

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

CHAPTER 28  
FIRE INSURANCE CONTRACTS

**500.2804 Fire insurance contracts on property herein deemed made in Michigan.**

Sec. 2804. All contracts of fire insurance upon property real or personal located in this state shall be held and deemed to be made and consummated within this state.

**History:** 1956, Act 218, Eff. Jan. 1, 1957.

**Popular name:** Act 218

**500.2806 Policy or contract of fire insurance; requirements.**

Sec. 2806. A policy or contract of fire insurance shall not be made, issued, or delivered by an insurer or by an agent or representative of an insurer, on any property in this state, unless it conforms to the provisions of this chapter.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

**500.2807, 500.2808 Repealed. 1990, Act 305, Imd. Eff. Dec. 14, 1990.**

**Compiler's note:** The repealed sections pertained to exemptions for and format for standard fire policy.

**Popular name:** Act 218

**500.2810 Printing regulations on fire policy.**

Sec. 2810. If a fire policy is issued by a mutual, cooperative, or reciprocal insurer having special regulations with respect to the payment by the policyholder of assessments, the regulations shall be printed upon the policy, and the insurer may print upon the policy regulations as may be required by its home state or appropriate to its form of organization.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

**500.2812 Combination fire policy; mandatory provisions.**

Sec. 2812. Two or more insurers authorized to transact fire insurance in this state may, with the approval of the commissioner, issue a combination fire policy which shall contain the following provisions:

(a) A provision substantially to the effect that the insurers executing the policy shall be severally liable for the full amount of any loss or damage, according to the terms of the policy, or for specified percentages or amounts thereof, aggregating the full amount of the insurance under the policy.

(b) A provision substantially to the effect that service of process, or of any notice or proof of loss required by the policy, upon any of the insurers executing the policy, shall be considered service upon all the insurers.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

**500.2816-500.2824 Repealed. 1990, Act 305, Imd. Eff. Dec. 14, 1990.**

**Compiler's note:** The repealed sections pertained to binders or other contracts for temporary insurance and to riders and indorsements.

**Popular name:** Act 218

**500.2826 Liability for difference between actual value of property and amount expended to repair, rebuild, or replace.**

Sec. 2826. An insurer may issue a fire insurance policy, insuring property, by which the insurer agrees to reimburse and indemnify the insured for the difference between the actual value of the insured property at the time any loss or damages occurs, and the amount actually expended to repair, rebuild, or replace with new materials of like size, kind, and quality, but not to exceed the amount of liability covered by the fire policy. A fire policy issued pursuant to this section may provide that there shall be no liability by the insurer to pay the amount specified in the policy unless the property damaged is actually repaired, rebuilt, or replaced at the same or another site.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

**500.2827 Fire policy providing reimbursement for lost or damaged property; maximum liability; cash settlement; payment of amount in excess of actual cash value of lost or damaged property.**

Sec. 2827. (1) An insurer may issue a fire policy, insuring property, by which the insurer agrees to reimburse and indemnify the insured for the difference between the actual cash value of the lost or damaged insured property at the time of the loss or damage, and the amount actually necessary to repair, rebuild, or replace the lost or damaged insured property to a condition and appearance similar to that which existed at the time of the loss or damage based on the use of conventional materials and construction methods which are currently available without extraordinary expense. The insurer's liability shall not exceed the amount of liability covered by the contract of insurance.

(2) The contract of insurance established pursuant to subsection (1) shall not preclude an insured from selecting a cash settlement based on the actual cash value of the lost or damaged insured property at the time of the loss or damage, but not to exceed the amount of liability covered by the contract.

(3) The contract of insurance established pursuant to subsection (1) may provide that there shall be no liability on the part of the insurer to pay an amount in excess of the actual cash value of the lost or damaged insured property at the time of the loss or damage, unless the lost or damaged property is actually repaired, rebuilt, or replaced at the same or another contiguous site. However, this subsection shall not apply if the amount of loss or damage to the insured property under the standards of subsection (1) exceeds the amount of liability covered by the contracts.

**History:** Add. 1979, Act 145, Imd. Eff. Nov. 13, 1979;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

**500.2828 Repealed. 1990, Act 305, Imd. Eff. Dec. 14, 1990.**

**Compiler's note:** The repealed section pertained to coverage for loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination.

