

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**  
Chapter 70  
**MULTIPLE EMPLOYER WELFARE ARRANGEMENTS**

**500.7001 Definitions.**

Sec. 7001.

As used in this chapter:

- (a) "Board" means the board of trustees of the multiple employer welfare arrangement security fund.
- (b) "Cash reserves" means federally guaranteed obligations that have a fixed recoverable principal amount or an irrevocable and unconditional letter of credit.
- (c) "Covered claim" means an obligation of an insolvent MEWA to pay a claim that is covered by the MEWA to a covered employee or dependent who is a resident of this state.
- (d) "Employee welfare benefit plan" means that term as defined in section 3 of the employee retirement income security act of 1974, Public Law 93-406, 88 Stat. 829, 29 U.S.C. 1002.
- (e) "Fund" means the multiple employer welfare arrangement security fund.
- (f) "Insolvent MEWA" means a MEWA authorized to do business in this state for which a domiciliary or ancillary receiver has been appointed in this state.
- (g) "Letter of credit" means a letter of credit that meets all of the following requirements:
  - (i) Is issued by a federally insured financial institution.
  - (ii) Is issued upon such terms and in a form approved by the commissioner.
  - (iii) Is subject to draw by the commissioner, upon giving 5 business days' written notice to the MEWA, or by the MEWA for the subscriber's benefit if the MEWA is unable to pay claims as they come due.
- (h) "Multiple employer welfare arrangement" or "MEWA" means that term as defined in section 3 of the employee retirement income security act of 1974, Public Law 93-406, 88 Stat. 829, 29 U.S.C. 1002, which meets either or both of the following criteria:
  - (i) One or more of the employer members in the MEWA is either domiciled in this state or has its principal headquarters or principal administrative office in this state.
  - (ii) The MEWA solicits an employer that is domiciled in this state or has its principal headquarters or principal administrative office in this state.

**History:** Add. 1986, Act 121, Eff. July 1, 1986 ;-- Am. 1990, Act 126, Imd. Eff. June 26, 1990

**Popular Name:** Act 218

**500.7004 Employee welfare benefit plan as multiple employer welfare arrangement; certificate of authority required; applicability of chapter.**

Sec. 7004.

A person shall not establish or maintain an employee welfare benefit plan which is a multiple employer welfare arrangement in this state unless the MEWA obtains and maintains a certificate of authority pursuant to this chapter. This chapter shall not apply to an employee welfare benefit plan or MEWA that is fully insured.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

**500.7006 Benefits to which authorized MEWA limited.**

Sec. 7006.

A MEWA authorized under this chapter shall be limited to providing the following benefits:

- (a) Medical, dental, optical, surgical, or hospital care benefits.
- (b) Benefits in event of sickness, accident, disability, or death.
- (c) Prepaid legal services.

**History:** Add. 1986, Act 121, Eff. July 1, 1986  
**Popular Name:** Act 218

**500.7010 Application for certificate of authority; form; submission of application and other documents to commissioner; examination of application and documents; investigation; examination under oath of certain persons.**

Sec. 7010.

(1) A person wishing to establish an employee welfare benefit plan which is a multiple employer welfare arrangement shall apply for a certificate of authority on a form prescribed by the commissioner. The application shall be completed and submitted to the commissioner along with all of the following:

- (a) Copies of all articles, bylaws, agreements, or other documents or instruments describing the rights and obligations of employers, employees, and beneficiaries with respect to the MEWA.
- (b) Current financial statements of the MEWA.
- (c) Proof of a fidelity bond in a form and amount approved by the commissioner.
- (d) A statement showing in full detail the plan upon which the MEWA proposes to transact business, a copy of all contracts, or other instruments which it proposes to make with or sell to its members, together with a copy of its plan description and the proposed printed matter to be used in the solicitation of members.

(2) The commissioner shall promptly examine the application and documents submitted by the applicant and shall have the power to conduct any investigation which the commissioner may deem necessary and to examine under oath any persons interested or connected with the MEWA.

