



SENATE BILL No. 632

May 11, 1993, Introduced by Senators MILLER, HART, CHERRY,
KELLY and DI NELLO and referred to the Committee on
Commerce.

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. 37 of the Public Acts of 1991, being sec-
tion 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. 37 of the Public Acts of 1991, 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 \$2,000.00 on account of any 1 member, or the buying and
2 selling of products for its members without direct pecuniary
3 profit to the association or its members may operate as a corpo-
4 ration subject to this act. The ladies Lutheran benevolent fed-
5 eration of Michigan, now incorporated as a nonprofit corporation,
6 may pay death benefits in an amount not exceeding \$500.00 to any
7 1 person. The metropolitan club of America, inc., national
8 spirit, and the ladies auxiliary of the metropolitan clubs of
9 America, national spirit, which are incorporated as nonprofit
10 corporations, may pay death benefits in an amount not to exceed
11 \$1,000.00 to any 1 person. The Venetian club of mutual aid,
12 incorporated as a nonprofit corporation, may pay death and sick
13 benefits in an amount not to exceed \$10,000.00 to any 1 person.
14 The Warren firemen's benevolent association may pay death and
15 sick benefits in an amount not to exceed ~~\$14,000.00~~ \$20,000.00
16 to any 1 person. The Lansing firemen's benefit association may
17 pay death and sick benefits in an amount not to exceed \$2,000.00
18 to any 1 person. The Sanilac county police and firemen's fund
19 may pay death and sick benefits in an amount not to exceed
20 \$3,000.00 to any 1 person. The Italian-American brotherhood
21 society may pay death and sick benefits in an amount not to
22 exceed \$3,000.00 to any 1 person. The Italian-American fraternal
23 club of Dearborn may pay death and sick benefits in an amount not
24 to exceed \$500.00 to any 1 person. The Michigan licensed bever-
25 age association may pay death and sick benefits in an amount not
26 to exceed \$5,000.00 to any 1 person who is a licensee of the
27 Michigan 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 that obligates
2 itself to the payment of death and sick benefits to its members
3 shall not make, issue, or deliver in this state a certificate or
4 other written evidence of the obligation unless the certificate
5 or other written evidence has conspicuously printed on the first
6 page in boldface type not smaller than 10 point the following
7 statement: This organization does not operate under the supervi-
8 sion of the Michigan insurance bureau.