

Act No. 306
Public Acts of 1989
Approved by the Governor
January 2, 1990
Filed with the Secretary of State
January 3, 1990

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Senators Carl, Posthumus and Shinkle

ENROLLED SENATE BILL No. 311

AN ACT to amend sections 2069 and 2290 of Act No. 218 of the Public Acts of 1956, entitled as amended "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 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; and 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 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 certain acts and parts of acts; to repeal certain acts and parts of acts on specific dates; and to provide penalties for the violation of this act," section 2290 as added by Act No. 137 of the Public Acts of 1989, being sections 500.2069 and 500.2290 of the Michigan Compiled Laws; and to add sections 2287, 2288, and 2289.

The People of the State of Michigan enact:

Section 1. Sections 2069 and 2290 of Act No. 218 of the Public Acts of 1956, section 2290 as added by Act No. 137 of the Public Acts of 1989, being sections 500.2069 and 500.2290 of the Michigan Compiled Laws, are amended and sections 2287, 2288, and 2289 are added to read as follows:

Sec. 2069. Any insurer, agent, solicitor, or any person, firm, association, or corporation, violating any of the provisions of sections 2064 and 2066 shall be guilty of a misdemeanor. Upon conviction of violating section 2066 the offender shall be sentenced to pay a fine of not more than \$100.00 for each violation, or in the discretion of the court, to imprisonment in the county jail of the county in which the offense is committed. Upon conviction of violating section 2064 the offender shall be sentenced to pay a fine of not more than \$1,000.00 for each violation, or in the discretion of the court, to imprisonment in the county jail of the county in which the offense is committed.

Sec. 2287. An insurer that offers individual long-term care insurance shall provide to a prospective applicant before application and upon request before renewal a summary of coverage and shall obtain an acknowledgment of receipt of the summary on the application form or renewal form by obtaining the signature of the applicant. An insurer using direct sales response shall provide the summary of coverage to an applicant in conjunction with the initial application and upon request before renewal. The summary of coverage shall be in substantially the following form:

LONG-TERM CARE POLICY SUMMARY OF COVERAGE

<u>Category</u>	<u>Definition</u>	<u>Company Benefits</u>
Skilled nursing care	Requires daily attendance, monitoring, evaluation and/or observation by licensed health personnel in a licensed skilled nursing care facility	\$ _____ per day
Maximum days payable		_____ days
Intermediate/basic/custodial nursing care	Is care that includes assistance in activities of daily living that can be provided by persons without medical skill in a licensed intermediate or skilled nursing care facility	\$ _____ per day
Maximum days payable		_____ days
Home health benefits: — Daily benefit — Maximum days payable — Restrictions	Will this policy cover home care and what are the restrictions?	____ Yes ____ No \$ _____ per day _____ No. of days
Prior hospitalization	Policies may not require that you be placed in a hospital for a certain number of days before you can receive coverage for nursing home care	
Day benefits begin	After you have entered the nursing home, when will the policy start to pay for coverage?	
Preexisting conditions waiting period	If you have been treated in the last 6 months for a condition, will this policy cover your treatment? Does this policy cover you only after a waiting period? How long is the waiting period?	____ Yes ____ No ____ Yes ____ No _____
Prior approval for coverage	Is prior approval needed before your policy will give you coverage?	____ Yes ____ No

Motor vehicle accidents	Will this policy provide coverage for long-term care needed as a result of a motor vehicle accident?	____ Yes ____ No
Evidence of insurability	Is a physical examination required? Do you have to answer a series of health questions?	____ Yes ____ No ____ Yes ____ No
Guaranteed renewal	As long as you pay your premiums on time, will the company continue to insure you?	____ Yes ____ No
Waiver of premium	Are there circumstances under which you receive coverage, but do not have to pay the premium?	____ Yes ____ No

I have read this summary and understand that this summary is for my own use and is mine to keep.

Prospective Applicant's Signature

Date

Sec. 2288. An application for a long-term care policy or certificate shall contain the following statement printed, stamped, or as part of a sticker permanently affixed to the application in capital letters on the first page:

"For additional information about long-term care coverage write to the Michigan insurance bureau, P.O. Box 30220, Lansing, MI 48909 or call the area agency on aging in your community."

Sec. 2289. (1) Long-term care coverage shall meet all of the following requirements:

(a) Shall include coverage for intermediate/basic care.

(b) Shall not limit or exclude coverage by type of illness, treatment, medical condition, or accident other than a motor vehicle accident, except as follows:

(i) Preexisting conditions.

(ii) Mental or nervous disorders; however, this shall not be defined to include more than neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder and shall not permit exclusion or limitation of benefits on the basis of Alzheimer's disease or related disorders.

(iii) Alcoholism or drug addiction.

(iv) Illness, treatment, or medical condition arising out of any of the following:

(A) War or act of war, whether declared or undeclared.

(B) Participation in a felony, riot, or insurrection.

(C) Service in the armed forces or units auxiliary to the armed forces.

(D) Suicide, whether or not the individual was sane or insane at the time of the suicide, attempted suicide, or intentionally self-inflicted injury.

(E) Aviation. This exclusion applies only to passengers who do not pay a fare.

(v) This subdivision is not intended to prohibit exclusions and limitations by type of provider or territorial limitations.

(2) Long-term care coverage other than home care coverage may provide that before certain coverages in the policy take effect, care must first be recommended by a person or persons as provided in the policy and approved by the commissioner or prescribed by a licensed treating physician. Long-term care coverage for home care may provide that before coverage for home care in the policy takes effect, care must first be prescribed or recommended by a person or persons as provided in the policy and approved by the commissioner.

Sec. 2290. Each insurance policy that is advertised, marketed, or offered as long-term care insurance or nursing home insurance shall comply with sections 2280 to 2289 and the other applicable provisions of this act. An insurance policy that is not advertised, marketed, or offered using the name long-term care insurance or nursing home insurance need not comply with sections 2280 to 2289.

Section 2. Sections 2280 to 2290 apply to long-term care coverage issued on or after January 1, 1990 and any renewals of that coverage.

Section 3. This amendatory act shall take effect January 1, 1990.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved

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Governor.