

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

500.1204c Insurance producer's hours of study; review; continuing education requirements; program of study; approval; fee; hearing; revocation; filing certificate of attendance or instruction; waiver; reciprocal agreements; fees; grace period; sale of business and failure to meet continuing education requirements; cancellation of license; review date of applicable 2-year period; access to classroom; refusal to approve education instructor; probation, suspension, or revocation of approval; definitions.

Sec. 1204c.

(1) An insurance producer's hours of study accrued under this section must be reviewed for license continuance every 2 years under a schedule established by the director. The director may establish a schedule for license continuation that staggers license continuation dates to apportion the continuation dates throughout the calendar year. If the system of staggered continuation is adopted, the director may extend the licensure period for some licensees.

(2) Except as provided in subsections (9) to (12), and subject to subsection (13), before the review date of each applicable 2-year period provided for under subsection (1), an insurance producer wishing to renew his or her license shall renew his or her license by attending or instructing not less than 24 hours of continuing education classes approved by the director or 24 hours of home study or online training if evidenced by successful completion of coursework approved by the director. Of the 24 hours of continuing education required, not less than 3 hours must be in ethics in insurance classes or coursework.

(3) The director shall approve a registered insurance producer program of study if the director determines that the program increases knowledge of insurance and related subjects as follows:

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

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

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

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

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

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

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

(vii) Accounting and actuarial considerations in insurance.

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

(ix) The fundamental considerations, major principles, and statutory requirements of long-term care insurance.

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

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

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

(iii) Basic principles of risk management.

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

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

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

(vii) Accounting and actuarial considerations in insurance.

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

(4) A provider of a program of study for insurance producers applying for approval or reapproval from the director under this section shall file, on a form provided by the director, a description of the course of study including a description of the subject matter and course materials, hours of instruction, location of classroom, qualifications of instructors, and maximum student-instructor ratio and shall pay a nonrefundable \$25.00 filing fee. Any material change in a program of study requires the reapproval of the director. If the information in an application for approval or reapproval is insufficient for the director to determine whether the program of study meets the requirements under subsection (3), the director shall give written notice to the provider, within 15 days after the provider's filing of the application for approval or reapproval, of the additional information needed by the director. An application for approval or reapproval is considered approved unless disapproved by the director within 90 days after the application for approval or reapproval is filed, or within 90 days after the receipt of additional information if the information was requested by the director, whichever is later.

(5) A provider of a program of study approved by the director under this section shall pay a provider

authorization fee of \$500.00 for the first year the provider's program of study is approved under this section and a \$100.00 provider renewal fee for each subsequent year that the provider offers the approved program of study.

(6) A person dissatisfied with an approved program of study may petition the director for a hearing on the program or the director on his or her own initiative may request a hearing on a program of study. If the director finds that the petition was submitted in good faith, that the petition if true shows that the program of study does not satisfy the criteria in subsection (3), or that the petition otherwise justifies holding a hearing, the director shall hold a hearing under chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.287, within 30 days after receipt of the petition and on not less than 10 days' written notice to the petitioner and the provider of the program of study. If the director requests a hearing on a program of study on his or her own initiative, the director shall hold a hearing under chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.287, on not less than 10 days' written notice to the provider of the program of study.

(7) If after a hearing under subsection (6) the director finds that the program of study does not satisfy the requirements under subsection (3), the director shall state, in a written order mailed first-class to the petitioner and provider of the program of study, his or her findings and the date on which the director will revoke approval of the program of study, which date must be within a reasonable time of the issuance of the order.

(8) A certificate of attendance or instruction in an approved program of study or a certificate of successful completion of coursework must be filed as directed by the director on a form prescribed by the director and must indicate the name and number of the course of study, the number of hours, dates of completion, and the name and number of schools attended or taught by the insurance producer or the evidence of successful completion of coursework. A representative of the approved program of study shall file the form and a fee of \$1.00 per hour for course credit for each insurance producer license renewal as directed by the director within 30 days after the insurance producer completes the program. A copy of the form must also be mailed first-class to the insurance producer who attended, taught, or successfully completed the program of study. The director may enter into contracts to provide for the administrative functions of this subsection.