**History:** Add. 1986, Act 121, Eff. July 1, 1986  
**Popular Name:** Act 218

**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

#### **500.7012 Fees; payment and collection; service of process; designation and purpose of fees.**

Sec. 7012.

(1) The commissioner shall collect, and the persons affected shall pay to the commissioner, the following fees:

(a) Filing fee to accompany application for certificate of authority \$ 200.00.

(b) Certificate of authority \$ 25.00.

(c) Filing fee for annual statement each year \$ 25.00.

(2) Each MEWA shall appoint the commissioner as its resident agent for purposes of service of process. The fee for such service shall be in the amount of \$5.00, payable at the time of service.

(3) Fees paid under this section shall be designated for the insurance bureau to cover the additional costs incurred as a result of this chapter.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7014 Issuance of certificate of authority; refusal to grant certificate; notice of refusal; request for and conduct of hearing.**

Sec. 7014.

After examination and investigation, the commissioner shall issue a certificate of authority to the MEWA if the commissioner is satisfied that the MEWA is in a stable and unimpaired financial condition and that the MEWA is qualified to maintain an employee welfare benefit plan in compliance with this chapter. The commissioner shall refuse to grant a certificate of authority to an applicant who fails to meet the requirements of this chapter. Notice of refusal shall be in writing and shall set forth the basis for the refusal. If the applicant submits a written request within 30 days after mailing of the notice of refusal, the commissioner shall promptly conduct a hearing pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, in which the applicant shall be given an opportunity to show compliance with the requirements of this chapter.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7018 Temporary certificate; organization of proposed MEWA; opening books to commissioner; condition to issuance of final certificate.**

Sec. 7018.

(1) The MEWA, upon receipt of its initial certificate of authority, which shall be a temporary certificate, shall proceed to the completion of organization of the proposed MEWA.

(2) A MEWA shall open its books to the commissioner, and a final certificate of authority shall not be issued by the commissioner to any MEWA until it has collected in cash reserves as provided in section 7040.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7020 Issuance of policies by MEWA; premium or premium deposit; contingent premium; restoration of cash reserves.**

Sec. 7020.

(1) The policies issued by the MEWA shall provide for a premium or premium deposit payable in cash and, except as herein provided, for a contingent premium at least equal to 1 month's premium or premium deposit, which may be prefunded, and in no event shall a member be liable for a greater amount than the premium or premium deposit expressed in the policy.

(2) The MEWA may issue its policy without a contingent premium when it has cash reserves as provided in section 7040.

(3) If at any time the cash reserves are less than the requirement of section 7040, the MEWA shall immediately collect upon policies with a contingent premium a sufficient proportionate part thereof to restore the cash reserves, provided no member shall be liable for any part of the contingent premium in excess of the amount demanded within 1 year after the termination of the policy. The commissioner may by written order direct that proceedings to restore the reserves be deferred during the time fixed in the order.

**History:** Add. 1986, Act 121, Eff. July 1, 1986 ;-- Am. 1990, Act 126, Imd. Eff. June 26, 1990

**Popular Name:** Act 218

#### **500.7022 Name of MEWA; proof of existence of MEWA.**

Sec. 7022.

No MEWA authorized under this chapter shall take any name which is the same as or closely resembles the name of any other MEWA doing business in this state. A MEWA shall transact its business under its own name, and shall not adopt any assumed name: excepting that a MEWA, by amending its articles, may change its name or take a new name with the approval of the commissioner. Whenever it shall be necessary, in any legal proceedings, to prove the existence of a MEWA, a certified copy of such MEWA's certificate of authority shall be prima facie evidence of the existence of the MEWA.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7024 Powers of MEWA.**

Sec. 7024.

Every MEWA, unless otherwise provided, or inconsistent with this chapter, shall have power:

(a) To have succession, by its name, for the term stated in its trust agreement, which shall be in perpetuity unless otherwise specified.

