

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

**500.3409 Disability insurance policy; mandatory notices as to cancellation and refund of premium.**

Sec. 3409. (1) Except as otherwise provided in this section, an insurer that delivers, issues for delivery, or renews in this state a disability insurance policy, other than a policy that provides group or blanket insurance, shall include the following notice, in substance printed or stamped on the front page and made a permanent part of the policy:

Cancellation during first 10 days: During a period of 10 days after the date the policyholder receives this policy, the policyholder may cancel the policy and receive from the insurer a prompt refund of any premium paid for the policy, including a policy fee or other charge, by mailing or otherwise surrendering the policy to the insurer together with a written request for cancellation. If a policyholder or purchaser pursuant to this notice returns the policy or contract to the company or association at its home or branch office or to the agent through whom it was purchased, it is void from the beginning and the parties are in the same position as if no policy or contract had been issued.

Cancellation after 10 days: A policyholder may cancel this policy after the first 10 days after receipt of the policy by giving written notice to the insurer effective upon receipt or on a later date as may be specified in the notice. If this policy is canceled under this paragraph, the insurer will promptly refund to the policyholder the excess of paid premium above the pro rata premium for the expired time. Cancellation under this paragraph is without prejudice to any claim originating before the effective date of cancellation.

(2) An insurer that sells a disability insurance policy through solicitation to a person who is eligible for Medicare shall include the following notice, in substance printed or stamped on the front page and made a permanent part of the policy:

Cancellation during the first 30 days: During a period of 30 days after the date the policyholder receives this policy, the policyholder may cancel the policy and receive from the insurer a prompt refund of any premium paid for the policy, including a policy fee or other charge, by mailing or otherwise surrendering the policy to the insurer together with a written request for cancellation. If a policyholder or purchaser pursuant to this notice returns the policy or contract to the company or association at its home or branch office or to the agent through whom it was purchased, it is void from the beginning and the parties are in the same position as if no policy or contract had been issued.

Cancellation after 30 days: A policyholder may cancel this policy after the first 30 days after receipt of the policy by giving written notice to the insurer effective upon receipt or on a later date as may be specified in the notice. If this policy is canceled under this paragraph, the insurer will promptly refund to the policyholder the excess of paid premium above the pro rata premium for the expired time. Cancellation under this paragraph is without prejudice to any claim originating before the effective date of cancellation.

(3) If a policyholder cancels a disability insurance policy during the first 30 days after receipt of the policy, the policyholder is responsible for claims paid by the insurer that were incurred before the effective date of cancellation.

**History:** Add. 1978, Act 144, Eff. Aug. 10, 1978;—Am. 1980, Act 329, Imd. Eff. Dec. 19, 1980;—Am. 1990, Act 170, Imd. Eff. July 2, 1990;—Am. 2016, Act 276, Imd. Eff. July 1, 2016.

**Popular name:** Act 218