

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

500.2213e Rescission of health insurance policy; conditions; "rescind coverage" defined; application.

Sec. 2213e.

(1) An insurer that delivers, issues for delivery, or renews in this state a health insurance policy with respect to an individual, including a group to which the individual belongs or family coverage in which the individual is included, shall not rescind coverage under the policy unless both of the following apply:

(a) Either of the following applies:

(i) The individual or a person seeking coverage on behalf of the individual performs an act, practice, or omission that constitutes fraud. For purposes of this subparagraph, a person seeking coverage on behalf of an individual does not include an employee or authorized representative of the insurer or a producer.

(ii) The individual makes an intentional misrepresentation of material fact.

(b) The insurer provides written notice to the individual at least 30 days before the rescission.

(2) As used in this section, "rescind coverage" means a cancellation or discontinuance of coverage that has retroactive effect. A cancellation or discontinuance of coverage is not a rescission if any of the following apply:

(i) The cancellation or discontinuance of coverage has only a prospective effect.

(ii) The cancellation or discontinuance of coverage is effective retroactively, to the extent it is attributable to a failure to timely pay required premiums or contributions, including COBRA premiums, toward the cost of coverage. As used in this subparagraph, "COBRA" means the consolidated omnibus budget reconciliation act of 1985, Public Law 99-272.

(iii) The cancellation or discontinuance of coverage is initiated by the individual or by the individual's authorized representative and the sponsor, employer, plan, or issuer does not, directly or indirectly, take action to influence the individual's decision to cancel or discontinue coverage retroactively or otherwise take any adverse action or retaliate against, interfere with, coerce, intimidate, or threaten the individual.

(iv) The cancellation or discontinuance of coverage is initiated by an exchange established under the patient protection and affordable care act, Public Law 111-148, as amended by the health care and education reconciliation act of 2010, Public Law 111-152, and any regulations promulgated under those acts.

(3) This section applies to a health insurance policy delivered, issued for delivery, or renewed in this state before, on, or after the date of the effective date of the amendatory act that added this section.

History: Add. 2023, Act 162, Eff. Feb. 13, 2024

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