

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

**500.7011 Conditions to issuance of certificate of authority.**

Sec. 7011.

The commissioner shall not issue a certificate of authority to a MEWA unless all of the following conditions have been met:

(a) The commissioner is satisfied that:

(i) The employers in the MEWA are members of an association or group of 2 or more businesses or entities that are in the same trade or industry or same type of service, including closely related businesses that provide support, services, or supplies primarily to that trade, service, or industry.

(ii) The association or group of employers in the MEWA is engaged in substantial activity for its members other than sponsorship of an employee welfare benefit plan.

(iii) The association or group of employers in the MEWA has been in existence for a period of not less than 2 years.

(iv) The employee welfare benefit plan of the association or group is controlled and sponsored directly by participating employers or employee members, or both.

(v) The MEWA has within its own organization adequate facilities and competent personnel to service the employee benefit plan or has contracted with an authorized third party administrator to provide services. A third party administrator contracting with a MEWA pursuant to this subparagraph shall deliver a fidelity bond to the MEWA in an amount approved by the commissioner to protect against the misappropriation or misuse of any money handled by the third party administrator.

(b) The MEWA has applications from not less than 2 employers and will provide similar benefits for not less than 200 separate participating employees. The annual gross premiums of or contributions to the plan will be not less than \$20,000.00 for a plan that provides only vision benefits, \$75,000.00 for a plan that provides only dental benefits, and \$200,000.00 for all other plans.

(c) The MEWA possesses a written commitment, binder, or policy for excess loss insurance issued by an insurer authorized to do business in this state, in an amount approved by the commissioner. The binder or policy shall provide not less than 30 days' notice of cancellation to the commissioner.

(d) The MEWA has established a procedure, to the satisfaction of the commissioner, for handling claims for benefits in the event of dissolution of the MEWA.

(e) The MEWA has delivered to the commissioner a bond, deposit, or security for the protection of subscribers as the commissioner requires.

**History:** Add. 1986, Act 121, Eff. July 1, 1986 ;-- Am. 1999, Act 82, Imd. Eff. June 28, 1999

**Popular Name:** Act 218