

SENATE BILL No. 1293

September 19, 2012, Introduced by Senators HUNE and SMITH and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 2213b, 3705, 3712, 5008, 5104, 5209, 5800, and 5824 (MCL 500.2213b, 500.3705, 500.3712, 500.5008, 500.5104, 500.5209, 500.5800, and 500.5824), section 2213b as amended by 1998 PA 457, sections 3705 and 3712 as added by 2003 PA 88, section 5008 as amended by 1994 PA 226, section 5104 as amended by 1999 PA 211, and section 5800 as amended by 2000 PA 8, and by adding sections 5801 and 5805.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2213b. (1) Except as **OTHERWISE** provided in this section,
2 an insurer that delivers, issues for delivery, or renews in this
3 state an expense-incurred hospital, medical, or surgical individual
4 policy under chapter 34 shall renew or continue in force the policy

1 at the option of the individual.

2 (2) Except as **OTHERWISE** provided in this section, an insurer
3 that delivers, issues for delivery, or renews in this state an
4 expense-incurred hospital, medical, or surgical group policy or
5 certificate under chapter 36 shall renew or continue in force the
6 policy or certificate at the option of the sponsor of the plan.

7 (3) Guaranteed renewal is not required in cases of fraud,
8 intentional misrepresentation of material fact, lack of payment, if
9 the insurer no longer offers that particular type of coverage in
10 the market, or if the individual or group moves outside the service
11 area.

12 (4) **AN INSURER OR HEALTH MAINTENANCE ORGANIZATION THAT OFFERS**
13 **AN EXPENSE-INCURRED HOSPITAL, MEDICAL, OR SURGICAL POLICY UNDER**
14 **CHAPTER 34 OR 36 SHALL NOT DISCONTINUE OFFERING A PARTICULAR PLAN**
15 **OR PRODUCT IN THE NONGROUP OR GROUP MARKET UNLESS THE INSURER OR**
16 **HEALTH MAINTENANCE ORGANIZATION DOES ALL OF THE FOLLOWING:**

17 (A) **PROVIDES NOTICE TO THE COMMISSIONER AND TO EACH COVERED**
18 **INDIVIDUAL PROVIDED COVERAGE UNDER THE PLAN OR PRODUCT OF THE**
19 **DISCONTINUATION AT LEAST 90 DAYS BEFORE THE DATE OF THE**
20 **DISCONTINUATION.**

21 (B) **OFFERS TO EACH COVERED INDIVIDUAL PROVIDED COVERAGE UNDER**
22 **THE PLAN OR PRODUCT THE OPTION TO PURCHASE ANY OTHER PLAN OR**
23 **PRODUCT CURRENTLY BEING OFFERED IN THE NONGROUP MARKET BY THAT**
24 **INSURER OR HEALTH MAINTENANCE ORGANIZATION WITHOUT EXCLUDING OR**
25 **LIMITING COVERAGE FOR A PREEXISTING CONDITION OR PROVIDING A**
26 **WAITING PERIOD.**

27 (C) **ACTS UNIFORMLY WITHOUT REGARD TO ANY HEALTH STATUS FACTOR**

1 OF ENROLLED INDIVIDUALS OR INDIVIDUALS WHO MAY BECOME ELIGIBLE FOR
2 COVERAGE IN MAKING THE DETERMINATION TO DISCONTINUE COVERAGE AND IN
3 OFFERING OTHER PLANS OR PRODUCTS.

4 (5) AN INSURER OR HEALTH MAINTENANCE ORGANIZATION SHALL NOT
5 DISCONTINUE OFFERING ALL COVERAGE IN THE NONGROUP OR GROUP MARKET
6 UNLESS THE INSURER OR HEALTH MAINTENANCE ORGANIZATION DOES ALL OF
7 THE FOLLOWING:

8 (A) PROVIDES NOTICE TO THE COMMISSIONER AND TO EACH COVERED
9 INDIVIDUAL OF THE DISCONTINUATION AT LEAST 180 DAYS BEFORE THE DATE
10 OF THE EXPIRATION OF COVERAGE.

