

THE HEALTH BENEFIT AGENT ACT (EXCERPT)
Act 252 of 1986

550.1012 Notice of termination of agent's authority; liability; duration of agent's responsibility; cancellation or refusal to renew certificate of subscriber; certain referrals or communications prohibited; records, names of subscribers, and expiration dates of certificates and contracts as property of agent; copies of written communications between health benefit corporations and subscribers; grounds for cancellation of agent's contract or termination of agent's authority; authorizing licensed accident and health insurance agent to sell health benefits.

Sec. 12. (1) A health benefit corporation shall give to the commissioner and the agent immediate written notice of the termination of an agent's authority to represent the health benefit corporation. The notice shall include the full disclosure, with supporting evidence, of acts or omissions by the agent which reasonably may be construed to be a violation of this act, or of any other statute, and acts or omissions which may reflect on the agent's qualifications as an agent or which may adversely affect the public interest. There shall not be liability on the part of, and a cause of action of any nature shall not arise against, the commissioner, a health benefit corporation, or an authorized representative of either for any statement made or evidence provided pursuant to this section.

(2) When an agent's authority to represent a health benefit corporation is terminated, the responsibility of an agent shall continue until the existing certificates of health benefits are canceled, replaced, or have expired. During the period following notice of termination, the agent shall continue to represent the health benefit corporation in servicing existing certificates, but the agent shall not bind a new risk, renew a certificate, nor increase the obligation of the health benefit corporation under the certificate without the approval of the health benefit corporation. A health benefit corporation shall not cancel or refuse to renew the certificate of a subscriber because of the termination of an agent's contract.

(3) A health benefit corporation's records and knowledge of names of subscribers and the expiration dates of certificates and contracts of subscribers who have purchased health benefits from an agent of the health benefit corporation shall not be referred nor communicated by the health benefit corporation to any other agent or person nor used by the health benefit corporation for the purpose of solicitation, unless the agent's authorization has been terminated pursuant to subsection (6)(a), (b), or (c).

(4) If the authorization of an agent authorized to sell health benefits on behalf of a health benefit corporation is terminated, the agent's records, use, and control of the names of subscribers and the expiration dates of certificates and contracts of subscribers who have purchased health benefits from the agent shall remain the property of the agent and be left to his or her undisputed possession, unless the agent's authority is terminated pursuant to subsection (6)(a), (b), or (c).

(5) A copy of any written communication between a health benefit corporation and a subscriber shall be sent to the health benefit agent who sold the health benefits to the subscriber unless either of the following apply:

(a) The information is confidential under section 604 of the nonprofit health care corporation reform act, Act No. 350 of the Public Acts of 1980, being section 550.1604 of the Michigan Compiled Laws.

(b) The health benefit corporation and the health benefit agent otherwise agree.

(6) A health care corporation regulated under the nonprofit health care corporation reform act, Act No. 350 of the Public Acts of 1980, being sections 550.1101 to 550.1754 of the Michigan Compiled Laws shall not cancel an agent's contract or otherwise terminate an agent's authority to represent the health benefit corporation, except for 1 or more of the following reasons:

(a) Malfeasance.

(b) Breach of fiduciary duty or trust.

(c) A violation of this act.

(d) Failure to perform as provided by the contract between the parties.

(7) Upon receipt of a request by any person licensed as an accident and health insurance agent under chapter 12 of the insurance code of 1956, Act No. 218 of the Public Acts of 1956, a health care corporation regulated under the nonprofit health care corporation reform act, Act No. 350 of the Public Acts of 1980, shall authorize in writing that licensed accident and health insurance agent to sell health benefits on behalf of the health care corporation.

History: 1986, Act 252, Eff. Mar. 31, 1987.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibilities of the insurance bureau and the commissioner of insurance to the commissioner of the office of financial and insurance services and the office of financial and insurance services, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.