

HOUSE BILL No. 5497

December 13, 2005, Introduced by Rep. Hune and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1204c (MCL 500.1204c), as amended by 2005 PA
247.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1204c. (1) As used in this section:
2 (a) "Hour" means a period of time of not less than 50 minutes.
3 (b) "Insurance producer" means a life-health agent or
4 property-casualty agent.
5 (c) "Life-health agent" means a resident or nonresident
6 individual insurance producer licensed for life, limited life,
7 mortgage redemption, accident and health, or any combination
8 thereof.
9 (d) "Property-casualty agent" means a resident or nonresident

1 individual insurance producer or solicitor licensed for automobile,
2 fire, multiple lines, any limited or minor property and casualty
3 line, or any combination thereof.

4 (2) Unless the insurance producer has renewed his or her
5 license pursuant to subsection (4), an insurance producer's hours
6 of study accrued under this section shall be reviewed for license
7 continuance as follows:

8 (a) If the insurance producer's license number ends in "1" as
9 follows:

10 (i) If the insurance producer's last name starts with A to L,
11 on January 1, 1995 and on January 1 every 2 years thereafter.

12 (ii) If the insurance producer's last name starts with M to Z,
13 on January 1, 1996 and on January 1 every 2 years thereafter.

14 (b) If the insurance producer's license number ends in "2" as
15 follows:

16 (i) If the insurance producer's last name starts with A to L,
17 on February 1, 1995 and on February 1 every 2 years thereafter.

18 (ii) If the insurance producer's last name starts with M to Z,
19 on February 1, 1996 and on February 1 every 2 years thereafter.

20 (c) If the insurance producer's license number ends in "3" as
21 follows:

22 (i) If the insurance producer's last name starts with A to L,
23 on March 1, 1995 and on March 1 every 2 years thereafter.

24 (ii) If the insurance producer's last name starts with M to Z,
25 on March 1, 1996 and on March 1 every 2 years thereafter.

26 (d) If the insurance producer's license number ends in "4" as
27 follows:

1 (i) If the insurance producer's last name starts with A to L,
2 on June 1, 1995 and on June 1 every 2 years thereafter.

3 (ii) If the insurance producer's last name starts with M to Z,
4 on June 1, 1996 and on June 1 every 2 years thereafter.

5 (e) If the insurance producer's license number ends in "5" as
6 follows:

7 (i) If the insurance producer's last name starts with A to L,
8 on July 1, 1995 and on July 1 every 2 years thereafter.

9 (ii) If the insurance producer's last name starts with M to Z,
10 on July 1, 1996 and on July 1 every 2 years thereafter.

11 (f) If the insurance producer's license number ends in "6" as
12 follows:

13 (i) If the insurance producer's last name starts with A to L,
14 on August 1, 1995 and on August 1 every 2 years thereafter.

15 (ii) If the insurance producer's last name starts with M to Z,
16 on August 1, 1996 and on August 1 every 2 years thereafter.

17 (g) If the insurance producer's license number ends in "7" as
18 follows:

19 (i) If the insurance producer's last name starts with A to L,
20 on September 1, 1995 and on September 1 every 2 years thereafter.

21 (ii) If the insurance producer's last name starts with M to Z,
22 on September 1, 1996 and on September 1 every 2 years thereafter.

23 (h) If the insurance producer's license number ends in "8" as
24 follows:

25 (i) If the insurance producer's last name starts with A to L,
26 on October 1, 1995 and on October 1 every 2 years thereafter.

27 (ii) If the insurance producer's last name starts with M to Z,

1 on October 1, 1996 and on October 1 every 2 years thereafter.

2 (i) If the insurance producer's license number ends in "9" as
3 follows:

4 (i) If the insurance producer's last name starts with A to L,
5 on November 1, 1995 and on November 1 every 2 years thereafter.

6 (ii) If the insurance producer's last name starts with M to Z,
7 on November 1, 1996 and on November 1 every 2 years thereafter.

8 (j) If the insurance producer's license number ends in "0" as
9 follows:

10 (i) If the insurance producer's last name starts with A to L,
11 on December 1, 1995 and on December 1 every 2 years thereafter.

12 (ii) If the insurance producer's last name starts with M to Z,
13 on December 1, 1996 and on December 1 every 2 years thereafter.

