

**DRIVER EDUCATION AND TRAINING SCHOOLS ACT (EXCERPT)**  
**Act 369 of 1974**

\*\*\*\*\* 256.603 THIS SECTION IS REPEALED BY ACT 70 OF 2004 EFFECTIVE OCTOBER 1, 2006 \*\*\*\*\*

**256.603 Driver training school; qualifications to operate.**

Sec. 3. In order to qualify to operate a driver training school, a person shall meet all of the following requirements:

(a) Maintain an established place of business open to the public.

(b) Provide a continuous surety company bond in the principal sum of \$10,000.00 for a noncommercial motor vehicle driver training school with less than 1,000 students in a calendar year or \$20,000.00 for a noncommercial driver training school with 1,000 or more students in a calendar year and the principal sum of \$10,000.00 for a commercial motor vehicle driver training school for the protection of the contractual rights of students in a form that meets the approval of the department and written by a company authorized to do business in this state. The aggregate liability of the surety for all breaches of the condition of the bond shall not exceed the principal sum of the bond. The surety company may cancel the bond upon giving 30 days' written notice to the department and shall be relieved of liability for a breach of a condition of the bond that occurs after the effective date of cancellation. A person shall provide a separate bond for each classification in which the driver training school is licensed.

(c) Maintain bodily injury and property damage liability insurance on motor vehicles used in driving instruction, insuring the liability of the driver training school, the driving instructors, and a person taking instruction. The amount of insurance shall be \$100,000.00 for bodily injury to or the death of 1 person in 1 accident, and, subject to the limit for 1 person; \$300,000.00 for bodily injury to or the death of 2 or more persons in 1 accident; and \$10,000.00 for damage to the property of others in 1 accident. Evidence of insurance coverage in the form of a certificate from the insurance carrier shall be filed with the department. The certificate shall stipulate that the insurance shall not be canceled except upon 10 days' prior written notice to the department.

(d) Disclose to the department the existence of a concession agreement with another business entity, and disclose the existence of the concession agreement and the limits of responsibility and liability contained in the concession agreement in all advertisements and in all contracts with students. As used in this subdivision, "concession agreement" means a contract, franchise, agreement, or the granting of a privilege, written or oral, between 2 business entities permitting 1 of the entities to operate a driver training school under the sponsorship, name, auspices of, or on the premises of, the other entity.

(e) Possess a driver training school license from the state in which a nonresident applicant's principal place of business is located, if that state licenses driver training schools.

**History:** 1974, Act 369, Eff. Apr. 1, 1975;—Am. 1978, Act 240, Imd. Eff. June 15, 1978;—Am. 1981, Act 109, Eff. Mar. 31, 1982;—Am. 1992, Act 169, Eff. Oct. 1, 1992;—Am. 1998, Act 11, Eff. June 1, 1998.