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A ROAD MAP FOR MOTOR VEHICLE INSURERS AND OWNERS

In Historic First, Court of Appeals Oks Stacked Coverage for Motorcyclists

By David R. Kinzer **March 4, 2026**

In *Mary Free Bed Rehabilitation Hospital v Esurance Property & Casualty Insurance Co*, ___ Mich App ___, ___ (2026), the Court of Appeals decided a novel issue of major importance in no-fault litigation, allowing motorcyclists to "stack coverage" for the first time and collect benefits from lower-priority insurers after exhausting the highest-priority policy.

The case concerned Mr. Aaron Slade, a motorcyclist who was severely injured in a November 2020 accident. Mr. Slade was covered under an unlimited no-fault policy with USAA, which would have been his default insurer had he been injured while operating an automobile rather than a motorcycle. See MCL 500.3114(1). However, special rules apply to motorcyclists, who claim benefits from insurers in the following order, pursuant to MCL 500.3114(5):

(a) The insurer of the owner or registrant of the motor vehicle involved in the accident.
(b) The insurer of the operator of the motor vehicle involved in the accident.
(c) The motor vehicle insurer of the operator of the motorcycle involved in the accident.
(d) The motor vehicle insurer of the owner or registrant of the motorcycle involved in the accident.

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For the first time, the Court of Appeals allowed an injured motorcyclist—or a provider claiming payment for that motorcyclist's medical care—to proceed to a lower-priority insurer once a higher-priority insurer's policy was exhausted. Unlike car drivers, motorcyclists do not collect from their own insurers by default. Instead, when injured in an accident involving a motor vehicle, it is the insurer of the motor vehicle's owner or registrant who takes top priority over the motorcyclist's own insurer.

When the motorcyclist required more than $1 million in medical treatment, the Court of Appeals allowed the provider to recover from the motorcyclist's own unlimited policy after exhausting the higher-priority Esurance policy. While such policy-stacking was prohibited prior to the 2019 no-fault reforms, the Court held that the Act's anti-stacking provisions were eliminated by the Legislature and no longer accorded with the purpose of the No-Fault Act.

This priority scheme means that Mr. Slade had to collect benefits from the insurer of the motor vehicle's owner or registrant [(a)] or operator [(b)] before he could collect benefits from his own insurer as the operator of the motorcycle [(c)].

This rule was especially troubling in this case. Although Mr. Slade's USAA policy provided unlimited benefits, the other driver was covered under a low-cost Esurance policy, with benefits capped at $250,000. Ultimately, Plaintiff Mary Free Bed Rehabilitation Center billed over $1 million in medical treatment for Mr. Slade, the vast majority of which was still unpaid once the $250,000 Esurance policy was exhausted.

Plaintiff subsequently filed suit against USAA.[1] The trial court granted USAA's Motion for Summary Disposition, reasoning that only one policy applied to Mr. Slade's injuries, and that policy was clearly the insurer of the motor vehicle owner under MCL 500.3114(5)(a).

The Court of Appeals began its analysis by noting that this issue was only made possible by the 2019 no-fault reforms. Before then, there was no default rule that drivers collected from their own no-fault insurer; rather, courts looked to a complicated priority scheme to determine which insurer was expected to pay for any injured person's treatment. Once the court identified which insurer was first in priority, that ended the inquiry, just as USAA wanted in this case. However, no law said that it was only the top-priority insurer that mattered. The real reason was that no-fault policies were required to provide unlimited benefits prior to 2019. Policies could not be exhausted, so there was no reason to seek additional benefits from a lower-priority insurer. With limited (and legally irrelevant) exceptions, one insurer was expected to pay for all reasonably necessary medical care.

Looking at the current version of the law, MCL 500.3114(5) provides for claims to be made "in the following order of priority," but does *not* state that the inquiry ends permanently once a higher-priority insurer is identified. The Court reasoned that allowing motorcyclists or their medical providers to collect from lower priority insurers made sense considering new provisions of the 2019 reforms that allow policyholders to select from a menu of differently priced coverage limits. It also better met the purpose of the No-Fault Act, which is to provide "assured, adequate, and prompt" benefits, whereas USAA's interpretation did the opposite, ensuring that in this case, all of the injured person's medical treatment would not be provided by a no-fault insurer. See *Shavers v Kelley*, 402 Mich 554, 578 (1978). Indeed, denying an injured motorcyclist access to the unlimited benefits that he had paid premiums to receive, and forcing him onto a stranger's capped and exhausted policy, seemed contrary to the spirit of both the original No-Fault Act and the 2019 no-fault reforms with their emphasis on personal choice in coverage limits.

Since the No-Fault Act itself never directly addresses whether motorcyclists could recover from lower priority insurers, much of the parties' arguments concerned whether different subsections of the law suggested either party's position was superior. For instance, USAA pointed to MCL 500.3114(7), which applies where motorcyclists are entitled to benefits "under 2 or more insurance policies in the same order of priority," providing that their benefits could only be "payable up to an aggregate coverage limit that equals the highest available coverage limit under any 1 of the policies." The Court rejected USAA's use of this statute, stating that the statute was strictly limited to insurers "within the same order of priority," which was not the case here.

[1] Plaintiff also filed suit against Esurance, arguing that the $250,000 policy cap was ineffective. The Court agreed that Esurance's evidence—essentially just an electronic signature, which did not show what its insured agreed to—failed to meet the standards of MCL 500.3107c(1) and 3107e. However, the Court also found that Esurance was entitled to a rebuttable presumption that the amount its insured actually paid accurately reflected the insured's level of coverage, pursuant to MCL 500.3107c(3).

On the other hand, Plaintiff's position was aided by what was missing from the No-Fault Act, specifically former MCL 500.3115(3), which was known as the "antistacking provision" and which said that the limit of available benefits had to be determined "without regard to the number of policies applicable to the accident." The former MCL 500.3115(3) primarily acted to prevent "duplicate recovery" or extra "work-loss limits" above the statutory maximum. *O'Hannesian v Detroit Auto Inter-Ins Exch*, 110 Mich App 280, 284 (1981). But whatever its purpose, the Legislature removed MCL 500.3115(3) in 2019 and chose not to replace it with a new anti-stacking provision, implying that the practice is no longer proscribed.

USAA may appeal this decision to the Supreme Court, but unless that Court reverses this decision, the Court of Appeals' opinion will be binding precedent on trial courts moving forward. Insurers should carefully review all pending claims and ongoing litigation involving motorcycle-on-motor-vehicle accidents to determine whether *Mary Free Bed* affects their legal position.

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