

STATE OF MICHIGAN  
COURT OF APPEALS

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JAMES W. JACKSON,

Plaintiff-Appellee,

v

TRANSAMERICA INSURANCE CORP.,

Defendant-Appellant.

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FOR PUBLICATION  
November 8, 1994  
9:05 a.m.

No. 164030  
LC No. 92-201786 CK

Before: Weaver, P.J., and Connor and J.F. Kowalski,\* JJ.

PER CURIAM.

Defendant appeals as of right from the trial court order that granted plaintiff's motion for summary disposition. We affirm.

At issue is whether a delay in the processing of a Policy Change Request form affects the effective date of plaintiff's automobile insurance coverage. Plaintiff's insurance was originally placed with defendant through the Michigan Automobile Insurance Placement Facility (MAIPF), which operates as part of the no-fault insurance scheme in Michigan. The Policy Change Request was completed by plaintiff and submitted through Associated Group Underwriters, which is known as a "producer" under the MAIPF scheme.

Plaintiff already had an automobile insured with defendant when the Policy Change Form was submitted. Plaintiff wanted to change his coverage from a 1977 Cadillac to a 1979 Pontiac. Defendant has not claimed that plaintiff is not insurable.

Although the form ostensibly indicates that coverage is effective February 5, 1990, defendant sought to make coverage effective as of March 7, 1990—two days after it acknowledges receiving the form. Plaintiff's Pontiac was involved in an accident on March 3, 1990 and therefore would not be covered under defendant's policy.

Defendant primarily relies on a procedural directive in a portion of the MAIPF Guidelines which requires the producer to forward the form "no later than the next working day." The materials presented do not indicate what, if any, penalty is assigned if the producer does not act accordingly. Defendant's position, apparently, is that if it does not receive the form within 30 days of the date indicated on the form, then defendant may assume the producer did not comply with the directive and defendant may unilaterally determine the effective date of coverage. We do not find this argument persuasive.

There is nothing in the materials submitted indicating that coverage was meant to be effective other than as clearly stated on the Policy Change Form. This is consistent with the general procedure in automobile insurance situations. Upon application, a binder is issued which provides for temporary insurance pending actual issuance or rejection of coverage. Cormack v American Underwriters Corp.

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

94 Mich App 379, 383; 288 NW2d 634 (1979). Binders are issued in automobile insurance situations to allow the applicant to use the car while awaiting a decision from the insurance company that it will insure the driver. See 7 Am Jur 2d, Automobile Insurance § 5, p 451.

In Michigan, the binder provides the proof of insurance needed for someone to register and operate a motor vehicle. MCL 500.3101(1); MSA 24.13101; Shavers v Attorney General, 402 Mich 554, 599; 267 NW2d 72 (1978). Upon acceptance by the producer of the Policy Change Form, the insured is given another MAIPF form which similarly operates as proof of insurance. Both the Policy Change Form and the certificate in this case indicate effective coverage as of the date and time the Change Form was submitted to the producer. This is consistent with the operation of a binder.

In general, coverage under a binder cannot be terminated until the applicant receives notice of rejection. Am Jur 2d, supra, § 11, p 456. We find nothing in defendant's arguments or materials indicating that the certification should be treated any differently.

In the absence of some clear indication that defendant has the discretion to unilaterally determine the effective date of insurance coverage, we decline to apply any date or time contrary to that clearly expressed in the MAIPF forms.

Recognizing the binding nature of the Policy Change Form and its accompanying certificate is consistent with the goal of Michigan's no-fault insurance scheme to guarantee every person insurance coverage on a fair and equitable basis. MCL 500.3301; MSA 24.13301; Shavers, supra. It acknowledges the plaintiff's reasonable expectation of coverage. Vanguard Ins Co v Clarke, 438 Mich 463, 472; 475 NW2d 48 (1991). It provides a reasonable construction to accomplish the object of the no-fault insurance act, while recognizing the well-settled law concerning the nature and effect of binders or proofs of insurance. Marquis v Hartford Accident & Indemnity, 444 Mich 638, 644, 652; 513 NW2d 799 (1994).

From our review of the arguments and materials presented, we hold that the trial court did not err in granting summary disposition to plaintiff. Lepp v Cheboygan Area Schools, 190 Mich App 726, 730; 476 NW2d 506 (1991).

Affirmed.

/s/Elizabeth A. Weaver  
/s/Michael J. Connor  
/s/John F. Kowalski