**Popular name:** Act 218

**500.2832 Repealed. 1990, Act 305, Eff. Jan. 1, 1992.**

**Compiler's note:** The repealed section pertained to form of standard policy.

**Popular name:** Act 218

**500.2833 Fire insurance policy; mandatory provisions; coverage.**

Sec. 2833. (1) Each fire insurance policy issued or delivered in this state shall contain the following provisions:

(a) That the policy shall provide, at a minimum, coverage for the actual cash value of the property at the time of the loss, subject to all other provisions contained herein.

(b) That the policy shall provide, at a minimum, coverage for direct loss by fire and lightning and pro rata coverage for 5 days for insured property removed to another location if it is moved to preserve it from damage by a covered peril.

(c) That the policy may be void on the basis of misrepresentation, fraud, or concealment.

(d) That property which is not covered under the policy.

(e) Those perils that are not covered under the policy.

(f) Those conditions which result in the suspension or restriction of insurance.

(g) A provision for waiving or changing a provision under the policy.

(h) That the policy may be canceled at any time at the request of the insured. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater.

(i) That the policy may be canceled at any time by the insurer by mailing to each insured named in the policy at the insured's address last known to the insurer or an authorized agent of the insurer, not less than 10 days before the cancellation, with postage fully prepaid, a written notice of cancellation with or without tender of the excess minimum earned premium. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The excess, if not tendered, shall be refunded on demand and the notice of cancellation shall state that the excess premium, if not tendered, will be refunded on demand.

(j) That if a loss is payable under the policy, in whole or in part, to a designated mortgagee not named in the policy as the insured, the interest in the policy may be canceled by the insurer by giving to the mortgagee not less than 10 days' written notice of cancellation. If the insured fails to render proof of loss, the mortgagee, upon notice, shall render proof of loss within 60 days after the notice. If the insurer claims that no liability

existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing the mortgagee's right to sue; or the insurer may pay off the mortgage debt and require an assignment of the debt and of the mortgage. Subrogation pursuant to this subdivision shall include contractual as well as tort rights of action, but only to the extent of the loss. An action may be maintained by either the insured or insurer or by both of them jointly, to recover their respective portions of the loss.

(k) That the insurer's liability shall not be greater than the pro rata share with other insurance for the peril involved.

(l) The notification requirements when a loss occurs.

(m) That if the insured and insurer fail to agree on the actual cash value or amount of the loss, either party may make a written demand that the amount of the loss or the actual cash value be set by appraisal. If either makes a written demand for appraisal, each party shall select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days after receipt of the written demand. The 2 appraisers shall then select a competent, impartial umpire. If the 2 appraisers are unable to agree upon an umpire within 15 days, the insured or insurer may ask a judge of the circuit court for the county in which the loss occurred or in which the property is located to select an umpire. The appraisers shall then set the amount of the loss and actual cash value as to each item. If the appraisers submit a written report of an agreement to the insurer, the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their differences to the umpire. Written agreement signed by any 2 of these 3 shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by the insured and the insurer.

(n) That the insurer may repair, replace, rebuild, or take the property.

(o) That there can be no abandonment to the insurer of any property.

(p) Except as otherwise provided in section 2845, that the loss is payable within 30 days after receipt of proof of amount of loss.

(q) That an action under the policy may be commenced only after compliance with the policy requirements. An action must be commenced within 1 year after the loss or within the time period specified in the policy, whichever is longer. The time for commencing an action is tolled from the time the insured notifies the insurer of the loss until the insurer formally denies liability.

(r) That the insurer is subrogated to the insured's right of recovery from other parties.

(s) That each fire insurance policy subject to this section shall be effective at 12:01 a.m., standard time, at the location of the property involved.

(2) Except as otherwise provided in this act, each fire insurance policy issued or delivered in this state pursuant to subsection (1) shall contain, at a minimum, the coverage provided in the standard fire policy under former section 2832.

**History:** Add. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

#### **500.2834 Fire insurance policy; exclusion related to terrorism; definition.**

Sec. 2834. (1) Notwithstanding section 2833, a commercial fire insurance policy issued or delivered in this state may exclude coverage for loss by fire or other perils insured against if the fire or perils were caused directly or indirectly by terrorism.