11 (B) DISCONTINUES ALL HEALTH BENEFIT PLANS ISSUED IN THE
12 NONGROUP OR GROUP MARKET FROM WHICH THE INSURER OR HEALTH
13 MAINTENANCE ORGANIZATION WITHDREW AND DOES NOT RENEW COVERAGE UNDER
14 THOSE PLANS.

15 (6) IF AN INSURER OR HEALTH MAINTENANCE ORGANIZATION
16 DISCONTINUES COVERAGE UNDER SUBSECTION (5), THE INSURER OR HEALTH
17 MAINTENANCE ORGANIZATION SHALL NOT PROVIDE FOR THE ISSUANCE OF ANY
18 HEALTH BENEFIT PLANS IN THE NONGROUP OR GROUP MARKET FROM WHICH THE
19 INSURER OR HEALTH MAINTENANCE ORGANIZATION WITHDREW DURING THE 5-
20 YEAR PERIOD BEGINNING ON THE DATE OF THE DISCONTINUATION OF THE
21 LAST PLAN NOT RENEWED UNDER THAT SUBSECTION.

22 (7) ~~(4)~~ Subsections (1) ~~,~~ ~~(2)~~, ~~and~~ ~~(3)~~ TO (6) do not apply to
23 a short-term or 1-time limited duration policy or certificate of no
24 longer than 6 months.

25 (8) ~~(5)~~ For the purposes of this section and section 3406f, a
26 short-term or 1-time limited duration policy or certificate of no
27 longer than 6 months is an individual health policy that meets all

1 of the following:

2 (a) Is issued to provide coverage for a period of 185 days or
3 less, except that the health policy may permit a limited extension
4 of benefits after the date the policy ended solely for expenses
5 attributable to a condition for which a covered person incurred
6 expenses during the term of the policy.

7 (b) Is nonrenewable, provided that the health insurer may
8 provide coverage for 1 or more subsequent periods that satisfy
9 subdivision (a), if the total of the periods of coverage do not
10 exceed a total of 185 days out of any 365-day period, plus any
11 additional days permitted by the policy for a condition for which a
12 covered person incurred expenses during the term of the policy.

13 (c) Does not cover any preexisting conditions.

14 (d) Is available with an immediate effective date, without
15 underwriting, upon receipt by the insurer of a completed
16 application indicating eligibility under the health insurer's
17 eligibility requirements, except that coverage that includes
18 optional benefits may be offered on a basis that does not meet this
19 requirement.

20 (9) ~~(6) An~~ **BY MARCH 31 EACH YEAR, AN** insurer that delivers,
21 issues for delivery, or renews in this state a short-term or 1-time
22 limited duration policy or certificate of no longer than 6 months
23 shall provide ~~the following~~ to the commissioner +

24 ~~— (a) By no later than February 1, 1999, a written report that~~
25 ~~discloses both of the following:~~

26 ~~— (i) The gross written premium for short-term or 1-time limited~~
27 ~~duration policies or certificates of no longer than 6 months issued~~

1 ~~in this state during the 1996 calendar year.~~

2 ~~—— (ii) The gross written premium for all individual expense-~~
 3 ~~incurred hospital, medical, or surgical policies or certificates~~
 4 ~~issued or delivered in this state during the 1996 calendar year~~
 5 ~~other than policies or certificates described in subparagraph (i).~~

6 ~~—— (b) By no later than March 31, 1999 and annually thereafter, a~~
 7 written annual report that discloses both of the following:

8 (A) ~~(i)~~ The gross written premium for short-term or 1-time
 9 limited duration policies or certificates issued in this state
 10 during the preceding calendar year.

11 (B) ~~(ii)~~ The gross written premium for all individual expense-
 12 incurred hospital, medical, or surgical policies or certificates
 13 issued or delivered in this state during the preceding calendar
 14 year other than policies or certificates described in ~~subparagraph~~
 15 ~~(i)~~. **SUBDIVISION (A)**.

