

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

**500.1950 Placement of insurance with insurer which is neither an authorized insurer nor an eligible unauthorized insurer; duties of licensee.**

Sec. 1950.

Notwithstanding section 1920(1), a resident of this state may obtain insurance from an unauthorized insurer in this state through a licensee under this chapter. Unless the resident insists that the insurance be placed with an unauthorized insurer which is not recognized by the commissioner as eligible, the licensee shall first attempt to place the insurance with authorized insurers or, if that is not possible, with eligible unauthorized insurers before placing the insurance with an unauthorized insurer not recognized as eligible, and shall certify to the commissioner on a form prescribed by the commissioner that these attempts were made. If the insurance is placed with an insurer which is neither an authorized insurer nor an eligible unauthorized insurer, upon obtaining coverage, the licensee shall do all of the following:

(a) Mail or deliver to the resident the following notice: "This insurance has been placed with an insurer not licensed by the state of Michigan nor recognized by the insurance commissioner as an eligible unauthorized insurer. In case of any dispute relative to the terms or conditions of the policy or the practices of the insurer, the insurance commissioner may not be able to assist in the dispute. In case of insolvency, payment of claims is not guaranteed." A copy of the notice shall be filed with the commissioner.

(b) Collect from the resident insured appropriate premium taxes and report the transaction to the commissioner on a form prescribed by the commissioner. If the resident insured fails to pay the taxes when due, the insured shall be subject to a civil fine of not more than \$1,000.00, plus accrued interest from the inception of the insurance.

**History:** Add. 1980, Act 341, Eff. June 23, 1981

**Popular Name:** Act 218