

MICHIGAN VEHICLE CODE (EXCERPT)
Act 300 of 1949
Chapter IV
CIVIL LIABILITY ACT
CIVIL LIABILITY OF OWNERS AND OPERATORS OF MOTOR VEHICLES

***** 257.401 THIS SECTION IS AMENDED EFFECTIVE OCTOBER 17, 2025: See 257.401.amended *****

257.401 Civil actions; liability of owner; liability of lessor; construction of subsections (3) and (4); “motor vehicle” defined; liability for off lease vehicle.

Sec. 401.

(1) This section shall not be construed to limit the right of a person to bring a civil action for damages for injuries to either person or property resulting from a violation of this act by the owner or operator of a motor vehicle or his or her agent or servant. The owner of a motor vehicle is liable for an injury caused by the negligent operation of the motor vehicle whether the negligence consists of a violation of a statute of this state or the ordinary care standard required by common law. The owner is not liable unless the motor vehicle is being driven with his or her express or implied consent or knowledge. It is presumed that the motor vehicle is being driven with the knowledge and consent of the owner if it is driven at the time of the injury by his or her spouse, father, mother, brother, sister, son, daughter, or other immediate member of the family.

(2) A person engaged in the business of leasing motor vehicles who is the lessor of a motor vehicle under a lease providing for the use of the motor vehicle by the lessee for a period that is greater than 30 days, or a dealer acting as agent for that lessor, is not liable at common law for damages for injuries to either person or property resulting from the operation of the leased motor vehicle, including damages occurring after the expiration of the lease if the vehicle is in the possession of the lessee.

(3) Notwithstanding subsection (1), a person engaged in the business of leasing motor vehicles who is the lessor of a motor vehicle under a lease providing for the use of the motor vehicle by the lessee for a period of 30 days or less is liable for an injury caused by the negligent operation of the leased motor vehicle only if the injury occurred while the leased motor vehicle was being operated by an authorized driver under the lease agreement or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member. Unless the lessor, or his or her agent, was negligent in the leasing of the motor vehicle, the lessor's liability under this subsection is limited to \$20,000.00 because of bodily injury to or death of 1 person in any 1 accident and \$40,000.00 because of bodily injury to or death of 2 or more persons in any 1 accident.

(4) A person engaged in the business of leasing motor vehicles as provided under subsection (3) shall notify a lessee that the lessor is liable only up to the maximum amounts provided for in subsection (3), and only if the leased motor vehicle was being operated by the lessee or other authorized driver or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member, and that the lessee may be liable to the lessor up to amounts provided for in subsection (3), and to an injured person for amounts awarded in excess of the maximum amounts provided for in subsection (3).

(5) Subsections (3) and (4) shall not be construed to expand or reduce, except as otherwise provided by this act, the liability of a person engaged in the business of leasing motor vehicles or to impair that person's right to indemnity or contribution, or both.

(6) As used in subsections (3), (4), and (5), "motor vehicle" means a self-propelled device by which a person or property may be transported upon a public highway. Motor vehicle does not include a bus, power shovel, road machinery, agricultural machinery, or other machinery or vehicle not designed primarily for highway transportation. Motor vehicle also does not include a device that moves upon or is guided by a track.

(7) A lessee in possession of an off lease vehicle, and not the dealer of the vehicle, is liable as the owner of the vehicle for any damages awarded for an injury to a person or property resulting from the operation of the vehicle. The dealer of an off lease vehicle may be liable at common law for damages awarded for an injury to a person or property resulting from the operation of the vehicle only if the dealer is in possession of the vehicle and the certificate of title and has acknowledged possession of the certificate of title to the lessor.

History: 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1988, Act 125, Imd. Eff. May 23, 1988 ;-- Am. 1995, Act 98, Imd. Eff. June 22, 1995 ;-- Am. 2002, Act 652, Eff. Jan. 1, 2003

Constitutionality: The guest passenger exception to the owners liability statute is unconstitutional. *Manistee Bank & Trust Company v McGowan*, 394 Mich 655; 232 NW2d 636 (1975).

257.401.amended Civil actions; liability of owner; liability of lessor; construction of subsections (3) and (4); "motor vehicle" defined; liability for off lease vehicle; exception for shared vehicle owner and peer-to-peer car sharing program.

Sec. 401.

