

HOUSE BILL No. 5694

March 23, 2004, Introduced by Rep. Vagnozzi and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2210 (MCL 500.2210), as amended by 1998 PA
222.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2210. (1) As used in this section:

2 (a) "Employee benefit plan" means that term as defined by the
3 employee retirement income security act of 1974, ~~Public Law~~
4 ~~93-406, 88 Stat. 829~~ **29 USC 1001 to 1461.**

5 (b) "Employer" means an individual, sole proprietorship,
6 partnership, firm, corporation, association, or any other legal
7 entity ~~—, which~~ **that** has 1 or more employees and is legally
8 doing business in this state.

9 (c) "Trust" means a trust established by an employer.

10 (2) Notwithstanding any other section of this act, an

1 employer or a trust has an insurable interest in, and may, with
2 the written consent of the insured, insure on an individual or
3 group basis for its benefit the lives of the employer's
4 directors, officers, **or** managers. ~~—, nonmanagement employees, and~~
5 ~~retired employees.~~ An employer or a trust ~~may~~ **shall not** insure
6 the lives of the employer's nonmanagement employees and its
7 retired employees. ~~—only if those persons give written consent to~~
8 ~~be insured and the coverage is limited to an amount reasonably~~
9 ~~commensurate with the employer's projected unfunded liabilities~~
10 ~~to nonmanagement and retired employees for employee benefit~~
11 ~~plans, calculated according to accepted actuarial principles.~~ An
12 employer shall not retaliate in any manner against an employee
13 ~~—or a retired employee—~~ for refusing consent to be insured.

14 (3) Notwithstanding any other section of this act, a trust
15 maintained for the purpose of providing for the cost of benefits
16 under an employee benefit plan maintained for employees or
17 retired employees has an insurable interest in, and may, with the
18 acquiescence of the insured, insure on an individual or group
19 basis for its benefit the lives of the employer's directors,
20 officers, **or** managers. ~~—, nonmanagement employees, and retired~~
21 ~~employees.~~ A trust ~~may~~ **shall not** insure the life of a
22 nonmanagement employee ~~and~~ **or** a retired employee. ~~—only if that~~
23 ~~person is given written notice of the coverage, he or she has not~~
24 ~~notified either the employer or the trust in writing that he or~~
25 ~~she does not want to be insured for the coverage, and the~~
26 ~~coverage is limited to an amount reasonably commensurate with the~~
27 ~~employer's projected unfunded liabilities to nonmanagement and~~

1 ~~retired employees for employee benefit plans, calculated~~
2 ~~according to accepted actuarial principles.~~ An employer or a
3 trust shall not retaliate in any manner against an employee ~~or a~~
4 ~~retired employee~~ for providing the written notice that he or she
5 does not want to be insured for the coverage.

6 (4) The proceeds of any policy or certificate issued pursuant
7 to subsection (2) or (3) are exempt from the claims of any
8 creditor or dependent of the insured.