

Legislative Analysis



CONTINUING ED. EXEMPTION FOR AGENTS SELLING ONLY LIMITED-LINE CREDIT INSURANCE

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House Bill 5497 as introduced
Sponsor: Rep. Joe Hune
Committee: Insurance

First Analysis (2-6-06)

BRIEF SUMMARY: The bill would amend the Insurance Code to waive continuing education requirements for an insurance agent licensed to write only limited line credit insurance whose employment is for a purpose other than the sale of those policies (e.g., employees of lending institutions).

FISCAL IMPACT: There is no fiscal impact on the State of Michigan or its local units of government.

THE APPARENT PROBLEM:

Michigan requires licensed life-health agents and property-casualty agents to meet continuing educating requirements as a condition of licensure. (The Insurance Code refers to such agents as "insurance producers.") According to the Office of Financial and Insurance Services, which is the state insurance regulator, Michigan is not in compliance with all of the uniform standards for continuing education established by the National Association of Insurance Commissioners (NAIC). All that is needed to bring Michigan into full compliance is a statutory exemption from continuing education requirements for persons who write only limited line credit insurance and whose employment is for a purpose other than selling such insurance. This refers, for example, to employees of lenders who sell such insurance in conjunction with making loans. Legislation has been introduced to provide such an exemption.

THE CONTENT OF THE BILL:

The bill would amend the Insurance Code to waive continuing education requirements for an insurance agent licensed to write only limited line credit insurance whose employment is for a purpose other than the sale of those policies (e.g., employees of lending institutions).

A similar exemption currently exists: the commissioner of the Office of Financial and Insurance Services (OFIS) must waive continuing education requirements for an agent licensed to write only travel or baggage insurance whose employment is for a purpose other than the sale of such policies. The bill would require the OFIS commissioner to also waive the requirements for the limited line credit insurance producers.

ARGUMENTS:

For:

By providing an exemption from continuing education requirements for these individuals, according to OFIS, the bill would put the state's Insurance Code in compliance with NAIC standards for continuing education and would reduce a regulatory burden on those selling the product.

POSITIONS:

The Office of Financial and Insurance Services supports the bill. (2-1-06)

The Michigan Financial Services Association supports the bill. (2-1-06)

The Michigan Bankers Association supports the bill. (2-1-06)

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