

Act No. 68
Public Acts of 1989
Approved by the Governor
June 15, 1989
Filed with the Secretary of State
June 16, 1989

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Senator O'Brien

ENROLLED SENATE BILL No. 383

AN ACT to amend section 1206 of Act No. 218 of the Public Acts of 1956, entitled as amended "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, and associations engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on the business of surplus line agents; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability, and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state, and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance, and with respect to certain claims against uninsured or self-insured persons; and to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to repeal certain acts and parts of acts; to repeal certain acts and parts of acts on specific dates; and to provide penalties for the violation of this act," as amended by Act No. 501 of the Public Acts of 1982, being section 500.1206 of the Michigan Compiled Laws; and to add section 2024a.

The People of the State of Michigan enact:

Section 1. Section 1206 of Act No. 218 of the Public Acts of 1956, as amended by Act No. 501 of the Public Acts of 1982, being section 500.1206 of the Michigan Compiled Laws, is amended and section 2024a is added to read as follows:

Sec. 1206. (1) A license issued by the commissioner shall set forth the name of the agent and the lines of insurance permitted by the license. A person who is licensed to act as an agent for life or disability insurance or for casualty insurance is permitted to act as an agent for legal expense insurance without obtaining additional authorization or licensure from the commissioner. The agent shall display the license in his or her principal place of business.

(2) The license shall continue in effect until suspended or revoked by the commissioner, voluntarily surrendered by the licensee, or terminates because of lack of authority or appointment to act as an agent in this state from an admitted insurer. If the commissioner's records indicate that an agent has no valid or active appointment from an admitted insurer, the commissioner shall notify the agent that the agent has no valid or active appointment. The agent shall have 60 days from the date notice is sent by the commissioner to secure a valid appointment and have notice of the appointment filed with the commissioner. If notice of appointment is not received by the commissioner within the 60-day period, the agent's licensing authority shall be considered terminated for failure to comply with the licensing requirements of this act.

(3) The commissioner may reexamine a licensed agent at any time upon written notice with stated reasons.

(4) The commissioner, without examination, may issue a temporary license to a natural person who demonstrates to the satisfaction of the commissioner that the death or physical or mental incapacity of an agent makes the action reasonably necessary to assure continued operation of the agent's business. The temporary license shall be effective for 90 days, and may be extended for additional periods of 90 days in the discretion of the commissioner.

(5) The commissioner may issue a temporary license permitting collection of premiums on industrial insurance contracts to an applicant for a license to act as an insurance agent whom he or she determines to be honest and trustworthy. The temporary license shall be effective for 90 days, renewable for 1 additional period of 90 days, or until disposition of the application to act as an insurance agent, whichever occurs first. If the commissioner does not notify the applicant of action on the request for a temporary license within 15 days after mailing of the application, the request for a temporary license shall be considered granted. For purposes of this subsection, an "industrial insurance contract" means a contract for which premiums are payable at monthly or more frequent intervals directly to a representative of the insurer by the person insured or by a person representing the person insured.

Sec. 2024a. Beginning January 1, 1986, sections 2024, 2066, and 2070 shall not be construed to prohibit a life insurer or life insurance agent from giving to each applicant for a life insurance policy an article of merchandise having an invoice value of \$5.00 or less.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.