

SENATE BILL No. 246

March 9, 1989, Introduced by Senators O'BRIEN, SCHWARZ, FAUST, POSTHUMUS, SHINKLE and FESSLER and referred to the Committee on Commerce and Technology.

A bill to amend section 602 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

being section 500.602 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 602 of Act No. 218 of the Public Acts of
2 1956, being section 500.602 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 602. (1) "Life" insurance is insurance upon the lives
5 and health of persons and every insurance pertaining thereto, and
6 to grant, purchase or dispose of annuities. NOTWITHSTANDING ANY
7 OTHER PROVISION OF LAW, LIFE INSURANCE INCLUDES INSURANCE UPON
8 THE LIVES OF PERSONS WHICH INSURANCE PREPAYS IN A LUMP SUM NOT
9 MORE THAN 25% OF THE DEATH BENEFIT BASED ON 1 OR MORE OF THE

1 FOLLOWING MEDICAL CONDITIONS IF CONSIDERED TO BE LIFE THREATENING
2 OR OF A CATASTROPHIC NATURE:

3 (A) MALIGNANT TUMORS.

4 (B) CONDITIONS REQUIRING ORGAN TRANSPLANTATION.

5 (C) CORONARY ARTERY DISEASE RESULTING IN ACUTE INFARCTION OR
6 REQUIRING SURGERY.

7 (D) PERMANENT NEUROLOGICAL DEFICIT RESULTING FROM CEREBRAL
8 VASCULAR ACCIDENT.

9 (E) ENDSTAGE RENAL FAILURE.

10 (F) OTHER MEDICAL CONDITIONS WHICH THE COMMISSIONER FINDS,
11 AFTER AN OPPORTUNITY FOR A HEARING PURSUANT TO THE ADMINISTRATIVE
12 PROCEDURES ACT OF 1969, ACT NO. 306 OF THE PUBLIC ACTS OF 1969,
13 BEING SECTIONS 24.201 TO 24.328 OF THE MICHIGAN COMPILED LAWS, TO
14 BE EITHER LIFE THREATENING OR OF A CATASTROPHIC NATURE.

15 (2) Transaction of life insurance includes the issuance of
16 policies of life and endowment insurance and contracts for the
17 payment of annuities and pure endowments, and contracts supple-
18 mental thereto which contain only ~~such~~ THOSE provisions relat-
19 ing to accident and sickness insurance as ~~(a)~~ provide addi-
20 tional benefits in case of death or dismemberment or loss of
21 sight by accident ~~—~~ or as ~~(b)~~ operate to safeguard ~~such~~
22 THOSE policies or contracts against lapse or to give a special
23 surrender value or special benefit or an annuity ~~in the event~~
24 ~~that~~ IF the insured or annuitant shall become totally and per-
25 manently disabled, as defined by the contract or supplemental
26 contract.

1 (3) All corporations, associations, partnerships, or
2 individuals, doing business in this state under any charter,
3 compact, agreement, or statute of this or any other state,
4 involving an insurance, guaranty, contract, or pledge, for the
5 payment of annuities or endowments, or for the payment of
6 ~~moneys~~ MONEY to families, or representatives of policy or cer-
7 tificate holders or members, shall be considered and deemed to be
8 life insurance companies within the meaning of the laws relating
9 to life insurance within this state.