

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.1209 Termination of insurance producer's authority to represent insurer; responsibility and authority of insurance producer following notice of termination; exceptions; condition of insurer's authority to transact business in state; construction of subsection (2); "automobile insurance" and "home insurance" defined.

Sec. 1209.

(1) If an insurance producer's authority to represent an insurer is terminated, the responsibility of an insurance producer having property rights in the renewal shall continue until the existing policies of insurance are canceled, replaced, or have expired. The insurance producer's authority during the period following notice of termination shall be governed by the written agreement between the insurance producer and the insurer. An insurer shall not cancel or refuse to renew the policy of an insured because of the termination of an insurance producer's contract. If the written agreement does not cover the insurance producer's authority during this period, the insurance producer may continue to represent the insurer in servicing existing policies, but the insurance producer shall not bind a new risk, renew a policy, nor increase the obligation of the insurer under the policy without the approval of the insurer. This subsection does not apply to a life insurer, an insurance producer of a life insurer, an insurance producer who is an employee of an insurer, or to an insurance producer who by contractual agreement represents only 1 insurer or group of affiliated insurers, if the property rights in the renewal are owned by the insurer or group of affiliated insurers and the alteration of the insurance producer's contract does not result in the cancellation or nonrenewal of any insurance policy.

(2) As a condition of maintaining its authority to transact insurance in this state, an insurer transacting automobile insurance or home insurance in this state shall not cancel an insurance producer's contract or otherwise terminate an insurance producer's authority to represent the insurer with respect to automobile insurance or home insurance, except for 1 or more of the following reasons:

- (a) Malfeasance.
- (b) Breach of fiduciary duty or trust.
- (c) A violation of this act.
- (d) Failure to perform as provided by the contract between the parties.
- (e) Submission of less than 25 applications for home insurance and automobile insurance within the immediately preceding 12-month period.

(3) Subsection (2) shall not be construed as permitting a termination of an insurance producer's authority based primarily upon any of the following:

- (a) The geographic location of the insurance producer's home insurance or automobile insurance business.
- (b) The actual or expected loss experience of the insurance producer's automobile or home insurance business, related in whole or in part to the geographical location of that business.
- (c) The performance of the insurance producer's obligations under chapter 21.

(4) Subsection (2) and the written notice requirement under section 1208b(4) do not apply with respect to an insurance producer who is an employee of an insurer or to an insurance producer who by contractual agreement represents only 1 insurer or group of affiliated insurers, if the property rights in the renewal are owned by the insurer or group of affiliated insurers and the cancellation or termination of the insurance producer's contract does not result in the cancellation or nonrenewal of any home or automobile insurance policy.

(5) As used in this section, "automobile insurance" and "home insurance" mean those terms as defined in chapter 21.

History: Add. 1972, Act 133, Eff. Mar. 30, 1973 ;-- Am. 1978, Act 217, Imd. Eff. June 5, 1978 ;-- Am. 1979, Act 145, Imd. Eff. Nov. 13, 1979 ;-- Am. 1980, Act 461, Imd. Eff. Jan. 15, 1981 ;-- Am. 2001, Act 228, Eff. Mar. 1, 2002

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