

DEPARTMENT OF LABOR AND ECONOMIC GROWTH

OFFICE OF FINANCIAL AND INSURANCE SERVICES

INSURANCE POLICY FORMS - SHORTENED LIMITATION OF ACTION CLAUSES

(By authority conferred on the commissioner of the Office of Financial and Insurance Services by section 210 of the insurance code of 1956, 1956 PA 218, 1969 PA 306, E.R.O. No 2000-2, and E.R.O. No 2003-1; MCL 500.210, MCL 24.231 to MCL 24.233, MCL 445.2003, and MCL 445.2011)

R 500.2211 Definitions.

Rule 1. As used in these rules:

(a) "Commissioner" means the commissioner of the office of financial and insurance services.

(b) "Form" means a form identified in section 2236(1) of the insurance code of 1956, 1956 PA 218, MCL 500.2236(1).

(c) "Personal insurance" means all insurance policies underwritten and sold on an individual or group basis for personal, family, or household use.

(d) "Shortened limitation of action clause" is a provision in a form that shortens the period of time otherwise provided by statute within which a claimant may bring an action in law or equity against an insurer for claims arising under a personal insurance policy. It includes any clause, condition, or provision that reduces the period of time established by the insurance code of 1956, 1956 PA 218, MCL 500.100 to MCL 500.8302, by the revised judicature act of 1961, 1961 PA 236, MCL 600.101 to MCL 600.9947; or by any other applicable statute.

(e) Terms defined in the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, have the same meanings when used in these rules.

History: 2007 AACs.

R 500.2212 Shortened limitation of action clauses prohibited.

Rule 2. (1) A shortened limitation of action clause unreasonably reduces the risk purported to be assumed in the general coverage of the policy within the meaning of MCL 500.2236(5).

(2) On and after the first day of the first month following the effective date of these rules, an insurer shall not issue, advertise, or deliver to any person in this state a policy, contract, rider, indorsement, certificate, or similar contract document that contains a shortened limitation of action clause. This does not apply to a contract document in use before that date, but does apply to any such document revised in any respect on or after that date.

(3) On and after the first day of the first month following the effective date of these rules, a shortened limitation of action clause issued or delivered to any person in this state in a policy, contract, rider, indorsement, certificate, or similar contract document is void and of no effect. This does not apply to contract documents in use before that date, but does apply to any such document revised in any respect on or after that date.

(4) Nothing in this rule limits the commissioner's authority under section 2236 of the act to disapprove or withdraw approval of any form that contains a shortened limitation of action clause.

(5) By the first day of the second month following the effective date of these rules, each insurer transacting insurance in this state shall submit to the commissioner a list of all forms in effect in Michigan that contain shortened limitation of action clauses and shall submit a certification that the list is complete and accurate. If an insurer has no such forms in effect, it shall submit a letter to the commissioner reporting and certifying that fact.

History: 2007 AACCS.