

# SENATE BILL No. 1371

June 4, 2002, Introduced by Senator BYRUM and referred to the Committee on Financial Services.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding sections 4003 and 4403.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 4003. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS  
2 UNDER A LIFE INSURANCE POLICY HAS A DUTY TO DEAL FAIRLY AND IN  
3 GOOD FAITH WITH ANY PERSON CLAIMING THE BENEFITS. AN INSURER  
4 THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS  
5 LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES  
6 PROXIMATELY CAUSED BY THE BREACH.

7        SEC. 4403. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS  
8 UNDER A GROUP LIFE INSURANCE POLICY HAS A DUTY TO DEAL FAIRLY AND  
9 IN GOOD FAITH WITH ANY PERSON CLAIMING THE BENEFITS. AN INSURER  
10 THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS

1 LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES

2 PROXIMATELY CAUSED BY THE BREACH.