(2) As used in this section, "terrorism" means any of the following:

(a) A certified act of terrorism as defined in the terrorism risk insurance act of 2002, Public Law 107-297, 116 Stat. 2322.

(b) A violent act or an act that is dangerous to human life, property, or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion.

(c) Terrorism as defined in a form that is voluntarily filed under and subject to section 2236 and is properly in use.

**History:** Add. 2003, Act 11, Imd. Eff. May 29, 2003.

**Popular name:** Act 218

#### **500.2836 Breach of warranty or condition as defense; payment of losses.**

Sec. 2836. (1) An insurer shall not base a defense under the terms of a fire insurance policy permitted to be used in this state, upon a breach of warranty or condition occurring before loss, unless the breach exists at the time of the loss or contributes to the loss or to the amount of the loss.

(2) Except as otherwise provided in section 2845, losses under any fire insurance policy shall be paid

within 30 days after receipt of proof of the amount of the loss, notwithstanding the provisions of any contract or statute to the contrary.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1980, Act 495, Eff. Mar. 31, 1981;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

#### **500.2840 Repealed. 1990, Act 305, Imd. Eff. Dec. 14, 1990.**

**Compiler's note:** The repealed section pertained to coinsurance clauses.

**Popular name:** Act 218

#### **500.2842 Average or pro rata clause; form; filing and approval.**

Sec. 2842. (1) An insurer authorized to do business within this state may attach to an existing policy or to one to be issued by the insurer an average or pro rata clause.

(2) The average or pro rata clause shall be made substantially in the following form:

"It is hereby agreed, in case of loss, this policy shall attach in or on each building, division, or location in such proportion as the values in or on the buildings, division, or location bear to the aggregate value of the property insured."

(3) It shall not be necessary for all average or pro rata rider clauses to be in the exact language used in subsection (2), but such clause shall not be attached to a policy unless the form of the clause was filed with and received the approval of the commissioner.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1962, Act 71, Eff. Mar. 28, 1963;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

#### **500.2845 Withholding 25% of actual cash value or final settlement where loss to insured real property due to fire or explosion; notice to city, village, or township treasurer, insured, and mortgagee; escrowing and retaining withheld amount; procedure; recording information and depositing money in trust or escrow account; releasing policy proceeds to mortgagee; commingling funds prohibited; retaining earned interest; forwarding money to insured; reasonable proof; using retained proceeds to secure, repair, or demolish damaged or destroyed structure and clear property; returning unused portion of retained proceeds; demolition of property; civil action for return of policy proceeds; liability of insurer; applicability of section; list of cities, villages, and townships; exception to withholding requirements; definitions.**

Sec. 2845. (1) If a claim is filed for a loss to insured real property due to fire or explosion and a final settlement is reached on the loss to the insured real property, an insurer shall withhold from payment 25% of the actual cash value of the insured real property at the time of the loss or 25% of the final settlement, whichever is less. Until December 31, 2014, for residential property, the 25% settlement or judgment withheld shall not exceed \$6,000.00 adjusted annually beginning June 1, 1999 in accordance with the consumer price index. Beginning January 1, 2015, for residential property, the 25% settlement or judgment withheld shall not exceed \$12,000.00 adjusted January 1 of each year in accordance with the consumer price index. The director shall notify annually all insurance companies transacting property insurance in this state as to the new adjusted amount. At the time that 25% of the settlement or judgment is withheld, the insurer shall give notice of the withholding to the treasurer of the city, village, or township in which the insured real property is located, to the insured, and to any mortgagee having an existing lien or liens against the insured real property, if the mortgagee is named on the policy. For a judgment, notice shall also be provided to the court in which judgment was entered. The notice must include all of the following:

(a) The identity and address of the insurer.

(b) The name and address or forwarding address of each policyholder, including any mortgagee.

(c) The location of the insured real property.

(d) The date of loss, policy number, and claim number.

(e) The amount of money withheld.

(f) A statement that the city, village, or township may have the withheld amount paid into a trust or escrow account established for the purposes of this section if within 15 days after the mailing of the notice the city, village, or township states that the money should be withheld to protect the public health and safety; otherwise, the withheld amount shall be paid to the insured 15 days after the mailing of the notice.

(g) An explanation of the provisions of this section.