(9) The director shall waive the continuing education requirements of this section for an insurance producer if the producer is unable to comply with the continuing education requirements of this section because of military service or if the director determines that enforcement of the requirements would cause a severe hardship. The director shall waive the continuing education requirements of this section for the following insurance producers:

(a) An insurance producer who is licensed to write only travel or baggage insurance policies and whose employment is for a purpose other than the sale of those policies.

(b) An insurance producer who is licensed to write only limited line credit insurance.

(10) The director may enter into reciprocal continuing education agreements with insurance commissioners from other states.

(11) If an insurance producer has not met his or her continuing education requirements by the expiration date of his or her license, the insurance producer has a 90-day grace period in which to meet the continuing education requirements of this section. During the 90-day grace period, the insurance producer shall not solicit or sell new policies of insurance, bind coverage, or otherwise act as an insurance producer, except that the insurance producer may continue to service policies previously sold and may receive commissions on policies previously sold. If the insurance producer has not met his or her continuing education requirements by the expiration of the 90-day grace period, the director shall cancel the insurance producer's license. An insurance producer whose license has been canceled under this section may reapply for a license to act as an insurance producer under section 1204.

(12) An insurance producer who has sold his or her insurance business and who has not met the continuing education requirements of this section shall not solicit or sell new policies of insurance, bind coverage, or otherwise act as an insurance producer, except that the insurance producer may continue to service policies previously sold and may receive commissions on policies previously sold as well as receive partial commissions on policies of insurance sold by a purchasing insurance producer. An insurance producer who is in the process of selling his or her insurance business and who has not met the continuing education requirements of this section shall not solicit or sell new policies of insurance, bind coverage, or otherwise act as an insurance producer, except that the insurance producer may continue to service policies previously sold and may receive commissions on policies previously sold as well as receive partial commissions on policies of insurance sold by a purchasing insurance producer, for a period not to exceed 12 months after the selling insurance producer's license review date under subsection (1). An insurance producer whose license has been canceled and who wishes to resume soliciting or selling new policies of insurance, bind coverage, or otherwise act as an insurance producer and who has not met the continuing education requirements within the immediately preceding 12 months may reapply for a license to act as an insurance producer under section 1204.

(13) After 1 year after the effective date of the amendatory act that added subsection (14), for a review date of an applicable 2-year period under subsection (1), all of the following apply:

(a) Subject to subdivisions (b) and (c), if an insurance producer completes more than 24 hours of continuing education in an applicable 2-year period, the insurance producer may, for purposes of subsection (2), apply each hour more than 24 hours to the next 2-year period. However, no more than 12 hours may be applied to the next applicable 2-year period under this subdivision.

(b) An insurance producer may not apply any hours in ethics in insurance classes or coursework to the next applicable 2-year period under subdivision (a).

(c) If an insurance producer completes the same continuing education class or coursework under subsection (2) in an applicable 2-year period, an hour associated with a duplicative class or coursework may not be applied to the next applicable 2-year period under subdivision (a).

(14) The director or his or her designee may access any classroom while instruction for a program of study under section 1204a or this section is in progress to monitor the classroom instruction.

(15) For an insurance producer program of study under this section, the director may refuse to approve an insurance education instructor, and the director may place an approved insurance education instructor on probation or suspend or revoke approval of an approved insurance education instructor, or take any combination of these actions, if 1 or more of the following apply:

(a) The insurance education instructor violates an insurance law or violates a rule, subpoena, or order of the director or of another state's insurance commissioner.

(b) The insurance education instructor uses fraudulent, coercive, or dishonest practices or demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or outside this state.

(c) The insurance education instructor's insurance producer license or its equivalent is revoked in conjunction with a disciplinary action in any state, province, district, or territory.

(16) As used in this section:

(a) "Hour" means a period of time of not less than 50 minutes.

(b) "Insurance producer" means a life-health agent or property-casualty agent.

(c) "Life-health agent" means a resident or nonresident individual insurance producer licensed for life, limited life, mortgage redemption, or accident and health or a combination of life, limited life, mortgage redemption, or accident and health.

(d) "Property-casualty agent" means a resident or nonresident individual insurance producer or solicitor licensed for automobile, fire, multiple lines, or any limited or minor property and casualty lines or a combination of automobile, fire, multiple lines, or limited or minor property and casualty lines.

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