

# HOUSE BILL No. 4031

January 27, 2005, Introduced by Rep. Vagnozzi and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 2210 (MCL 500.2210), as amended by 1998 PA 222.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2210. (1) As used in this section:

2       (a) "Employee benefit plan" means that term as defined by the  
3 employee retirement income security act of 1974, ~~Public Law 93-~~  
4 ~~406, 88 Stat. 829~~ **29 USC 1001 TO 1461.**

5       (b) "Employer" means an individual, sole proprietorship,  
6 partnership, firm, corporation, association, or any other legal  
7 entity ~~—, which~~ **THAT** has 1 or more employees and is legally doing  
8 business in this state.

9       (c) "Trust" means a trust established by an employer.

1           (2) Notwithstanding any other section of this act, an employer  
2 or a trust has an insurable interest in, and may, with the written  
3 consent of the insured, insure on an individual or group basis for  
4 its benefit the lives of the employer's directors, officers, **OR**  
5 managers. ~~, nonmanagement employees, and retired employees.~~ An  
6 employer or a trust ~~may~~ **SHALL NOT** insure the lives of the  
7 employer's nonmanagement employees and its retired employees. ~~only~~  
8 ~~if those persons give written consent to be insured and the~~  
9 ~~coverage is limited to an amount reasonably commensurate with the~~  
10 ~~employer's projected unfunded liabilities to nonmanagement and~~  
11 ~~retired employees for employee benefit plans, calculated according~~  
12 ~~to accepted actuarial principles.~~ An employer shall not retaliate  
13 in any manner against an employee ~~or a retired employee~~ for  
14 refusing consent to be insured.

15           (3) Notwithstanding any other section of this act, a trust  
16 maintained for the purpose of providing for the cost of benefits  
17 under an employee benefit plan maintained for employees or retired  
18 employees has an insurable interest in, and may, with the  
19 acquiescence of the insured, insure on an individual or group basis  
20 for its benefit the lives of the employer's directors, officers, **OR**  
21 managers. ~~, nonmanagement employees, and retired employees.~~ A  
22 trust ~~may~~ **SHALL NOT** insure the life of a nonmanagement employee  
23 ~~and~~ **OR** a retired employee. ~~only if that person is given written~~  
24 ~~notice of the coverage, he or she has not notified either the~~  
25 ~~employer or the trust in writing that he or she does not want to be~~  
26 ~~insured for the coverage, and the coverage is limited to an amount~~  
27 ~~reasonably commensurate with the employer's projected unfunded~~

1 ~~liabilities to nonmanagement and retired employees for employee~~  
2 ~~benefit plans, calculated according to accepted actuarial~~  
3 ~~principles.~~— An employer or a trust shall not retaliate in any  
4 manner against an employee ~~or a retired employee~~ for providing  
5 the written notice that he or she does not want to be insured for  
6 the coverage.

7 (4) The proceeds of any policy or certificate issued pursuant  
8 to subsection (2) or (3) are exempt from the claims of any creditor  
9 or dependent of the insured.