

# no-fault newsline

A ROAD MAP FOR MOTOR VEHICLE INSURERS AND OWNERS

## Michigan House and Senate Approve House Bills Imposing a Set of No-Fault and Liability Insurance Regulations on Ride-Sharing Services

By: Nathan J. Edmonds

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No-Fault and liability insurance coverage that an Uber driver or driver of an Uber-type vehicle must have in effect while on-duty: the driver must have a minimum of \$1 million in “[r]esidual third party automobile liability insurance” for bodily injury and property damage for when he is transporting passengers. When the driver is just on-duty, i.e., “logged on” to the “transportation network company’s digital network,” then the required minimum is \$50,000/\$100,000 for personal injury liability and \$25,000 for property damage liability. In both scenarios, the driver must also be covered for No-Fault PIP and property protection insurance (PPI).

Coverage exclusions in personal car insurance policies for Uber-type use of vehicle: insurance companies can write their personal auto policies in such a way that if their insured uses his or her personal vehicle to drive for Uber, Lyft or some other app-based, ride-sharing service (“transportation network company”) and is injured in a car accident while doing so, then all coverage that would have otherwise been provided under the policy is excluded, i.e., unavailable.

Insurer of an Uber or Uber-type vehicle providing No-Fault benefits to a passenger injured in an automobile accident: an Uber or Uber-type passenger who is injured in a motor vehicle accident involving the Uber or Uber-type vehicle she is riding in collects No-Fault benefits (such as medical-expense reimbursement and wage loss benefits) from the auto insurer for the Uber or Uber-type vehicle only if the passenger has no other source of No-Fault benefits, e.g., she doesn’t have her own policy, nor does her spouse or a resident relative.

The next step for House Bills 4637, 4639 and 4640 is that they will be forwarded to Gov. Rick Snyder for his consideration.

### SECRET WARDLE NOTES

On December 7, 2016, the Michigan House of Representatives approved concurred versions of House Bills 4637, 4639 and 4640 (meaning the bills have been passed and agreed upon by both the House and the Senate), which, together, will impose a set of No-Fault and liability insurance regulations on ride-sharing services in Michigan that heretofore haven’t existed.

Specifically, the bills address the three major issues of coverage that Uber and Uber-type drivers must carry on their vehicles while they’re on duty, ride-sharing-use exclusions from auto insurers and No-Fault benefits for injured passengers of an Uber, Lyft or other “transportation network company.”

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