(b) To sue and be sued, complain and defend, in any court of law or equity or to be a party to any proceedings before any board or commission or other public body of this state or any other state or government; suits at law may be maintained by the MEWA against any of its members for any cause relating to the business of the MEWA.

(c) To have a seal which may be altered at pleasure and to use the seal by causing it or a facsimile of the seal to be impressed or affixed or reproduced, or otherwise.

(d) To appoint such officers and agents as the business of the MEWA shall require and to allow them suitable compensation.

(e) To make, alter, amend, and repeal bylaws for the regulation and government of its affairs.

(f) To conduct its business in this state, other states, the District of Columbia, the territories and colonies of the United States and in foreign countries and the territories and colonies thereof and have 1 or more offices out of this state and to acquire, purchase, hold, mortgage, pledge, assign, transfer and convey real and personal property out of this state subject to the provisions of this chapter.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

**500.7026 Articles, bylaws, and trust agreement of MEWA and amendments thereto; filing; approval; form for trust agreement; notice of meeting; voting rights; powers to be exercised by board of trustees; restrictions on trustees.**

Sec. 7026.

(1) The articles, bylaws, and trust agreement of the MEWA and all amendments thereto shall be filed with and approved by the commissioner before becoming operative. The trust agreement shall be filed on a form prescribed by the commissioner.

(2) Each member employer of a MEWA shall be given notice of every meeting of the members and shall be entitled to an equal vote, either in person or by proxy in writing by such member.

(3) The powers of a MEWA, except as otherwise provided, shall be exercised by the board of trustees chosen to carry out the purposes of the trust agreement. Not less than 50% of the trustees shall be persons who are covered under the MEWA and no trustee shall be an owner, officer, or employee of a third party administrator who provides services to the MEWA.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

**500.7028 Duties of trustees; limitation on liability of trustee.**

Sec. 7028.

The trustees of a MEWA shall give the attention and exercise the vigilance, diligence, care, and skill that prudent persons use in like or similar circumstances. Trustees shall be responsible for all operations of the MEWA and shall take all necessary precautions to safeguard the assets of the MEWA. No trustee shall be held liable for any delinquency under this section after 6 years from the date of the delinquency, or after 2 years from the time when the delinquency is discovered by a person complaining of the delinquency, whichever occurs sooner.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

**500.7030 Officers and agents; selection and appointment; authority and duties; removal; bond.**

Sec. 7030.

The board of trustees shall select such officers as designated in the articles or bylaws and may appoint agents as they may deem necessary for the transaction of the business of the MEWA. All officers and agents shall respectively have such authority and perform such duties in the management of the property and affairs of the MEWA, as may be delegated by the board of trustees. Any officer or agent may be removed by the board of trustees whenever in their judgment the business interests of the MEWA will be served thereby. The board of trustees shall secure the fidelity of any or all of such officers or agents who handle the funds of the MEWA by bond or otherwise.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7032 Compensation of trustee, officer, or employee.**

Sec. 7032.

(1) A MEWA shall not pay any salary, compensation, or emolument to any officer or trustee of the MEWA, unless the payment is first authorized by a majority vote of the board of trustees of the MEWA.

(2) A trustee, officer, or employee of a MEWA shall not be compensated unreasonably. The compensation of any trustee or officer of a MEWA shall not be calculated, directly or indirectly, as a percentage of money or premiums collected, without the approval of the commissioner.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7034 Trustee or officer; prohibited conduct; violation as felony; penalty.**

Sec. 7034.

(1) A trustee or officer of a MEWA shall not knowingly and intentionally, directly or indirectly, receive any money or valuable thing for negotiating, procuring, recommending, or aiding in any purchase by or sale to the MEWA of any property or any loan from the MEWA, or be pecuniarily interested, either as principal, co-principal, agent, or beneficiary in any such purchase, sale, or loan.

(2) A person who violates this section is guilty of a felony punishable by a fine of not more than \$10,000.00, or by imprisonment for not more than 10 years, or both.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7040 Financial statements and reports required to be filed; commingling of cash reserves prohibited.**

Sec. 7040.

