

REPRINT
SUBSTITUTE FOR
HOUSE BILL NO. 5642
(As passed the House, May 26, 1998)

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2210 (MCL 500.2210), as amended by 1994 PA
227.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2210. (1) As used in this section:
- 2 (a) "Employee ~~welfare~~ benefit plan" means that term as
- 3 defined by the employee retirement income security act of 1974,
- 4 Public Law 93-406, 88 Stat. 829.
- 5 (b) "Employer" means an individual, sole proprietorship,
- 6 partnership, firm, corporation, association, or any other legal
- 7 entity, which has 1 or more employees and is legally doing busi-
- 8 ness in this state.
- 9 (c) "Trust" means a trust established by an employer. ~~and~~
- 10 ~~maintained for the sole purpose of providing for the cost of~~

~~1 benefits under an employee welfare benefit plan maintained for
2 employees or retired employees, including a sole proprietor or a
3 partner of the employer, and their qualified dependents and
4 beneficiaries.~~

5 (2) Notwithstanding any other section of this act, an
6 employer OR A TRUST has an insurable interest in, and may, with
7 the written consent of the insured, insure on an individual or
8 group basis for its benefit the lives of ~~its~~ THE EMPLOYER'S
9 directors, officers, managers, nonmanagement employees, and ~~its~~
10 retired employees. An employer OR A TRUST may insure the lives
11 of ~~its~~ THE EMPLOYER'S nonmanagement employees and its retired
12 employees only if those persons give written consent to be
13 insured and the coverage is limited to an amount reasonably com-
14 mensurate with the employer's projected unfunded liabilities to
15 nonmanagement and retired employees for employee ~~welfare~~ bene-
16 fit plans, calculated according to accepted actuarial
17 principles. An employer shall not retaliate in any manner
18 against an employee or a retired employee for refusing consent to
19 be insured.

20 (3) Notwithstanding any other section of this act, ~~a~~
21 ~~trustee of~~ a trust MAINTAINED FOR THE PURPOSE OF PROVIDING FOR
22 THE COST OF BENEFITS UNDER AN EMPLOYEE BENEFIT PLAN MAINTAINED
23 FOR EMPLOYEES OR RETIRED EMPLOYEES has an insurable interest in,
24 and may, with the acquiescence of the insured, insure on an indi-
25 vidual or group basis ~~—~~ FOR ITS BENEFIT the lives of the
26 employer's directors, officers, managers, nonmanagement
27 employees, and ~~its~~ retired employees. A ~~trustee of a~~ trust

1 may insure the life of a nonmanagement employee and a retired
2 employee only if that person is given written notice of the cov-
3 erage, he or she has not notified either the employer or the
4 ~~trustee~~ TRUST in writing that he or she does not want to be
5 insured for the coverage, and the coverage is limited to an
6 amount reasonably commensurate with the employer's projected
7 unfunded liabilities to nonmanagement and retired employees for
8 employee ~~welfare~~ benefit plans, calculated according to
9 accepted actuarial principles. An employer or a ~~trustee~~ TRUST
10 shall not retaliate in any manner against an employee or a
11 retired employee for providing the written notice that he or she
12 does not want to be insured for the coverage.

13 (4) The proceeds of any policy or certificate issued pursu-
14 ant to subsection (2) or (3) ~~is~~ ARE exempt from the claims of
15 any creditor or dependent of the insured.