STATE OF MICHIGAN

COURT OF APPEALS

LAWRENCE H. PHIPPS,

Plaintiff-Appellant,

v

STATE FARM MUTUAL INSURANCE COMPANY, MARY C. MARKELL and JACK D. WATKINS d/b/a WATKINS INSURANCE AGENCY,

Defendants-Appellees.

FOR PUBLICATION
July 6, 1994
9:10 a.m.

No. 146858
LC No. 85-82540-CK

Before: Taylor, P.J., and Weaver and M. R. Smolenski,* JJ.

PER CURIAM.

The facts of this case were ably set out in the dissent in Phipps v State Farm Mutual Ins Co, 115999, rel'd February 8, 1991.

> On August 14, 1985, plaintiff, while driving his motorcycle, collided with an automobile driven by Richard Craven. Although the automobile was apparently titled in the name of Craven's fiancee, Mary Markell, a policy of automobile insurance with State Farm was obtained for the vehicle which listed Richard Craven as the named insured with Mary Markell designated as an occasional (forty percent) driver.
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> The State Farm policy was obtained on May, 1985, through the joint efforts of Craven and Markell. On that date, Craven and Markell were living together with their two children at the home of Markell's grandmother, Ella Markell. Despite the two children which were the product of their long-standing relationship, Craven and Markell were not legally married; they termed their relationship as being engaged to be married.
>
> On May 7, 1985, Markell went to a State Farm insurance agency to obtain automobile insurance for the vehicle. Prior to the visit, Craven had telephoned the agency advising of the visit and had supplied essential information. During the brief meeting with the insurance agency, Markell signed an insurance application in her capacity as financee of the named insured, Richard Craven. The only address furnished on the application was Markell's grandmother's: 11605 S. Morrice Road, Morrice, Michigan, 48857. With payment of the initial premium, a certificate of no-fault insurance was issued to Richard L. Craven.
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> Shortly after its issuance, State Farm decided to cancel the policy after reviewing Craven's bad driving record. On May 24, 1985, State Farm mailed a notice of cancellation by certified mail to Richard L. Craven at the address listed on the application, 11605 S. Morrice Road, Morrice, Michigan, 48857. The certified letter was received and signed for by Ella Markell, grandmother of Mary Markell, on May 25, 1985. Ella Markell thereafter gave the certified letter to Mary Markell, who delivered it to Craven. Mary Markell claims that she did not open the certified letter from State Farm and was unaware of its contents. At the time of the delivery of the certified letter, Craven had moved out of the grandmother's house due to a fluctuating "marital" dispute with Mary.

*Circuit judge, sitting on the Court of Appeals by assignment.

Plaintiff brought suit against State Farm Mutual Insurance, Watkins Insurance Agency, and Mary Markell for injuries resulting from the accident. Plaintiff brought a declaratory action against defendants to establish that defendant State Farm Insurance Company was liable for no-fault benefits. State Farm denied plaintiff's claim, alleging that the insurance policy was written for Richard Craven, not Mary Markell, and that the policy had been cancelled. Following a bench trial, the trial court entered a declaratory judgment in favor of State Farm Mutual Insurance Company holding that the insurance policy issued to Craven was validly cancelled and that a valid contract of automobile insurance was not entered into between Markell and State Farm Insurance Company.

Plaintiff appealed as of right. This Court ruled that there was no valid contract of automobile insurance between Markell and State Farm Insurance Company and remanded for the trial court to address the question of whether Markell was entitled to notice of cancellation as an insured under Craven's policy. On remand, the court ruled that Markell was not entitled to notice because Markell and Craven were family members living in the same household when State Farm cancelled the policy.

Plaintiff now appeals as of right. We affirm.

MCL 500.3020; MSA 24.13020 requires an insurance company to provide notice of cancellation of a policy to each party who qualifies as an "insured" under the policy. Lease Car of America v Rahn, 419 Mich 48; 347 NW2d 444 (1984). The purpose of this rule was explained in Lease Car of America, supra, where the Court stated that:

> The obvious objective of this statute is to make certain that all of those who are insured under a policy are afforded a period of time, ten days, either to satisfy whatever concerns have prompted cancellation and thus revive the policy or to obtain other insurance, or simply to order their affairs so that the risks of operating without insurance will not have to be run.

In the instant case, Richard Craven was listed as the insured on the application for insurance. Mary Markell was listed on the application only as a regular driver of the car. There is nothing on the application to indicate that Markell had an insurable interest in the car, or that she would otherwise need to receive notice of the cancellation for the reasons listed.

Thus, we hold that under the facts of this case, there was no need for Markell to receive notice of the cancellation.

We affirm.

/s/ Clifford W. Taylor
/s/ Elizabeth A. Weaver
/s/ Michael R. Smolenski