

Fraud, in Part, Remains Fraud in Whole, After Supreme Court Declines to Hear Case

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Last year, the Michigan Court of Appeals held that in a no-fault claim, fraud in part is essentially fraud in whole, barring the claim.

In *Bahri v IDS Prop Cas Ins Co*, 308 Mich App 420 (2014), the applicable insurance policy had a general fraud exclusion, which provided: “We do not provide coverage for any insured who has made fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this policy.”

The plaintiff in that case was involved in an accident on Oct. 20, 2011, but submitted replacement services sheets from Oct. 1, 2011, some 19 days preceding the accident. The trial court held, and the appellate court affirmed that because the statements provided by the plaintiff were fraudulent on their face, the fraud exclusion applied to all claims, including those made by the intervening plaintiffs, which were the plaintiff’s medical providers.

The plaintiff appealed, and the Michigan Supreme Court has now entered an order denying the plaintiff’s leave for appeal.

Because the law remains unchanged, fraudulent no-fault claims can still arguably be barred prior to trial by way of motion for summary disposition, as long as the controlling no-fault policy has a fraud exclusion clause.

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