

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

500.2154 Reasonable exceptions.

Sec. 2154.

(1) Notwithstanding any other law, rule, or regulation, an insurer that uses credit information shall, on written request from an insured or insurance applicant, provide reasonable exceptions to the application of that credit information on the insurer's rates, rating classifications, or company or tier placement for an insured or insurance applicant who has experienced and whose credit information has been directly influenced by any of the following events:

- (a) Catastrophic event, as declared by the federal or state government.
- (b) Serious illness or injury, or serious illness or injury to an immediate family member.
- (c) Death of a spouse, child, or parent.
- (d) Divorce or involuntary interruption of legally owed alimony or support payments.
- (e) Identity theft.
- (f) Temporary loss of employment for a period of 3 months or more, if it results from involuntary termination.
- (g) Military deployment overseas.
- (h) Predatory lending resulting in the foreclosure of, or commencement of proceedings or an action to foreclose, a mortgage of real property owned by the insured or insurance applicant.
- (i) Other events, as determined by the insurer.

(2) If an insured or insurance applicant submits a request for an exception under subsection (1), an insurer may, but is not required to do, any of the following:

- (a) Require a reasonable written and independently verifiable documentation of the event.
- (b) Require the insured or insurance applicant to demonstrate that the event had direct and meaningful impact on the insured's or insurance applicant's credit information.
- (c) Require a request to be made no more than 60 days from the date of the application for insurance or the policy renewal.
- (d) Grant an exception even if the insured or insurance applicant did not provide an initial request for an exception in writing.
- (e) Grant an exception where the insured or insurance applicant asks for consideration of repeated events or the insurer has considered this event previously.

(3) A law, rule, or regulation relating to underwriting, rating, or rate filing is not violated by any insurer as a result of granting an exception under this section.

(4) The insurer shall provide notice to insureds and insurance applicants that reasonable exceptions are available and information about how to inquire further.

(5) Within 30 days of the insurer's receipt of sufficient documentation of an event described in subsection (1), the insurer shall inform the insured or insurance applicant of the outcome of his or her request for a reasonable exception. This communication shall be in writing or provided in the same medium as the request for a reasonable exception.

History: Add. 2012, Act 207, Eff. Mar. 28, 2013

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