



HOUSE BILL No. 5860

September 27 1994 Introduced by Reps London Kukuk Jamian McNutt Gernaat, Galloway, Hammerstrom Bodem Munsell Dolan Jersevic Rocca Hill, Rhead McManus Stille Jaye, Bankes Dobronski Sikkema DeLange Bullard and Cropsey and referred to the Committee on Insurance

A bill to amend Act No 218 of the Public Acts of 1956
entitled as amended

The insurance code of 1956 '
as amended being sections 500 100 to 500 8302 of the Michigan
Compiled Laws by adding section 4066

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Act No 218 of the Public Acts of 1956 as
2 amended being sections 500 100 to 500 8302 of the Michigan
3 Compiled Laws is amended by adding section 4066 to read as
4 follows

5 SEC 4066 (1) A LIFE INSURER MAY OFFER A POLICYHOLDER OF A
6 LIFE INSURANCE POLICY THAT ACCUMULATES CASH VALUE A 1-TIME OPTION
7 WHEN THE INSURED BECOMES 65 YEARS OF AGE TO PLACE THE CASH VALUE
8 OF THE LIFE INSURANCE POLICY INTO A LONG-TERM CARE INSURANCE
9 POOL THE POOL SHALL BE ESTABLISHED BY THE INSURER TO PAY

1 PREMIUMS FOR LONG-TERM CARE POLICIES FOR ALL OF THE INSURED S
 2 POLICYHOLDERS WHO OPT TO CASH OUT THEIR LIFE INSURANCE POLICIES
 3 AND PLACE THE PROCEEDS INTO THE POOL TO BE USED TOWARD PAYING THE
 4 PREMIUM ON LONG-TERM CARE INSURANCE FOR THE INSURED

5 (2) ALL OF THE FOLLOWING APPLY TO AN OPTION ESTABLISHED
 6 UNDER SUBSECTION (1)

7 (A) THAT EXERCISING THE OPTION AND PLACING THE CASH VALUE OF
 8 THE LIFE INSURANCE POLICY INTO THE POOL IS IRREVOCABLE

9 (B) THAT UPON THE INSURED S DEATH MONEY IN THE POOL FROM THE
 10 PROCEEDS OF THE CASHED OUT LIFE INSURANCE POLICY THAT HAS NOT
 11 BEEN EXPENDED REMAINS IN THE POOL FOR THE BENEFIT OF OTHER
 12 LONG-TERM CARE INSURANCE POOL POLICYHOLDERS WHO HAVE SELECTED THE
 13 OPTION AND SHALL NOT BE PAID TO THE INSURED S ESTATE OR ANY BENE-
 14 FICIARY UNDER THE ORIGINAL LIFE INSURANCE POLICY

15 (C) THAT IF ALL OF THE PROCEEDS FROM THE CASHED OUT LIFE
 16 INSURANCE POLICY HAVE BEEN EXPENDED THE LONG-TERM CARE INSURANCE
 17 POOL WILL CONTINUE TO PAY THE LONG-TERM CARE INSURANCE PREMIUM
 18 FOR THE INSURED

19 (3) IF A LIFE INSURER OFFERS AN OPTION UNDER SUBSECTION (1)
 20 THE LIFE INSURER SHALL NOTIFY THE POLICYHOLDER 30 DAYS PRIOR TO
 21 THE INSURED S SIXTY-FIFTH BIRTHDAY OF ALL OF THE PROVISIONS UNDER
 22 SUBSECTION (2) AND THAT TO EXERCISE THE OPTION THE POLICYHOLDER
 23 MUST DO SO BY THE INSURED S SIXTY-FIFTH BIRTHDAY