

# HOUSE BILL No. 4936

May 13, 2009, Introduced by Reps. Melton, Ball, Corriveau, Coulouris, Simpson, Haugh, Young, Lipton, Marleau, Mayes, Scripps and Meadows and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 3711 (MCL 500.3711), as added by 2003 PA 88,  
and by adding section 3710.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 3710. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A  
2        HEALTH BENEFIT PLAN SHALL NOT BE RESCINDED, CANCELED, OR LIMITED  
3        DUE TO THE PLAN'S FAILURE TO COMPLETE MEDICAL UNDERWRITING AND  
4        RESOLVE ALL REASONABLE QUESTIONS ARISING FROM THE WRITTEN  
5        INFORMATION SUBMITTED ON OR WITH AN APPLICATION BEFORE ISSUING THE  
6        PLAN'S CONTRACT. THIS SECTION DOES NOT LIMIT A HEALTH BENEFIT  
7        PLAN'S REMEDIES UPON A SHOWING OF INTENTIONAL MISREPRESENTATION OF  
8        MATERIAL FACT.

1       Sec. 3711. (1) Except as provided in this section, a small  
2 employer carrier that offers health coverage in the small employer  
3 group market in connection with a health benefit plan shall renew  
4 or continue in force that plan at the option of the small employer  
5 or sole proprietor **AT A PREMIUM RATE THAT DOES NOT TAKE INTO**  
6 **ACCOUNT THE CLAIMS EXPERIENCE OR ANY CHANGE IN THE HEALTH STATUS OF**  
7 **ANY COVERED PERSON THAT OCCURRED AFTER THE INITIAL ISSUANCE OF THE**  
8 **HEALTH BENEFIT PLAN.**

9       (2) Guaranteed renewal under subsection (1) is not required in  
10 cases of: fraud or intentional misrepresentation of the small  
11 employer or, for coverage of an insured individual, fraud or  
12 misrepresentation by the insured individual or the individual's  
13 representative; lack of payment; noncompliance with minimum  
14 participation requirements; if the small employer carrier no longer  
15 offers that particular type of coverage in the market; or if the  
16 sole proprietor or small employer moves outside the geographic  
17 area.