

# SENATE BILL NO. 544

September 17, 2025, Introduced by Senators KLINEFELT, CAVANAGH, BAYER, CHANG, POLEHANKI, MOSS, SHINK, IRWIN and MCMORROW and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 2026 (MCL 500.2026).

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 2026. (1) Unfair methods of competition and unfair or  
2       deceptive acts or practices in the business of insurance, other  
3       than isolated incidents, are a course of conduct indicating a  
4       persistent tendency to engage in that type of conduct and include:  
5       (a) Misrepresenting pertinent facts or insurance policy  
6       provisions relating to coverages at issue.  
7       (b) Failing to acknowledge promptly or to act reasonably and

1 promptly upon communications with respect to claims arising under  
2 insurance policies.

3 (c) Failing to adopt and implement reasonable standards for  
4 the prompt investigation of claims arising under insurance  
5 policies.

6 (d) Refusing to pay claims without conducting a reasonable  
7 investigation based ~~upon~~**on** the available information.

8 (e) Failing to affirm or deny coverage of claims within a  
9 reasonable time after proof of loss statements have been completed.

10 (f) Failing to attempt in good faith to effectuate prompt,  
11 fair, and equitable settlements of claims in which liability has  
12 become reasonably clear.

13 (g) Compelling insureds to institute litigation to recover  
14 amounts due under an insurance policy by offering substantially  
15 less than the amounts due the insureds.

16 (h) Attempting to settle a claim for less than the amount to  
17 which a reasonable person would believe the claimant was entitled,  
18 by reference to written or printed advertising material  
19 accompanying or made part of an application.

20 (i) Attempting to settle claims ~~on the basis of~~**based on** an  
21 application ~~which~~**that** was altered without notice to, or knowledge  
22 or consent of, the insured.

23 (j) Making a claims payment to a policyholder or beneficiary  
24 omitting the coverage under which each payment is being made.

25 (k) Making known to insureds or claimants a policy of  
26 appealing from arbitration awards in favor of insureds or claimants  
27 for the purpose of compelling them to accept settlements or  
28 compromises less than the amount awarded in arbitration.

29 (l) Delaying the investigation or payment of claims by

1 requiring an insured, claimant, or the physician of either to  
2 submit a preliminary claim report and then requiring subsequent  
3 submission of formal proof of loss forms, seeking solely the  
4 duplication of a verification.

5 (m) Failing to promptly settle claims where liability has  
6 become reasonably clear under 1 portion of the insurance policy  
7 coverage in order to influence settlements under other portions of  
8 the insurance policy.

9 (n) Failing to promptly provide a reasonable explanation of  
10 the basis in the insurance policy in relation to the facts or  
11 applicable law for denial of a claim or for the offer of a  
12 compromise settlement.

13 (o) **Failing to complete underwriting before issuing a policy**  
14 **or certificate or re-underwriting an insurance policy because a**  
15 **claim on that policy is filed.**

16 (p) **Denying claims due to material facts discovered by the**  
17 **insurer during the claims investigation process that the insurer**  
18 **would have discovered during the underwriting process using**  
19 **reasonable diligence.**

20 (2) The failure of a person to maintain a complete record of  
21 all the complaints of its insureds ~~which~~**that** it has received since  
22 the date of the last examination is an unfair method of competition  
23 and unfair or deceptive act or practice in the business of  
24 insurance. This record ~~shall~~**must** indicate the total number of  
25 complaints, their classification by line of insurance, the nature  
26 of each complaint, the disposition ~~thereof~~**, of each complaint**, and  
27 the time it took to process each complaint. For purposes of this  
28 subsection, "complaint" means a written communication primarily  
29 expressing an allegation of acts ~~which~~**that** would constitute

1 violation of this chapter. If a complaint relating to an insurer is  
2 received by an agent of the insurer, the agent shall promptly  
3 forward the complaint to the insurer unless the agent resolves the  
4 complaint to the satisfaction of the insured within a reasonable  
5 time. An insurer ~~shall not be deemed~~ **is not considered** to have  
6 engaged in an unfair method of competition or an unfair or  
7 deceptive act or practice in the business of insurance in violation  
8 of this chapter because of the failure of an agent who is not also  
9 an employee to forward a written complaint as required ~~by~~ **under**  
10 this subsection.