

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.4420 Nonprofit incorporated industrial association groups; executives; participation; other associations, trusts, or trustees; criteria; conditions.

Sec. 4420.

(1) Group life insurance may be issued covering the executives of employer members of any nonprofit incorporated industrial association, that is now and has been actively functioning as a nonprofit incorporated industrial association under its articles of incorporation for a period of not less than 10 years, written under a policy issued to the association that is the employer for the purposes of this chapter, or to the association and the executives of the employer members jointly, and insuring only all of the executives for amounts of insurance based upon a plan that will preclude individual selection, for the benefit of persons other than the association, and the premium on which shall be paid by the employer members or the employer members and the executives of the employer members jointly.

(2) In addition to a policy issued under subsection (1), group life insurance may be issued to an association, other than an association described under subsection (1), or to a trust or to the trustees of a fund established or maintained for the benefit of members of 1 or more associations. Group life insurance shall not be issued to an association under this subsection unless all of the following criteria are met:

(a) The association at the outset has not fewer than 100 members.

(b) The association has been organized and maintained for a purpose other than obtaining insurance.

(c) The association has been in active existence for not less than 2 years.

(d) The association's bylaws provide for all of the following:

(i) Association members shall meet not less frequently than annually.

(ii) Except for an association that is a credit union, the association shall collect dues and solicit contributions from its members.

(iii) The members shall have voting rights and representation on the governing board.

(3) A policy issued under subsection (2) is subject to all of the following:

(a) The policy may insure members of the association, employees of the association, or employees of members for the benefit of persons other than the employee's employer.

(b) The premium for the policy shall be paid from money contributed by 1 or more of the following:

(i) The association.

(ii) Employer members.

(iii) Covered persons.

(c) Except as provided in subdivision (d), a policy on which no part of the premium shall come from money contributed by the covered persons specifically for their insurance must insure all eligible persons, except those eligible persons who reject coverage in writing.

(d) An insurer may exclude or limit coverage on an individual as to whom evidence of individual insurability is not satisfactory to the insurer.

History: 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 2014, Act 139, Eff. Mar. 31, 2015

Popular Name: Act 218