

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.7020 Issuance of policies by MEWA; premium or premium deposit; contingent premium; restoration of cash reserves.

Sec. 7020. (1) The policies issued by the MEWA shall provide for a premium or premium deposit payable in cash and, except as herein provided, for a contingent premium at least equal to 1 month's premium or premium deposit, which may be prefunded, and in no event shall a member be liable for a greater amount than the premium or premium deposit expressed in the policy.

(2) The MEWA may issue its policy without a contingent premium when it has cash reserves as provided in section 7040.

(3) If at any time the cash reserves are less than the requirement of section 7040, the MEWA shall immediately collect upon policies with a contingent premium a sufficient proportionate part thereof to restore the cash reserves, provided no member shall be liable for any part of the contingent premium in excess of the amount demanded within 1 year after the termination of the policy. The commissioner may by written order direct that proceedings to restore the reserves be deferred during the time fixed in the order.

History: Add. 1986, Act 121, Eff. July 1, 1986;—Am. 1990, Act 126, Imd. Eff. June 26, 1990.

Popular name: Act 218