(2) For a city, village, or township to escrow the amount withheld by the insurer, and to retain that amount, the following procedure shall be used:

(a) An authorized representative of the city, village, or township shall request the insurer to pay the withheld amount into an escrow account maintained by the treasurer of the city, village, or township. A final settlement that exceeds 49% of the insurance on the insured real property is prima facie evidence that the damaged insured structure violates existing health and safety standards of the city, village, or township and constitutes cause for the escrowing of the withheld amount as surety for the repair, replacement, or removal of the damaged structure.

(b) For a settlement, the request under subdivision (a) shall be sent to the insurer with a copy to the insured and any mortgagees. The copy to the insured must contain the notice required under subdivision (d). On receipt of the request, the insurer shall forward the withheld amount to the treasurer of the city, village, or township, and shall provide notice of the forwarding to the insured and any mortgagees.

(c) For a judgment, the request under subdivision (a) shall be sent to the insurer with a copy to the insured, any mortgagees, and the court in which judgment was entered. The copy to the insured must contain the notice required under subdivision (d). On motion of the city, village, or township, the court shall order the withheld amount transmitted to the treasurer of the city, village, or township.

(d) The city, village, or township shall notify the insured that the insured has 10 days from the date of the mailing of the notice to object to the city's, village's, or township's retention of the withheld amount. The notice must identify the authorized representative of the city, village, or township to whom the insured should address his or her objections and must state that the insured may do either of the following:

(i) Seek resolution with the representative of the city, village, or township designated to receive and resolve objections under this section. The city, village, or township shall make a final determination and shall notify the insured of that determination not later than 30 days after receipt of notice that the insured wishes to seek resolution under this subparagraph. This final determination shall include notice to the insured that if the insured is still dissatisfied with the city's, village's, or township's determination, the insured may seek relief in circuit court.

(ii) Seek relief in the circuit court.

(3) Upon receipt of money and information from an insurer as prescribed in subsections (1) and (2), the local treasurer shall record the information and the date of receipt of the money and shall immediately deposit the money in a trust or escrow account established for the purposes of this section. The account may be interest-bearing. If a mortgage on the insured property is in default, the treasurer of the city, village, or township, on written request from the first mortgagee of the property, shall release to the mortgagee all or any part of the policy proceeds received by the city, village, or township not later than 10 days after receipt of the written request by the mortgagee, to the extent necessary to satisfy any outstanding lien of the mortgagee.

(4) Except as provided in subsection (7), money deposited in an account under subsection (3) shall not be commingled with city, village, or township funds. Any interest earned on money placed in a trust or escrow account may be retained by the city, village, or township to defray administrative costs incurred under this section.

(5) Except as provided in subdivision (c), the money deposited under subsection (3) shall immediately be forwarded to the insured when the authorized representative of the city, village, or township designated by the governing body of the city, village, or township receives or is shown reasonable proof of any of the following:

(a) That the damaged or destroyed portions of the insured structure have been repaired or replaced, except to the extent that the amount withheld under this section is needed to complete repair or replacement.

(b) That the damaged or destroyed structure and all remnants of the structure have been removed from the land on which the structure or the remnants of the structure were situated, in compliance with the local code requirements of the city, village, or township in which the structure was located.

(c) That the insured has entered into a contract to perform repair, replacement, or removal services for the insured real property and that the insured consents to payment of money directly to the contractor performing the services upon completion. Money released under this subdivision may be forwarded only to a contractor performing services on the insured property.

(6) Reasonable proof required under subsection (5) includes any of the following:

(a) Originals or copies of pertinent verifiable contracts, invoices, receipts, and other similar papers evidencing both the work performed or to be performed and the materials used or to be used by all contractors performing repair, replacement, or removal services for the insured real property, other than a contractor subject to subdivision (b).

(b) An affidavit executed by the contractor that has performed the greatest amount of repair or replacement work on the structure, or that has done most of the clearing and removal work if structure repair or replacement is not to be performed. The contractor shall attach to the affidavit all pertinent contracts, invoices, and receipts and shall swear that these attached papers correctly indicate the nature and extent of the work performed to date by the contractor and the materials used.



(c) An inspection of the insured real property to verify that repair, replacement, or clearing has been completed in accordance with subsection (5).