16 (10) ~~(7)~~ The commissioner shall maintain copies of reports
 17 prepared pursuant to subsection ~~(6)~~ **(9)** on file with the annual
 18 statement of each reporting insurer. The commissioner shall
 19 annually compile the reports received under subsection ~~(6)~~ **(9)**. The
 20 commissioner shall provide this annual compilation to the senate
 21 and house of representatives standing committees on insurance
 22 issues no later than the June 1 immediately following the ~~February~~
 23 ~~1~~ ~~or~~ March 31 date for which the reports under subsection ~~(6)~~ **(9)**
 24 are provided.

25 (11) ~~(8)~~ In each calendar year, a health insurer shall not
 26 continue to issue short-term or 1-time limited duration policies or
 27 certificates if to do so the collective gross written premiums on

1 those policies or certificates would total more than 10% of the
2 collective gross written premiums for all individual expense-
3 incurred hospital, medical, or surgical policies or certificates
4 issued or delivered in this state either directly by that insurer
5 or through a corporation that owns or is owned by that insurer.

6 Sec. 3705. (1) For adjusting premiums for health benefit plans
7 subject to this chapter, a carrier may establish up to 10
8 geographic areas in this state. A nonprofit health care corporation
9 shall establish geographic areas that cover all counties in this
10 state.

11 (2) Premiums for a health benefit plan under this chapter are
12 subject to the following:

13 (a) For a nonprofit health care corporation, only industry,
14 **SMOKING**, and age may be used for determining the premiums within a
15 geographic area for a small employer or sole proprietor located in
16 that geographic area. For a health maintenance organization, only
17 industry, age, **SMOKING**, and group size may be used for determining
18 the premiums within a geographic area for a small employer or sole
19 proprietor located in that geographic area. For a commercial
20 carrier, only industry, age, **SMOKING**, group size, and health status
21 may be used for determining the premiums within a geographic area
22 for a small employer or sole proprietor located in that geographic
23 area.

24 ~~(b) The premiums charged during a rating period by a nonprofit~~
25 ~~health care corporation or a health maintenance organization for a~~
26 ~~health benefit plan in a geographic area to small employers or sole~~
27 ~~proprietors located in that geographic area shall not vary from the~~

1 ~~index rate for that health benefit plan by more than 35% of the~~
2 ~~index rate. However, for a health benefit plan issued before the~~
3 ~~effective date of this chapter by a nonprofit health care~~
4 ~~corporation or health maintenance organization, the premiums for~~
5 ~~the plan are subject to the following:~~

6 ~~—— (i) For a renewal occurring on or after the effective date of~~
7 ~~this chapter and through December 31, 2004, the premiums charged~~
8 ~~for a health benefit plan in a geographic area to small employers~~
9 ~~or sole proprietors located in that geographic area shall not be~~
10 ~~higher than 15% above the index rate or lower than 35% below the~~
11 ~~index rate.~~

12 ~~—— (ii) For a renewal occurring on or after January 1, 2005, the~~
13 ~~premiums charged for a health benefit plan in a geographic area to~~
14 ~~small employers or sole proprietors located in that geographic area~~
15 ~~shall not vary from the index rate for that health benefit plan by~~
16 ~~more than 35% of the index rate.~~

17 ~~(B) (e) The premiums charged during a rating period by a~~
18 ~~**NONPROFIT HEALTH CARE CORPORATION, HEALTH MAINTENANCE ORGANIZATION,**~~
19 ~~OR commercial carrier for a health benefit plan in a geographic~~
20 ~~area to small employers or sole proprietors located in that~~
21 ~~geographic area shall not vary from the index rate for that health~~
22 ~~benefit plan by more than 45% of the index rate. However, for a~~
23 ~~health benefit plan issued before the effective date of this~~
24 ~~chapter by a commercial carrier, the premiums for the plan are~~
25 ~~subject to the following:~~