(1) Each MEWA transacting business in this state shall file all of the following with the director:

(a) Within 180 days after the end of each fiscal year, financial statements audited by a certified public accountant. An actuarial opinion regarding reserves for known claims and associated expenses and incurred but not reported claims and associated expenses, in accordance with subdivision (c), must be included in the audited financial statement. The opinion must be rendered by an actuary approved by the director or who has 5 or more years of experience in this field.

(b) Within 60 days after the end of each fiscal quarter, unaudited financial statements, affirmed by an appropriate

officer or agent of the MEWA.

(c) Within 60 days after the end of each fiscal quarter, a report certifying that the MEWA maintains reserves that are sufficient to meet its contractual obligations, and that it maintains a policy for excess loss insurance issued by an insurer authorized to do business in this state. The director, after hearing, shall establish general standards for the manner and amount of the excess loss insurance required by this subdivision. A MEWA shall maintain minimum cash reserves of not less than 25% of the aggregate contributions in the current fiscal year or not less than 35% of the claims paid in the preceding fiscal year, whichever is greater. Reserves must be calculated with proper actuarial calculations of all of the following:

- (i) Known claims, paid and outstanding.
- (ii) A history of incurred but not reported claims.
- (iii) Claims handling expenses.
- (iv) Unearned premiums.
- (v) An estimate for bad debts.
- (vi) A trend factor.
- (d) A schedule of premium contributions, rates, and renewal projections.

(2) Cash reserves established under this section must be maintained in a separate, identifiable account and must not be commingled with other funds of the MEWA.

**History:** Add. 1986, Act 121, Eff. July 1, 1986 ;-- Am. 2022, Act 278, Eff. Mar. 29, 2023

**Popular Name:** Act 218

#### **500.7044 Notice to individual covered by plan.**

Sec. 7044.

A MEWA, in connection with an employee welfare benefit plan, shall provide the following written notice to each individual covered by the plan:

- (a) The fact that individuals covered by the plan are only partially insured.
- (b) The fact that in the event the plan or the MEWA does not ultimately pay medical expenses that are eligible for payment under the plan for any reason, the individuals covered by the plan may be liable for those expenses.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7050 Examination of affairs of MEWA; access to books, records, and documents; examination of trustees, officers, agents, and employees; payment and disposition of assessment.**

Sec. 7050.

The commissioner, or any person appointed by the commissioner, shall have the power to examine the affairs of any MEWA, and for such purposes shall have free access to all the books, records, and documents that relate to the business of the plan, and may examine under oath its trustees, officers, agents, and employees in relation to the affairs, transactions, and condition of the MEWA. Each authorized MEWA shall pay an assessment annually to the commissioner in an amount equal to 1/4 of 1% of the annual self-funded contributions made to the MEWA for that year. The assessments paid under this section shall be appropriated to the insurance bureau to cover the additional costs incurred by the insurance bureau in the examination and regulation of MEWAs under this chapter.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7060 Additional provisions to which MEWA subject.**

Sec. 7060.

A MEWA transacting business in this state is also subject to the following additional sections and chapters of this act, as applicable, in the same manner as an insurer authorized to transact insurance in this state:

- (a) Section 240(1)(c), (d), and (h).
- (b) Chapter 12.
- (c) Chapter 20.
- (d) Chapter 22.
- (e) Chapter 34.
- (f) Chapter 44.
- (g) Chapter 81.

**History:** Add. 1986, Act 121, Eff. July 1, 1986 ;-- Am. 1999, Act 82, Imd. Eff. June 28, 1999 ;-- Am. 2016, Act 276, Imd. Eff. July 1, 2016  
**Popular Name:** Act 218

#### **500.7070 Certificate of authority; grounds for suspension, revocation, or limitation.**

Sec. 7070.

