



BICYCLES AND THE MICHIGAN NO-FAULT LAW

What Happens When a Bike is Damaged in an Automobile/Bicycle Collision?

Bryan Waldman
(866) 758-0031

bryan@bikelaw.com

www.bikelawmichigan.com



SINUS DRAMIS
LAW FIRM
Since 1951

One of the most common questions we receive from cyclists relates to whether they are entitled to make a claim with an insurance company when their bicycle has been damaged in a collision. In Michigan, the answer to this question is rarely easy due to the complexities of our no-fault insurance system. Although it can be complicated, Michigan law does provide relatively good insurance coverage for most cyclists, when there is a motor vehicle involved in the crash. The facts of a given incident will dictate whether there is insurance coverage for the damaged bike and which insurance carrier will be responsible for paying the claim. The following hypothetical situations provide answers to insurance coverage questions for the most common factual scenarios involving claims for damage to a bicycle due to an automobile collision.

QUESTION #1: I was in a bicycle collision with a car while riding in Michigan. My bike was damaged in the incident and I am not sure if it can be repaired. Does the insurance carrier for the car have to fix or replace my bike?

ANSWER: Yes. Michigan's no-fault auto law provides for something called "*property protection insurance*" which is commonly known as "*PPI coverage*." The law requires that when there is "*damage to tangible property arising out of the ownership, operation, maintenance, or use of a motor vehicle, as a motor vehicle,*" the owner of the motor vehicle is responsible for paying PPI benefits. [MCL 500.3121(1) and MCL 500.3125]

Under the law, the insurance carrier is required to pay reasonable repair costs or replacement costs, less depreciation, whichever is less. Additionally, if applicable, the insurer is obligated to pay the value of loss of use. [MCL 500.3121(5)]

If the owner of the automobile involved in the collision is not insured, the insurer of the driver of the vehicle involved in the incident is obligated to pay PPI benefits. [MCL 500.3125]

QUESTION #2: The collision was my fault. Does that mean the insurance company for the owner or driver of the automobile is off the hook and doesn't need to repair or replace my bike?

ANSWER: No. Michigan has a no-fault insurance system. Under this system, certain benefits are payable without regard to fault. PPI benefits are one of the benefits payable under the No-Fault Act *without regard to fault*. [MCL 500.3121(2)]

QUESTION #3: I am a Michigan resident, but the automobile/bicycle collision occurred outside of the State of Michigan. Does that make a difference?

ANSWER: Yes. Unfortunately, the location of an automobile/bicycle collision does make a difference in a cyclist's ability to obtain PPI benefits. The law excludes recovery for property damage arising from motor vehicle collisions which occur outside the State of Michigan. [MCL 500.3123(2)] However, insurance coverage for the damage to the bicycle may be available under the cyclist's homeowner's or renter's insurance policy.

QUESTION #4: I parked my brand new Specialized Ruby in our garage. When pulling his car into the garage, my husband wasn't paying attention and crushed my bike. Is his auto insurance carrier responsible for the cost of repairing/replacing the bicycle?

ANSWER: No. The law provides an "exclusion" from PPI benefits for property (including bicycles) owned by a person named in the auto policy, the person's spouse, or a relative living in the same household as the insured. [MCL 500.3123(1)(b)] However, insurance coverage for the damage to the bicycle may be available under the cyclist's homeowner's or renter's insurance policy.

QUESTION #5: I was driving my car to Grand Rapids to participate in the MSU Gran Fondo with my bike in the trunk. I was involved in a crash with another car. The new dent in my 1999 Honda Civic is not a big deal, but I'm losing sleep over the loss of my Trek Madone. Is anyone responsible for replacing my bike?

ANSWER: Unfortunately, there is an exclusion for PPI benefits which states an insurer is not obligated to pay for "vehicles and their contents." Accordingly, if a bike is damaged while it is in a vehicle, the owner of the bike won't be entitled to PPI benefits. [MCL 500.3123(1)(a)] Likewise, a bicycle on a rack attached to a car is also likely going to be considered "contents" of the vehicle.

However, if the driver of the car that struck and damaged the car and bike was at fault for the crash and failed to insure the vehicle, he can be held personally liable for the bicycle. [MCL 500.3135(3)].

QUESTION #6: I was parked in a structure while picking up my packet for the Gran Fondo. My Cannondale SuperSix EVO was on my bike rack. Another driver crashed into my car and damaged my bike. Is anyone responsible for repairing or replacing my bike?

ANSWER: Yes. The reason the answer to this question is different than the answer to Question #5 has nothing to do with the fact one bike was on a rack and the other in a trunk. Rather, it is due to an exception to the exclusion cited in the answer to Question #5. The law states that if a car is parked "in a manner as not to cause unreasonable risk of the damage which occurred," the cost of repairing or replacing the contents (including the bike) are payable by the owner's/driver's insurance company in the form of PPI benefits. Therefore, assuming the vehicle was parked in a reasonable manner, the insurer of the striking vehicle will be obligated to repair or replace the bike.

QUESTION #7: Is there a time limit to bring a claim for PPI benefits?

ANSWER: Yes. There is a strictly-enforced one-year time deadline for the processing of claims for PPI benefits. The law requires that the claim must not only be made, but paid within one year from the date of the damage to the property or a lawsuit must be filed seeking payment. Otherwise, the claim for PPI benefits will be barred.