

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2015-14-INS

In the matter of

Automobile Policy Cancellations for
Fraudulent Claims

**Issued and entered
this 19th day of June 2015
by Patrick M. McPharlin, Director**

It has come to the Director's attention that certain automobile insurance policy forms contain provisions that impermissibly allow the insurer to rescind or terminate policies without notice when the insurance company denies a claim because the insured person has committed fraud in the making of the claim.

Insurers should be aware that automobile policies may be terminated only in accordance with the applicable notice provisions in the Insurance Code of 1956, MCL 500.100 *et seq.* (Code), when the alleged fraud has occurred in connection with a claim (as opposed to fraud that occurs in the application for a policy). Specifically, Sections 2123 and 3224 of the Code require an insurance company to provide a policyholder with 30 days' notice for individual policies and 20 days' notice for group policies if an insurer terminates a policy because the policyholder has committed fraud in connection with a claim.

Insurance policy form provisions that provide for termination or rescission without notice in the event of fraud in connection with a claim are not enforceable. The Department of Insurance and Financial Services will review new and revised forms for these types of impermissible provisions. Insurers are encouraged to review their policy forms, make necessary modifications, and file them with DIFS if the reviewed forms are found to contain impermissible provisions.

Any questions regarding this bulletin should be directed to:

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