

SENATE BILL No. 156

January 29, 2009, Introduced by Senators ANDERSON, GLEASON, OLSHOVE, SWITALSKI, BRATER, CLARK-COLEMAN, HUNTER and BASHAM and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding sections 2203, 3149, 3400a,
3501a, 3600a, 4003, and 4403.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 2203. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS**
2 **UNDER A PROPERTY AND CASUALTY INSURANCE POLICY HAS A DUTY TO DEAL**
3 **FAIRLY AND IN GOOD FAITH WITH AN INSURED CLAIMING THE BENEFITS. AN**
4 **INSURER THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS**
5 **LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES**
6 **PROXIMATELY CAUSED BY THE BREACH.**

7 **SEC. 3149. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS**
8 **UNDER AN AUTOMOBILE INSURANCE POLICY HAS A DUTY TO DEAL FAIRLY AND**
9 **IN GOOD FAITH WITH AN INSURED CLAIMING THE BENEFITS. AN INSURER**

1 THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS LIABLE
2 FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES PROXIMATELY
3 CAUSED BY THE BREACH.

4 SEC. 3400A. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS
5 UNDER A POLICY OF DISABILITY INSURANCE HAS A DUTY TO DEAL FAIRLY
6 AND IN GOOD FAITH WITH AN INSURED CLAIMING THE BENEFITS. AN INSURER
7 THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS LIABLE
8 FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES PROXIMATELY
9 CAUSED BY THE BREACH.

10 SEC. 3501A. A HEALTH MAINTENANCE ORGANIZATION HAS A DUTY TO
11 DEAL FAIRLY AND IN GOOD FAITH WITH AN ENROLLEE CLAIMING BENEFITS
12 UNDER A HEALTH MAINTENANCE ORGANIZATION CONTRACT. A HEALTH
13 MAINTENANCE ORGANIZATION THAT BREACHES THIS DUTY TO DEAL FAIRLY AND
14 IN GOOD FAITH IS LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND
15 EXEMPLARY DAMAGES PROXIMATELY CAUSED BY THE BREACH.

16 SEC. 3600A. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS
17 UNDER A GROUP DISABILITY INSURANCE POLICY HAS A DUTY TO DEAL FAIRLY
18 AND IN GOOD FAITH WITH AN INSURED CLAIMING THE BENEFITS. AN INSURER
19 THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS LIABLE
20 FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES PROXIMATELY
21 CAUSED BY THE BREACH.

22 SEC. 4003. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS
23 UNDER A LIFE INSURANCE POLICY HAS A DUTY TO DEAL FAIRLY AND IN GOOD
24 FAITH WITH ANY PERSON CLAIMING THE BENEFITS. AN INSURER THAT
25 BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS LIABLE FOR
26 COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES PROXIMATELY
27 CAUSED BY THE BREACH.

1 SEC. 4403. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS
2 UNDER A GROUP LIFE INSURANCE POLICY HAS A DUTY TO DEAL FAIRLY AND
3 IN GOOD FAITH WITH ANY PERSON CLAIMING THE BENEFITS. AN INSURER
4 THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH IS LIABLE
5 FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES PROXIMATELY
6 CAUSED BY THE BREACH.