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STATE OF MICHIGAN

COURT OF APPEALS

CITIZENS UNITED RECIPROCAL EXCHANGE, doing business as CURE AUTO INSURANCE,

Plaintiff-Appellant,

v

TONEYSHA SANDERS, AT, Minor, VARNESHA SANDERS, AUTO CLUB INSURANCE ASSOCIATION, CITIZENS PHARMACY, and PIONEER LAB HOUSTON LP,

Defendants-Appellees.

UNPUBLISHED
October 09, 2026
10:55 AM

No. 372671
Wayne Circuit Court
LC No. 23-008463-CK

VARNESHA SANDERS and TONEYSHA SANDERS, individually and as next friend of AT, Minor,

Plaintiffs-Appellees,

and

CITIZEN PHARMACY,

Intervening Plaintiff-Appellee,

v

JOHN DOE, ALLSTATE INSURANCE COMPANY, AUTO CLUB INSURANCE ASSOCIATION, and AHMEENA FARD WALKER,

Defendants,

and

CITIZENS UNITED RECIPROCAL EXCHANGE,

No. 372672
Wayne Circuit Court
LC No. 22-013148-NI

Defendant-Appellant.

Before: GADOLA, C.J., and O'BRIEN and MARIANI, JJ.

PER CURIAM.

In these consolidated appeals, Citizens United Reciprocal Exchange, doing business as CURE Auto Insurance, appeals by leave granted[1] the trial court's order denying CURE's motion for summary disposition. We reverse and remand for further proceedings.

I. BACKGROUND

Toneysha Sanders applied for auto insurance through CURE for two vehicles, a Ford Explorer and a Ford Expedition. For each vehicle, the application asked Toneysha, "Is the vehicle solely owned by, and registered to the applicant?" Toneysha responded, "Yes" to each question. The application also listed both vehicles as "Financed (Lease)." CURE issued Toneysha a policy, and soon thereafter, she was involved in an accident while driving the Explorer with her sister (Varnesha Sanders) and daughter (AT) as passengers.

After the accident, CURE discovered that Toneysha made several misrepresentations on her application for insurance, and it therefore informed Toneysha of its intent to rescind her policy. CURE alleged in relevant part that Toneysha failed to disclose that her fiancé, Janorris Hopkins, was a co-owner and coregistrant of the insured vehicles at the time of the application. This was significant, according to CURE, because Hopkins did not live with Toneysha and was not yet married to her, and CURE does not insure vehicles that have nonrelative, nonresident co-owners.

As part of this action, CURE moved for summary disposition, asking that the trial court find in relevant part that there was no genuine issue of material fact that Toneysha fraudulently obtained the insurance policy from CURE by making material misrepresentations about the ownership of the insured vehicles in her application for insurance. The court rejected CURE's argument, holding that there existed a genuine issue of material fact whether Toneysha fraudulently obtained the policy because it was reasonable to infer that Toneysha was confused about the ownership of the vehicles she sought to insure.

This ruling is now before this Court for review.

II. STANDARD OF REVIEW

This Court reviews de novo a trial court's decision on a motion for summary disposition. *El-Khalil v Oakwood Healthcare, Inc*, 504 Mich 152, 159; 934 NW2d 665 (2019). While CURE moved for summary disposition under both MCR 2.116(C)(8) and (C)(10), every argument in CURE's

[1] *Citizens United Reciprocal Exch v Sanders*, unpublished order of the Court of Appeals, entered February 24, 2025 (Docket No. 372671); *Sanders v Doe*, unpublished order of the Court of Appeals, entered February 24, 2025 (Docket No. 372672).

motion referenced documents outside the pleadings, so the motion was properly brought under only MCR 2.116(C)(10).

A motion filed under MCR 2.116(C)(10) "tests the factual sufficiency of the complaint." *Maiden v Rozwood*, 461 Mich 109, 119; 597 NW2d 817 (1999). A (C)(10) motion is proper if there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. MCR 2.116(C)(10). "A genuine issue of material fact exists when the record, drawing all reasonable inferences in favor of the nonmoving party, leaves open an issue on which reasonable minds could differ." *Campbell v Kovich*, 273 Mich App 227, 229; 731 NW2d 112 (2006). When reviewing a motion brought under MCR 2.116(C)(10), a court is to consider "affidavits, pleadings, depositions, admissions, and other evidence submitted by the parties, in the light most favorable to the party opposing the motion." *Maiden*, 461 Mich at 119-120. If a motion for summary disposition is properly supported, then the nonmoving party must respond with evidence showing "the existence of a factual dispute, rather than relying on the allegations or denials in the pleadings." *McCart v J Walter Thompson USA, Inc*, 437 Mich 109, 115; 469 NW2d 284 (1991). "If the opposing party fails to present documentary evidence establishing the existence of a material factual dispute, the motion is properly granted." *Quinto v Cross & Peters Co*, 451 Mich 358, 363; 547 NW2d 314 (1996).[2]

III. ANALYSIS

CURE sought to rescind its policy with Toneysha on grounds that Toneysha fraudulently obtained the policy by making a material misrepresentation in her application for insurance.

