

THIRD PARTY ADMINISTRATOR ACT (EXCERPT)
Act 218 of 1984

550.952 Civil fine; suspension or revocation of certificate or license; refusal to issue; grounds for denial, suspension, revocation, or cease and desist order; definition.

Sec. 52.

(1) If a TPA or manager violates a cease and desist order under this act and has been given notice and an opportunity for a hearing held under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the director may order a civil fine of not more than \$10,000.00 for each violation, or a suspension or revocation of the TPA's certificate of authority or manager's license, or both the fine and suspension or revocation.

(2) The director may refuse to issue a TPA certificate of authority under this act if the director determines that the TPA or any individual responsible for the conduct of affairs of the TPA is not competent, trustworthy, financially responsible or of good personal and business reputation, or has had an insurance or a TPA certificate of authority or license denied or revoked for cause by any jurisdiction.

(3) The director may deny, suspend, or revoke the license of a TPA, or may issue a cease and desist order if the TPA is not licensed, if the director finds, after notice and opportunity for hearing, any of the following:

(a) That the TPA has violated any lawful rule or order of the director or any provision of the insurance laws of this state.

(b) That the TPA refused to be examined or to produce its accounts, records, and files for examination, or that any individual responsible for the conduct of affairs of the TPA has refused to give information with respect to its affairs or has refused to perform any other legal obligation as to an examination when required by the director.

(c) That the TPA has, without just cause, refused to pay proper claims or perform services arising under its contracts or has, without just cause, caused covered individuals to accept less than the amount due them or caused covered individuals to employ attorneys or bring suit against the TPA or a payor that it represents to secure full payment or settlement of the claims.

(d) That the TPA is required under this act to have a license and fails at any time to meet any qualification for which issuance of a license could have been refused had the failure then existed and been known to the director, unless the director issued a license with knowledge of the grounds for disqualification and had the authority to waive it.

(e) That any of the individuals responsible for the conduct of affairs of the TPA has been convicted of, or has entered a plea of guilty or nolo contendere to, a felony without regard to whether adjudication was withheld.

(f) That the TPA's license has been suspended or revoked in another state.

(g) That the TPA has failed to file a timely statement under section 36 or to pay a filing fee under section 18.

(4) As used in this section, "individual responsible for the conduct of affairs of the TPA" means any of the following:

(a) A member of the board of directors, board of trustees, executive committee, or other governing board or committee.

(b) A principal officer for a corporation or a partner or member for a partnership, association, or limited liability company.

(c) A shareholder or member holding directly or indirectly 10% or more of the voting stock, voting securities, or voting interest of the TPA.

(d) Any person who exercises control or influence over the affairs of the TPA.

History: 1984, Act 218, Eff. Jan. 1, 1985 ;— Am. 2022, Act 12, Imd. Eff. Feb. 23, 2022