26 ~~—— (i) For a renewal occurring on or after the effective date of~~
27 ~~this chapter and through December 31, 2004, the premiums charged~~

1 ~~for a health benefit plan in a geographic area to small employers~~
2 ~~or sole proprietors located in that geographic area shall not vary~~
3 ~~from the index rate for that health benefit plan by more than 70%~~
4 ~~of the index rate.~~

5 ~~—— (ii) For a renewal occurring on or after January 1, 2005 and~~
6 ~~through December 31, 2005, the premiums charged for a health~~
7 ~~benefit plan in a geographic area to small employers or sole~~
8 ~~proprietors located in that geographic area shall not vary from the~~
9 ~~index rate for that health benefit plan by more than 55% of the~~
10 ~~index rate.~~

11 ~~—— (iii) For a renewal occurring on or after January 1, 2006, the~~
12 ~~premiums charged for a health benefit plan in a geographic area to~~
13 ~~small employers or sole proprietors located in that geographic area~~
14 ~~shall not vary from the index rate for that health benefit plan by~~
15 ~~more than 45% of the index rate.~~

16 (C) ~~(d)~~ For a sole proprietor, a small employer carrier may
17 charge an additional premium of up to 25% above the premiums in
18 subdivision (b). ~~or (e).~~

19 (D) ~~(e)~~ Except as otherwise provided in this section, the
20 percentage increase in the premiums charged to a small employer or
21 sole proprietor in a geographic area for a new rating period shall
22 not exceed the sum of the annual percentage adjustment in the
23 geographic area's index rate for the health benefit plan and an
24 adjustment pursuant to subdivision (a). The adjustment pursuant to
25 subdivision (a) shall not exceed 15% annually and shall be adjusted
26 pro rata for rating periods of less than 1 year. This subdivision
27 does not prohibit an adjustment due to change in coverage.

1 (3) Beginning ~~1 year after the effective date of this chapter~~
2 **JANUARY 23, 2005**, if a small employer had been covered by a self-
3 insured health benefit plan immediately preceding application for a
4 health benefit plan subject to this chapter, a carrier may charge
5 an additional premium of up to 33% above the premium in subsection
6 (2) (b) ~~or (e)~~ for no more than 2 years.

7 (4) Health benefit plan options, number of family members
8 covered, and medicare eligibility may be used in establishing a
9 small employer's or sole proprietor's premium.

10 (5) A small employer carrier shall apply all rating factors
11 consistently with respect to all small employers and sole
12 proprietors in a geographic area. Except as **OTHERWISE** provided in
13 subsection (4), a small employer carrier shall bill a small
14 employer group only with a composite rate and shall not bill so
15 that 1 or more employees in a small employer group are charged a
16 higher premium than another employee in that small employer group.

17 Sec. 3712. (1) If a small employer carrier decides to
18 discontinue offering all small employer health benefit plans in a
19 geographic area, all of the following apply:

20 (a) The small employer carrier shall provide notice to the
21 commissioner and to each small employer covered by the small
22 employer carrier in the geographic area of the discontinuation at
23 least 180 days prior to the date of the discontinuation of the
24 coverage.

25 (b) All small employer health benefit plans issued or
26 delivered for issuance in the geographic area are discontinued and
27 all current health benefit plans in the geographic area are not

1 renewed.

2 (c) The small employer carrier shall not issue or deliver for
3 issuance any small employer health benefit plans in the geographic
4 area for 5 years beginning on the date the last small employer
5 health benefit plan in the geographic area is not renewed under
6 subdivision (b).

7 (d) The small employer carrier shall not issue or deliver for
8 issuance for 5 years any small employer health benefit plans in an
9 area that was not a geographic area where the small employer
10 carrier was issuing or delivering for issuance small employer
11 health benefit plans on the date notice was given under subdivision
12 (a). The 5-year period under this subdivision begins on the date
13 notice was given under subdivision (a).

