

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

500.3402b Group or nongroup disability insurance policy; coordination of benefits; provision; limitation; "other coverage" defined; payment by each insurer.

Sec. 3402b.

(1) Subject to the coordination of benefits act, 1984 PA 64, MCL 550.251 to 550.255, an insurer may include in a group or nongroup disability insurance policy a provision for the coordination of benefits otherwise payable under the policy with benefits payable for the same loss under other group or nongroup disability insurance. An insurer that does not include in a group or nongroup disability insurance policy a provision for the coordination of benefits as described in this subsection shall coordinate benefits under the policy in the manner prescribed in the coordination of benefits act, 1984 PA 64, MCL 550.251 to 550.255.

(2) Subject to subsection (1), an insurer may include a provision in a group or nongroup disability insurance policy that benefits payable by the policy may be limited if there is other valid coverage with another insurer that provides benefits for the same loss on an expense-incurred basis. The insurer may provide that if it is not given written notice on the application for coverage that the other valid coverage exists, or if other coverage is acquired after the effective date of the coverage, the only liability under any expense-incurred coverage of the policy is the amount of the covered claim that exceeds the benefits payable by the other coverage. An insurer shall apply benefits paid or payable by the primary insurer to satisfy any deductibles, coinsurance, and copayments with the policy. An insurer shall not apply payments made by a primary insurer to reduce the policy maximum limits on the policy. As used in this subsection, "other coverage" includes a plan that provides coverage under a health insurance policy, hospital or medical service subscriber contract, medical practice or other prepayment plan, or other expense-incurred plan or program. Other coverage does not include Medicaid, hospital daily indemnity plans, specified disease only policies, or limited occurrence policies that provide only for intensive care or coronary care at a hospital, first aid outpatient medical expenses resulting from accidents, or specified accidents such as travel accidents.

(3) If there are more than 1 group or nongroup disability insurance policies that cover the same loss and contain a provision described in subsection (2), and the insurers each pay a share of the covered expenses for the claim, neither insurer is required to pay more than it would have paid had it been the primary insurer.

History: Add. 2016, Act 276, Imd. Eff. July 1, 2016

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