14 (3) If an insurance producer's hours of study would be
15 reviewed according to the schedule under subsection (2) within 23
16 months after issuance of the initial license, the hours shall not
17 be reviewed on the first scheduled date following the issuance of
18 the initial license and shall be reviewed on the next scheduled
19 review date following the first review date according to the
20 schedule under subsection (2), unless the insurance producer has
21 renewed his or her license pursuant to subsection (4).

22 (4) Except as provided in subsections (11) to (14), before the
23 review date of each applicable 2-year period provided for under
24 subsection (2) or (3), an insurance producer wishing to renew his
25 or her license shall renew his or her license by attending or
26 instructing not less than 24 hours of continuing education classes
27 approved by the commissioner or 24 hours of home study if evidenced

1 by successful completion of course work approved by the
2 commissioner. Of the 24 hours of continuing education required, not
3 less than 3 hours shall be in ethics in insurance classes or course
4 work.

5 (5) After reviewing recommendations made by the council under
6 section 1204b, the commissioner shall approve a program of study if
7 the commissioner determines that the program increases knowledge of
8 insurance and related subjects as follows:

9 (a) For a life-health agent program of study, the program
10 offers instruction in 1 or more of the following:

11 (i) The fundamental considerations and major principles of life
12 insurance.

13 (ii) The fundamental considerations and major principles of
14 health insurance.

15 (iii) Estate planning and taxation as related to insurance.

16 (iv) Industry and legal standards concerning ethics in
17 insurance.

18 (v) Legal, legislative, and regulatory matters concerning
19 insurance, the insurance code, and the insurance industry.

20 (vi) Principal provisions used in life insurance contracts,
21 health insurance contracts, or annuity contracts and differences in
22 types of coverages.

23 (vii) Accounting and actuarial considerations in insurance.

24 (viii) Principles of agency management, excluding telemarketing
25 or other marketing instruction.

26 (b) For a property-casualty agent program of study, the
27 program offers instructions in 1 or more of the following:

1 (i) The fundamental considerations and major principles of
2 property insurance.

3 (ii) The fundamental considerations and major principles of
4 casualty insurance.

5 (iii) Basic principles of risk management.

6 (iv) Industry and legal standards concerning ethics in
7 insurance.

8 (v) Legal, legislative, and regulatory matters concerning
9 insurance, the insurance code, and the insurance industry.

10 (vi) Principal provisions used in casualty insurance contracts,
11 no-fault insurance contracts, or property insurance contracts and
12 differences in types of coverages.

13 (vii) Accounting and actuarial considerations in insurance.

14 (viii) Principles of agency management, excluding telemarketing
15 or other marketing instruction.

16 (6) A provider of a program of study for insurance producers
17 applying for approval or reapproval from the commissioner under
18 this section shall file, on a form provided by the commissioner, a
19 description of the course of study including a description of the
20 subject matter and course materials, hours of instruction, location
21 of classroom, qualifications of instructors, and maximum student-
22 instructor ratio and shall pay a nonrefundable \$25.00 filing fee.
23 Any material change in a program of study shall require reapproval
24 by the commissioner. If the information in an application for
25 approval or reapproval is insufficient for the commissioner to
26 determine whether the program of study meets the requirements under
27 subsection (5), the commissioner shall give written notice to the

1 provider, within 15 days after the provider's filing of the
2 application for approval or reapproval, of the additional
3 information needed by the commissioner. An application for approval
4 or reapproval shall be considered approved unless disapproved by
5 the commissioner within 90 days after the application for approval
6 or reapproval is filed, or within 90 days after the receipt of
7 additional information if the information was requested by the
8 commissioner, whichever is later.

9 (7) A provider of a program of study approved by the
10 commissioner under this section shall pay a provider authorization
11 fee of \$500.00 for the first year the provider's program of study
12 was approved under this section and a \$100.00 provider renewal fee
13 for each year thereafter that the provider offers the approved
14 program of study.

15 (8) A person dissatisfied with an approved program of study
16 may petition the commissioner for a hearing on the program or the
17 commissioner on his or her own initiative may request a hearing on
18 a program of study. If the commissioner finds the petition to have
19 been submitted in good faith, that the petition if true shows the
20 program of study does not satisfy the criteria in subsection (5),
21 or that the petition otherwise justifies holding a hearing, the
22 commissioner shall hold a hearing pursuant to chapter 4 of the
23 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
24 24.287, within 30 days after receipt of the petition and upon not
25 less than 10 days' written notice to the petitioner and the
26 provider of the program of study. If the commissioner requests a
27 hearing on a program of study on his or her own initiative, the

1 commissioner shall hold a hearing pursuant to chapter 4 of the
2 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
3 24.287, upon not less than 10 days' written notice to the provider
4 of the program of study.