(1) This section must not be construed to limit the right of a person to bring a civil action for damages for injuries to either person or property resulting from a violation of this act by the owner or operator of a motor vehicle or the owner or operator's agent or servant. Except as otherwise provided in this section, the owner of a motor vehicle is liable for an injury caused by the negligent operation of the motor vehicle whether the negligence consists of a violation of a statute of this state or the ordinary care standard required by common law. The owner is not liable unless the motor vehicle is being driven with the owner's express or implied consent or knowledge. It is presumed that the motor vehicle is being driven with the knowledge and consent of the owner if it is driven at the time of the injury by the owner's spouse, father, mother, brother, sister, son, daughter, or other immediate member of the family.

(2) A person engaged in the business of leasing motor vehicles that is the lessor of a motor vehicle under a lease that provides for the use of the motor vehicle by the lessee for a period that is greater than 30 days, or a dealer acting as agent for that lessor, is not liable at common law for damages for injuries to either person or property resulting from the operation of the leased motor vehicle, including damages that occur after the expiration of the lease if the vehicle is in the possession of the lessee.

(3) Notwithstanding subsection (1), a person engaged in the business of leasing motor vehicles that is the lessor of a motor vehicle under a lease that provides for the use of the motor vehicle by the lessee for a period of 30 days or less is liable for an injury caused by the negligent operation of the leased motor vehicle only if the injury occurred while the leased motor vehicle was being operated by an authorized driver under the lease agreement or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member. Unless the lessor, or the lessor's agent, was negligent in the leasing of the motor vehicle, the lessor's liability under this subsection is limited to \$20,000.00 because of bodily injury to or death of 1 individual in any 1 accident and \$40,000.00 because of bodily injury to or death of 2 or more individuals in any 1 accident.

(4) A person engaged in the business of leasing motor vehicles as provided under subsection (3) shall notify a lessee that the lessor is liable only up to the maximum amounts provided for in subsection (3), and only if the leased motor vehicle was being operated by the lessee or other authorized driver or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member, and that the lessee may be liable to the lessor up to amounts provided for in subsection (3), and to an injured person for amounts awarded in excess of the maximum amounts provided for in subsection (3).

(5) Subsections (3) and (4) must not be construed to expand or reduce, except as otherwise provided by this act, the liability of a person engaged in the business of leasing motor vehicles or to impair that person's right to indemnity or contribution, or both.

(6) As used in subsections (3), (4), and (5), "motor vehicle" means a self-propelled device by which a person or property may be transported on a public highway. Motor vehicle does not include a bus, power shovel, road machinery, agricultural machinery, or other machinery or vehicle not designed primarily for highway transportation. Motor vehicle also does not include a device that moves on or is guided by a track.

(7) A lessee in possession of an off lease vehicle, and not the dealer of the vehicle, is liable as the owner of the vehicle for any damages awarded for an injury to a person or property resulting from the operation of the vehicle. The dealer of an off lease vehicle may be liable at common law for damages awarded for an injury to a person or property resulting from the operation of the vehicle only if the dealer is in possession of the vehicle and the certificate of title and has acknowledged possession of the certificate of title to the lessor.

(8) The liability imposed on an owner under subsection (1) does not apply to a shared vehicle owner or a peer-to-peer car sharing program during a car sharing period. As used in this subsection, "car sharing period", "peer-to-peer car sharing program", and "shared vehicle owner" mean those terms as defined in section 3 of the peer-to-peer car sharing program act.

History: 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1988, Act 125, Imd. Eff. May 23, 1988 ;-- Am. 1995, Act 98, Imd. Eff. June 22, 1995 ;-- Am. 2002, Act 652, Eff. Jan. 1, 2003 ;-- Am. 2024, Act 225, Eff. Oct. 17, 2025

Constitutionality: The guest passenger exception to the owners liability statute is unconstitutional. *Manistee Bank & Trust Company v McGowan*, 394 Mich 655; 232 NW2d 636 (1975).

257.401a “Owner” defined.

Sec. 401a.

As used in this chapter, "owner" does not include a person engaged in the business of leasing motor vehicles who is the lessor of a motor vehicle pursuant to a lease providing for the use of the motor vehicle by the lessee for a period that is greater than 30 days.

History: Add. 1988, Act 125, Imd. Eff. May 23, 1988

257.402 Rear end collision; prima facie evidence of negligence.

Sec. 402.

(a) In any action, in any court in this state when it is shown by competent evidence, that a vehicle traveling in a certain direction, overtook and struck the rear end of another vehicle proceeding in the same direction, or lawfully standing upon any highway within this state, the driver or operator of such first mentioned vehicle shall be deemed prima facie guilty of negligence. This section shall apply, in appropriate cases, to the owner of such first mentioned vehicle and to the employer of its driver or operator.

(b) This section may not be invoked by the owner of any vehicle, the rear of which was struck under the circumstances above mentioned, if the accident occurred between 1 hour after sunset and 1 hour before sunrise, and the vehicle so struck did not, at the time, have a lighted lamp or lantern reasonably visible to the drivers of vehicles approaching from the rear.

History: 1949, Act 300, Eff. Sept. 23, 1949

257.403 Nonresident vehicle operators; service of process, manner, record; service upon defendant, certification; taxable costs; application of section.

Sec. 403.

(a) Service of summons in any action against a person, who at the time of such service is a nonresident of this state, growing out of any accident or collision in which such person may have been involved while operating a motor vehicle upon a public highway of this state or in which a motor vehicle owned by him may have been involved while being operated with his consent, express or implied, on such public highway, may be made upon the secretary of state as the true and lawful attorney of such person with the same legal force as if served on him personally within this state. Service of such summons shall be made by leaving a copy thereof with the secretary of state, or his deputy, who shall keep a record of each such process and the day and hour of service, and such service shall be sufficient service upon such nonresident, provided that notice of such service and a copy of the summons are forthwith either served upon the defendant personally by the sheriff or constable of the county in which he resides or sent by registered mail by the plaintiff or his attorney to the defendant. If personal service of such notice and copy of summons is had upon the defendant the officer making the service shall so certify in his return which shall be filed with the court having jurisdiction of said cause, or if service be made by registered mail then the plaintiff or his attorney shall make an affidavit showing that he has made service of the notice of summons upon the defendant by registered mail as herein provided and the affiant shall attach thereto a true copy of the summons and notice so served and the registry receipt of the defendant and shall file the affidavit and attached papers with the court having jurisdiction of the cause. The court in which the action is pending may order such extension of time as may be necessary to afford the defendant reasonable opportunity to defend the action.

The death of the nonresident shall not operate to revoke the appointment by the nonresident of the secretary of state as his true and lawful attorney upon whom may be served the summons in an action against him growing out

of any such accident or collision; and in event of his death, any action growing out of such accident or collision may be commenced or prosecuted against his executor or administrator duly appointed by the state, territory or district of the United States or foreign country in which the nonresident was domiciled at the time of his death, and service of the summons shall be made upon the secretary of state, and personal service of such notice and the copy of the summons be had upon his executor or administrator in like manner with the same force and effect as service upon such nonresident during his lifetime.

Any action or proceeding pending in any court of this state, in which the court shall have obtained jurisdiction of such nonresident pursuant to the provision of this statute, shall not abate by reason of the death of such nonresident, but his executor or administrator duly appointed in the state, territory or district of the United States or foreign country in which he was domiciled at the time of his death, shall, upon the application of the plaintiff in the action, and upon such notice as the court may prescribe, be brought in and substituted in the place of the decedent, and the action or proceeding shall continue.

(b) The court shall include as taxable costs, in addition to other legal costs, against the plaintiff in case the defendant shall prevail in such suit, the actual traveling expenses of the defendant from his residence to the place of trial and return not to exceed the sum of \$100.00.

(c) The provisions of this section shall apply to actions commenced in all courts of this state having civil jurisdiction, including justice courts.

(d) Any service of process made on the secretary of state under this section shall be accompanied by an affidavit by the plaintiff or his attorney setting forth that the defendant is a nonresident of this state, and if known, the last known nonresident address of the defendant.

History: 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1954, Act 16, Eff. Aug. 13, 1954 ;-- Am. 1967, Act 79, Eff. Nov. 2, 1967

257.403a Nonresident; definition.

Sec. 403a.

As used in section 403, the term "nonresident" shall include any person who was, at the time of the accident or event, a resident of the state of Michigan but who removed from the state before the commencement of the action or proceeding.

History: Add. 1957, Act 92, Eff. Sept. 27, 1957

257.404 Service of process; place.

Sec. 404.

In any tort action for the recovery of damages to person or property resulting from the operation of 1 or more motor vehicles, where the action is brought in the county where the cause of action arose, process from any court of record may be served anywhere within the state where the party upon whom service is to be made may be found.

History: Add. 1954, Act 16, Eff. Aug. 13, 1954