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STATE OF MICHIGAN

COURT OF APPEALS

BRONSON METHODIST HOSPITAL,

Plaintiff-Appellee,

v

PIONEER STATE MUTUAL INSURANCE COMPANY,

Defendant-Appellant,

and

MICHIGAN AUTOMOBILE INSURANCE PLACEMENT FACILITY and JOHN DOE INSURANCE COMPANY,

Defendants.

UNPUBLISHED
November 10, 2026
9:03 AM

No. 376593
Kalamazoo Circuit Court
LC No. 2023-000680-NF

Before: YOUNG, P.J., and REDFORD and FEENEY, JJ.

PER CURIAM.

This case involves the question of whether defendant, Pioneer State Mutual Insurance Company (Pioneer), must pay personal protection insurance (PIP) benefits for an undisclosed resident relative of an insured who elected to opt out of PIP benefits under MCL 500.3107d. The circuit court answered this question in the affirmative in its January 28, 2025 order deciding competing motions for summary disposition under MCR 2.116(C)(10). After Pioneer filed its claim of appeal, this Court issued a published opinion that reached the same conclusion as the circuit court, but in a different case. See *Northland Radiology v Allstate Fire & Casualty Ins Co*, ___ Mich App ___, ___ ; ___ NW3d ___ (2026) (Docket No. 374214).

The pertinent facts of this case are indistinguishable from *Northland*. Therefore, we affirm the circuit court's order to the extent it denied Pioneer's motion for summary disposition as to liability for medical expenses allowable under MCL 500.3107 and interest allowable under MCL

500.3142, and, also, to the extent it granted plaintiff's motion for summary disposition as to the same.

However, the circuit court abused its discretion in awarding attorney fees under MCL 500.3148 because Pioneer's refusal to pay the claim was not unreasonable as a matter of law. This portion of the January 28, 2025 order granting plaintiff's request for fees is reversed with respect to an award of attorney fees under MCL 500.3148.

I. FACTUAL BACKGROUND

Plaintiff, Bronson Methodist Hospital (Bronson), filed this lawsuit to recover PIP benefits arising from a December 5, 2022 motor vehicle/pedestrian accident, in which 49-year-old Brandon Gary was injured. Brandon received medical care from Bronson and, to the best of the parties' knowledge, he had no qualified health coverage or automobile insurance policy providing PIP benefits of his own. His mother, Bonnie Gary, held a no-fault automobile insurance policy issued by Pioneer, and Brandon regularly slept on the couch at her residence.

When Bonnie renewed her no-fault policy with Pioneer in October 2022, she did not mention Brandon. She elected to opt out of PIP medical expense benefits by utilizing the "Medicare Opt Out" option. The form through which she exercised this option reads as follows:

> Option 6: **No PIP medical coverage from this policy for anyone** (Medicare Option)
>
> *By selecting Option 6, you certify that <u>both</u> of the following are true:*
>
> - The **applicant** or **named insured** has coverage under both Medicare Parts A and B; AND
> - Any spouse and **all resident relatives** have **qualified health coverage (QHC)** or are covered under another auto policy with **PIP medical** coverage.

To qualify for this option, Pioneer required applicants to submit a copy of their Medicare card showing the appropriate coverage and a "[Qualified health coverage] document from a health insurer listing names and dates of birth of covered person(s), or Medicare card(s) . . . for any resident relatives who do not have PIP Medical benefits from another auto policy." In addition, Bonnie placed her initials next to certifications indicating that she had made the coverage selection and understood that this selection applies to herself and "any other person claiming benefits under this policy." She also certified that because she selected Option 6, she was required to "notify [her] insurer within 30 days if a person who has **qualified health coverage (QHC)** loses their **qualified health coverage (QHC)**" and that "[a] person who has not obtained **[QHC]** or **PIP medical** coverage within 30 days of the loss of coverage will not be entitled to any **PIP medical** benefits." Bonnie provided evidence of Medicare coverage, and Pioneer issued a policy declaration reflecting her election.

Brandon was not identified on the policy. When Bronson sent a demand letter to Pioneer on November 28, 2023, Pioneer's claim agent immediately responded by denying coverage. Pioneer reported that Bonnie's policy had been with Pioneer "since 2016 [and] at no time was Brandon a known resident in the insured's home." Bonnie's testimony at deposition was consistent

with this. She testified that she did not have any discussions with Pioneer or her insurance agent regarding whether she had any relatives or spouses living in her household. She "didn't think it was important" because Brandon did not drive her car, "[a]nd I believe at the time, he may not have had a license. He had some struggles that's why." Bonnie was not certain what, if any, health or automobile insurance he held. She testified that at the time of the accident, she presumed that he qualified for Medicaid because she drove Brandon to a pharmacy to retrieve prescription medication following the accident, and some or all of the cost of the medication was covered. He was not working at the time, so she assumed that Medicaid paid for the prescription.[1]

