

SENATE BILL NO. 678

November 09, 2023, Introduced by Senators SINGH, CAVANAGH, HERTEL, KLINEFELT, MOSS, GEISS, CHANG, POLEHANKI, MCCANN, IRWIN, BAYER and WOJNO and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 3905 and 4037 (MCL 500.3905 and 500.4037), section 3905 as added by 1992 PA 84 and section 4037 as amended by 1994 PA 226, and by adding section 3406rr.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 3406rr. An insurer that delivers, issues for delivery, or**
2 **renews in this state a health insurance policy shall not deny or**
3 **limit coverage for an insured that intends to end the insured's**
4 **life in accordance with the death with dignity act.**

1 Sec. 3905. (1) Long-term care coverage ~~shall~~**must** meet all of
2 the following requirements:

3 (a) ~~Shall~~**Must** include coverage for intermediate/basic care ~~7~~
4 ~~which shall~~**that must** not be significantly less than the coverage
5 provided for skilled nursing care.

6 (b) ~~Shall~~**Must** not limit or exclude coverage by type of
7 illness, type of provider, territorial limitations, treatment,
8 medical condition, or accident other than a motor vehicle accident,
9 except as follows:

10 (i) Preexisting conditions.

11 (ii) Mental or nervous disorders; however, this ~~shall~~**must** not
12 be defined to include more than neurosis, psychoneurosis,
13 psychopathy, psychosis, or mental or emotional disease or disorder
14 and ~~shall~~**must** not permit exclusion or limitation of benefits on
15 the basis of Alzheimer's disease or related disorders.

16 (iii) Alcoholism or drug addiction.

17 (iv) Illness, treatment, or medical condition arising out of
18 any of the following:

19 (A) War or act of war, whether declared or undeclared.

20 (B) Participation in a felony, riot, or insurrection.

21 (C) Service in the armed forces or units auxiliary to the
22 armed forces.

23 (D) Suicide, whether or not the individual was sane or insane
24 at the time of the suicide, attempted suicide, or intentionally
25 self-inflicted injury. **For purposes of this sub-subparagraph,**
26 **suicide does not include an individual ending his or her life in**
27 **accordance with the death with dignity act.**

28 (2) Long-term care coverage other than home care coverage may
29 provide that, before certain coverages in the policy take effect,

1 care must first be recommended by a person or persons as provided
2 in the policy and approved by the ~~commissioner~~**director** or
3 prescribed by a licensed treating physician. Long-term care
4 coverage for home care may provide that, before coverage for home
5 care in the policy takes effect, care must first be prescribed or
6 recommended by a person or persons as provided in the policy and
7 approved by the ~~commissioner~~**director**.

8 Sec. 4037. Each universal life insurance policy ~~shall~~**must**
9 contain all of the following provisions:

10 (a) That the insurer will send to the policyholder without
11 charge at least annually a report advising the policyholder as to
12 the policy status. The end of the current report period ~~shall~~**must**
13 be not more than 3 months ~~prior to~~**before** the date of the mailing
14 of the report. The report ~~shall~~**must** include all of the following:

15 (i) The beginning and end of the current report period.

16 (ii) The policy value at the end of the previous report period
17 and at the end of the current report period.

18 (iii) The total of all amounts, identifying each by type such as
19 interest, mortality, expense, and riders, that have been credited
20 or debited to the policy value during the current report period.

21 (iv) The current death benefit at the end of the current report
22 period on each life covered by the policy.

23 (v) The net cash surrender value of the policy as of the end
24 of the current report period.

25 (vi) The amount of outstanding loans, if any, as of the end of
26 the current report period.

27 (vii) For fixed premium universal life insurance policies, if,
28 assuming guaranteed interest, mortality, and expense loads and
29 continued scheduled premium payments, the policy's net cash

1 surrender value is such that it would not maintain insurance in
2 force until the end of the next reporting period, a notice to this
3 effect.

4 (viii) For flexible premium universal life insurance policies,
5 if, assuming guaranteed interest, mortality, and expense loads, the
6 policy's net cash surrender value will not maintain insurance in
7 force until the end of the next reporting period unless further
8 premium payments are made, a notice to this effect.

9 (b) An illustrative report that will be sent to the
10 policyowner ~~upon~~**on** request. This report ~~shall~~**must** contain the
11 same minimum requirements as those set forth in the universal life
12 disclosure requirements in section 4038.

13 (c) Guarantees of minimum interest credits and maximum
14 mortality and expense charges, all values and data shown in the
15 policy are based on guarantees, figures based on nonguarantees are
16 not included in the policy, minimum and maximum guarantees are in
17 addition to any index guarantees, and if guaranteed credits or
18 charges are also the current credits or charges, the amounts may be
19 included in the policy if clearly labelled. The maturity date is
20 not considered a guarantee for purposes of this section.

21 (d) At least a general description of the calculation of cash
22 surrender values including all of the following information:

23 (i) The guaranteed maximum expense charges and loads.

24 (ii) Any limitation on the crediting of additional interest.
25 Interest credits ~~shall~~**must** not remain conditional for a ~~period~~
26 longer than 12 months.

27 (iii) The guaranteed minimum rate or rates of interest.

28 (iv) The guaranteed maximum mortality charges.

29 (v) Any other guaranteed charges.

1 (vi) Any surrender or partial withdrawal charges.

2 (e) If the policyowner has the right to change the basic
3 coverage, a statement of any limitation on the amount or timing of
4 the change. If the policyowner has the right to increase the basic
5 coverage, a statement as to whether a new period of contestability
6 or suicide is applicable to the additional coverage. **For purposes**
7 **of this subdivision, suicide does not include an individual ending**
8 **his or her life in accordance with the death with dignity act.**

9 (f) If a policy provides for a maturity date, end date, or
10 similar date, ~~then~~ a statement, in close proximity to that date,
11 that it is possible that coverage may not continue to the maturity
12 date even if scheduled premiums are paid in a timely manner. ~~if~~
13 ~~such is the case.~~

14 (g) That **the insurer will send** written notice ~~shall be sent by~~
15 ~~the insurer~~ to the policyowner's last known address at least 30
16 days ~~prior to~~ **before** termination of coverage. A flexible premium
17 universal life insurance policy ~~shall~~ **must** provide for a grace
18 period of at least 30 days after lapse with lapse occurring on that
19 date on which the net cash surrender value first equals zero or as
20 otherwise defined in the policy.

21 Enacting section 1. This amendatory act takes effect 90 days
22 after the date it is enacted into law.

23 Enacting section 2. This amendatory act does not take effect
24 unless Senate Bill No. 681 of the 102nd Legislature is enacted into
25 law.