

GRAIN DEALERS ACT (EXCERPT)

Act 141 of 1939

285.72 Destruction or damage of farm produce; certificate of insurance required; reimbursement to depositors; notice of cancellation or nonrenewal of insurance.

Sec. 12. (1) A licensee shall maintain on file with the department a current certificate of insurance evidencing an effective policy of insurance issued by an insurance company authorized to do business in this state. The policy shall insure in the name of the grain dealer all farm produce in the facilities of the grain dealer for the full market value of the farm produce against loss by fire, explosion, lightning, and windstorm. In addition to any other remedy available under this act, the department may deny, revoke, or suspend a license for a violation of this subsection.

(2) If fire, explosion, lightning, or windstorm destroys or damages any farm produce in a facility operated by a licensee, and the depositor of the farm produce demands reimbursement and provides the licensee with a warehouse receipt or other evidence of ownership of the farm produce, the licensee shall reimburse the depositor of the farm produce for the market price of the farm produce minus any charges or advances to the depositor. As used in this subsection, "market price" means the average price paid for farm produce of the same type, grade, and quality on the date of the loss at the location of the facility.

(3) A grain dealer shall reimburse all depositors whose farm produce is destroyed or damaged by fire, explosion, lightning, or windstorm, within 10 days after the licensee receives payment from an insurer under a policy described in subsection (1). In addition to any other remedy available under this act, the department may deny, revoke, or suspend a license for a violation of this subsection.

(4) If the department determines that a licensee's insurance is insufficient, even if the insurance was previously acceptable to the department, the department shall require that the licensee obtain additional insurance that conforms to the requirements of this act.

(5) An insurance company may not cancel or nonrenew insurance required by this act, including insurance provided by binder, unless it sends a notice of intent to cancel or nonrenew to the department by certified or registered mail more than 15 days before the cancellation or nonrenewal of the insurance is effective.

History: 1939, Act 141, Eff. Sept. 29, 1939;—CL 1948, 285.72;—Am. 1976, Act 259, Imd. Eff. Aug. 12, 1976;—Am. 2002, Act 80, Eff. Mar. 31, 2003.