II. ANALYSIS

A. STANDARD OF REVIEW

Both the circuit court's decision on the parties' motions for summary disposition and questions of statutory interpretation are reviewed de novo. *Milne v Robinson*, 513 Mich 1, 7; 6 NW3d 40 (2024). The parties sought summary disposition under MCR 2.116(C)(10), which "tests the *factual sufficiency* of a claim." *El-Khalil v Oakwood Healthcare, Inc*, 504 Mich 152, 160; 934 NW2d 665 (2019). Such a motion may be granted only if "there is no genuine issue of material fact." *Id.* The court reviews "affidavits, pleadings, depositions, admissions, and documentary evidence . . . in the light most favorable to the party opposing the motion" to determine if the record "leaves open an issue upon which reasonable minds may differ." *Quinto v Cross and Peters Co*, 451 Mich 358, 362; 547 NW2d 314 (1996); *West v Gen Motors Corp*, 469 Mich 177, 183; 665 NW2d 468 (2003). The initial burden is on the nonmoving party to support its position through documentary evidence, and then the burden shifts to the nonmoving party to "by documentary evidence, set forth specific facts showing that there is a genuine issue for trial." *Neubacher v Globe Furniture Rentals, Inc*, 205 Mich App 418, 420; 522 NW2d 335 (1994).

Statutory interpretation is necessary here because PIP benefits "are mandated by statute under the no-fault act, MCL 500.3105; MSA 24.13105, and, therefore, the statute is the 'rule book' for deciding the issues involved in questions regarding awarding those benefits." *Love v Rudolph*, ___ Mich App ___, ___ ; ___ NW3d ___ (2025) (Docket No 369895); slip op at 9 (quotation marks and citation omitted). "The role of this Court in interpreting statutory language is to ascertain the legislative intent that may reasonably be inferred from the words in a statute." *Mich Ass'n of Home Builders v City of Troy*, 504 Mich 204, 212; 934 NW2d 713 (2019) (quotation marks and citation omitted). When statutory language is clear and unambiguous, it must be applied as written. *Id*.

Finally, there is a question of the appropriateness of an award of attorney fees, which the circuit court included in the January 28, 2025 order by granting plaintiff's request for fees and addressed again following oral argument on a motion for reconsideration held on June 16, 2025. A question of the appropriateness of attorney fees is reviewed for an abuse of discretion, which occurs when "the trial court's decision is outside the range of reasonable and principled outcomes." *Moore v Secura Ins*, 482 Mich 507, 516; 759 NW2d 833 (2008). "A trial court necessarily abuses

[1] Brandon passed away in 2023 for reasons unrelated to this case.

its discretion when it makes an error of law." *Pirgu v United Servs Auto Ass'n*, 499 Mich 269, 274; 884 NW2d 257 (2016).

B. THE MEDICARE OPT OUT WAS INEFFECTIVE

The question whether Pioneer can be held liable for paying PIP benefits to a resident relative of an insured who elected out of PIP benefits, when the insured never disclosed the resident relative to Pioneer, was answered by this Court in a published opinion that this Court is bound to follow. See MCR 7.215(C)(2).

In *Northland*, this Court held that an insured's election to opt out of PIP benefits through the Medicare opt-out option was ineffective because a resident relative living in her home, whom she did not disclose to the insurance company, was not a qualified person and did not have QHC or a no-fault automobile insurance policy that provided PIP benefits. As a result, the opt-out option was ineffective, and the policy is considered to provide PIP benefits under MCL 500.3107d(4). *Northland*, ___ Mich App at ___; slip op at 7-8.

The relevant facts are very similar to this case. In *Northland,* Allstate Fire and Casualty Insurance Co (Allstate) issued a no-fault insurance policy to a named insured who elected to opt out of PIP benefits by utilizing the Medicare opt-out option. Her son, who lived at the same address, sought medical treatment from the plaintiff, Northland Radiology, Inc., following an automobile accident. *Northland*, ___ Mich App at ___; slip op at 2-3. Her son had Medicaid insurance that was not QHC. *Northland*, ___ Mich App at ___; slip op at 4. His mother, the named insured, had not identified him when she renewed her policy before the accident, nor was he identified on the policy declaration as a covered individual or a resident excluded driver. *Northland*, ___ Mich App at ___; slip op at 4. Nonetheless, this Court determined that Allstate was required to pay PIP benefits under MCL 500.3107d(4), which states:

> If an insurance policy is issued or renewed as described in subsection (1) and the applicant or named insured has not made an effective election under subsection (1), the policy is considered to provide [PIP] benefits under section 3107c(1)(d). [MCL 500.3107d(4)]

This Court determined that the insured's attempted election to opt out was not effective because by definition, in MCL 500.3107d(1), an applicant or named insured may elect to opt out of PIP benefits only if the "applicant's or named insured's spouse and any relative of either that resides in the same household have [QHC] or have coverage for benefits payable under section 3107(1)(a) from an insurer that provides the security required by section 3101(1)." "It is evident from this plain and unambiguous statutory language that the Legislature intended the unlimited PIP medical coverage to apply to the whole policy and not select individuals." *Northland*, ___ Mich App at ___; slip op at 8. Accordingly, Allstate's policy was considered to provide unlimited PIP benefits to even the individual undisclosed to the insurer. *Northland*, ___ Mich App at ___; slip op at 9.

