

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

Before the Director of Insurance and Financial Services

In the matter of:

Order No. 2020-14-M

Exceptions to Adverse Actions
_____ /

**Issued and entered
this 22nd day of July 2020
by Anita G. Fox
Director**

ORDER REQUIRING EXCEPTIONS TO ADVERSE ACTIONS

On March 10, 2020, Governor Gretchen Whitmer issued Executive Order 2020-4, which declared a state of emergency across the State of Michigan due to the COVID-19 pandemic. More recently, on July 14, 2020, the Governor issued Executive Order 2020-151, again finding that the COVID-19 pandemic continues to constitute a disaster and emergency under the Emergency Powers of the Governor Act, and to the extent permissible, under the Emergency Management Act of 1976. Further, on May 19, May 22, and May 26, 2020, Governor Whitmer issued Executive Orders 2020-94, 2020-98, and 2020-105, respectively, declaring states of emergency in the city of Midland and the counties of Midland, Arenac, Gladwin, Saginaw, and Iosco due to severe flooding.

The COVID-19 pandemic and the flood disasters have resulted in significant financial impacts to Michigan residents. MCL 500.2154(1) requires insurers to provide reasonable exceptions to the application of certain information to a person's rates, rating classifications, or company or tier placement for an applicant or insured who has experienced and whose information has been directly influenced by a number of factors, many of which may be relevant in light of the current emergency:

- Catastrophic event, as declared by the federal or state government.
- Serious illness or injury, or serious illness or injury to an immediate family member.

- Death of a spouse, child, or parent.
- Divorce or involuntary interruption of legally owed alimony or support payments.
- Identity theft.
- Temporary loss of employment for a period of 3 months or more, if it results from involuntary termination.
- Military deployment overseas.
- Predatory lending resulting in the foreclosure of, or commencement of proceedings or an action to foreclose, a mortgage of real property owned by the insured or insurance applicant.
- Other events, as determined by the insurer.

This order applies to all insurers authorized to write property and casualty insurance in Michigan who write policies of personal insurance, as that term is defined in MCL 500.2151(g), including all classes of auto and homeowners insurance. This order, as set forth below, requires those insurers to take certain actions in response to insureds' requests for exceptions under MCL 500.2154(1); and to provide exceptions based on events related to the pandemic and flooding.

THEREFORE, IT IS ORDERED that an insurer must do the following in response to an insured's request for an exception under MCL 500.2154(1):

- Grant an exception, even if the insured or insurance applicant did not provide an initial request for an exception in writing.
- Grant an exception where the insured or insurance applicant asks for consideration of repeated events.
- Grant an exception, even if the insurer has considered an event previously.

FURTHER, IT IS ORDERED that, in addition to the events listed in MCL 500.2154(1), insurers must provide exceptions based on the following events related to the emergency declarations related to the pandemic and flooding:

- Any loss of employment;
- Late payments made to mortgage lenders, landlords or tenants, lenders or credit card companies;
- Late utility payments;
- Collection activity related to late payments; and
- Medical collection activity related specifically to health care related to the pandemic.

LASTLY, IT IS ORDERED that insurers must notify insureds in writing no later than August 28, 2020, of policyholders' rights to request an exception under MCL 500.2154(1) and explain the types of reasonable exceptions available under MCL 500.2154(1) and this Order. Notices shall be filed in SERFF under filing type "Exceptions to Adverse Actions—Policyholder Notice" no later than August 14, 2020.

This order applies to events occurring on or after March 10, 2020 and remains in effect for 180 days after the expiration of the most recent emergency declaration issued by Governor Whitmer.

Any violation of this order will result in appropriate administrative action.

/s/

Anita G. Fox
Director