

HOUSE BILL No. 6156

September 30, 1992, Introduced by Reps. Owen, Yokich, Wallace, Walberg, Perry Bullard, Profit and Gubow and referred to the Committee on Insurance.

A bill to amend Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, by adding section 812.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding section 812 to read as
4 follows:

5 SEC. 812. (1) AN INSURER SHALL NOT WRITE STOP-LOSS OR REIN-
6 SURANCE COVERAGE FOR HEALTH INSURANCE COVERAGE, HEALTH MAINTE-
7 NANCE ORGANIZATION COVERAGE, HEALTH CARE CORPORATION COVERAGE, OR
8 SELF-FUNDED OR OTHER HEALTH COVERAGE, THAT IS DELIVERED, ISSUED

1 FOR DELIVERY, OR RENEWED IN THIS STATE, UNLESS THE STOP-LOSS OR
2 REINSURANCE INSURER DOES ALL OF THE FOLLOWING:

3 (A) VERIFIES BIENNIALY THAT THE HEALTH PLAN HAS RESERVES
4 EQUAL TO THE REQUIRED AMOUNT OF RESERVES FOR COMMERCIAL HEALTH
5 INSURERS.

6 (B) FILES BIENNIALY WITH THE COMMISSIONER EVIDENCE THAT
7 VERIFICATION OF THE AMOUNT OF RESERVES WAS OBTAINED FOR THE
8 HEALTH PLAN.

9 (2) A STOP-LOSS OR REINSURANCE INSURER WHO VIOLATES SUBSEC-
10 TION (1) IS SUBJECT TO A CIVIL FINE FOR A FIRST VIOLATION OF
11 \$50,000.00 AND FOR ANY SECOND OR SUBSEQUENT VIOLATION A CIVIL
12 FINE OF \$100,000.00 OR AT THE COMMISSIONER'S OPTION THE REVOCA-
13 TION OF THE INSURER'S AUTHORITY TO DO BUSINESS IN THIS STATE.