

HOUSE BILL No. 4941

June 15, 2005, Introduced by Reps. Steil, Green, Jones, Caul, Mortimer, Pastor, Booher, Gosselin, Ward, Nofs, Newell, Condino, LaJoy, Stahl, Stakoe, Vander Veen, Palmer, Hansen, Moolenaar, Pearce and Farhat and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 7011 (MCL 500.7011), as amended by 1999 PA 82.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7011. The commissioner shall not issue a certificate of
2 authority to a MEWA unless all of the following conditions have
3 been met:

4 (a) The commissioner is satisfied that:

5 (i) The employers in the MEWA are members of an association or
6 group of 2 or more businesses or entities that are in the same
7 trade or industry or same type of service, including closely
8 related businesses that provide support, services, or supplies
9 primarily to that trade, service, or industry.

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

4 (iii) The association or group of employers in the MEWA has been
5 in existence for a period of not less than 2 years. **THIS**
6 **SUBPARAGRAPH DOES NOT APPLY TO AN ASSOCIATION OR GROUP OF EMPLOYERS**
7 **THAT IS COMPOSED OF ALL MUNICIPAL CORPORATIONS. AS USED IN THIS**
8 **SUBPARAGRAPH, "MUNICIPAL CORPORATION" MEANS THAT TERM AS DEFINED IN**
9 **SECTION 1 OF 1951 PA 35, MCL 124.1.**

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

13 (v) The MEWA has within its own organization adequate
14 facilities and competent personnel to service the employee benefit
15 plan or has contracted with an authorized third party administrator
16 to provide services. A third party administrator contracting with a
17 MEWA pursuant to this subparagraph shall deliver a fidelity bond to
18 the MEWA in an amount approved by the commissioner to protect
19 against the misappropriation or misuse of any money handled by the
20 third party administrator.

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

27 (c) The MEWA possesses a written commitment, binder, or policy

1 for excess loss insurance issued by an insurer authorized to do
2 business in this state, in an amount approved by the commissioner.
3 The binder or policy shall provide not less than 30 days' notice of
4 cancellation to the commissioner.

5 (d) The MEWA has established a procedure, to the satisfaction
6 of the commissioner, for handling claims for benefits in the event
7 of dissolution of the MEWA.

8 (e) The MEWA has delivered to the commissioner a bond,
9 deposit, or security for the protection of subscribers as the
10 commissioner requires.