It is well established that an insurer may request rescission of an insurance policy "on the basis of a material misrepresentation made in an application for no-fault insurance." *21st Century Premier Ins Co v Zufelt*, 315 Mich App 437, 445; 889 NW2d 759 (2016). There are three types of misrepresentations that can support rescission—fraudulent misrepresentation, innocent misrepresentation, and silent fraud. See *Sherman v Progressive Mich Ins Co*, ___ Mich ___, ___; ___ NW3d ___ (2026) (Docket No. 167826); slip op at 10.

Here, CURE sought to rescind the policy it issued to Toneysha under an innocent-misrepresentation theory. Rescission is justified in cases of innocent misrepresentation if the misrepresentation was material and the other party relied on the misrepresentation. See *Lash v Allstate Ins Co*, 210 Mich App 98, 103, 532 NW2d 869 (1995). See also *Sherman*, ___ Mich at ___; slip op at 12 (holding that rescission was justified because there was no genuine issue of material fact that the insured made material misrepresentations in her application for insurance and the insurer relied on those misrepresentations to issue the policy). "A misrepresentation is material if the insurer

[2] As a general matter, when, as here, a trial court rules on a motion for summary disposition seeking rescission of a no-fault policy, appellate courts start by reviewing, de novo, whether there is a genuine issue of material fact and if the moving party is entitled to judgment as a matter of law; if so, then this Court "determine[s] whether the trial court abused its discretion in granting or denying the equitable remedy of rescission." *Sherman v Progressive Mich Ins Co*, ___ Mich ___, ___; ___ NW3d ___ (2026) (Docket No. 167826); slip op at 9-10. Here, the trial court did not get past the first step. The court ruled that there was a genuine issue of material fact, and it therefore never had to decide whether to grant the equitable remedy of rescission.

would have rejected the risk or charged an increased premium and would not have issued the same contract had it been given the correct information." *Id*. at ___; slip op at 10. The party alleging innocent misrepresentation need not prove that the other party made a misrepresentation knowingly or with the intent to deceive; rescission may be potentially "justified without regard to the intentional nature of the misrepresentation, as long as it is relied on by the insurer." *Id*. at 446 (quotation marks and citation omitted). See also *M&D, Inc v WB McConkey*, 231 Mich App 22, 28; 585 NW2d 33 (1998) (explaining that, in some instances, the party alleging fraud need not "prove that the party making the misrepresentation intended to deceive or that the other party knew the representation was false").

There can be no serious dispute that Toneysha made misrepresentations in her application for insurance. Toneysha sought to insure two vehicles. For each vehicle, the application for insurance asked, "Is the vehicle solely owned by, and registered to the applicant?" Toneysha responded, "Yes" each time. When CURE moved for summary disposition, it came forward with evidence establishing that this answer was false. CURE produced several documents for the Explorer that Toneysha was driving at the time of the accident demonstrating that the vehicle was co-owned by Hopkins—two documents showed that Toneysha and Hopkins, as lessees, applied for title and registration for the Explorer with the Michigan Secretary of State, and a document titled, "Special Mailing Certificate of Title" had a place for the "owner" of the Explorer to sign, and it was signed by Hopkins.[3] CURE also attached to its motion the deposition transcripts of Toneysha and Denise Guest, CURE's underwriting manager. Toneysha confirmed at her deposition that the Explorer was registered with the state under both her name and Hopkins' name,[4] and Guest testified that "a third-party source . . . pull[ed] the registration" for Toneysha's Explorer, and "[i]n this particular case the registration showed that [Hopkins] was a co-owner." This evidence clearly established that the vehicles were not solely registered to Toneysha as she represented in her application. More importantly, the evidence tended to establish that Toneysha and Hopkins were co-owners of the Explorer involved in the accident, contrary to Toneysha's representation in her application for insurance. See MCL 257.517(1) ("An owner of a vehicle that is subject to registration under this act shall apply to the secretary of state . . . ."); MCL 257.37(a) (defining "owner" for purposes of the Michigan Vehicle Code as a person who has exclusive use of a vehicle under a lease for more than 30 days).[5]

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[3] While this paperwork seems to suggest that Hopkins primarily used the Explorer, Toneysha testified that she primarily used the Explorer and Hopkins primarily used the Expedition. CURE produced the same documents for the Expedition that it produced for the Explorer—two documents reflected that Toneysha and Hopkins applied to the Secretary of State for title and registration for the Expedition as lessees, and a document titled, "Special Mailing Certificate of Title" had a place for the "owner" of the Expedition to sign, and it was signed by Toneysha.

[4] Toneysha likewise confirmed that the Expedition was registered with the state under both her name and Hopkins' name.

