

Act No. 271  
Public Acts of 2014  
Approved by the Governor  
June 28, 2014  
Filed with the Secretary of State  
July 2, 2014  
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**STATE OF MICHIGAN  
97TH LEGISLATURE  
REGULAR SESSION OF 2014**

Introduced by Senators Casperson, Hune, Robertson and Smith

# **ENROLLED SENATE BILL No. 715**

AN ACT to amend 1956 PA 218, entitled “An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act,” (MCL 500.100 to 500.8302) by adding chapter 22A.

*The People of the State of Michigan enact:*

## CHAPTER 22A

Sec. 2270. As used in this chapter:

(a) “Certificate of insurance” means a document, regardless of how titled or described, that is prepared by an insurer or insurance producer that is a statement or summary of an insured’s property or casualty insurance coverage. Certificate of insurance does not include a policy of insurance, insurance binder, or policy endorsement.

- (b) "Director" means the director of the department of insurance and financial services.
- (c) "Insurance" means any of the lines of authority in chapter 6.
- (d) "Insurance producer" means that term as defined in section 1201.

Sec. 2271. A person shall not do any of the following:

- (a) Issue or deliver a certificate of insurance that purports to affirmatively or negatively alter, amend, or extend the coverage provided by an insurance policy referenced in the certificate of insurance.
- (b) Prepare or issue a certificate of insurance that contains any false or misleading information concerning an insurance policy referenced in the certificate of insurance.
- (c) Demand or require the issuance of a certificate of insurance from an insurer, insurance producer, or policyholder that contains any false or misleading information concerning an insurance policy referenced in the certificate of insurance.

Sec. 2273. Except as otherwise provided in an insurance policy, a certificate of insurance does not represent an insurer's obligation to give notice of cancellation or nonrenewal to a person.

Sec. 2275. A person is entitled to notice of cancellation, nonrenewal, and any similar notice concerning a policy of insurance only if the person has notice rights under the terms of a policy of insurance or an endorsement to a policy of insurance. The terms and conditions of a notice described in this section are governed by the policy of insurance or endorsement. A certificate of insurance does not alter the terms and conditions of the notice.

Sec. 2277. If the director finds that a person has violated this chapter, after an opportunity for a hearing under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the director shall reduce the findings and decision to writing and shall issue and cause to be served upon the person charged with the violation a copy of the findings and an order requiring the person to cease and desist from the violation. In addition, the director may order any of the following:

- (a) Payment of a civil fine of not more than \$500.00 for each violation. However, if the person knew or reasonably should have known that he or she was in violation of this chapter, the director may order the payment of a civil fine of not more than \$2,500.00 for each violation. An order of the director under this section shall not require the payment of civil fines exceeding \$25,000.00. A fine collected under this subdivision shall be turned over to the state treasurer and credited to the general fund of this state.
- (b) The director may apply to the circuit court of Ingham county for an order of the court enjoining a violation of this chapter.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate

*Jay E. Randall*

Clerk of the House of Representatives

Approved .....

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Governor