

MICHIGAN COURT OF APPEALS

Spectrum Health Hospitals d/b/a Spectrum Health and Corewell Health, and Spectrum Health Primary Care Partners v. Auto-Owners Insurance Company

Spectrum Health Hospitals · No. 374980 · Decided February 18, 2026

SUMMARY

The Michigan Court of Appeals affirmed an order awarding Spectrum Health Hospitals and related plaintiffs unpaid no-fault medical benefits, penalty interest, and attorney fees against Auto-Owners Insurance Company. The court held that Auto-Owners unreasonably delayed payment while investigating the injured person's insurance coverage and that the circuit court retained subject-matter jurisdiction based on the amount in controversy alleged in the pleadings. The opinion is unpublished.

CASE DETAILS

COURT	Michigan Court of Appeals
WRITING FOR THE COURT	Brock A. Swartzle, P.J.; Allie Greenleaf Maldonado, J.; Matthew S. Ackerman, J.
JURISDICTION	Michigan Court of Appeals
DECIDED	February 18, 2026
DOCKET	374980
DISPOSITION	affirmed
PROCEDURAL POSTURE	Defendant appealed by right from the circuit court's order granting plaintiffs summary disposition under MCR 2.116(C)(10), awarding penalty interest and attorney fees, and entering judgment for plaintiffs.
STANDARD OF REVIEW	Summary disposition under MCR 2.116(C)(10) and statutory interpretation are reviewed de novo. Subject-matter-jurisdiction questions are reviewed de novo. Underlying factual findings supporting attorney fees are reviewed for clear error, legal questions are reviewed de novo, and the ultimate attorney-fee decision is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	unpublished and nonprecedential
PARTIES	Auto-Owners Insurance Company v. Spectrum Health Hospitals d/b/a Spectrum Health and Corewell Health, Spectrum Health Primary Care

TOPICS

insurance coverage

attorney fees

summary judgment

subject matter jurisdiction

appellate procedure

PRACTICE AREAS

insurance

no-fault insurance

civil procedure

appellate procedure

QUESTIONS PRESENTED

1. Whether the circuit court properly awarded attorney fees under MCL 500.3148(1) after finding that Auto-Owners unreasonably delayed payment of no-fault benefits.
2. Whether the circuit court had subject-matter jurisdiction when plaintiffs initially pleaded damages exceeding \$25,000 but payments made during the litigation reduced the remaining amount below the circuit court's jurisdictional threshold.

HOLDINGS

1. An insurer's payments are overdue when not made within 30 days after the insurer receives reasonable proof of the fact and amount of loss, and an insurer's continued investigation into eligibility after receiving such proof does not provide additional time to avoid attorney fees. Because Auto-Owners's payments were overdue and its delay was not justified by a legitimate factual uncertainty, the award of attorney fees was proper.
2. Subject-matter jurisdiction is determined by the amount in controversy alleged in the pleadings, excluding fees, costs, and interest, absent bad faith. Payments made after filing do not retroactively eliminate circuit-court jurisdiction when the original claim was pleaded in good faith and exceeded \$25,000.

KEY QUOTATIONS

“insurers “must pay PIP benefits to claimants promptly and sort out priority and reimbursement issues later.”” (3)

“an insurer taking extra time for investigation after receiving reasonable proof of eligibility is unreasonable.” (5)

“the amount in controversy for purposes of a subject-matter jurisdiction inquiry should be determined by the pleadings, without including fees, costs, and interest.” (7)

FACTUAL BACKGROUND

Aaron Brown was injured in a May 14, 2023 motorcycle collision and received treatment from plaintiffs at a Spectrum Health hospital. Brown's motorcycle was insured by Progressive, while Auto-Owners insured the other vehicle involved in the accident; Progressive confirmed that Brown had an active policy, although Auto-Owners continued investigating and delayed payment of plaintiffs' submitted medical bills. Plaintiffs sued for

\$76,796.33, and Auto-Owners later made payments after receiving policy documents, but the circuit court found the payments overdue and the delay unreasonable, awarding penalty interest and attorney fees.

PROCEDURAL HISTORY

Plaintiffs sued Auto-Owners in the Kent Circuit Court to recover unpaid no-fault medical benefits. The circuit court denied Auto-Owners's subject-matter-jurisdiction challenge, granted plaintiffs summary disposition, awarded penalty interest and attorney fees, and entered judgment totaling \$20,246.94. The circuit court denied reconsideration, and Auto-Owners appealed by right.

DISPOSITION

affirmed

CASES CITED

- El-Khalil v Oakwood Healthcare, Inc, 504 Mich 152, 159-160; 934 NW2d 665 (2019)
- Woodman v Department of Corrections, 511 Mich 427, 440; 999 NW2d 463 (2023)
- Abdulla v Progressive Southeastern Ins Co, ___ Mich App ___; ___ NW3d ___ (2024), slip op at 4
- Johnson v USA Underwriters, 328 Mich App 223, 247; 936 NW2d 834 (2019)
- Bloemsma v Auto Club Insurance Association, 174 Mich App 692, 697; 436 NW2d 442 (1989)
- Shavers v Attorney General, 402 Mich 554, 578-579; 267 NW2d 72 (1978), cert denied, 442 US 934 (1979)
- Esurance Property & Casualty Insurance Co v Michigan Assigned Claims Plan, 507 Mich 498, 519; 968 NW2d 482 (2021)
- Morales v State Farm Mutual Insurance Co, 279 Mich App 720, 730; 761 NW2d 454 (2008)
- Moore v Secura Ins, 482 Mich 507, 517, 522; 759 NW2d 833 (2008), rehearing denied, 483 Mich 928 (2009)
- Brown v Home-Owners Ins Co, 298 Mich App 678, 690-691; 828 NW2d 400 (2012)
- Ross v Auto Club Group, 481 Mich 1, 11 (2008)
- Bronson Health Care Group, Inc v Titan Ins Co, 314 Mich App 577, 581-585; 887 NW2d 205 (2016)
- Sixarp, LLC v Township of Byron, ___ Mich ___; ___ NW3d ___ (2025), slip op at 4
- Hodge v State Farm Mutual Automobile Insurance Co, 499 Mich 211, 221-224; 884 NW2d 238 (2016)
- Meisner v Detroit, 321 Mich App 718, 718, 725 (2017)