

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

500.537 Applicability of MCL 500.507(1)(c), 500.519, 500.529, and 500.535; “necessary to effect, administer, or enforce a transaction” defined.

Sec. 537.

(1) Sections 507(1)(c), 519, 529, and 535 do not apply if the licensee discloses nonpublic personal financial information as necessary to effect, administer, or enforce a transaction that a consumer requests or authorizes, or in connection with any of the following:

- (a) Servicing, adjusting, or processing an insurance product or service that a consumer requests or authorizes.
- (b) Maintaining or servicing the consumer's account with a licensee, or with another entity as part of a private label credit card program or other extension of credit on behalf of that entity.
- (c) A proposed or actual securitization, secondary market sale including sales of servicing rights, or similar transaction related to a transaction of the consumer.
- (d) Reinsurance or stop loss or excess loss insurance.
- (e) Servicing or processing an insurance product or service on behalf of the Michigan automobile insurance placement facility, the Michigan worker's compensation placement facility, or the assigned claims facility created under section 3171.

(2) As used in subsection (1), "necessary to effect, administer, or enforce a transaction" means that the disclosure is either of the following:

- (a) Required or is 1 of the lawful or appropriate methods to enforce the licensee's rights or the rights of other persons engaged in carrying out the financial transaction or providing the product or service.
- (b) Required or is a usual, appropriate, or acceptable method for any of the following:
 - (i) To carry out the transaction or the product or service business of which the transaction is a part, and record, service, or maintain the consumer's account in the ordinary course of providing the insurance product or service.
 - (ii) To administer, adjust, or service benefits or claims relating to the transaction or the product or service business of which it is a part.
 - (iii) To provide a confirmation, explanation, statement, or other record of the transaction, or information on the status or value of the insurance product or service to the consumer, the consumer's agent or broker, or a policyholder or the policyholder's agent or broker with respect to a claim asserted by, or paid to, a consumer under the policy.
 - (iv) To accrue or recognize incentives or bonuses associated with the transaction that are provided by a licensee or any other party.
 - (v) To underwrite insurance at the consumer's request or for any of the following purposes as they relate to a consumer's insurance or to an insurance policy under which the consumer is a claimant: account administration, reporting, investigating, or preventing fraud or material misrepresentation, processing premium payments, processing, adjusting, settling, or paying insurance claims, administering insurance benefits including utilization review activities, participating in research projects, or as otherwise required or specifically permitted by federal or state law.
 - (vi) In connection with any of the following:
 - (A) The authorization, settlement, billing, processing, clearing, transferring, reconciling, or collection of amounts charged, debited, or otherwise paid using a debit, credit, or other payment card, check, or account number, or by other payment means.
 - (B) The transfer or collection of debts, receivables, accounts, or interests in receivables or accounts.
 - (C) The audit of debit, credit, or other payment information.

History: Add. 2001, Act 24, Imd. Eff. June 18, 2001

Popular Name: Act 218