



Romney Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

MULTIPLE EMPLOYER WELFARE ARRANGEMENTS

House Bill 4473

Sponsor: Rep. Jason Allen

**Committee: Local Government and Urban
Policy**

Complete to 4-19-99

A SUMMARY OF HOUSE BILL 4473 AS INTRODUCED 4-15-99

House Bill 4473 would amend the Insurance Code of 1956 to expand multiple employer welfare arrangements, an insurance pool often called by its acronym, MEWA.

Under current law, the insurance commissioner can issue a certificate of authority to a MEWA when a group of five or more businesses are in the same trade or industry, including closely related businesses which provide support, services, or supplies primarily to that trade or industry. In order for a certificate of authority to be issued to the group, certain conditions must be met, including but not limited to the following: 1) the MEWA has applications from not less than five employers who will provide similar benefits for not less than 200 participating employees, and whose annual gross premiums or contributions to the plan will be at least \$20,000 for a plan that provides only vision benefits, \$75,000 for a plan that provides only dental benefits, and \$200,000 for all other plans; 2) there is a written commitment for excess loss insurance; 3) there is an acceptable procedure for handling claims in the event of dissolution; and 4) the MEWA has delivered to the commissioner a bond, deposit, or security for the protection of subscribers as the commissioner requires.

House Bill 4473 would change the law to allow the insurance commissioner to issue a certificate of authority to a MEWA when a group of two or more businesses or entities are in the same trade, service, or industry, including closely related businesses that provide support, services, or supplies primarily to that trade, service, or industry.

House Bill 4473 also specifies that a MEWA transacting businesses in Michigan would not be subject to chapter 78 of the Insurance Code, but instead would be subject to chapter 81. Chapter 78 of the Insurance Code was repealed by Public Act 302 of 1989. The chapter was replaced by chapter 81, in order to provide an entirely new procedure to regulate the supervision, rehabilitation, and liquidation of insurance companies.

MCL 500.7011 and 500.7060

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.