

Fraudulent Insurance Act Coverage Update

June 17, 2024

Fraudulent Insurance Act — Michigan

Williamson v AAA of Michigan

No.165131, 2024 WL 2947016 (Mich. June 11, 2024)

The Michigan Supreme Court reversed a lower appellate court's decision and held that statements made during discovery, after a lawsuit for No-Fault benefits had been filed, can constitute a fraudulent insurance act under the Michigan No-Fault Act (No-Fault Act).

In 2018, the plaintiff Charles Williamson, a pedestrian, was struck by a car and sustained injuries. Pursuant to the No-Fault Act, Williamson applied for Personal Injury Protection (PIP) benefits through the Michigan Automobile Insurance Placement Facility (MAIPF). Subsequently, the Michigan Assigned Claims Plan (MACP) dispensed Williamson's claim to the defendant, AAA of Michigan (AAA). However, AAA refused to pay the benefits and, in response, Williamson commenced suit for breach of contract and declaratory relief. Following Williamson's filing of the suit, he died in an unrelated accident. His daughters continued his lawsuit as the co-personal representatives of his estate (the estate).

As the suit proceeded, the estate answered AAA's interrogatories, signed by Williamson's daughter on the estate's behalf, acknowledging that she believed the answers to be true. One interrogatory asked: "30. Do you claim any loss of services no-fault benefits in this lawsuit?" The estate was unresponsive to this interrogatory. The next interrogatory asked, "If your answer to Interrogatory 30 is yes, please provide the following information as to each person who has provided to you such services." In response, the estate stated, "Lirrice Brown. See attached services forms." A third interrogatory asked: "Do you claim benefits for attendant care or nursing services in this lawsuit pursuant to MCL § 500.3107(1)(a)? If so, please confirm what is the total amount of unpaid attendant care services claimed through the date you answer these Interrogatories." The estate responded, "Yes. See attached." The estate attached replacement service and attendant-care forms identifying Lirrice Brown as the service provider for services rendered after Williamson's death.

AAA moved for summary disposition, arguing that the estate knowingly presented material misrepresentations in support of its claim for No-Fault benefits per the service forms, for services rendered to Williamson after his death, and, therefore, was barred from recovering any No-Fault benefits under MCL 500.3173a(4) and *Candler v Farm Bureau Mut Ins Co of Mich*, 321 Mich App

772; 910 NW2d 666 (2017). The trial court granted AAA's motion.

The Michigan Court of Appeals reversed the trial court's decision, holding that statements made during discovery, instead of the actual insurance claim-filing process, cannot constitute fraudulent insurance acts under the No-Fault Act. Upon appeal, the Michigan Supreme Court was asked to decide whether MCL 500.3173a(4), the statutory provision governing fraudulent insurance acts in the filing of a claim for No-Fault benefits, applies to misrepresentations made during discovery.

The Supreme Court looked to MCL 500.3173a(4) which states that, "A person who presents or causes to be presented an oral or written statement ... as part of or in support of a claim to the [MAIPF], or to an insurer to which the claim is assigned under the assigned claims plan, for payment or another benefit knowing that the statement contains false information concerning a fact or thing material to the claim commits a fraudulent insurance act. A claim that contains or is supported by a fraudulent insurance act as described in this subsection is ineligible for payment of [PIP] benefits under the assigned claims plan." The No-Fault Act does not define the word "claim," and the Supreme Court had not previously defined the term in the context of MCL 500.3173. However, it had previously defined the term in the context of the No-Fault Act: "[t]he relevant dictionary definitions of 'claim' include 'a demand for something due or believed to be due' and 'a right to something.'" Additionally, the Supreme Court previously held that "a claim for benefits is simply a demand to an insurer by its insured or a third party for payments that are believed to be due after a motor vehicle accident." *Griffin v Trumbull Ins Co*, 509 Mich 484, 498; 983 NW2d 760 (2022).

Relying upon that previous decision, the Supreme Court ruled that the estate's interrogatory answers were made in support of a demand for coverage under the MACP and, therefore, was a statement made in support of a claim to the MAIPF for No-Fault benefits. The Supreme Court further rejected the lower appellate court's ruling as it suggested that when litigation commences, claimants could not be penalized for fraudulent statements when attempting to obtain benefits while litigating, as the statute did not suggest that the Legislature desired such result.

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