14 ~~(2) A nonprofit health care corporation shall not cease to~~
15 ~~renew all health benefit plans in a geographic area.~~ **A SMALL**

16 **EMPLOYER CARRIER SHALL NOT DISCONTINUE OFFERING A PARTICULAR PLAN**
17 **OR PRODUCT IN THE SMALL EMPLOYER GROUP MARKET UNLESS THE SMALL**
18 **EMPLOYER CARRIER DOES ALL OF THE FOLLOWING:**

19 **(A) PROVIDES NOTICE TO THE COMMISSIONER AND TO EACH COVERED**
20 **INDIVIDUAL PROVIDED COVERAGE UNDER THE PLAN OR PRODUCT OF THE**
21 **DISCONTINUATION AT LEAST 90 DAYS BEFORE THE DATE OF THE**
22 **DISCONTINUATION.**

23 **(B) OFFERS TO EACH COVERED INDIVIDUAL PROVIDED COVERAGE UNDER**
24 **THE PLAN OR PRODUCT THE OPTION TO PURCHASE ANY OTHER PLAN OR**
25 **PRODUCT CURRENTLY BEING OFFERED IN THE NONGROUP MARKET BY THAT**
26 **SMALL EMPLOYER CARRIER WITHOUT EXCLUDING OR LIMITING COVERAGE FOR A**
27 **PREEXISTING CONDITION OR PROVIDING A WAITING PERIOD.**

1 (C) ACTS UNIFORMLY WITHOUT REGARD TO ANY HEALTH STATUS FACTOR
2 OF ENROLLED INDIVIDUALS OR INDIVIDUALS WHO MAY BECOME ELIGIBLE FOR
3 COVERAGE IN MAKING THE DETERMINATION TO DISCONTINUE COVERAGE AND IN
4 OFFERING OTHER PLANS OR PRODUCTS.

5 Sec. 5008. (1) The commissioner shall prepare and keep on hand
6 blank forms of articles of incorporation for insurers desiring to
7 incorporate under this act, which forms may be had on application.

8 (2) The incorporators shall subscribe articles of
9 incorporation in duplicate, which articles shall contain all of the
10 following:

11 (a) The names of the incorporators and their places of
12 residence respectively.

13 (b) The location of the principal office for the transaction
14 of business in this state.

15 (c) The name by which the incorporation shall be known, which
16 if it be upon the mutual plan shall contain the word "mutual".

17 **HOWEVER, A NONPROFIT MUTUAL DISABILITY INSURER INTO WHICH A**
18 **NONPROFIT HEALTH CARE CORPORATION THAT IS ORGANIZED UNDER THE**
19 **NONPROFIT HEALTH CARE CORPORATION REFORM ACT, 1980 PA 350, MCL**
20 **550.1101 TO 550.1704, IS MERGED OR CONSOLIDATED MAY RETAIN AND USE**
21 **TRADE NAMES IN USE BY THE NONPROFIT HEALTH CARE CORPORATION BEFORE**
22 **THE MERGER OR CONSOLIDATION.**

23 (d) The purposes of the incorporation and the reference to the
24 chapter of this act under which the purposes are enumerated and
25 under which the company intends to operate.

26 (e) The manner in which the corporate powers are to be
27 exercised; the number of directors and other officers; the manner

1 of electing the directors and other officers, and how many of the
2 directors ~~shall~~ constitute a quorum, and the manner of filling all
3 vacancies; and, in the case of mutual life or life and disability
4 insurers, the names and mailing addresses of the directors who
5 shall serve until the first annual meeting of the corporation.

6 (f) The amount of capital stock, if any, what proportion is to
7 be paid in before the corporation commences business, and the value
8 of the stock, as provided in section 5014.

9 (g) The term of existence of the corporation, subject to
10 section 5010.

11 (h) The time for the holding of the annual meetings of the
12 corporation.

13 (i) Any terms and conditions of membership that the
14 incorporators have agreed upon and which they consider important to
15 have set forth in the articles.

16 (j) Any other terms and conditions prescribed by law for that
17 class of insurer.

