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Supreme Court Upholds Uninsured Motorist Coverage Requirement that Claim or Suit Must Be Brought Within One Year From the Date of the Accident

Author:

Mary Catherine Rentz
Direct: (313) 983-4856
mrentz@plunkettcooney.com

Michigan's Supreme Court has upheld uninsured motorist policy language requiring that a claim or suit be brought within one year from the date of the accident, rejecting the argument that insurance contracts should be interpreted differently from other contracts and rejecting the notion that Michigan courts have the power to evaluate insurance contract provisions on the basis of "reasonableness."

In *Rory v Continental Ins. Co.*, 2005 Mich Lexis 1311 Docket No. 126747, which was decided July 28, 2005, the plaintiffs were injured in a motor vehicle accident on May 15, 1998. Their claim for uninsured motorist benefits was first submitted to Continental on March 14, 2000 and was denied because it was not filed within one year after the accident as required by the contract.

The contract required that a claim or lawsuit for uninsured motorist benefits be filed "within one year from the date of the accident."

The court noted that the rights and limitations of uninsured motorist coverage in Michigan are purely contractual, as uninsured motorist coverage is optional in Michigan. It is not compulsory coverage mandated by Michigan's No-Fault Act.

In upholding the uninsured motorist contract language as valid, the court specifically rejected prior caselaw allowing courts to review insurance contract limitations for "reasonableness."

The Supreme Court also rejected the lower court finding that the insurance contract was an "adhesion contract," thus subjecting it to a greater level of judicial scrutiny than other contracts. The Supreme Court held it is of no legal relevance that a contract is or is not described as "adhesive." Instead, the court admonished lower courts to not revise or void unambiguous language of an insurance contract simply to achieve a result viewed to be more fair or more reasonable.

Accordingly, the decisions of the court of appeals and of the trial court were reversed with directions that summary disposition be entered in favor of Continental.

An insurance contract, as with other contracts, is to be enforced according to its plain language.

Therefore, insurers should review their uninsured motorist and underinsured motorist policies for applicable time limitations. If the language requires that claim or suit be brought within one year, any non-conforming claims should be denied and summary disposition should be brought in pending suits.

For a complete copy of the Michigan Supreme Court opinion in *Rory v Continental Ins. Co.*, [click here](#).

*Footnote: On December 16, 2005, the Commissioner of Financial and Insurance Services of the State of Michigan, in reaction to the Michigan Supreme Court's holding in *Rory v. Continental Ins. Co.*, 473 Mich 457; 703 NW2nd 23 (2005), issued a Notice and Order of Prohibition, (Order No. 05-060-M), pursuant to MCL 500.2236(5), prohibiting new and revised policy forms that limit the time to file a claim or commence suit for uninsured motorist benefits to less than three years. The prohibition does not apply to policy forms currently in use so long as they are not modified in any respect.*

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