the owner, registrant or operator under MCL 500.3114(4) *if the policy expands the definition of ‘insured person’ beyond the named insured to include such persons.*” (emphasis added). The Court also stated the converse: “where a policy only provides for a named insured and does not extend coverage to other persons, the insurer is only an ‘insurer’ of the named insured.” The Court again synthesized existing caselaw when it summarized that the cases “require contractual language extending coverage beyond the named insured” in order for persons other than the named insured to be considered “insureds” such that the no-fault insurer is their “insurer” for purposes of Section 3114(4). Because Stephanie Stone and the Plaintiff were not named insureds, and because Plaintiff could point to no policy language evidencing an intent to include Stephanie as an insured, Plaintiff was not entitled to survivors benefits under Section 3114(4).

### SECRET WARDLE NOTES:

This case is helpful because it spells out a proposition that can only be inferred from existing caselaw: In order for a person other than a named insured to be an “insured” such that a given insurer is their “insurer” for purposes of MCL 500.3114(4), the policy language must extend coverage to that person. If the policy does not expand the definition of “insured person” beyond the named insured, an insurer is only the “insurer” of the named insured for purposes of Section 3114(4). Merely listing a person as a driver under a policy does not make the insurer their “insurer” for purposes of Section 3114(4).

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The Court also rejected Plaintiff's argument that Plaintiff should be permitted to recover because the named insured, Linda Stone, allegedly requested a new policy in Stephanie's name, thought she was receiving such a policy, and paid premiums for such a policy. The Court noted that a policyholder cannot reasonably expect something different from the clear language of the contract. The Court further noted that Plaintiff could not obtain reformation of the contract because neither he nor Stephanie were a party to it. The panel held that equitable estoppel would not apply to benefit Plaintiff because it only applies when a representation is made to a party, and no representation was made to either Stephanie or Plaintiff, but to Linda Stone who was not a party to the action. Finally, the Court noted that any representations of the insurance agency were not representations of the Defendant, Auto-Owners Insurance Company.

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