

HOUSE BILL No. 4481

March 5, 1991, Introduced by Rep. Van Singel and referred to the Committee on Corporations and Finance.

A bill to amend section 262 of Act No. 162 of the Public Acts of 1982, entitled

"Nonprofit corporation act,"

as amended by Act No. 71 of the Public Acts of 1985, being section 450.2262 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 262 of Act No. 162 of the Public Acts of
2 1982, as amended by Act No. 71 of the Public Acts of 1985, being
3 section 450.2262 of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 262. (1) An association or society, not otherwise pro-
6 vided for HERE OR by OTHER statute, incorporated before
7 January 1, 1983, and now existing, whose purpose is to provide
8 for the relief of distressed members, visitation of the sick, and
9 the payment of a voluntary sick benefit to or for members not

1 exceeding ~~\$500.00~~ \$2,000.00 on account of any 1 member, or the
2 buying and selling of products for its members without direct
3 pecuniary profit to the association or its members may operate as
4 a corporation subject to this act. The ladies Lutheran benevo-
5 lent federation of Michigan, now incorporated as a nonprofit cor-
6 poration, may pay death benefits in an amount not exceeding
7 \$500.00 to any 1 person. The metropolitan club of America, inc.,
8 national spirit, and the ladies auxiliary of the metropolitan
9 clubs of America, national spirit, which are incorporated as non-
10 profit corporations, may pay death benefits in an amount not to
11 exceed \$1,000.00 to any 1 person. The Venetian club of mutual
12 aid, incorporated as a nonprofit corporation, may pay death and
13 sick benefits in an amount not to exceed \$10,000.00 to any 1
14 person. The Warren firemen's benevolent association may pay
15 death and sick benefits in an amount not to exceed \$14,000.00 to
16 any 1 person. The Lansing firemen's benefit association may pay
17 death and sick benefits in an amount not to exceed \$2,000.00 to
18 any 1 person. The Sanilac county police and firemen's fund may
19 pay death and sick benefits in an amount not to exceed \$3,000.00
20 to any 1 person. The Italian-American brotherhood society may
21 pay death and sick benefits in an amount not to exceed \$3,000.00
22 to any 1 person. The Italian-American fraternal club of Dearborn
23 may pay death and sick benefits in an amount not to exceed
24 \$500.00 to any 1 person. The Michigan licensed beverage associa-
25 tion may pay death and sick benefits in an amount not to exceed
26 \$5,000.00 to any 1 person who is a licensee of the Michigan
27 liquor control commission. The Westland fire fighters'

1 benevolent association may pay death and sick benefits in an
2 amount not to exceed \$7,500.00 to any 1 person. The Livonia
3 benevolent association for fire fighters and police officers may
4 pay death and sick benefits in an amount not to exceed \$5,000.00
5 to any 1 person. The Midland fire fighters' benefit fund may pay
6 death and sick benefits in an amount not to exceed \$10,000.00 to
7 any 1 person. The incorporated branches of the fraternal order
8 of eagles within this state may pay death benefits of \$350.00 or
9 sickness benefits of \$350.00, but not a combination of death and
10 sickness benefits that would exceed \$500.00 to any 1 person.

11 (2) The entities specified in this section and organized
12 before January 1, 1983, and providing for the payment of death or
13 sick benefits under this section in an amount exceeding \$1,000.00
14 to 1 person shall by January 1, 1980, establish and maintain
15 reserves in an amount estimated in the aggregate to provide for
16 the payment of all losses and claims incurred, whether reported
17 or unreported, which are unpaid and for which the entity may be
18 liable and to provide for the expense of adjustment or settlement
19 of losses and claims. The reserves shall be computed in accord-
20 ance with rules promulgated by the commissioner of insurance,
21 after due notice and hearing, upon reasonable consideration of
22 the ascertained experiences and the character of such kinds of
23 business for the purpose of adequately protecting the members and
24 securing the solvency of the corporations. The funds of the
25 entities securing the reserves shall be invested only in securi-
26 ties permitted by the laws of this state for the investment of
27 assets of life insurance companies.

1 (3) An entity specified in this section ~~which~~ THAT
2 obligates itself to the payment of death and sick benefits to its
3 members shall not make, issue, or deliver in this state a certif-
4 icate or other written evidence of the obligation unless the cer-
5 tificate or other written evidence has conspicuously printed on
6 the first page in boldface type not smaller than 10 point the
7 following statement: This organization does not operate under
8 the supervision of the Michigan insurance bureau.