

HOUSE BILL No. 4358

March 7, 1989, Introduced by Reps. Clack, Bartnik, Weeks, Runco, DeMars, Leland and Perry Bullard and referred to the Committee on Insurance.

A bill to amend sections 1204a and 1206 of Act No. 218 of the Public Acts of 1956, entitled as amended "The insurance code of 1956," section 1204a as amended by Act No. 64 of the Public Acts of 1987 and section 1206 as amended by Act No. 501 of the Public Acts of 1982, being sections 500.1204a and 500.1206 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 1204a and 1206 of Act No. 218 of the
2 Public Acts of 1956, section 1204a as amended by Act No. 64 of
3 the Public Acts of 1987 and section 1206 as amended by Act
4 No. 501 of the Public Acts of 1982, being sections 500.1204a and
5 500.1206 of the Michigan Compiled Laws, are amended to read as
6 follows:

1 Sec. 1204a. (1) To qualify as a registered insurance agent
2 program of study, the program of study shall meet all of the
3 following criteria:

4 (a) Be conducted through an educational institution offering
5 home study courses that has been in existence for not less than 5
6 years, by an insurance trade association, by an authorized
7 insurer as provided in subsection (2), or by an educational
8 institution listed in the state board of education directory of
9 institutions of higher learning.

10 (b) Except as provided in subsection (2), provide for a min-
11 imum number of hours of classroom instruction or its equivalent
12 in home study courses as follows:

13 (i) In the case of a program of study for health insurance
14 agents, 14 hours of instruction on the principles of health
15 insurance and 6 hours of instruction on the requirements of the
16 insurance laws of this state.

17 (ii) In the case of a program of study for life insurance
18 agents, 20 hours of instruction on the principles of life insur-
19 ance and 6 hours of instruction on the requirements of the insur-
20 ance laws of this state.

21 (iii) In the case of a combined program of study for life
22 and health insurance agents, 14 hours of instruction on the prin-
23 ciples of health insurance, 20 hours of instruction on the prin-
24 ciples of life insurance, and 6 hours of instruction on the
25 requirements of the insurance laws of this state.

26 (iv) In the case of a program of study for property and
27 casualty insurance agents and solicitors, 12 hours of instruction

1 on the principles of property insurance, 6 hours of instruction
2 on the requirements of the insurance laws of this state, and 22
3 hours of instruction on the principles of liability insurance.

4 (v) IN ADDITION TO THE REQUIREMENTS PROVIDED IN SUBPARA-
5 GRAPHS (i) TO (iii) AND SUBDIVISION (C), IN THE CASE OF A PROGRAM
6 OF STUDY FOR AGENTS FOR SENIOR CITIZEN INSURANCE, 6 HOURS OF
7 INSTRUCTION ON BOTH THE TYPES OF INSURANCE THAT ARE MARKETING PRI-
8 MARILY TO SENIOR CITIZENS AND STATE AND FEDERAL PROGRAMS THAT
9 PROVIDE HEALTH BENEFITS TO SENIOR CITIZENS, AND 4 HOURS OF
10 INSTRUCTION ON ETHICAL PRACTICES IN MARKETING INSURANCE TO SENIOR
11 CITIZENS. AS USED IN THIS SUBPARAGRAPH, "SENIOR CITIZEN" MEANS A
12 STATE RESIDENT WHO IS 60 YEARS OF AGE OR OLDER, AND THE SPOUSE OF
13 THAT STATE RESIDENT REGARDLESS OF AGE.

14 (c) Include instruction in ethical practices in the market-
15 ing and selling of insurance.

16 (d) Instruction shall be given only by individuals who meet
17 the qualifications required by the commissioner. The commission-
18 er, after consulting the insurance agent education advisory coun-
19 cil, shall promulgate rules prescribing the criteria which must
20 be met by a person in order to render instruction in a registered
21 insurance agent program of study.

22 (2) An authorized insurer may conduct that portion of the
23 minimum number of classroom hours of instruction under subsection
24 (1) as the commissioner deems appropriate.

25 (3) The commissioner shall promulgate rules prescribing the
26 subject matter that a program of study must possess to qualify
27 for registration under this section.

1 (4) The commissioner may make recommendations for
2 improvements in course materials as deemed necessary by the
3 commissioner. The commissioner may, after notice and opportunity
4 for a hearing, withdraw the registration of a program of study
5 which does not maintain reasonable standards as determined by the
6 commissioner for the protection of the public.

7 Sec. 1206. (1) A license issued by the commissioner shall
8 set forth the name of the agent and the lines of insurance per-
9 mitted by the license. A person who is licensed to act as an
10 agent for life or disability insurance or for casualty insurance
11 is permitted to act as an agent for legal expense insurance with-
12 out obtaining additional authorization or licensure from the
13 commissioner. A PERSON WHO IS LICENSED TO ACT AS AN AGENT FOR
14 LIFE OR DISABILITY INSURANCE SHALL NOT SOLICIT INSURANCE, BIND
15 COVERAGE, OR OTHERWISE ACT AS AN AGENT IN CONNECTION WITH THE
16 SALE OF INSURANCE TO A SENIOR CITIZEN UNLESS THE PERSON IS
17 LICENSED AS AN AGENT FOR SENIOR CITIZEN INSURANCE. The agent
18 shall display the license in his or her principal place of
19 business. AS USED IN THIS SUBSECTION, "SENIOR CITIZEN" MEANS A
20 STATE RESIDENT WHO IS 60 YEARS OF AGE OR OLDER, AND THE SPOUSE OF
21 THAT STATE RESIDENT REGARDLESS OF AGE.

22 (2) The license shall continue in effect until suspended or
23 revoked by the commissioner or voluntarily surrendered by the
24 licensee. The commissioner shall demand and the licensee shall
25 surrender the license when the commissioner's records indicate
26 that the licensee is without authority from ~~any~~ AN insurer to
27 act as agent.

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

3 (4) The commissioner, without examination, may issue a tem-
4 porary license to a natural person who demonstrates to the satis-
5 faction of the commissioner that the death or physical or mental
6 incapacity of an agent makes the action reasonably necessary to
7 assure continued operation of the agent's business. The tempo-
8 rary license shall be effective for 90 days, and may be extended
9 for additional periods of 90 days in the discretion of the
10 commissioner.

11 (5) The commissioner may issue a temporary license permit-
12 ting collection of premiums on industrial insurance contracts to
13 an applicant for a license to act as an insurance agent whom he
14 or she determines to be honest and trustworthy. The temporary
15 license shall be effective for 90 days, renewable for 1 addi-
16 tional period of 90 days, or until disposition of the application
17 to act as an insurance agent, whichever occurs first. If the
18 commissioner does not notify the applicant of action on the
19 request for a temporary license within 15 days after mailing of
20 the application, the request for a temporary license shall be
21 deemed to have been granted. For purposes of this subsection, an
22 "industrial insurance contract" means a contract for which premi-
23 ums are payable at monthly or more frequent intervals directly to
24 a representative of the insurer by the person insured or by a
25 person representing the person insured.