

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

**500.1459 Noncompliance with chapter, regulation, or order; authority of commissioner; civil action for recovery of damages for benefit of insurer; other penalties; rights of third parties not affected or altered.**

Sec. 1459. (1) If the commissioner believes that the controlling producer or any other person has not materially complied with this chapter or any regulation or order promulgated under this act, the commissioner may, after notice and opportunity to be heard, do either or all of the following:

(a) Order the controlling producer to cease placing business with the controlled insurer.

(b) If it was found that because of such material noncompliance that the controlled insurer or any policyholder of the insurer has suffered any loss or damage, maintain a civil action or intervene in an action brought by or on behalf of the insurer or policyholder for recovery of compensatory damages for the benefit of the insurer or policyholder or other appropriate relief.

(2) If an order for liquidation or rehabilitation of the controlled insurer has been entered pursuant to chapter 81, and the receiver appointed under that order believes that the controlling producer or any other person has not materially complied with this chapter or any regulation or order promulgated under this act and the insurer suffered any loss or damage as a result, the receiver may maintain a civil action for recovery of damages or other appropriate sanctions for the benefit of the insurer.

(3) This section shall not affect the right of the commissioner to impose any other penalties provided for in this act.

(4) This section is not intended to or shall in any manner alter or affect the rights of policyholders, claimants, creditors, or other third parties.

**History:** Add. 1994, Act 227, Imd. Eff. June 27, 1994.

**Popular name:** Act 218