[5] In *Ringewold v Bos*, 200 Mich App 131, 137-138; 503 NW2d 716 (1993), this Court explained that MCL 257.37(a) applied to "any person who has a 'right to exclusive use' for a period exceeding thirty days, regardless of whether that person has, in fact, controlled the vehicle for that period." See also *Twichel v MIC Gen Ins Corp*, 469 Mich 524, 530-531; 676 NW2d 616 (2004) (agreeing with the

That Hopkins co-owned the Explorer was particularly important because Guest testified that CURE does not issue policies for vehicles that have nonrelative, nonresident co-owners, so, had Toneysha disclosed this information, CURE "would have declined the policy." Guest further testified that CURE relied on Toneysha's representations in her application for insurance to issue her the policy that it did, and the information on which CURE relied included Toneysha's representation that she was the sole owner of the vehicles that she was seeking to insure.

This evidence established that Toneysha made a material misrepresentation in her application for insurance and that CURE relied on that representation to issue Toneysha a policy that it would not otherwise have issued. In other words, this evidence established that Toneysha obtained her policy with CURE through fraud, specifically innocent misrepresentation. The burden then shifted to the nonmoving parties "to establish that a genuine issue of disputed fact exists." *Quinto*, 451 Mich at 362.

In response to CURE's motion, the nonmoving parties failed to come forward with any evidence tending to suggest that Hopkins was not, in fact, a co-owner of the Explorer; Toneysha did not even deny that Hopkins was a co-owner of the Explorer at her deposition. The closest that any party came to addressing the ownership of the Explorer was when Toneysha, in her response to CURE's dispositive motion, claimed that the Explorer was not co-owned by Hopkins because he only "co-signed for a lease," and there is a "legal distinction between 'owning' and 'leasing' " a vehicle. But Toneysha did not explain what that "legal distinction" is or why it mattered in the context of this case. It is also not apparent why it was relevant that, to a layman, someone who leases a vehicle may not be the vehicle's "owner." If Toneysha believed that a lessee such as herself did not own their leased vehicle, then she would have answered "No" when CURE's application asked Toneysha if her leased vehicle was "solely owned by, and registered to the applicant?"

Regardless, Toneysha principally argued in her response to CURE's motion for summary disposition that the motion should be denied because reasonable minds could disagree about whether Toneysha made a misrepresentation in her application for insurance knowingly or with an intent to deceive or mislead CURE. This argument was misplaced. CURE was seeking to rescind its policy with Toneysha under an innocent-misrepresentation theory, and "the party alleging innocent misrepresentation is not required to prove that the party making the misrepresentation intended to deceive or that the other party knew the representation was false." *M&D, Inc*, 231 Mich App at 28.

Nevertheless, the trial court seemed to agree with Toneysha's argument, concluding that it was "not clear" whether "there was a fraudulent and material misrepresentation here" because it was plausible that Toneysha was "confuse[d]" about whether a "co-registrant" would "make someone a co-owner of the vehicle." But even if Toneysha was confused about how to answer the question

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reasoning from *Ringewold* when interpreting then-MCL 500.3101(2)(g)(*i*), which had "the virtually identical language of MCL 257.37" that *Ringewold* interpreted).

concerning ownership of the vehicles on her application for insurance[6] (which she clearly was not[7]), it would not change the nature of her innocent misrepresentation.

The trial court therefore erred when it denied CURE's motion for summary disposition. There was no genuine issue of material fact that Toneysha made a material misrepresentation in her application for insurance and that CURE relied on that misrepresentation to issue Toneysha a policy. Rescission was thus potentially justified. The trial court's order denying CURE's motion for summary disposition is reversed, and the case is remanded for the trial court to decide, in its discretion, whether the policy should be rescinded as to the parties involved.[8]

Reversed and remanded for further proceedings. We do not retain jurisdiction.

/s/ Michael F. Gadola
/s/ Colleen A. O'Brien
/s/ Philip P. Mariani

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[6] We note that there was no evidence that Toneysha was actually confused about the ownership question in her application for insurance. Toneysha's argument to that effect was simply that a lay person like herself *could* be confused about who actually owned a leased car.

[7] The question asked, "Is the vehicle solely owned by, and registered to the applicant?" Toneysha answered "Yes," but testified at her deposition that both vehicles she sought to insure were registered under both her name and Hopkins' name.

[8] CURE also argues on appeal that the trial court erred when it refused to rule that Toneysha, AT, and Varnesha were not entitled to uninsured/underinsured motorist benefits under CURE's policy. This argument is not properly before this Court. CURE failed to raise this issue in its applications for leave to appeal, and this Court's orders granting CURE's applications for leave to appeal limited the appeal to the issues that CURE raised in its application and supporting brief. *Citizens United Reciprocal Exch*, unpub order at 1; *Sanders*, unpub order at 1.