

HOUSE BILL No. 4740

May 8, 2001, Introduced by Reps. Neumann, Adamini, Wojno, Minore, Hale, Bovin, Rich Brown, Frank, Gielegem, Kolb, Bogardus, Clark, Daniels, Rison and Lemmons and referred to the Committee on Insurance and Financial Services.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding sections 3400a, 3500a, and
3600a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 3400A. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS
2 UNDER A POLICY OF DISABILITY INSURANCE HAS A DUTY TO DEAL FAIRLY
3 AND IN GOOD FAITH WITH AN INSURED CLAIMING THE BENEFITS. AN
4 INSURER THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD FAITH
5 IS LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY DAMAGES
6 PROXIMATELY CAUSED BY THE BREACH.

7 SEC. 3500A. A HEALTH MAINTENANCE ORGANIZATION HAS A DUTY TO
8 DEAL FAIRLY AND IN GOOD FAITH WITH AN ENROLLEE CLAIMING BENEFITS
9 UNDER A HEALTH MAINTENANCE ORGANIZATION CONTRACT. A HEALTH
10 MAINTENANCE ORGANIZATION THAT BREACHES THIS DUTY TO DEAL FAIRLY

1 AND IN GOOD FAITH IS LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND
2 EXEMPLARY DAMAGES PROXIMATELY CAUSED BY THE BREACH.

3 SEC. 3600A. AN INSURER OBLIGATED TO PAY BENEFITS OR CLAIMS
4 UNDER A GROUP DISABILITY INSURANCE POLICY HAS A DUTY TO DEAL
5 FAIRLY AND IN GOOD FAITH WITH AN INSURED CLAIMING THE BENEFITS.
6 AN INSURER THAT BREACHES THIS DUTY TO DEAL FAIRLY AND IN GOOD
7 FAITH IS LIABLE FOR COMPENSATORY, CONSEQUENTIAL, AND EXEMPLARY
8 DAMAGES PROXIMATELY CAUSED BY THE BREACH.