

**THE INSURANCE CODE OF 1956 (EXCERPT)**

**Act 218 of 1956**

**CHAPTER 32**

**CANCELLATION OF AUTOMOBILE LIABILITY POLICIES**

**500.3201 Repealed. 1978, Act 218, Eff. Dec. 5, 1978.**

**Compiler's note:** The repealed section pertained to termination of automobile insurance policies.

**Popular name:** Act 218

**500.3204 Refusal to renew policy as cancellation; requisites.**

Sec. 3204. (1) No insurer shall cancel a policy of automobile liability insurance issued after November 1, 1966, in pursuance of their certificate of authority by the department unless the cancellation is effected pursuant to the applicable provisions of this chapter.

(2) Refusal to renew any policy of automobile liability insurance shall not constitute a cancellation unless the insurer fails to mail, 20 days prior to the termination date of the policy, by first class mail, a notice to the insured that the policy will not be renewed.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

**500.3206 Policy of automobile insurance; definition.**

Sec. 3206. As used in this chapter, "policy of automobile insurance" means a policy insuring private passenger automobiles, including those used in a car pool, or that portion of a combination policy which insures private passenger automobiles.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

**500.3208 Inapplicability of chapter; termination of coverage at end of policy period.**

Sec. 3208. This chapter shall not be applicable with respect to termination of coverage at the end of any policy period or at any annual anniversary date of any policy which specifies no term, nor shall it be applicable with respect to any cancellation for failure of the named insured to discharge when due any of his obligations in connection with the payment of premiums for the policy, or any installment thereof, whether payable directly to the insurer or his agent indirectly under any premium finance plan.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

**500.3212 Inapplicability of chapter; nonpayment of premiums.**

Sec. 3212. The provisions of this chapter are not applicable to cancellations occasioned by nonpayment of premiums and no hearings on appeals or other statutory provisions within this chapter are to be binding on any policy of insurance coverage that lapses due to nonpayment of premium.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

**500.3220 Cancellation; reasons.**

Sec. 3220. Subject to the following provisions no insurer licensed to write automobile liability coverage, after a policy has been in effect 55 days or if the policy is a renewal, effective immediately, shall cancel a policy of automobile liability insurance except for any 1 or more of the following reasons:

(a) That during the 55 days following the date of original issue thereof the risk is unacceptable to the insurer.

(b) That the named insured or any other operator, either resident of the same household or who customarily operates an automobile insured under the policy has had his operator's license suspended during the policy period and the revocation or suspension has become final.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966;—Am. 1970, Act 161, Imd. Eff. Aug. 2, 1970.

**Popular name:** Act 218

**500.3224 Denial of coverage; notice of cancellation.**

Sec. 3224. (1) The cancellation of a policy of insurance within the 55-day period enumerated in subdivision (a) of section 3220 shall not be subject to appeal by the insured. Failure to disclose the cancellation by any insured upon any application for insurance shall not be grounds to deny coverage on the

basis of fraud by an insurer who may have accepted the risk thereafter.

(2) For the provisions of this chapter only, no cancellation shall be effective unless a written notice of cancellation is mailed by certified mail, return receipt requested, to the insured at the last address known to the insurer either through its records, the personal records of the agent who wrote the policy, or as supplied by the insured.

(3) The notice shall be mailed at least 20 days prior to the effective date of cancellation. For the purpose of this chapter only, delivery of such written notice by the insurer shall be the equivalent of mailing. The notice shall contain the reasons for the cancellation and shall state in bold type that the insured has the statutory right within 7 days from the date of mailing to appeal to the department. The commissioner shall approve the form of the cancellation notice.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3230 Validity of cancellation; request for hearing.**

Sec. 3230. Any insured who wishes to contest the grounds of cancellation, within 7 days after the date of postmark indicating mailing of the notice of cancellation, which date shall be impressed upon the notice, shall file a written request for hearing directed to the commissioner.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966;—Am. 2001, Act 141, Imd. Eff. Oct. 26, 2001.

**Popular name:** Act 218

#### **500.3234 Validity of cancellation; appeal, hearing by insurance commissioner, notice.**

Sec. 3234. Within 10 days after receiving the notice of appeal from the insured, the commissioner or his officially appointed designees shall hold a hearing to determine the validity of the cancellation. The notice of the hearing shall be mailed to the insured and the insurer at least 4 days prior to the date of the hearing. Each insurer licensed to do business in this state shall file with the commissioner, immediately upon the effective date of this chapter, a statement containing the name and address of the person authorized to receive such notice on behalf of the insurer.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3240 Validity of cancellation; conduct of hearing, determination.**

Sec. 3240. At the hearing both parties shall have an opportunity to be heard and to be represented by counsel of their own choosing if they desire. The commissioner or his duly designated representative shall make his determination in writing stating his disposition of the matter.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3244 Validity of cancellation; order for reinstatement or upholding cancellation; stay of cancellation; appeal.**

Sec. 3244. The commissioner or his designated representative shall either order the policy reinstated or he may uphold the cancellation. The commissioner may stay the cancellation of the policy pending his determination in writing stating his disposition of the matter. Any person who considers himself aggrieved by any final determination of the commissioner or his designated representative may appeal such decision to the circuit court under the terms and provisions of Act No. 197 of the Public Acts of 1952, as amended, being sections 24.101 to 24.110 of the Compiled Laws of 1948.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3250 Statements in cancellation notice; liability.**

Sec. 3250. There shall be no liability on the part of, and no cause of action of any nature shall arise against, any insurer or authorized representative, or its agents or employees, or the commissioner or his authorized representative for any statements made by them in any written notice of cancellation or at the time of the hearings conducted in connection therewith or in the findings required by the provisions of this chapter.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3254 Filing fee; return to insured; disposition of funds.**

Sec. 3254. If the insured prevails in his appeal, the filing fee paid by the insured shall be returned to him by

the insurer. All moneys collected under the provisions of this act shall be deposited to the credit of the general fund of the state.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3260 Insurance commissioner; regulatory powers.**

Sec. 3260. The commissioner may make rules and regulations necessary for administration of this chapter. The rules shall be promulgated in accordance with the provisions of Act No. 88 of the Public Acts of 1943, as amended, being sections 24.71 to 24.80 of the Compiled Laws of 1948, and subject to Act No. 197 of the Public Acts of 1952, as amended.

**History:** Add. 1966, Act 342, Eff. Nov. 1, 1966.

**Popular name:** Act 218

#### **500.3262 Private automobiles of peace officers, fire fighters, or ambulance drivers; cancellation of insurance; "ambulance driver" defined.**

Sec. 3262. An insurer shall not cancel or refuse to renew a policy of insurance of any peace officer, fire fighter, or ambulance driver on his or her private automobile due to accident rate statistics compiled by the peace officer, fire fighter, or ambulance driver while driving police vehicles, fire department vehicles, or ambulances in the pursuit of his or her duties as a peace officer, fire fighter, or ambulance driver. As used in this section "ambulance driver" means a person authorized to drive an ambulance pursuant to part 207 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.20701 to 333.20773 of the Michigan Compiled Laws.

**History:** Add. 1967, Act 202, Eff. Aug. 1, 1967;—Am. 1968, Act 95, Imd. Eff. June 4, 1968;—Am. 1986, Act 190, Eff. Aug. 1, 1986

**Popular name:** Act 218