In *Northland*, as in this case, the named insured was a qualified person, meaning that she had health coverage under parts A and B of Medicare; however, her election to opt out was not effective because her resident relative was neither a qualified person, nor did he have QHC or an alternative auto insurance policy that provided PIP medical coverage. See MCL 500.3107d(1);

Northland, ___ Mich App at ___; slip op at 7. Because her opt-out option was not effective, the policy was "considered to provide [PIP] benefits under section 3107c(1)(d)." MCL 500.3107d(4). *Northland*, ___ Mich App at ___; slip op at 8-9. This Court is bound by its prior, published opinions. See MCR 7.215(C)(2). Accordingly, the circuit court's order granting Bronson's motion for summary disposition and denying Pioneer's motion for summary disposition as to liability for Brandon's medical expenses is affirmed.

C. THE CIRCUIT COURT'S AWARD OF ATTORNEY'S FEES IS REVERSED

While we affirm the circuit court's decision as to liability for medical expenses, we reverse as to attorney's fees. Bronson sought and received an award of attorney's fees under MCL 500.3148(1), which provides in pertinent part:

> [A]n attorney is entitled to a reasonable fee for advising and representing a claimant in an action for personal or property protection insurance benefits that are overdue. The attorney's fee is a charge against the insurer in addition to the benefits recovered, if the court finds that the insurer unreasonably refused to pay the claim or unreasonably delayed in making proper payment. [MCL 500.3148(1)]

The purpose for this provision is to ensure prompt payment to the insured; therefore, it is Pioneer's burden, as the insurer, to justify its delay or refusal by showing that it was "the product of a legitimate question of statutory construction, constitutional law, or factual uncertainty." *Ross v Auto Club Group*, 481 Mich 1, 11; 748 NW2d 552 (2008). The decision can be deemed reasonable even though it is later determined that the insurer is required to pay PIP benefits. *Moore*, 482 Mich at 525.

At the time that Bronson sent its letter demanding payment and filed its complaint, Pioneer's refusal to pay Bronson's claim was the product of either a legitimate question of statutory construction and/or factual uncertainty. There was factual uncertainty as to whether Brandon was a resident relative of Bonnie. Brandon was 49 years old at the time of the accident. During the six years this policy had been in place, he was never mentioned to Pioneer; in fact, Bonnie testified that she intentionally did not discuss him with either Pioneer or her insurance agent. Pioneer's initial refusal to pay Bronson's claim because of factual uncertainty over whether Brandon was a resident relative of Bonnie for purposes of the no-fault act is supported by the record.

Moreover, Pioneer denied Brandon's claim because of Bonnie's election based on Pioneer's interpretation of MCL 500.3107d—albeit an interpretation which now, based on binding precedent from this Court, we are required to conclude was incorrect. Pioneer provided notice to Bonnie of all prerequisites necessary for her statutory elections to be valid, and she certified each one. MCL 500.3107d. Pioneer's position that it was reasonable for it to rely on the information that Bonnie, its insured, provided with respect to resident relatives, is not without support in the caselaw. In fact, our Supreme Court has held that "an insurer has no duty to investigate or verify the representations of a potential insured." *Titan Ins Co v Hyten*, 491 Mich 547, 570; 817 NW2d 562 (2012).

In *Northland,* this Court held for the first time that an opt-out option was rendered ineffective by an insured's failure to disclose a resident relative and that the effect of this was that

the insurer was liable for PIP benefits to the undisclosed individual. From this point forward, Michigan law has answered this question; however, at the time that Pioneer received Bronson's demand letter in November 2023, this was a legitimate question that had not been vetted through the courts. Pioneer's decision to deny the claim was not unreasonable; therefore, the trial court erred in awarding attorney's fees under MCL 500.3148.

The circuit court's January 28, 2025 order is affirmed as to liability for PIP benefits payable to Bronson to cover the medical expenses of Brandon Gray in the amounts set forth therein; however, it is reversed as to the award of attorney fees. The matter is remanded for further proceedings consistent with this opinion. We do not retain jurisdiction.

/s/ Adrienne N. Young
/s/ James Robert Redford
/s/ Kathleen A. Feeney