18 (k) If a mutual company operating on the assessment plan, the
19 number of classes or divisions of members and the object or purpose
20 of the classification or division, all of which shall be definitely
21 and correctly stated; and in what manner assessments, premiums, or
22 payments are to be required from the members, the purpose and
23 objects for which the money so realized are to be appropriated, and
24 the names and objects of each fund into which any the money shall
25 be paid.

26 (3) The articles of any stock insurer formed or existing under
27 this act may contain, or may be amended to contain, a provision

1 that the shareholders shall have no preemptive rights to subscribe
2 for any additional shares of capital stock and authorizing the
3 board of directors to prescribe the terms and conditions upon which
4 additional shares of capital stock shall be offered for
5 subscription including the price of the stock, which shall not be
6 less than the par value of the stock; and to offer shares that have
7 not been subscribed by stockholders within the time duly fixed by
8 the board of directors for subscription to any other person or
9 persons at a price and upon terms not less favorable than those
10 offered to the stockholders.

11 (4) The articles of incorporation may contain a provision
12 providing that a director is not personally liable to the
13 corporation or its shareholders or policyholders for monetary
14 damages for a breach of the director's fiduciary duty. However, the
15 provision does not eliminate or limit the liability of a director
16 for any of the following:

17 (a) A breach of the director's duty of loyalty to the
18 corporation or its shareholders or policyholders.

19 (b) Acts or omissions not in good faith or that involve
20 intentional misconduct or knowing violation of law.

21 (c) A violation of section 5036, 5276, or 5280.

22 (d) A transaction from which the director derived an improper
23 personal benefit.

24 (e) An act or omission occurring before January 1, 1989.

25 (5) The articles shall be acknowledged by the person signing
26 the articles before some officer of this state authorized to take
27 acknowledgments of deeds, who shall attach his or her certificate

1 of acknowledgment.

2 Sec. 5104. (1) Subject to the requirements of this act
3 applicable to domestic stock insurers, domestic mutual insurers,
4 reciprocals, or inter-insurance exchanges, and the further
5 requirements of this chapter, 13 or more persons may organize a
6 stock insurer or 20 or more persons may organize a mutual insurer
7 for the purpose of transacting any or all of the following kinds of
8 insurance: property, marine, inland navigation and transportation,
9 casualty, or fidelity and surety, all as defined in chapter 6. Once
10 organized and authorized, the acquiring insurer is subject to all
11 applicable provisions of this act.

12 (2) ~~IF DURING THE PERIOD THAT~~ the acquiring insurer is a
13 domestic stock insurer owned by a nonprofit health care corporation
14 formed pursuant to the nonprofit health care corporation reform
15 act, 1980 PA 350, MCL 550.1101 to 550.1704, then for insurance
16 products and services the acquiring insurer under this chapter
17 whether directly or indirectly shall only transact worker's
18 compensation insurance and employer's liability insurance, transact
19 disability insurance limited to replacement of loss of earnings,
20 and act as an administrative services organization for an approved
21 self-insured worker's compensation plan or a disability insurance
22 plan limited to replacement of loss of earnings. This subsection
23 does not preclude the acquiring insurer from providing either
24 directly or indirectly noninsurance products and services as
25 otherwise provided by law.

26 Sec. 5209. ~~AN~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN**
27 insurer shall transact its business under its own name ~~7~~—and shall

1 not adopt any assumed name. ~~7~~ ~~excepting that an~~ ~~AN~~ insurer, by
2 amending its articles of incorporation, may change its name or take
3 a new name. **A NONPROFIT MUTUAL DISABILITY INSURER INTO WHICH A**
4 **NONPROFIT HEALTH CARE CORPORATION THAT IS ORGANIZED UNDER THE**
5 **NONPROFIT HEALTH CARE CORPORATION REFORM ACT, 1980 PA 350, MCL**
6 **550.1101 TO 550.1704, IS MERGED OR CONSOLIDATED MAY RETAIN AND USE**
7 **TRADE NAMES IN USE BY THE NONPROFIT HEALTH CARE CORPORATION BEFORE**
8 **THE MERGER OR CONSOLIDATION.**