5 (9) If after a hearing under subsection (8) the commissioner
6 finds that the program of study does not satisfy the requirements
7 under subsection (5), the commissioner shall state, in a written
8 order mailed first-class to the petitioner and provider of the
9 program of study, his or her findings and the date upon which the
10 commissioner will revoke approval of the program of study which
11 date shall be within a reasonable time of the issuance of the
12 order.

13 (10) A certificate of attendance or instruction of an approved
14 program of study or a certificate of successful completion of
15 course work shall be filed as directed by the commissioner on a
16 form prescribed by the commissioner and shall indicate the name and
17 number of the course of study, the number of hours, dates of
18 completion, and the name and number of schools attended or taught
19 by the insurance producer or the evidence of successful completion
20 of course work. A representative of the approved program of study
21 shall file the form and a fee of \$1.00 per hour for course credit
22 for each insurance producer license renewal as directed by the
23 commissioner within 30 days after the insurance producer completes
24 the program. A copy of the form shall also be mailed first-class to
25 the insurance producer who attended, taught, or successfully
26 completed the program of study. The commissioner may enter into
27 contracts to provide for the administrative functions of this

1 subsection.

2 (11) The commissioner shall waive the continuing education
3 requirements of this section for an insurance producer if the
4 producer is unable to comply with the continuing education
5 requirements of this section due to military service or if the
6 commissioner determines that enforcement of the requirements would
7 cause a severe hardship. The commissioner shall waive the
8 continuing education requirements of this section for ~~an~~ **THE**
9 **FOLLOWING** insurance **PRODUCERS**:

10 (A) **AN INSURANCE** producer who is licensed to write only travel
11 or baggage insurance policies and whose employment is for a purpose
12 other than the sale of those policies.

13 (B) **AN INSURANCE PRODUCER WHO IS LICENSED TO WRITE ONLY**
14 **LIMITED LINE CREDIT INSURANCE AND WHOSE EMPLOYMENT IS FOR A PURPOSE**
15 **OTHER THAN THE SALE OF THOSE POLICIES.**

16 (12) The commissioner may enter into reciprocal continuing
17 education agreements with insurance commissioners from other
18 states.

19 (13) If an insurance producer has not met his or her
20 continuing education requirements by the expiration date of his or
21 her license, the insurance producer shall have a 90-day grace
22 period in which to meet the continuing education requirements of
23 this section. During the 90-day grace period, the insurance
24 producer shall not solicit or sell new policies of insurance, bind
25 coverage, or otherwise act as an insurance producer except that the
26 insurance producer may continue to service policies previously sold
27 and may receive commissions on policies previously sold. If the

1 insurance producer has not met his or her continuing education
2 requirements by the expiration of the 90-day grace period, the
3 insurance producer's license shall be canceled. An insurance
4 producer whose license has been canceled under this section may
5 reapply for license to act as an insurance producer under section
6 1204, except that the program of study requirements under section
7 1204 shall not be waived.

8 (14) An insurance producer who has sold his or her insurance
9 business and who has not met the continuing education requirements
10 of this section shall not solicit or sell new policies of
11 insurance, bind coverage, or otherwise act as an insurance producer
12 except that the insurance producer may continue to service policies
13 previously sold and may receive commissions on policies previously
14 sold as well as receive partial commissions on policies of
15 insurance sold by a purchasing insurance producer. An insurance
16 producer who is in the process of selling his or her insurance
17 business and who has not met the continuing education requirements
18 of this section shall not solicit or sell new policies of
19 insurance, bind coverage, or otherwise act as an insurance producer
20 except that the insurance producer may continue to service policies
21 previously sold and may receive commissions on policies previously
22 sold as well as receive partial commissions on policies of
23 insurance sold by a purchasing insurance producer, for a period not
24 to exceed 12 months after the selling insurance producer's license
25 review date under subsection (2). An insurance producer whose
26 license has been canceled and who wishes to resume soliciting or
27 selling new policies of insurance, bind coverage, or otherwise act

1 as an insurance producer and who has not met the continuing
2 education requirements within the immediately preceding 2-year
3 period may reapply for license to act as an insurance producer
4 under section 1204.