



**House
Legislative
Analysis
Section**

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AGENT EDUCATION: CLARIFY

House Bill 4656 as introduced
First Analysis (5-28-87)

RECEIVED

Sponsor: Rep. Alvin Hoekman
Committee: Insurance

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THE APPARENT PROBLEM:

Public Act 173 of 1986 put into statute new educational requirements for people who want to become licensed as insurance agents. As of July 1, 1987, a candidate must first complete an approved course of study before taking the licensing exam. (There are exemptions for people with certain kinds of experience or credentials). To qualify for approval, a course of study must provide for a minimum of 40 hours of classroom instruction, or its equivalent in home study courses, allocated in specified ways for particular lines of insurance. The act apparently failed to recognize, however, that some people seek licensure to sell only health insurance or only life insurance, and merged the educational requirements for the two lines. To sell both lines, a person needs two licenses. Unless the act is changed, candidates for either license will be required to complete a course of study that includes both 14 hours of instruction on the principles of health insurance and 20 hours of instruction on the principles of life insurance. It would seem fairer to require candidates for licensure to study only the subject matter directly related to the license sought.

THE CONTENT OF THE BILL:

The bill would clarify the requirements for life insurance agents, health insurance agents, and combined life-health agents. A program of study for health insurance agents would comprise 14 hours of instruction on the principles of health insurance and 6 hours of instruction on the state's insurance laws. A program of study for life agents would include 20 hours of instruction on the principles of life insurance and 6 hours of instruction on the insurance laws. A combined program of study for life and health agents would involve 14 hours of instruction on health insurance, 20 hours on life insurance, and 6 hours on insurance laws. The 40-hour minimum would be eliminated.

MCL 500.1204a

FISCAL IMPLICATIONS:

The bill has no fiscal implications, according to the Department of Licensing and Regulation. (5-26-87)

ARGUMENTS:

For:

The bill would reduce the amount of pre-examination coursework required of people seeking a health agent's license alone or a life agent's license alone. Requirements due to go into effect this summer demand a candidate for either license take coursework dealing with both lines of insurance. Under the bill, a person would need only to receive instruction in the specific line for which a license was sought. People desiring to sell both life and health insurance would still have to take the combined curriculum.

Against:

Consumers might be better served by requiring insurance agents to have a comprehensive knowledge of the field.

POSITIONS:

The Insurance Bureau, within the Department of Regulation, supports the bill. (5-26-87)

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