

HOUSE BILL No. 4695

April 24, 1989, Introduced by Rep. Varga 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 3612.

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 3612 to read as
4 follows:

5 SEC. 3612. (1) EACH GROUP DISABILITY INSURANCE POLICY THAT
6 INCLUDES HOSPITAL, MEDICAL, SURGICAL, OR SICK-CARE BENEFITS WHICH
7 IS IN EFFECT IN THIS STATE AFTER DECEMBER 31, 1989, SHALL INCLUDE
8 PROVISIONS CONSISTENT WITH THIS SECTION.

1 (2) A MEMBER, MEMBER'S SPOUSE, OR MEMBER'S DEPENDENT CHILD
2 WHO IS INSURED UNDER A GROUP DISABILITY INSURANCE POLICY FOR AT
3 LEAST 90 CONSECUTIVE DAYS MAY ELECT TO CONVERT TO AN INDIVIDUAL
4 DISABILITY INSURANCE POLICY WITH THE SAME COVERAGE AS WAS PRO-
5 VIDED IN THE GROUP DISABILITY INSURANCE POLICY.

6 (3) A PERSON WHO ELECTS TO CONVERT TO AN INDIVIDUAL DISABIL-
7 ITY INSURANCE POLICY PURSUANT TO THIS SECTION SHALL RECEIVE COV-
8 ERAGE IDENTICAL TO THE COVERAGE RECEIVED BY THE MEMBER'S GROUP AT
9 THE TIME OF AN ELECTION UNDER THIS SECTION AND WITHOUT BEING
10 SUBJECT TO ANY NEW PREEXISTING CONDITION OR LIMITATION.

11 (4) A PROVISION OF A GROUP DISABILITY INSURANCE POLICY MAY
12 REQUIRE PAYMENT OF A PREMIUM BY A PERSON WHO ELECTS TO CONVERT TO
13 AN INDIVIDUAL DISABILITY INSURANCE POLICY UNDER THIS SECTION
14 BEGINNING ON THE DATE OF THE ELECTION. THE PREMIUM:

15 (A) SHALL NOT EXCEED 102% OF THE PREMIUM AMOUNT PAID BY OR
16 ON BEHALF OF SIMILARLY SITUATED MEMBERS, MEMBERS' SPOUSES, AND
17 MEMBERS' DEPENDENT CHILDREN COVERED UNDER THE GROUP DISABILITY
18 INSURANCE POLICY WITH RESPECT TO WHICH AN ELECTION HAS NOT BEEN
19 MADE OR IF THE GROUP COVERED BY THE GROUP DISABILITY INSURANCE
20 POLICY CEASES TO EXIST, SHALL NOT EXCEED THE PREMIUM THAT SHALL
21 BE DETERMINED BY THE COMMISSIONER.

22 (B) SHALL BE PAID TO THE INSURER.

23 (C) MAY, AT THE ELECTION OF THE PERSON COVERED, BE MADE IN
24 MONTHLY INSTALLMENTS.

25 (5) COVERAGE OF A PERSON WHO TIMELY ELECTS TO CONVERT TO AN
26 INDIVIDUAL DISABILITY INSURANCE POLICY SHALL BE CONTINUED WITHOUT

1 INTERRUPTION FROM AND INCLUDING THE DATE OF THE ELECTION, AND
2 SHALL NOT BE TERMINATED UNLESS 1 OF THE FOLLOWING OCCURS:

3 (A) THE PERSON FAILS TO PAY THE PREMIUM IN A TIMELY
4 FASHION.

5 (B) FOR A DEPENDENT CHILD OF A GROUP MEMBER, UPON CEASING TO
6 BE A DEPENDENT CHILD UNDER THE GENERALLY APPLICABLE REQUIREMENTS
7 OF THE POLICY.

8 (6) BY JANUARY 1, 1990, A GROUP POLICYHOLDER SHALL NOTIFY
9 ALL GROUP MEMBERS AND THEIR SPOUSES AND DEPENDENT CHILDREN OF THE
10 RIGHT TO ELECT TO CONVERT TO AN INDIVIDUAL DISABILITY INSURANCE
11 POLICY.

12 (7) A GROUP POLICYHOLDER SHALL NOTIFY EACH NEW GROUP MEMBER,
13 MEMBER'S SPOUSE, AND MEMBER'S DEPENDENT CHILDREN OF THE RIGHT TO
14 ELECT TO CONVERT TO AN INDIVIDUAL DISABILITY INSURANCE POLICY.

15 (8) A GROUP POLICYHOLDER SHALL NOTIFY EACH MEMBER, MEMBER'S
16 SPOUSE, AND MEMBER'S DEPENDENT CHILD OF THEIR RIGHT TO AN ELEC-
17 TION UNDER THIS SECTION AT LEAST 30 DAYS BEFORE THE GROUP CEASES
18 TO EXIST.

19 (9) A MEMBER, MEMBER'S SPOUSE, OR MEMBER'S DEPENDENT CHILD
20 SHALL NOTIFY THE GROUP POLICYHOLDER OR, IF THE GROUP CEASES TO
21 EXIST, THE INSURER OF AN ELECTION UNDER THIS SECTION.

22 (10) A GROUP POLICYHOLDER SHALL NOTIFY THE INSURER OF A
23 PERSON'S ELECTION UNDER THIS SECTION. THE NOTICE SHALL BE GIVEN
24 NOT LATER THAN 7 DAYS AFTER THE GROUP POLICYHOLDER RECEIVES THE
25 NOTICE PROVIDED FOR IN SUBSECTION (9).

26 (11) THIS SECTION SHALL NOT BE CONSTRUED TO INTERFERE WITH
27 OR DIMINISH ANY PROTECTION PROVIDED PURSUANT TO A COLLECTIVE

1 BARGAINING AGREEMENT OR AN EMPLOYER-SPONSORED HEALTH PLAN THAT IS
2 MORE FAVORABLE TO A MEMBER, MEMBER'S SPOUSE, OR MEMBER'S DEPENDENT
3 CHILD BENEFITED UNDER THE AGREEMENT OR PLAN THAN THE PROTECTION
4 OFFERED BY THIS SECTION.