(7) Except as otherwise provided in this subsection, if with respect to a loss, reasonable proof is not received by or shown to an authorized representative of the city, village, or township designated by the governing body of the city, village, or township within 120 days after the policy proceeds portion was received by the treasurer, the city, village, or township shall use the retained proceeds to secure, repair, or demolish the damaged or destroyed structure and clear the insured property so that the structure and property comply with local code requirements and applicable ordinances of the city, village, or township. The city, village, or township shall return to the insured any unused portion of the retained proceeds. The city, village, or township may extend the 120-day time period under this subsection. A city, village, or township may retain and use policy proceeds for demolishing any property if on or before the effective date of the amendatory act that added this sentence the authorized representative had not received or been shown reasonable proof within 1 year after the insurer provided notice to the insured under subsection (1) and the insured property has been demolished. The insured may file a civil action against the city, village, or township for the return of the policy proceeds. An action filed under this subsection must be filed within 3 years after the insurer provided notice to the insured under subsection (1) or 1 year after the effective date of the amendatory act that added this sentence, whichever is later.

(8) There is no liability on the part of, and a cause of action shall not arise against, an insurer or an agent or employee of an insurer for withholding or transferring money in the course of complying or attempting to comply with this section. If there is a dispute with a lienholder concerning the distribution of an amount withheld from payment under this section, the insurer may file an action in circuit court to identify all parties that may have a financial interest in the withheld amount and to determine how the withheld amount should be distributed.

(9) This section applies only to property located in a city, village, or township described in subsection (12) if the city, village, or township pursuant to a resolution by its governing body notifies the director in writing that the city, village, or township has established a trust or escrow account to be used as prescribed in this section and intends to uniformly apply this section with respect to all property located within the city, village, or township following written notification to the director. The director shall prepare and distribute a list of all cities, villages, and townships that have elected to apply this section to all insurance companies transacting property insurance in this state.

(10) A city, village, or township may apply to be added to the list prepared under subsection (9) by making a written request for addition to the director. When a written request for addition from a city, village, or township has been received by the director, an amended list shall be prepared and distributed indicating the addition. The addition is effective on the date specified by the director in the amendment. The director shall notify the city, village, township, and insurance companies of the effective date of the addition which shall be effective not less than 30 days after receipt of notice by the insurance company. A city, village, or township shall not apply this section to any loss that occurred before the effective date of the addition.

(11) A city, village, or township may request to be deleted from the list prepared under subsection (9) or may cease to apply this section for a period of not less than 6 months upon not less than 30 days' written notice to the director. After receipt of a request to be deleted from the list, the director shall prepare and distribute an amendment to the list indicating the deletion. The deletion is effective on the date specified by the director in the amendment. The director shall notify the city, village, township, and insurance companies of the effective date of the deletion which shall be effective not less than 30 days after receipt of the notice by the insurance company. A city, village, or township shall continue to apply this section to any loss that occurred before the effective date of the deletion, notwithstanding the deletion.

(12) This section applies only to insured real property located in cities, villages, and townships that are located in counties with a population of less than 425,000 except that this section does not apply to insured real property located in cities, villages, and townships that are located in counties with a population of less than 425,000 if the city, village, or township has a population of 50,000 or more. This section applies to insured real property located in a city, village, or township that has elected to apply this section as provided in subsection (9) or (10).

(13) The withholding requirements of this section do not apply if all of the following occur:

(a) Within 15 days after agreement on a final settlement between the insured and the insurer, the insured has filed with the insurer evidence of a contract to repair as described in subsection (6).

(b) The insured consents to the payment of money directly to the contractor performing the repair services. Money released under this subdivision may be forwarded only to a contractor performing the repair services on the insured property.

(c) On receipt of the contract to repair, the insurer gives notice to the city, village, or township in which the

property is located that there will not be a withholding under this section because of the repair contract.

(14) If the insured and the insurer have agreed on the demolition costs or the debris removal costs as part of the final settlement of the real property insured claim, the insurer shall withhold 1 of the following amounts, whichever is the largest, and shall pay that amount in accordance with this section:

(a) The agreed cost of demolition or debris removal.

(b) Until December 31, 2014, 25% of the actual cash value of the insured real property at the time of loss if this amount for residential property does not exceed \$6,000.00 adjusted annually beginning June 1, 1999 in accordance with the consumer price index.

