

Act No. 143
Public Acts of 2014
Approved by the Governor
June 3, 2014

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**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Reps. Glardon, Leonard, Goike, Hovey-Wright, Segal and Cochran

ENROLLED HOUSE BILL No. 5150

AN ACT to amend 1956 PA 218, entitled "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker's compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act," by amending sections 4016 and 4073 (MCL 500.4016 and 500.4073), section 4073 as added by 1980 PA 58.

The People of the State of Michigan enact:

Sec. 4016. (1) Each life insurance policy shall contain a provision that all statements made by the insured, shall, in the absence of fraud, be considered representations and not warranties. The statement shall not avoid the policy unless the statement is contained in a written application and a copy of the application must be endorsed upon or attached to the policy when issued.

(2) An application obtained through electronic means is an application under subsection (1). The information contained in that application must be endorsed upon or attached to the policy.

Sec. 4073. (1) Subject to subsection (2), an annuity contract shall not be delivered or issued for delivery in this state unless the contract contains on the front page a notice, in substance printed or stamped made as a permanent part of the policy, that during a period of not less than 10 days after the date the policyholder receives the policy, the policyholder may cancel the policy and receive from the insurer a prompt refund of any premium paid for the policy, including a policy fee or other charge, by mailing or otherwise surrendering the policy to the insurer together with a written request for cancellation. If a policyholder or purchaser pursuant to the notice, returns the policy or contract to the company or association at its home or branch office or to the agent through whom it was purchased, it is void from the beginning and the parties are in the same position as if no policy or contract had been issued.

(2) For a variable annuity contract, the refund under subsection (1) shall equal the sum of the following:

(a) The difference between the premiums paid, including any policy or contract fees or other charges, and the amounts allocated to any separate accounts under the policy or contract.

(b) The value of the amounts allocated to any separate accounts under the policy or contract on the date the returned policy is received by the insurer or its insurance producer.

(3) This section does not apply to policies or contracts issued to an employee in connection with the funding of a pension, annuity or profit-sharing plan, qualified or exempt under section 401, 403, 404, or 501 of the internal revenue code of 1986, 26 USC 401, 403, 404, and 501 if participation in the plan is a condition of employment.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor