

**THE NONPROFIT HEALTH CARE CORPORATION REFORM ACT (EXCERPT)**  
**Act 350 of 1980**

**PART 7**

**550.1701 Formal reorganization not required; duties of health care corporation; amendments to articles and bylaws; description of board restructuring; review; certification; statement of reasons for disapproval; judicial remedies; effect of noncompliance; extension of corporate existence; powers undiminished.**

Sec. 701. (1) Each health care corporation on the effective date of this act shall be subject to this act without formal reorganization under this act, and shall be considered to exist under this act. However, within 120 days following the effective date of this act, the health care corporation shall do all of the following:

(a) Amend its articles of incorporation and bylaws to conform to the requirements of this act, subject to the certification of the attorney general, as provided in subsection (2).

(b) Restructure its board of directors to conform with the requirements of this act. The restructuring shall be described, shall be in writing, and shall be subject to the certification of the attorney general, as provided in subsection (2).

(c) After complying with subdivisions (a) and (b), obtain from the commissioner a new certificate of authority.

(2) Relative to the changes required by this act, amendments to the articles and bylaws, and a written description of the board restructuring shall be submitted to the attorney general and to the commissioner. If the attorney general finds that the amendments and restructuring conform to all statutory requirements, and that they comply with this act and ensure fair and equitable representation of the subscribers of the corporation, the attorney general shall certify these findings to the commissioner. In reviewing the amendments and description of the board restructuring, the attorney general may consult with the board of directors, officers, or employees of a corporation, and with any other individual or organization.

(3) If the attorney general approves the amendments and restructuring, the attorney general shall certify his or her approval to the board. The amendments, and restructuring as described, shall take effect 10 days after the certification. If the attorney general disapproves all or any part of the amendments or restructuring, or both, the attorney general shall return the disapproved amendments or the written description of the restructuring, or both, to the board with a written statement setting forth the reasons for the disapproval and any recommendations for change which he or she may wish to suggest.

(4) If the amendments, written description of restructuring, or both, required by this act are not submitted to the attorney general and the commissioner within 120 days after the effective date of this act, or if the amendments, written description, or both, are disapproved as provided in this section, the commissioner and the attorney general shall, and the corporation may, seek judicial remedies as provided for by law in the circuit court in this state.

(5) If a health care corporation fails to comply with this section, the commissioner may issue an order suspending the right and privilege of the corporation to sell or issue new certificates until this section has been fully complied with.

(6) The corporate existence of each health care corporation operating in this state shall be considered to be extended, and its powers in all other respects undiminished, during the 120-day implementation period prescribed in subsection (1).

**History:** 1980, Act 350, Eff. Apr. 3, 1981.

**Popular name:** Blue Cross-Blue Shield

**Popular name:** Act 350

**550.1702 Discontinuation of certain rules; continuation of certain orders and approvals.**

Sec. 702. Rules which were promulgated under former Act No. 108 or 109 of the Public Acts of 1939, shall not continue in effect under this act. Orders issued and approvals granted by the commissioner under former Act No. 108 or 109 of the Public Acts of 1939, shall continue in effect until rescinded or withdrawn by the commissioner under this act.

**History:** 1980, Act 350, Eff. Apr. 3, 1981.

**Compiler's note:** Acts 108 and 109 of 1939, referred to in this section, were repealed by Act 350 of 1980.

**Popular name:** Blue Cross-Blue Shield

**Popular name:** Act 350

**550.1703 Repeal of MCL 550.301 to 550.316 and 550.501 to 550.517.**

Sec. 703. The following acts and parts of acts are repealed:

(a) Act No. 108 of the Public Acts of 1939, as amended, being sections 550.301 to 550.316 of the Compiled Laws of 1970.

(b) Act No. 109 of the Public Acts of 1939, as amended, being sections 550.501 to 550.517 of the Compiled Laws of 1970.

**History:** 1980, Act 350, Eff. Apr. 3, 1981.

**Popular name:** Blue Cross-Blue Shield

**Popular name:** Act 350

**550.1704 Effective date.**

Sec. 704. This act shall take effect April 3, 1981.

**History:** 1980, Act 350, Eff. Apr. 3, 1981.

**Popular name:** Blue Cross-Blue Shield

**Popular name:** Act 350