



# HOUSE BILL No. 4313

February 7, 1995, Introduced by Reps. London, DeHart, Rhead, Hill, Hammerstrom, Bullard, McBryde, Mathieu, Pitoniak, Dolan and Goschka 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 4066.

## 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 4066 to read as  
4 follows:

5       SEC. 4066. (1) A LIFE INSURER MAY OFFER A POLICYHOLDER OF A  
6 LIFE INSURANCE POLICY THAT ACCUMULATES CASH VALUE A 1-TIME OPTION  
7 WHEN THE INSURED BECOMES 65 YEARS OF AGE TO PLACE THE CASH VALUE  
8 OF THE LIFE INSURANCE POLICY INTO A LONG-TERM CARE INSURANCE  
9 POOL. THE POOL SHALL BE ESTABLISHED BY THE INSURER TO PAY

1 PREMIUMS FOR LONG-TERM CARE POLICIES FOR ALL OF THE INSURER'S  
2 POLICYHOLDERS WHO EXERCISE THE OPTION OF CASHING OUT THEIR LIFE  
3 INSURANCE POLICIES AND PLACING THE PROCEEDS INTO THE POOL TO BE  
4 USED TOWARD PAYING THE PREMIUM ON LONG-TERM CARE INSURANCE FOR  
5 THE INSURED.

6 (2) ALL OF THE FOLLOWING APPLY TO AN OPTION ESTABLISHED  
7 UNDER SUBSECTION (1):

8 (A) THAT EXERCISING THE OPTION AND PLACING THE CASH VALUE OF  
9 THE LIFE INSURANCE POLICY INTO THE POOL IS IRREVOCABLE.

10 (B) THAT UPON THE INSURED'S DEATH MONEY IN THE POOL FROM THE  
11 PROCEEDS OF THE CASHED OUT LIFE INSURANCE POLICY THAT HAS NOT  
12 BEEN EXPENDED REMAINS IN THE POOL FOR THE BENEFIT OF OTHER  
13 LONG-TERM CARE INSURANCE POOL POLICYHOLDERS WHO HAVE EXERCISED  
14 THE OPTION AND SHALL NOT BE PAID TO THE INSURED'S ESTATE OR ANY  
15 BENEFICIARY UNDER THE ORIGINAL LIFE INSURANCE POLICY.

16 (C) THAT IF ALL OF THE PROCEEDS FROM THE CASHED OUT LIFE  
17 INSURANCE POLICY HAVE BEEN EXPENDED, THE LONG-TERM CARE INSURANCE  
18 POOL WILL CONTINUE TO PAY THE LONG-TERM CARE INSURANCE PREMIUM  
19 FOR THE INSURED.

20 (3) IF A LIFE INSURER OFFERS AN OPTION UNDER SUBSECTION (1),  
21 THE LIFE INSURER SHALL NOTIFY THE POLICYHOLDER 30 DAYS PRIOR TO  
22 THE INSURED'S SIXTY-FIFTH BIRTHDAY OF ALL OF THE PROVISIONS UNDER  
23 SUBSECTION (2) AND THAT, TO EXERCISE THE OPTION, THE POLICYHOLDER  
24 MUST DO SO BY THE INSURED'S SIXTY-FIFTH BIRTHDAY.