

Senate Fiscal Agency
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SFA



BILL ANALYSIS

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Senate Bill 1019 (as enrolled)
Sponsor: Senator Michael J. Bouchard
Senate Committee: Financial Services
House Committee: Insurance

PUBLIC ACT 540 of 1998

Date Completed: 1-28-99

RATIONALE

Since 1993, the Insurance Code has required insurance agents to complete at least 30 hours of continuing education every two years to gain license renewal. Life-health agents must obtain at least 15 hours in a program specifically approved for life-health agents and property-casualty agents must complete at least 15 hours in a program specifically approved for property-casualty agents. The Insurance Commissioner must pass judgment on proposed courses of study and the Code specifies what a program of study should contain. Some people believe that there is a critical need for insurance agents to receive instruction in agency management. The inability to manage an agency properly, they contend, can produce financial difficulties that can lead to poor client service, insolvency, and even violations of the law.

CONTENT

The bill amended the Insurance Code to specify that "principles of agency management, excluding telemarketing or other marketing instruction" must be one of the components of a continuing education program of study for both life-health insurance agents and property-casualty insurance agents.

The Code requires that, for licensure renewal, insurance agents attend or instruct at least 30 hours of continuing education classes approved by the Insurance Commissioner or complete at least 30 hours of home study. The Commissioner must determine that an approved program of study increases knowledge of insurance and certain related subjects. The bill added agency management principles, other than telemarketing or other marketing instruction, to that list of subjects.

MCL 500.1204c

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill will encourage the study of agency management by insurance agents as part of their mandatory continuing education program. Poorly managed agencies, which are more likely to get into financial trouble, cannot serve their clients well, and sometimes may even violate the ethics of the profession and commit violations of the Insurance Code. Agency management courses should help agents to avoid these situations.

Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill may initially increase the administrative responsibilities of the Insurance Bureau as additional courses added for continuing education credits will need to be approved. Any costs incurred by the Bureau will be covered with existing revenues. The bill will have no fiscal impact on local government.

Fiscal Analyst: M. Tyszkiewicz

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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.