

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

500.2242 Group disability policy; filing and approval of form; grounds for disapproval; notice, hearing, and appeal requirements; withdrawal of approval; quarterly filing; applicability of section to forms filed by nonprofit dental corporation.

Sec. 2242.

(1) Except as otherwise provided in section 2236(8)(d), a group disability policy must not be issued or delivered in this state unless a copy of the form has been filed with the director and approved by him or her.

(2) The director may within 60 days after the filing of a disability insurance policy form applicable to individual or family expense coverage, disapprove the form for any of the following, subject to the requirements as to notice, hearing, and appeal set forth in sections 244 and 2236:

(a) The benefits provided under the policy are unreasonable in relation to the premium charged.

(b) The policy contains a provision that is unjust, unfair, inequitable, misleading, or deceptive or that encourages misrepresentation of the policy.

(c) The policy does not comply with other provisions of law.

(3) The director may at any time withdraw his or her approval of an individual or family expense policy form on any of the grounds stated in subsection (2), subject to the requirements as to notice, hearing, and appeal set forth in sections 244 and 2236. An insurer shall not issue the form after the effective date of the withdrawal of approval.

(4) Subject to the requirements of this section, an insurer may file health insurance policies, certificates, riders, and rates quarterly. This subsection does not limit or restrict an insurer's ability to file large group health insurance policies, certificates, or riders at any time during the year.

(5) After December 31, 2016, this section applies to forms filed by a nonprofit dental care corporation operating under 1963 PA 125, MCL 550.351 to 550.373.

History: 1956, Act 218, Eff. Jan. 1, 1957 ;-- Am. 1987, Act 52, Imd. Eff. June 22, 1987 ;-- Am. 1990, Act 305, Imd. Eff. Dec. 14, 1990 ;-- Am. 2013, Act 5, Imd. Eff. Mar. 18, 2013 ;-- Am. 2016, Act 276, Imd. Eff. July 1, 2016

Compiler's Notes: Section 2 of Act 52 of 1987 provides: "The amendments to sections 2236, 2242, 3440, 3606, 3610, and 4430 of Act No. 218 of the Public Acts of 1956, being sections 500.2236, 500.2242, 500.3440, 500.3606, 500.3610, and 500.4430 of the Michigan Compiled Laws, pursuant to this amendatory act apply to all insurance policies issued on or after January 1, 1957 that were either approved by the commissioner on or after January 1, 1957 or subject to an order of the commissioner exempting policies from filing on or after September 1, 1968. The amendments to sections 2236, 2242, 3440, 3606, 3610, and 4430 of Act No. 218 of the Public Acts of 1956, being sections 500.2236, 500.2242, 500.3440, 500.3606, 500.3610, and 500.4430 of the Michigan Compiled Laws, pursuant to this amendatory act are intended to codify and approve long-standing administrative and commercial practice taken and approved by the commissioner pursuant to his or her legal authority. This amendatory act shall serve to cure and clarify any misinterpretation of the operation of such sections since the effective date of their original enactment. It is the intent of this amendatory act to rectify the misconstruction of the insurance code of 1956 by the court of appeals in *Bill v Northwestern National Life Insurance Company*, 143 Mich App 766, with respect to the power of the insurance commissioner to exempt certain insurance documents from filing requirements and the offsetting of social security benefits against disability income insurance benefits. This amendatory act does not affect the relationship between disability insurance benefits and personal protection insurance benefits as provided in *Federal Kemper v Health Insurance Administration Inc.*, 424 Mich 537. "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."

Popular Name: Act 218