(c) Beginning January 1, 2015, 25% of the actual cash value of the insured real property at the time of the loss if this amount for residential property does not exceed \$12,000.00 adjusted January 1 of each year in accordance with the consumer price index.

(d) Until December 31, 2014, 25% of the final settlement of the insured real property claim if this amount for residential property does not exceed \$6,000.00 adjusted annually beginning June 1, 1999 in accordance with the consumer price index.

(e) Beginning January 1, 2015, 25% of the final settlement of the insured real property claim if this amount for residential property does not exceed \$12,000.00 adjusted January 1 of each year in accordance with the consumer price index.

(15) This section applies only to final settlements that exceed 49% of the insurance on the insured real property.

(16) If an insurer withholds payment under a policy in good faith because of suspected arson, fraud, or other question concerning coverage, this section does not apply until the issue or question is resolved and final settlement is made.

(17) As used in this section:

(a) "Consumer price index" means that term as defined in section 2080.

(b) "Final settlement" means a determination of the amount due and owing to the insured for a loss to insured real property, but does not include contents damage, losses to personal property, or additional coverage not contained in the building coverage portion of the fire insurance policy, which determination is made by any of the following means:

(i) Acceptance of a proof of loss by the insurer.

(ii) Execution of a release by the insured.

(iii) Acceptance of an arbitration award by both the insured and the insurer.

(iv) Judgment of a court of competent jurisdiction.

(c) "Home insurance" means that term as defined in section 2103.

(d) "Residential property" means property on which home insurance can be issued.

**History:** Add. 1980, Act 495, Eff. Apr. 1, 1982;—Am. 1984, Act 386, Eff. Mar. 29, 1985;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990;—Am. 1998, Act 216, Eff. Jan. 1, 1999;—Am. 2014, Act 509, Imd. Eff. Jan. 14, 2015.

**Compiler's note:** Enacting section 1 of Act 216 of 1998 provides:

"Enacting section 1. This amendatory act takes effect January 1, 1999 and applies to any loss that occurs on and after January 1, 1999. Losses that occur before January 1, 1999 are governed by section 2845 of the insurance code of 1956, 1956 PA 218, MCL 500.2845, as in effect before the amendments to that section were made by this amendatory act."

**Popular name:** Act 218

**Administrative rules:** R 500.1261 et seq. of the Michigan Administrative Code.

## **500.2850 Repealed. 1962, Act 71, Eff. Mar. 28, 1963.**

**Compiler's note:** The repealed section prohibited limitation of liability for failure to insure property for certain amount.

**Popular name:** Act 218

## **500.2860 Contrary provision void.**

Sec. 2860. Any provision of a fire insurance policy, which is contrary to the provisions of this chapter, shall be absolutely void, and an insurer issuing a fire insurance policy containing any such provision shall be liable to the insured under the policy in the same manner and to the same extent as if the provision were not contained in the policy.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1962, Act 71, Eff. Mar. 28, 1963;—Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 218

## **500.2862 Repealed. 1978, Act 219, Eff. Dec. 5, 1978.**

**Compiler's note:** The repealed section pertained to termination of homeowner's policy.

**Popular name:** Act 218

**500.2866 Violation of chapter; forfeiture and disposition of fine; revocation of authority to transact business; reinstatement.**

Sec. 2866. (1) Any person that, either as principal or agent, wilfully issues or causes to be issued, any policy or contract of fire insurance on property situated within this state, contrary to the provisions of this chapter, shall forfeit the sum of \$1,500.00 for each policy or contract so issued. However, the maximum fine forfeited by a person under this subsection shall not exceed \$10,000.00 in a 2-year period. A fine collected under this subsection shall be turned over to the state treasurer and credited to the general fund of the state.

(2) Any person violating the provisions of this chapter, upon notice and satisfactory proof of the violation being made to the commissioner, may have its authority to transact business in this state revoked for a period of not less than 90 days; and any person whose license to do business in this state is so revoked by the commissioner, shall not again be permitted to do business in this state until all penalties due under this chapter are paid, together with any expenses that may be due under the provisions of this chapter, to the commissioner.

**History:** 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1984, Act 7, Imd. Eff. Feb. 1, 1984.

**Popular name:** Act 218