STATE OF MICHIGAN

COURT OF APPEALS

KATHLEEN WELLS and CHARLES WELLS,

Plaintiffs/Counter Defendants-Appellants

and

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY,

Plaintiff-Appellant,

v

FEDERATED MUTUAL INSURANCE COMPANY,

Defendant-Appellee,

and

SHELBY OIL COMPANY, INC, d/b/a MONICATTI CHRYSLER PLYMOUTH SALES,

Defendant/Counter Plaintiff-Appellee.

UNPUBLISHED
March 13, 1998

No. 189969
Macomb Circuit Court
LC No. 94-002514 PD

Before: Holbrook, Jr., P.J., and Michael J. Kelly and Gribbs, JJ.

MEMORANDUM.

Plaintiffs appeal as of right from the summary dismissal of their claim for reimbursement from defendant Federated Mutual for monies paid by State Farm as a consequence of collision damage sustained by a rental vehicle operated by plaintiff Kathleen Wells. We affirm. This case is being decided without oral argument pursuant to MCR 2.714(E).

"[A] contract becomes the rule of action between the parties to it and governs their rights if it is not contrary to law." *Schnack v Applied Arts Corp*, 283 Mich 434, 440; 278 NW 117 (1938). Where the language of the contract is clear and unambiguous, a court accepts the plain

meaning of its written terms and enforces those terms as written. *Bianchi v Auto Club of Mich*, 437 Mich 65, 70; 467 NW2d 17 (1991). Here, the rental agreement signed by Kathleen Wells clearly and unambiguously indicated that she "accept[ed] full responsibility for loss by collision or Physical damage" and agreed to "pay for any and all damages to the rental vehicle of whatever sort incurred while the vehicle is being rented." Accordingly, the Wells are obligated to pay for the collision damage sustained by the rental vehicle unless the agreement to accept responsibility for collision damage is contrary to law. *Schnack, supra* at 440.

The question then becomes whether the no-fault act, MCL 500.3101 *et seq.*; MSA 24.13101 *et seq*., precludes the rental contract from shifting financial responsibility for collision damage to the Wells. We conclude that it does not. A significant exception to the general liability scheme under the no-fault act exists with regard to property protection benefits where the damaged property is a moving motor vehicle. In that situation, the damaged property owner must look to his own no-fault insurer for recovery, provided he has purchased *optional* collision protection. *Turner v Auto Club Ins Ass'n*, 448 Mich 22, 30; 528 NW2d 681 (1995); *Dorey v Savage*, 92 Mich App 726, 730; 285 NW2d 438 (1979). Hence, the rental agreement in this case was not void under the no-fault act because collision coverage is optional, rather than statutorily-mandated. Cf. *State Farm Mutual Automobile Ins Co v Enterprise Leasing Co*, 452 Mich 25, 40; 549 NW2d 345 (1996) (car rental agreement that shifted the responsibility for providing primary residual liability coverage from the owner to the driver and the driver's insurer was void under the no-fault act).

Affirmed.

/s/ Donald E. Holbrook, Jr.
/s/ Michael J. Kelly
/s/ Roman S. Gribbs