THIRD PARTY ADMINISTRATOR ACT (EXCERPT)
Act 218 of 1984

550.940 Prohibited conduct generally.

Sec. 40. A TPA or manager, in processing claims, shall not do any of the following:
(a) Misrepresent pertinent facts relating to coverage.
(b) Fail to make a good faith effort to acknowledge promptly or to act reasonably and promptly upon communications with respect to a claim for benefits.
(c) Fail to adopt and implement reasonable standards for the prompt investigation of a claim for benefits.
(d) Refuse to process claims without conducting a reasonable investigation based upon the available information.
(e) Fail to communicate affirmation or denial of coverage of a claim for benefits within a reasonable time after a claim has been received.
(f) Fail to make a good faith effort to promptly, fairly, and equitably process a claim for benefits.
(g) Fail to promptly provide a reasonable explanation of the basis for denial or partial denial of a claim for benefits.
(h) Refuse to process claims because of race, color, creed, marital status, sex, national origin, residence, age, disability, or lawful occupation.
(i) Knowingly compel individuals covered by the plan to institute litigation to recover amounts due under a benefit plan by offering substantially less than the amounts due unless the amounts due are reasonably in dispute.
(j) For the purpose of coercing an individual covered by the plan to accept a settlement or compromise of a claim, inform the individual of a policy of the TPA of appealing judicial, arbitration, or administrative hearing decisions which are in favor of individuals covered by the plan.
(k) Delay the investigation or processing of a claim by requiring an individual covered by the plan, or the provider of services to the individual covered by the plan, to submit a preliminary claim and then requiring subsequent submission of a formal claim, seeking solely the duplication of a verification. This subdivision does not apply to the predetermination or precertification of benefits.