

# HOUSE BILL No. 4537

April 6, 1989, Introduced by Reps. Sikkema, Weeks, Brown, Wartner, Middaugh, Law, Van Singel, Bennett, Clack, Hoekman, Palamara, Rocca, Saunders, Dutko and Bartnik and referred to the Committee on Insurance.

A bill to amend Act No. 218 of the Public Acts of 1956,  
entitled as amended

"The insurance code of 1956,"

as amended, being sections 500.100 to 500.8302 of the Michigan  
Compiled Laws, by adding section 3607.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Act No. 218 of the Public Acts of 1956, as  
2 amended, being sections 500.100 to 500.8302 of the Michigan  
3 Compiled Laws, is amended by adding section 3607 to read as  
4 follows:

5       SEC. 3607. (1) IF EXISTING GROUP DISABILITY COVERAGE IS  
6 REPLACED BY A GROUP DISABILITY INSURANCE POLICY WITH A PREEXIST-  
7 ING CONDITION LIMITATION, THE LEVEL OF COVERAGE IN THE  
8 REPLACEMENT POLICY APPLICABLE TO THE PREEXISTING CONDITION  
9 LIMITATION FOR A PERSON WHO HAD BEEN COVERED FOR THAT CONDITION

1 BY THE REPLACED COVERAGE SHALL BE NOT LESS THAN THE LESSER OF THE  
2 FOLLOWING:

3 (A) THE COVERAGE OF THE REPLACEMENT POLICY WITHOUT APPLICA-  
4 TION OF THE PREEXISTING CONDITION LIMITATION.

5 (B) THE BENEFITS OF THE REPLACED GROUP DISABILITY COVERAGE.

6 (2) OTHER THAN AS PROVIDED IN SUBSECTION (1), A REPLACEMENT  
7 GROUP DISABILITY INSURANCE POLICY SHALL NOT INCLUDE A LIMITATION  
8 UPON A PERSON OR EXCLUSION OF A PERSON WHO WAS COVERED BY THE  
9 GROUP DISABILITY COVERAGE BEING REPLACED IF THE PERSON IS A  
10 MEMBER OF THE CLASS OR CLASSES OF INDIVIDUALS ELIGIBLE FOR COVER-  
11 AGE UNDER THE REPLACEMENT POLICY.

12 (3) THIS SECTION DOES NOT PRECLUDE A REDUCTION OR LIMITATION  
13 OF BENEFITS WHICH APPLIES TO AN ENTIRE PLAN.