9 Sec. 5800. (1) This chapter applies only to domestic mutual
10 insurers transacting property, casualty, disability, and other
11 insurances, ~~and~~ to mutual holding companies resulting from the
12 reorganization of those mutual insurers, **AND TO NONPROFIT MUTUAL**
13 **DISABILITY INSURERS.**

14 (2) This chapter does not apply to any domestic insurer doing
15 business on August 10, 1917, unless the insurer fully complies with
16 this chapter and by resolution of its board of directors duly
17 certified to by the president and secretary and filed with and
18 approved by the commissioner elects to adopt the provisions of this
19 chapter, in which case the insurer may thereafter effect such kind
20 or kinds of insurance as specified in its articles of incorporation
21 as then or thereafter amended or as may be specified in the
22 resolution.

23 (3) A person incorporating under this chapter after January 1,
24 1984, is subject to the minimum financial requirements of sections
25 408 and 410. Any corporation incorporated under this chapter on or
26 before January 1, 1984, ~~shall continue~~ **CONTINUES** to be subject to
27 the provisions of section 5810(3).

1 (4) A domestic mutual insurer transacting property, casualty,
2 disability, and other insurances may be reorganized pursuant to
3 chapters 59 and 60.

4 SEC. 5801. (1) A DOMESTIC MUTUAL INSURER FOR THE TRANSACTION
5 OF DISABILITY INSURANCE MAY BE FORMED WITH NONPROFIT STATUS.

6 (2) A NONPROFIT MUTUAL DISABILITY INSURER HAS ALL POWERS OF A
7 MUTUAL INSURER ORGANIZED UNDER THIS CHAPTER UNLESS EXPRESSLY
8 RESERVED. A NONPROFIT MUTUAL DISABILITY INSURER SHALL NOT CONVERT
9 ITS STATUS TO A STOCK INSURER UNDER CHAPTER 59 OR REORGANIZE UNDER
10 CHAPTER 60.

11 SEC. 5805. (1) AS SET FORTH IN SECTION 220 OF THE NONPROFIT
12 HEALTH CARE CORPORATION REFORM ACT, 1980 PA 350, MCL 550.1220, A
13 NONPROFIT HEALTH CARE CORPORATION MAY MERGE WITH A NONPROFIT MUTUAL
14 DISABILITY INSURER WHERE THE SURVIVING ENTITY IS GOVERNED BY THIS
15 CHAPTER. A MERGER DESCRIBED IN THIS SECTION IS EXEMPT FROM THE
16 APPLICATION OF SECTIONS 1311 TO 1319.

17 (2) A NONPROFIT MUTUAL DISABILITY INSURER THAT HAS MERGED WITH
18 A NONPROFIT HEALTH CARE CORPORATION AS DESCRIBED IN SUBSECTION (1)
19 MAY, AT ITS OPTION, CONTINUE TO OFFER ANY PRODUCT THAT WAS OFFERED
20 TO THE SUBSCRIBERS OF THE NONPROFIT HEALTH CARE CORPORATION.

21 Sec. 5824. Every member of the company ~~shall be~~ IS entitled to
22 1 vote, or to a number of votes based upon the insurance in force,
23 the number of policies held, or the amount of premiums paid, as may
24 be provided in the bylaws. A NONPROFIT MUTUAL DISABILITY INSURER
25 MAY PERMIT ENTITIES HOLDING ADMINISTRATIVE SERVICES AGREEMENTS WITH
26 IT TO BE MEMBERS AND MAY PROVIDE IN ITS BYLAWS THE BASIS FOR THE
27 NUMBER OF VOTES THE ENTITIES WILL HAVE AS MEMBERS.

1 Enacting section 1. This amendatory act does not take effect
2 unless Senate Bill No. 1294
3 of the 96th Legislature is enacted into law.