

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

Bulletin 2019-12-INS

In the matter of:

Negative Options and Coverage Roll-Ons

**Issued and entered
this 31st day of July 2019
by Anita G. Fox
Director**

This bulletin supersedes Bulletin AD 72-02, issued June 30, 1972, which is hereby rescinded.

“Negative options” or “roll-ons” in the sale, issuance, or renewal of insurance include adding or changing any coverage, including optional coverage, for which premium is charged to the insured and which becomes effective unless the insured rejects the coverage. When an insurer uses a negative option or roll-on, it can be confusing to a consumer, even when the insurer uniformly applies the changes to all of its policies. In instances where an insurer fails to notify a consumer of an added or changed coverage, this practice may constitute a violation of the Uniform Trade Practices Act, MCL 500.2001 *et seq.*

Insurers can avoid violations of the UTPA by providing written notice to policyholders each time there is a change to the base policy and/or an endorsement, or when new endorsements are introduced. The notice must clearly explain all changes to coverage as well as the premium impact to the policyholder. If optional coverage and/or endorsements are added, the notice must include information on how the policyholder may opt out of the coverage, and must provide adequate time for the policyholder to do so.

Any questions regarding this bulletin should be directed to:

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P.O. Box 30220
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Toll Free: (877) 999-6442

/s/

Anita G. Fox
Director