

HOUSE BILL No. 4938

June 27, 1989, Introduced by Reps. Wartner, Gnodtke, Stacey, Ouwinga, Walberg, Brown, Ostling, Jaye, Crandall, Middaugh, Miller, Krause, Gilmer, Law and Dolan and referred to the Committee on Insurance.

A bill to amend section 602 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 35 of the Public Acts of 1989, being section 500.602 of the Michigan Compiled Laws; and to add section 2291.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 602 of Act No. 218 of the Public Acts of
2 1956, as amended by Act No. 35 of the Public Acts of 1989, being
3 section 500.602 of the Michigan Compiled Laws, is amended and
4 section 2291 is added to read as follows:

5 Sec. 602. (1) "Life" insurance is insurance upon the lives
6 and health of persons and every insurance pertaining thereto, and
7 to grant, purchase, or dispose of annuities. Notwithstanding any
8 other provision of law, life insurance includes insurance upon

1 the lives of persons which insurance prepays in a lump sum not
 2 more than 25% of the death benefit based on 1 or more of the fol-
 3 lowing medical conditions if considered to be life threatening or
 4 of a catastrophic nature:

5 (a) Malignant tumors.

6 (b) Conditions requiring organ transplantation.

7 (c) Coronary artery disease resulting in acute infarction or
 8 requiring surgery.

9 (d) Permanent neurological deficit resulting from cerebral
 10 vascular accident.

11 (e) Endstage renal failure.

12 (f) Other medical conditions which the commissioner finds,
 13 after an opportunity for a hearing pursuant to the administrative
 14 procedures act of 1969, Act No. 306 of the Public Acts of 1969,
 15 being sections 24.201 to 24.328 of the Michigan Compiled Laws, to
 16 be either life threatening or of a catastrophic nature.

17 (2) Transaction of life insurance includes the issuance of
 18 policies of life and endowment insurance and contracts for the
 19 payment of annuities and pure endowments ~~—~~ and contracts sup-
 20 plemental thereto which contain only ~~those~~ THE FOLLOWING provi-
 21 sions relating to accident and sickness insurance: ~~as provide~~

22 (A) PROVIDE additional benefits in case of death or dismem-
 23 berment or loss of sight by accident. ~~or as operate~~

24 (B) OPERATE to safeguard those policies or contracts against
 25 lapse or to give a special surrender value or special benefit or
 26 an annuity if the insured or annuitant shall become totally and

1 permanently disabled, as defined by the contract or supplemental
2 contract.

3 (C) PROVIDE FOR LONG-TERM CARE OR NURSING HOME BENEFITS IF
4 THE PROVISIONS FOR LONG-TERM CARE OR NURSING HOME BENEFITS IN THE
5 POLICY MEET THE REQUIREMENTS OF SECTIONS 2280 TO 2291.

6 (3) All corporations, associations, partnerships, or indi-
7 viduals, doing business in this state under any charter, compact,
8 agreement, or statute of this or any other state, involving an
9 insurance, guaranty, contract, or pledge, for the payment of
10 annuities or endowments, or for the payment of money to families,
11 or representatives of policy or certificate holders or members,
12 shall be considered and deemed to be life insurance companies
13 within the meaning of the laws relating to life insurance within
14 this state.

15 SEC. 2291. EACH LIFE INSURANCE POLICY THAT IS ADVERTISED,
16 MARKETING, OR OFFERED AS INCLUDING LONG-TERM CARE OR NURSING HOME
17 BENEFITS SHALL DO ALL OF THE FOLLOWING:

18 (A) COMPLY WITH SECTIONS 2280 TO 2290.

19 (B) MEET RESERVE REQUIREMENTS AS ESTABLISHED BY RULES
20 PROMULGATED BY THE COMMISSIONER.

21 (C) BE SOLD BY A PERSON WHO IS LICENSED TO SELL DISABILITY
22 INSURANCE IN THIS STATE.

23 Section 2. This amendatory act shall take effect January 1,
24 1990.