

1999 PUBLIC AND LOCAL ACTS

[No. 82]

(HB 4473)

AN ACT to amend 1956 PA 218, entitled "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker's compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to repeal acts and parts of acts; and to provide penalties for the violation of this act," by amending sections 7011 and 7060 (MCL 500.7011 and 500.7060), as added by 1986 PA 121.

The People of the State of Michigan enact:

500.7011 Conditions to issuance of certificate of authority.
[M.S.A. 24.17011]

Sec. 7011. The commissioner shall not issue a certificate of authority to a MEWA unless all of the following conditions have been met:

(a) The commissioner is satisfied that:

(i) The employers in the MEWA are members of an association or group of 2 or more businesses or entities that are in the same trade or industry or same type of service, including closely related businesses that provide support, services, or supplies primarily to that trade, service, or industry.

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(ii) The association or group of employers in the MEWA is engaged in substantial activity for its members other than sponsorship of an employee welfare benefit plan.

(iii) The association or group of employers in the MEWA has been in existence for a period of not less than 2 years.

(iv) The employee welfare benefit plan of the association or group is controlled and sponsored directly by participating employers or employee members, or both.

(v) The MEWA has within its own organization adequate facilities and competent personnel to service the employee benefit plan or has contracted with an authorized third party administrator to provide services. A third party administrator contracting with a MEWA pursuant to this subparagraph shall deliver a fidelity bond to the MEWA in an amount approved by the commissioner to protect against the misappropriation or misuse of any money handled by the third party administrator.

(b) The MEWA has applications from not less than 2 employers and will provide similar benefits for not less than 200 separate participating employees. The annual gross premiums of or contributions to the plan will be not less than \$20,000.00 for a plan that provides only vision benefits, \$75,000.00 for a plan that provides only dental benefits, and \$200,000.00 for all other plans.

(c) The MEWA possesses a written commitment, binder, or policy for excess loss insurance issued by an insurer authorized to do business in this state, in an amount approved by the commissioner. The binder or policy shall provide not less than 30 days' notice of cancellation to the commissioner.

(d) The MEWA has established a procedure, to the satisfaction of the commissioner, for handling claims for benefits in the event of dissolution of the MEWA.

(e) The MEWA has delivered to the commissioner a bond, deposit, or security for the protection of subscribers as the commissioner requires.

500.7060 Additional provisions to which MEWA subject.

[M.S.A. 24.17060]

Sec. 7060. A MEWA transacting business in this state is also subject to the following additional sections and chapters of this act, as applicable, in the same manner as an insurer authorized to transact insurance in this state:

(a) Sections 240(1)(c), (d), (h), and (j).

(b) Chapter 12.

(c) Chapter 20.

(d) Chapter 22.

(e) Chapter 34.

(f) Chapter 36.

(g) Chapter 44.

(h) Chapter 81.

This act is ordered to take immediate effect.

Approved June 28, 1999.

Filed with Secretary of State June 28, 1999.
