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BILL ANALYSIS

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Senate Bill 25 (as enrolled) (Public Act 38 of 1987)

Sponsor: Senator Dan L. DeGrow

Senate Committee: Commerce and Technology

House Committee: Insurance

Date Completed: 7-31-87

**RATIONALE**

The Insurance Code generally prohibits a person other than an insurance counselor licensed under the code from promoting himself or herself as an insurance counselor (i.e., someone who provides advice or counsel regarding the benefits provided by or other aspects of an insurance policy). Public Act 7 of 1984 exempted from this prohibition persons who are licensed as insurance agents, brokers, or solicitors but not specifically as insurance "counselors" and who have attained the designation "Certified Insurance Counselor (CIC)" or "Accredited Advisor in Insurance (AAI)". These titles are conferred, respectively, by the Society of Certified Insurance Counselors and the Insurance Institute of America upon insurance agents who have completed certain educational requirements set by the organizations. Not exempted — some contend inadvertently — from the insurance counselor licensing requirements were fraternal agents who have attained the title "Fraternal Insurance Counselor": these agents are persons who deal in insurance coverage for fraternal benefit societies (see **BACKGROUND**, below) and who have completed additional course work in subjects such as risk management under the supervision of the Fraternal Field Managers Association. Fraternal insurance counselors argue that the code should be amended to allow them to use their professional designation without having to complete the additional course work otherwise required of insurance counselors.

**CONTENT**

Senate Bill 25 would amend the Insurance Code to permit the use of the designation "Fraternal Insurance Counselor" by a person not licensed as an insurance counselor under the code if that designation had been conferred by the Fraternal Field Managers Association. The bill specifies, however, that a person not licensed as an insurance counselor, but who acted as an insurance agent on behalf of a fraternal benefit society and also was authorized to represent an insurer, could not hold himself or herself out to the public as a licensed insurance counselor in connection with the solicitation or procurement of insurance contracts on behalf of the insurer.

MCL 500.1232

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

**BACKGROUND**

Fraternal benefit societies and the insurance coverage they provide to their membership are regulated under Chapter 80 of the Insurance Code. A "fraternal benefit society" is

defined as any "corporation, society, order or voluntary association, without capital stock, organized and carried on solely for the mutual benefit of its members and their beneficiaries, and not for profit, and having a lodge system with ritualistic form of work and representative form of government, or which limits its membership to a secret fraternity having a lodge system and representative form of government, and which shall make provision for the payment of benefits in accordance with section 8034 [MCL 500.8034]" of the code (MCL 500.8001).

**ARGUMENTS****Supporting Argument**

Fraternal insurance agents who have earned a "fraternal insurance counselor" certificate also have earned the right to use and display that designation without having to meet the additional requirements for State licensure as insurance counselors. The professional title of "Fraternal Insurance Counselor" is bestowed upon agents who have completed course work and written examinations that, reportedly, are both comprehensive and rigorous. The title is recognized nationwide; in fact, according to fraternal insurance counselors, the designation was established long before the title "Insurance Counselor" as such was recognized in Michigan. Designees should not be denied the privilege of displaying their credentials merely because they do not wish to become licensed "counselors".

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.