

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 514

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2213b (MCL 500.2213b), as added by 1996 PA
517.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2213b. (1) Except as provided in this section, an
2 insurer that delivers, issues for delivery, or renews in this
3 state an expense-incurred hospital, medical, or surgical individ-
4 ual policy under chapter 34 shall renew or continue in force the
5 policy at the option of the individual.
6 (2) Except as provided in this section, an insurer that
7 delivers, issues for delivery, or renews in this state an
8 expense-incurred hospital, medical, or surgical group policy or
9 certificate under chapter 36 shall renew or continue in force the
10 policy or certificate at the option of the sponsor of the plan.

SB0514, As Passed House, December 9, 1997

Senate Bill No. 514

2

1 (3) Guaranteed renewal is not required in cases of fraud,
2 intentional misrepresentation of material fact, lack of payment,
3 if the insurer no longer offers that particular type of coverage
4 in the market, or if the individual or group moves outside the
5 service area.

6 (4) UNTIL JULY 1, 2001 THIS SECTION DOES NOT APPLY TO A
7 SHORT-TERM OR 1-TIME LIMITED DURATION POLICY OR CERTIFICATE OF NO
8 LONGER THAN 6 MONTHS.

9 (5) UNTIL JULY 1, 2001 FOR THE PURPOSES OF THIS SECTION AND
10 SECTION 3406F, A SHORT-TERM OR 1-TIME LIMITED DURATION POLICY OR
11 CERTIFICATE OF NO LONGER THAN 6 MONTHS IS AN INDIVIDUAL HEALTH
12 POLICY THAT MEETS ALL OF THE FOLLOWING:

13 (A) IS ISSUED TO PROVIDE COVERAGE FOR A PERIOD OF 185 DAYS
14 OR LESS, EXCEPT THAT THE HEALTH POLICY MAY PERMIT A LIMITED
15 EXTENSION OF BENEFITS AFTER THE DATE THE POLICY ENDED SOLELY FOR
16 EXPENSES ATTRIBUTABLE TO A CONDITION FOR WHICH A COVERED PERSON
17 INCURRED EXPENSES DURING THE TERM OF THE POLICY.

18 (B) IS NONRENEWABLE, PROVIDED THAT THE HEALTH INSURER MAY
19 PROVIDE COVERAGE FOR 1 OR MORE SUBSEQUENT PERIODS THAT SATISFY
20 SUBDIVISION (A), IF THE TOTAL OF THE PERIODS OF COVERAGE DO NOT
21 EXCEED A TOTAL OF 185 DAYS OUT OF ANY 365-DAY PERIOD, PLUS ANY
22 ADDITIONAL DAYS PERMITTED BY THE POLICY FOR A CONDITION FOR WHICH
23 A COVERED PERSON INCURRED EXPENSES DURING THE TERM OF THE
24 POLICY.

25 (C) DOES NOT COVER ANY PREEXISTING CONDITIONS.

26 (D) IS AVAILABLE WITH AN IMMEDIATE EFFECTIVE DATE, WITHOUT
27 UNDERWRITING, UPON RECEIPT BY THE INSURER OF A COMPLETED

SB0514, As Passed House, December 9, 1997

Sub. S.B. 514 (H-2) as amended December 9, 1997 3

1 APPLICATION INDICATING ELIGIBILITY UNDER THE HEALTH INSURER'S
2 ELIGIBILITY REQUIREMENTS, EXCEPT THAT COVERAGE THAT INCLUDES
3 OPTIONAL BENEFITS MAY BE OFFERED ON A BASIS THAT DOES NOT MEET
4 THIS REQUIREMENT.

5 (6) AN INSURER THAT DELIVERS, ISSUES FOR DELIVERY, OR RENEWS
6 IN THIS STATE A SHORT-TERM OR 1-TIME LIMITED DURATION POLICY OR
7 CERTIFICATE OF NO LONGER THAN 6 MONTHS SHALL PROVIDE THE FOLLOW-
8 ING TO THE COMMISSIONER [:

9 (A) BY NO LATER THAN FEBRUARY 1, 1998, A WRITTEN REPORT THAT
10 DISCLOSES BOTH OF THE FOLLOWING:

11 (i) THE GROSS WRITTEN PREMIUM FOR SHORT-TERM OR 1-TERM LIMITED
12 DURATION POLICIES OR CERTIFICATES OF NO LONGER THAN 6 MONTHS ISSUED
13 IN THIS STATE DURING THE 1996 CALENDAR YEAR.

14 (ii) THE GROSS WRITTEN PREMIUM FOR ALL INDIVIDUAL EXPENSE-
15 INCURRED HOSPITAL, MEDICAL, OR SURGICAL POLICIES ISSUED IN THIS
16 STATE DURING THE 1996 CALENDAR YEAR OTHER THAN POLICIES OR
17 CERTIFICATES DESCRIBED IN SUBPARAGRAPH (i).

18 (B) BY NO LATER THAN MARCH 31, 1998, MARCH 31, 1999, MARCH 31,
19 2000, AND MARCH 31, 2001, A WRITTEN ANNUAL REPORT THAT DISCLOSES
20 BOTH OF THE FOLLOWING:

21 (i) THE GROSS WRITTEN PREMIUM FOR SHORT-TERM OR 1-TIME LIMITED
DURATION POLICIES OR CERTIFICATES ISSUED IN THIS STATE DURING THE
PRECEDING CALENDAR YEAR.

(ii) THE GROSS WRITTEN PREMIUM FOR ALL INDIVIDUAL EXPENSE-
INCURRED HOSPITAL, MEDICAL, OR SURGICAL POLICIES ISSUED IN THIS
STATE DURING THE PRECEDING CALENDAR YEAR OTHER THAN POLICIES OR
CERTIFICATES DESCRIBED IN SUBPARAGRAPH (i).

(7) THE COMMISSIONER SHALL MAINTAIN COPIES OF REPORTS PREPARED
PURSUANT TO SUBSECTION (6) ON FILE WITH THE ANNUAL STATEMENT OF EACH
REPORTING INSURER. THE COMMISSIONER SHALL ANNUALLY COMPILE THE
REPORTS RECEIVED UNDER SUBSECTION (6). THE COMMISSIONER SHALL
PROVIDE THIS ANNUAL COMPILATION TO THE SENATE AND HOUSE OF
REPRESENTATIVES STANDING COMMITTEES ON INSURANCE ISSUES NO LATER
THAN THE JUNE 1 IMMEDIATELY FOLLOWING THE FEBRUARY 1 OR MARCH 31
DATE FOR WHICH THE REPORTS UNDER SUBSECTION (6) ARE PROVIDED.]

22 (8) IN EACH CALENDAR YEAR, A HEALTH INSURER SHALL NOT CON-
23 TINUE TO ISSUE SHORT-TERM OR 1-TIME LIMITED DURATION POLICIES OR
24 CERTIFICATES IF TO DO SO THE COLLECTIVE [GROSS WRITTEN] PREMIUMS ON
THOSE
25 POLICIES OR CERTIFICATES WOULD TOTAL MORE THAN 10% OF THE COLLEC-
26 TIVE [GROSS WRITTEN] PREMIUMS FOR ALL INDIVIDUAL EXPENSE-INCURRED
27 HOSPITAL, MEDICAL, OR SURGICAL POLICIES ISSUED IN THIS STATE

1 EITHER DIRECTLY BY THAT INSURER OR THROUGH A CORPORATION THAT

SB0514, As Passed House, December 9, 1997

2 OWNS OR IS OWNED BY THAT INSURER.