SENATE BILL NO. 678

November 09, 2023, Introduced by Senators SINGH, CAVANAGH, HERTEL, KLINEFELT, MOSS, GEISS, CHANG, POLEHANKI, MCCANN, IRWIN, BAYER and WOJNO and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956,"
by amending sections 3905 and 4037 (MCL 500.3905 and 500.4037),
section 3905 as added by 1992 PA 84 and section 4037 as amended by
1994 PA 226, and by adding section 3406rr.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 3406rr. An insurer that delivers, issues for delivery, or
renews in this state a health insurance policy shall not deny or
limit coverage for an insured that intends to end the insured's
life in accordance with the death with dignity act.
Sec. 3905. (1) Long-term care coverage shall meet all of the following requirements:

(a) Shall include coverage for intermediate/basic care which shall not be significantly less than the coverage provided for skilled nursing care.

(b) Shall not limit or exclude coverage by type of illness, type of provider, territorial limitations, treatment, medical condition, or accident other than a motor vehicle accident, except as follows:

(i) Preexisting conditions.

(ii) Mental or nervous disorders; however, this shall not be defined to include more than neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder and shall not permit exclusion or limitation of benefits on the basis of Alzheimer's disease or related disorders.

(iii) Alcoholism or drug addiction.

(iv) Illness, treatment, or medical condition arising out of any of the following:

(A) War or act of war, whether declared or undeclared.

(B) Participation in a felony, riot, or insurrection.

(C) Service in the armed forces or units auxiliary to the armed forces.

(D) Suicide, whether or not the individual was sane or insane at the time of the suicide, attempted suicide, or intentionally self-inflicted injury. For purposes of this sub-subparagraph, suicide does not include an individual ending his or her life in accordance with the death with dignity act.

(2) Long-term care coverage other than home care coverage may provide that, before certain coverages in the policy take effect,
care must first be recommended by a person or persons as provided in the policy and approved by the commissioner or director. Long-term care coverage for home care may provide that, before coverage for home care in the policy takes effect, care must first be prescribed or recommended by a person or persons as provided in the policy and approved by the commissioner or director.

Sec. 4037. Each universal life insurance policy shall contain all of the following provisions:

(a) That the insurer will send to the policyholder without charge at least annually a report advising the policyholder as to the policy status. The end of the current report period shall be not more than 3 months prior to the date of the mailing of the report. The report shall include all of the following:

(i) The beginning and end of the current report period.

(ii) The policy value at the end of the previous report period and at the end of the current report period.

(iii) The total of all amounts, identifying each by type such as interest, mortality, expense, and riders, that have been credited or debited to the policy value during the current report period.

(iv) The current death benefit at the end of the current report period on each life covered by the policy.

(v) The net cash surrender value of the policy as of the end of the current report period.

(vi) The amount of outstanding loans, if any, as of the end of the current report period.

(vii) For fixed premium universal life insurance policies, if, assuming guaranteed interest, mortality, and expense loads and continued scheduled premium payments, the policy's net cash
surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect.

(viii) For flexible premium universal life insurance policies, if, assuming guaranteed interest, mortality, and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect.

(b) An illustrative report that will be sent to the policyowner upon request. This report shall contain the same minimum requirements as those set forth in the universal life disclosure requirements in section 4038.

(c) Guarantees of minimum interest credits and maximum mortality and expense charges, all values and data shown in the policy are based on guarantees, figures based on nonguarantees are not included in the policy, minimum and maximum guarantees are in addition to any index guarantees, and if guaranteed credits or charges are also the current credits or charges, the amounts may be included in the policy if clearly labelled. The maturity date is not considered a guarantee for purposes of this section.

(d) At least a general description of the calculation of cash surrender values including all of the following information:

(i) The guaranteed maximum expense charges and loads.

(ii) Any limitation on the crediting of additional interest. Interest credits shall not remain conditional for a period longer than 12 months.

(iii) The guaranteed minimum rate or rates of interest.

(iv) The guaranteed maximum mortality charges.

(v) Any other guaranteed charges.
(w) Any surrender or partial withdrawal charges.

(e) If the policyowner has the right to change the basic coverage, a statement of any limitation on the amount or timing of the change. If the policyowner has the right to increase the basic coverage, a statement as to whether a new period of contestability or suicide is applicable to the additional coverage. For purposes of this subdivision, suicide does not include an individual ending his or her life in accordance with the death with dignity act.

(f) If a policy provides for a maturity date, end date, or similar date, then a statement, in close proximity to that date, that it is possible that coverage may not continue to the maturity date even if scheduled premiums are paid in a timely manner.

(g) That the insurer will send written notice shall be sent by the insurer to the policyowner's last known address at least 30 days prior to before termination of coverage. A flexible premium universal life insurance policy shall must provide for a grace period of at least 30 days after lapse with lapse occurring on that date on which the net cash surrender value first equals zero or as otherwise defined in the policy.

Enacting section 1. This amendatory act takes effect 90 days after the date it is enacted into law.

Enacting section 2. This amendatory act does not take effect unless Senate Bill No. 681 of the 102nd Legislature is enacted into law.