

**SUBSTITUTE FOR
SENATE BILL NO. 442**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 7011 and 7060 (MCL 500.7011 and 500.7060),
as added by 1986 PA 121.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7011. The commissioner shall not issue a certificate
2 of authority to a MEWA unless all of the following conditions
3 have been met:
4 (a) The commissioner is satisfied that:
5 (i) The employers in the MEWA are members of an association
6 or group of ~~5~~ 2 or more businesses ~~which~~ OR ENTITIES THAT are
7 in the same trade or industry OR SAME TYPE OF SERVICE, including
8 closely related businesses ~~which~~ THAT provide support,
9 services, or supplies primarily to that trade, SERVICE, or
10 industry.

1 (ii) The association or group of employers in the MEWA is
2 engaged in substantial activity for its members other than spon-
3 sorship of an employee welfare benefit plan.

4 (iii) The association or group of employers in the MEWA has
5 been in existence for a period of not less than 2 years.

6 (iv) The employee welfare benefit plan of the association or
7 group is controlled and sponsored directly by participating
8 employers or employee members, or both.

9 (v) The MEWA has within its own organization adequate facil-
10 ities and competent personnel to service the employee benefit
11 plan or has contracted with an authorized third party administra-
12 tor to provide ~~such~~ services. A third party administrator con-
13 tracting with a MEWA pursuant to this subparagraph shall deliver
14 a fidelity bond to the MEWA IN AN AMOUNT APPROVED BY THE
15 COMMISSIONER to protect against the misappropriation or misuse of
16 any money handled by the third party administrator. ~~in an amount~~
17 ~~approved by the commissioner.~~

18 (b) The MEWA has applications from not less than ~~5~~ 2
19 employers and will provide similar benefits for not less than 200
20 separate participating employees. The annual gross premiums of
21 or contributions to the plan will be not less than \$20,000.00 for
22 a plan that provides only vision benefits, \$75,000.00 for a plan
23 that provides only dental benefits, and \$200,000.00 for all other
24 plans.

25 (c) The MEWA possesses a written commitment, binder, or
26 policy for excess loss insurance issued by an insurer authorized
27 to do business in this state, in an amount approved by the

1 commissioner. ~~Such~~ THE binder or policy shall provide not less
2 than 30 days' notice of cancellation to the commissioner.

3 (d) The MEWA has established a procedure, to the satisfac-
4 tion of the commissioner, for handling claims for benefits in the
5 event of dissolution of the MEWA.

6 (e) The MEWA has delivered to the commissioner ~~such~~ A
7 bond, deposit, or security for the protection of subscribers as
8 the commissioner requires.

9 Sec. 7060. A MEWA transacting business in this state
10 ~~shall~~ IS also ~~be~~ subject to the following additional sections
11 and chapters of this ~~code~~ ACT, as applicable, in the same
12 manner as an insurer authorized to transact insurance in this
13 state:

14 (a) Sections 240(1)(c), (d), (h), and (j).

15 (b) Chapter 12.

16 (c) Chapter 20.

17 (d) Chapter 22.

18 (e) Chapter 34.

19 (f) Chapter 36.

20 (g) Chapter 44.

21 (h) Chapter ~~78~~ 81.