

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

**Bulletin 2021-27-INS**

**In the matter of:**

**Zero-Dollar Claims**  
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**Issued and entered  
this 15th day of June 2021  
by Anita G. Fox  
Director**

It has come to the Department's attention that some property and casualty insurers are improperly relying on "zero-dollar claim" on their insureds' loss history. Specifically, it appears that some insurers are increasing premiums, negatively underwriting, or refusing to renew coverage on the basis that an insured inquired about policy provisions such as a collision deductible; asked for an inspection of potential damage but ultimately did not file a claim; or, an insured filed a claim, but withdrew it prior to the insurer paying the claim.

A zero-dollar claim is not a "loss" because it does not result in reimbursement under the terms and conditions of the insurance policy. To the extent an insurer is using a zero-dollar claim as a proxy for loss history, this practice is not permitted under the Insurance Code. For personal lines of business, Chapter 21 of the Insurance Code, MCL 500.2101 *et seq.*, limits the factors on which an insurer's underwriting rules or rates may be based. For commercial lines of business, Chapters 24, 26, 27, 29, and 33 of the Code apply. In all instances, insurers may not rely on a zero-dollar claim as evidence of "loss" or include a zero-dollar claim on the insured's loss history or claims information report.

This bulletin informs insurers that the Department will not approve underwriting rules or rates that purport to directly or indirectly increase premiums or limit coverage (including non-renewals) on the basis of a zero-dollar claim. Insurers that have existing underwriting rules or rates to the contrary are strongly encouraged to self-report to the Department and, in any event, must file a rule or rate revision that eliminates these provisions at the earliest possible opportunity, but no later than July 30, 2021. Insurers that are found to have relied on zero-dollar claims for rate, premium, or underwriting purposes will be subject to appropriate administrative action.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services  
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/s/

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Anita G. Fox  
Director