

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

500.3408 Time limit on certain defenses; incontestable policy.

Sec. 3408. (1) An insurer shall include in a disability insurance policy, other than a health insurance policy, a provision that consists of both of the following:

(a) One of the following, as applicable:

(i) **TIME LIMIT ON CERTAIN DEFENSES:** After 3 years from the date of issue of this policy, the insurer will not use a misstatement, except a fraudulent misstatement, made by the applicant in the application for the policy to void the policy or to deny a claim for loss incurred or disability, as defined in the policy, beginning after the expiration of the 3-year period. This policy provision does not affect a legal requirement for avoidance of a policy or denial of a claim during the initial 3-year period, and does not limit the application of sections 3432, 3434, 3436, 3438, and 3440 if a misstatement with respect to age or occupation or other insurance is made.

(ii) Instead of the provision required under subparagraph (i), for a policy that the insured has the right to continue in force subject to its terms by the timely payment of premium until at least age 50 or, for a policy issued after age 44, for at least 5 years after its date of issue, an insurer may include the following in the policy, under the caption "**INCONTESTABLE**":

After this policy has been in force for a period of 3 years during the lifetime of the insured (excluding any period during which the insured is disabled), it becomes incontestable as to the statements contained in the application.

(b) A claim for a loss incurred or disability, as defined in the policy, beginning after 3 years from the date of issue of this policy will not be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss existed before the effective date of coverage of this policy.

(2) For the purpose of permitting insurers to use a uniform policy in several states, the insurer may print in the policy form in the provisions required under subsection (1)(a) and (b) the term of "3 years". Notwithstanding any provision of the contract or law to the contrary, the time limits for the defenses described in this section and included in a disability insurance policy, not including a health insurance policy, that is delivered or issued for delivery in this state must not exceed 2 years.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 2016, Act 276, Imd. Eff. July 1, 2016.

Popular name: Act 218