

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

**500.3559 Reinsurance contract or plan of self-insurance; purpose; filing; approval; coverage.**

Sec. 3559.

(1) Subject to subsection (2), a health maintenance organization shall obtain a reinsurance contract or establish a plan of self-insurance as necessary to ensure solvency or to protect subscribers in the event of insolvency. A reinsurance contract must be with an insurer that is authorized or eligible to transact insurance in this state.

(2) A health maintenance organization shall file a reinsurance contract or plan under subsection (1) for approval with the director within 30 days after the finalization of the contract or plan. A reinsurance contract or plan must clearly state all services to be received by the health maintenance organization. A reinsurance contract or plan is considered approved 30 days after it is filed with the director unless disapproved in writing by the director before the expiration of the 30 days.

(3) A health maintenance organization shall maintain insurance coverage to protect the health maintenance organization that includes, at a minimum, fire, theft, fidelity, general liability, errors and omissions, director's and officer's liability coverage, and malpractice insurance. A health maintenance organization shall obtain the director's prior approval before self-insuring for these coverages.

**History:** Add. 2000, Act 252, Imd. Eff. June 29, 2000 ;-- Am. 2016, Act 276, Imd. Eff. July 1, 2016

**Compiler's Notes:** Enacting section 3 of Act 276 of 2016 provides: "Enacting section 3. On the effective date of this amendatory act, an insurer may submit to the director of the department of insurance and financial services for approval any modification to policies and certificates that were approved before or on the effective date of this amendatory act, to conform with amendments made to the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, by this amendatory act. This enacting section does not apply to rates and rating methodologies."

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