
Addendum: for use with Michigan Life and Health online ExamFX courses and study guides version 25690en/25691en, per exam content outline updates effective 10/18/2021.

*The following are **content additions** to supplement your existing text unless otherwise indicated:*

Life Insurance Basics

F. Producer Responsibilities – Field Underwriting

Notice of Information Practices – *new section*

Insurers and producers must provide a **notice of information practices** to applicants and policyholders in connection with insurance transactions. The notice is usually required at the time an insurer or producer first collects personal information from a source other than the applicant or public records, or at policy delivery if the information is collected from the applicant or from public records. In the case of a policy renewal, the notice must be provided at the policy renewal date or annually.

Insurance Regulation

D. Unfair Trade Practices and Other Regulations

5. Illegal Inducement – *additions to the existing text*

Any person — an insurer, agent, or other person — who violates the Insurance Code statutes on rebating and illegal inducement is guilty of a **misdemeanor**.

If an insurer or an agent has made any **misrepresentation or incomplete comparison** of policies for the purpose of inducing someone to purchase or replace an insurance policy, upon conviction, the offender will be sentenced to pay a fine of up to **\$2,000** per violation, or in the discretion of the court, to imprisonment in the county jail.

If a person has violated other statutes pertaining to rebates and illegal inducement, the person will be sentenced to pay a fine of up to \$100 per violation, or in the discretion of the court, to imprisonment in the county jail. In addition, the person's license or certificate of authority will be revoked and cannot be reissued for 1 year from the date of revocation.

6. Defamation – *additions to the existing text*

Civil actions may be brought for libel or slander as acts of defamation. Libel is any written or printed untrue statement that injures a person's or company's reputation. Slander is any verbal untrue statement that injures a person's or company's reputation. An action for libel or slander may not be brought based upon a communication involving public officials unless the claim is sustained by clear proof that the defamatory falsehood was published with knowledge that it was false or with reckless disregard of whether or not it was false.

10. Consumer Privacy Regulation –additions to the existing text:

In addition, a licensee is not required to provide the notice and opt out requirements for nonpublic personal financial information if the licensee is an employee, agent, or other representative of a principal and all of the following conditions are met:

- The principal is another licensee;
- The principal otherwise complies with and provides the required notices; and
- The licensee does not disclose any nonpublic personal information to any person other than the principal or its affiliates.

Consumer means an individual, or the individual's legal representative, who seeks to obtain, obtains, or has obtained an insurance product or service from a licensee that is to be used primarily for personal, family, or household purposes. **Customer** means a consumer who has a customer relationship with a licensee.

Nonpublic personal financial information means personally identifiable financial information and any list, description, or other grouping of consumers and publicly available information pertaining to them that is derived using any personally identifiable financial information that is not publicly available. Nonpublic personal financial information does not include any of the following:

- Health and medical information otherwise protected by state or federal law;
- Publicly available information; or
- Any list, description, or other grouping of consumers and publicly available information pertaining to them that is derived without using any personally identifiable financial information that is not publicly available.

Personally identifiable financial information means any of the following information:

- Provided by a consumer to a licensee to obtain an insurance product;
- About a consumer resulting from any transaction involving an insurance product;
- Obtained by the licensee about a consumer in connection with providing an insurance product or service to that consumer.

The Michigan Administrative Code outlines the rules that establish the **standards for safeguarding customer financial information**. Each licensee is required to implement a **comprehensive written information security program** that includes administrative, technical, and physical safeguards for protecting the security, confidentiality, and integrity of customer information. The safeguards included in the program must be appropriate to the size and complexity of the licensee and the nature and scope of its activities.

A licensee information security program must be designed to do the following:

- Ensure the security and confidentiality of customer information;
- Protect against any anticipated threats or hazards to the security or integrity of the information; and
- Protect against unauthorized access to or use of the information that could result in substantial harm or inconvenience to any customer.

Any violation of this regulation is an unfair method of competition or an unfair or deceptive act and practice in the conduct of the business of insurance in this state.