

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

500.1510 Insurance premium finance agreement; delinquency charge; cancellation charge.

Sec. 1510.

(1) An insurance premium finance agreement may provide for the payment by the insured of a delinquency charge of \$1.00 to a maximum of 5% of the amount of the delinquent installment payment on any installment payment that is in default for a period of 10 days or more. However, an insurance premium finance agreement shall not provide for the payment by the insured of a delinquency charge that exceeds \$5.00 on any installment that is in default for a period of 10 days or more for either of the following:

(a) An insurance premium finance agreement that finances an insurance contract primarily for a personal, family, or household purpose.

(b) An insurance premium finance agreement, the annual premium of which does not exceed \$10,000.00, that is issued to a nonprofit organization exempt from taxation under section 501 of the internal revenue code of 1986, 26 U.S.C. 501.

(2) If a default under subsection (1) results in the cancellation of any insurance contract listed in the agreement, the agreement may provide for the payment by the insured of a cancellation charge equal to the difference between any delinquency charge imposed in respect to the installment in default and \$5.00.

History: Add. 1968, Act 352, Eff. Nov. 15, 1968 ;-- Am. 1994, Act 6, Imd. Eff. Feb. 24, 1994

Popular Name: Act 218