The commissioner may suspend, revoke, or limit the certificate of authority of a MEWA if the commissioner determines that any of the following conditions exists:

- (a) The MEWA has failed to maintain a policy for excess insurance as required by section 7011.
- (b) The MEWA is using financial methods and practices in the conduct of its business which render further transaction of business in this state hazardous or injurious to its members, employees, beneficiaries, or to the public.
- (c) The MEWA has failed, after written request by the commissioner, to remove or discharge an officer, director, trustee, or other employee who has been convicted of any crime involving fraud, dishonesty, or moral turpitude.
- (d) The MEWA has failed or refused to furnish any report or statement required under section 7040.
- (e) The MEWA has failed for an unreasonable period to pay any final judgment rendered against it in this state on any contractual obligation.
- (f) The commissioner, upon investigation, determines that the MEWA is conducting business fraudulently, or is not meeting its contractual obligations in good faith.

**History:** Add. 1986, Act 121, Eff. July 1, 1986  
**Popular Name:** Act 218

#### **500.7074 Written findings of violation; issuance and service of findings and cease and desist order; additional orders.**

Sec. 7074.

If, after a hearing, the commissioner determines that a MEWA is violating or has violated a provision of this chapter, the commissioner shall reduce his or her findings and decision to writing, and shall issue and cause to be served upon the MEWA a copy of the findings and an order requiring the MEWA to cease and desist from engaging in the prohibited activity, and the commissioner may order any of the following:

- (a) Payment of a monetary penalty of not more than \$500.00 for each violation but not to exceed an aggregate penalty of \$5,000.00, unless the MEWA knew or reasonably should have known it was in violation of this chapter, in which case the penalty shall not be more than \$2,500.00 for each violation and shall not exceed an aggregate penalty of \$25,000.00 for all violations committed in a 6-month period.
- (b) Suspension or revocation of the MEWA's certificate of authority if the plan knowingly and persistently violated a provision of this chapter.
- (c) Restitution or refund to an aggrieved person.



**History:** Add. 1986, Act 121, Eff. July 1, 1986  
**Popular Name:** Act 218

**500.7076 Violation of cease and desist order; notice; hearing; civil fine; suspension or revocation of certificate of authority.**

Sec. 7076.

If a MEWA violates a cease and desist order under this chapter and has been given notice and an opportunity for a hearing, the commissioner may order a civil fine of not more than \$10,000.00 for each violation, or a suspension or revocation of the MEWA's certificate of authority, or both the fine and suspension or revocation.

**History:** Add. 1986, Act 121, Eff. July 1, 1986  
**Popular Name:** Act 218

**500.7078 Conduct of proceedings for payment of fines or for suspension, revocation, or limitation of certificate of authority; appeal of disputed claim; hearing.**

Sec. 7078.

(1) Proceedings for the payment of fines or for suspension, revocation, or limitation of a certificate of authority shall be conducted under the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(2) Any employer in the MEWA or any employee covered under the MEWA may appeal a disputed claim to the commissioner. If the commissioner determines that there is a legitimate dispute, the commissioner or the commissioner's designee shall conduct a hearing pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969.

**History:** Add. 1986, Act 121, Eff. July 1, 1986  
**Popular Name:** Act 218

**500.7080 Multiple employer welfare arrangement security fund; creation; administration; use; appointment, qualifications, terms, and compensation of board of trustees; powers of board of trustees; payment of and accounting for expenses.**

Sec. 7080.

(1) A multiple employer welfare arrangement security fund is created within the state treasury. The fund shall be administered by a board of trustees and shall be used solely to pay and discharge covered claims against insolvent MEWAs authorized to do business in this state.

(2) The board of trustees of the fund shall consist of 3 members. The commissioner shall be an ex officio member and the remaining 2 members shall be representatives of authorized MEWAs, who shall be appointed by the governor with the advice and consent of the senate. The 2 appointive members shall serve terms of 4 years and shall serve without compensation, except for actual and necessary expenses.

(3) The board may:

(a) If a MEWA becomes insolvent, appoint a person to act as a fund administrator. The fund administrator shall:

(i) Supervise disbursements for covered claims of the insolvent MEWA.

