

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

500.509 Customer relationship; time of establishment; continuing relationship; revised privacy notice for new insurance product or service.

Sec. 509.

(1) A licensee establishes a customer relationship at the time the licensee and the consumer enter into a continuing relationship. A continuing relationship includes, but is not limited to, all of the following:

- (a) For an insurer, when the consumer receives the delivery of an insurance policy or contract.
- (b) For a producer, when the consumer obtains insurance through that licensee.
- (c) When the consumer agrees to obtain financial, economic, or investment advisory services relating to insurance products or services for a fee from the licensee.

(2) An individual does not have a continuing relationship with a licensee as follows:

(a) If the individual's policy is lapsed, expired, or otherwise inactive or dormant under the licensee's business practices and the licensee has not communicated with the individual about the policy for a period of 12 consecutive months, other than to provide annual privacy notices, material required by law or regulation, communication at the direction of a state or federal authority, or promotional materials.

(b) If the individual is an insured or an annuitant under an insurance policy or annuity, but is not the policyholder or owner of the insurance policy or annuity.

(c) If the individual's last known address according to the licensee's records is invalid. An address of record is considered invalid if mail sent to that address by the licensee has been returned by the postal authorities as undeliverable and if subsequent attempts by the licensee to obtain a current, valid address for the individual have been unsuccessful.

(3) Except as otherwise provided in this subsection, when an existing customer obtains a new insurance product or service from a licensee that is to be used primarily for personal, family, or household purposes, the licensee shall provide a revised privacy notice that meets the requirements of section 525 and that covers the customer's new insurance product or service. If the initial, revised, or annual notice that the licensee most recently provided to that customer under this chapter is accurate with respect to the new insurance product or service, the licensee does not need to provide a new privacy notice under this subsection.

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