

SENATE BILL No. 26

January 29, 1987, Introduced by Senators FAXON, BINSFELD, EHLERS, SCHWARZ, POLLACK, MILLER, SEDERBURG, NICHOLS, CONROY, FESSLER, SHINKLE, DINGELL, O'BRIEN, DI NELLO, GAST, GEO. HART, IRWIN, GEAKE, HOLMES and VAUGHN and referred to the Committee on Commerce and Technology.

A bill to amend sections 3402 and 3601 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

being sections 500.3402 and 500.3601 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3402 and 3601 of Act No. 218 of the
2 Public Acts of 1956, being sections 500.3402 and 500.3601 of the
3 Michigan Compiled Laws, are amended to read as follows:

4 Sec. 3402. No policy of disability insurance, as defined in
5 section 3400 (1), shall be delivered or issued for delivery to
6 any person in this state unless ALL OF THE FOLLOWING ARE MET:

7 (A) ~~++~~ The entire money and other considerations
8 ~~therefor~~ FOR THE POLICY are expressed ~~therein, and~~ IN THE
9 POLICY.

1 (B) ~~-(2)-~~ The time at which the insurance takes effect and
2 terminates is expressed ~~therein, and~~ IN THE POLICY.

3 (C) ~~-(3)-~~ It purports to insure only 1 person, except that a
4 policy may insure, originally or by subsequent amendment, upon
5 the application of an adult member of a family who shall be
6 deemed the policyholder, any 2 or more eligible members of that
7 family. ~~, including husband, wife,~~ AS USED IN THIS SUBDIVI-
8 SION, "MEMBERS OF THAT FAMILY" INCLUDE THE SPOUSE OF THE POLICY-
9 HOLDER; THE PARENTS OF THE POLICYHOLDER OR THE PARENTS OF THE
10 SPOUSE OF THE POLICYHOLDER, WHO RESIDE IN THE POLICYHOLDER'S
11 HOUSEHOLD; dependent children or any children OF THE POLICYHOLDER
12 under a specified age which shall not exceed 19 years; and any
13 other person dependent upon the policyholder. ~~, and~~

14 (D) ~~-(4)-~~ The style, arrangement, and over-all appearance of
15 the policy give no undue prominence to any portion of the text,
16 and unless every printed portion of the text of the policy and of
17 any endorsements or attached papers is plainly printed in
18 light-faced type of a style in general use, the size of which
19 shall be uniform and not less than 10-point with a lower-case
20 unspaced alphabet length, not less than 120-point in length of
21 line (the "text" shall include all printed matter except the name
22 and address of the insurer, name or title of the policy, the
23 brief description, if any, and captions and subcaptions). ~~→~~
24 ~~and~~

25 (E) ~~-(5)-~~ The exceptions and reductions of indemnity are set
26 forth in the policy and, except those which are set forth in
27 sections 3406 through ~~3454~~ 3452, are printed, at the insurer's

1 option, either included with the benefit provision to which they
 2 apply, or under an appropriate caption such as "EXCEPTIONS", or
 3 "EXCEPTIONS AND REDUCTIONS": Provided, That if an exception or
 4 reduction specifically applies only to a particular benefit of
 5 the policy, a statement of such exception or reduction shall be
 6 included with the benefit provision to which it applies. ~~, and~~

7 (F) ~~(6)~~ Each such form, including riders and endorsements,
 8 shall be identified by a form number in the lower left-hand
 9 corner of the first page thereof. ~~, and~~

10 (G) ~~(7)~~ It contains no provision purporting to make any
 11 portion of the charter, rules, constitution, or bylaws of the
 12 insurer a part of the policy unless such portion is set forth in
 13 full in the policy, except in the case of the incorporation of,
 14 or reference to, a statement of rates or classification of risks,
 15 or short-rate table filed with the commissioner.

16 Sec. 3601. Group disability insurance is hereby declared to
 17 be that form of voluntary disability insurance covering not less
 18 than 5 ~~employees~~ EMPLOYEES or members, with or without their
 19 eligible ~~dependents~~ FAMILY MEMBERS, written under a master
 20 policy issued to any governmental corporation, unit, agency, or
 21 department thereof, or to any corporation, copartnership, indi-
 22 vidual employer, or any association, upon application of any
 23 executive officer or trustee of such association having a consti-
 24 tution or bylaws, and formed in good faith for purposes other
 25 than that of obtaining insurance where officers, members,
 26 ~~employees~~ EMPLOYEES, or classes or departments thereof may be
 27 insured for their individual benefit. The benefits for such

1 ~~dependents~~ FAMILY MEMBERS shall not include indemnities for
2 loss of time from any cause. AS USED IN THIS SECTION, "FAMILY
3 MEMBERS" INCLUDE THE SPOUSE OF THE EMPLOYEE OR MEMBER; THE PAR-
4 ENTS OF THE EMPLOYEE OR MEMBER OR THE PARENTS OF THE SPOUSE OF
5 THE EMPLOYEE OR MEMBER, WHO RESIDE IN THE HOUSEHOLD OF THE
6 EMPLOYEE OR MEMBER; DEPENDENT CHILDREN OF THE EMPLOYEE OR MEMBER;
7 AND ANY OTHER PERSON DEPENDENT UPON THE EMPLOYEE OR MEMBER.