(ii) Request payments from the fund for covered claims.

(iii) Perform such other duties as are designated by the board.

(b) Authorize payments from the fund for covered claims upon request to the fund administrator by a covered employee or dependent who is a Michigan resident and who is receiving or is entitled to receive benefits from an insolvent MEWA that is unable to continue paying benefits. All payments from the fund shall be determined by the board and made upon an order signed by a trustee.

(c) Promulgate rules as it deems necessary to carry out the purposes of the fund pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(d) Maintain records, institute systems and procedures, and take any other administrative action as it deems necessary to carry out the purposes of the fund.

(e) Secure legal advice and be represented by the attorney general or any assistant designated by him or her in any matter involving the affairs of the fund.

(4) All expenses authorized by the board for the proper administration of the fund, including, but not limited to, the salary and expenses of the fund administrator and the investigation, determination, and defense of claims against the fund shall be borne by and paid from the assets of the fund. All expenses incurred and charged to the fund shall be accounted for on a fiscal year basis.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Compiler's Notes:** For transfer of position of commissioner of office of financial and insurance regulation as member or chairperson of board or commission to director of department of insurance and financial services, see E.R.O. No. 2013-1, compiled at MCL 550.991.

**Popular Name:** Act 218

**500.7084 Assessments; purpose; limitation; notice; payment; assessments as elements of loss for purpose of establishing rates; liability of employer ceasing to participate in MEWA; certification of collection and receipt of money from assessments; noting delinquencies; collection of delinquent assessment; transfer of money to state treasurer; treasurer or custodian of fund; investments; crediting earnings from investment.**

Sec. 7084.

(1) To the extent necessary for payment of covered claims and for payments of reasonable costs of administering the fund, the commissioner shall assess upon and collect from each MEWA an amount which is in the proportion that the benefits the MEWA paid to Michigan employees and their dependents in the preceding calendar year bears to the total benefits paid by all authorized MEWAs to Michigan employees and dependents in the preceding calendar year. The commissioner, upon the advice of the trustees, may make additional assessments as the board considers necessary to keep the security fund solvent. The total assessment under this section shall not exceed 2% of benefits the MEWA paid on behalf of the Michigan employees and their dependents in any calendar year. Assessments shall not be collected until a MEWA's insolvency necessitates a payment from the fund.

(2) Notice of the assessments shall be sent by the commissioner by registered mail to each MEWA. Payment of assessments shall be made so as to be received in the office of the commissioner on or before a date specified uniformly in the notice, but not less than 90 days after the date of mailing.

(3) Assessments under this section shall constitute elements of loss for the purpose of establishing rates.

(4) If an employer ceases to participate in a MEWA, the employer shall continue to be liable to the MEWA for the security fund assessment for any benefits paid by the MEWA to Michigan employees and their dependents during the previous calendar year.

(5) The commissioner shall certify to the trustees the collection and receipt of all money from assessments, noting any delinquencies. The board shall take such action as in its judgment is proper to effect collection of any delinquent assessment. All money received from assessments pursuant to this section shall be transferred to the state treasurer who shall be the custodian of the fund. The treasurer may make those investments as in the treasurer's judgment are in the best interest of the fund. The earnings from the investment of the money from the fund shall be credited to the fund.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

**500.7086 Security fund as creditor of insolvent MEWA; reimbursement from insolvent MEWA.**

Sec. 7086.

The security fund after paying a covered claim to an employee or dependent shall have all the rights of a creditor of the insolvent MEWA to the extent of benefits it paid. The board shall have the right and obligation to obtain reimbursement from an insolvent MEWA for any money paid out as benefits to the covered participants of the insolvent MEWA, including expenses pertinent to payments or recovery thereof.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218

#### **500.7090 Effective date of chapter.**

Sec. 7090.

This chapter shall take effect July 1, 1986.

**History:** Add. 1986, Act 121, Eff. July 1, 1986

**Popular Name:** Act 218