

SENATE BILL NO. 1019

March 17, 1998, Introduced by Senator BOUCHARD and referred to the Committee on Financial Services.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 1204c (MCL 500.1204c), as amended by 1996 PA 466.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1204c. (1) As used in this section:
- 2 (a) "Agent" means a life-health agent or property-casualty
- 3 agent licensed under this chapter.
- 4 (b) "Hour" means a period of time of not less than 50
- 5 minutes.
- 6 (c) "Life-health agent" means a resident or nonresident
- 7 agent licensed for life, limited life, credit life, mortgage
- 8 redemption, accident and health, or any combination thereof.
- 9 (d) "Property-casualty agent" means a resident or
- 10 nonresident agent or solicitor licensed for automobile, fire,

1 multiple lines, any limited or minor property and casualty line,
2 or any combination thereof.

3 (2) Unless the agent has renewed his or her license pursuant
4 to subsection (4), an agent's hours of study accrued under this
5 section shall be reviewed for license continuance as follows:

6 (a) If the agent's license number ends in "1" as follows:

7 (i) If the agent's last name starts with A to L, on January
8 1, 1995 and on January 1 every 2 years thereafter.

9 (ii) If the agent's last name starts with M to Z, on
10 January 1, 1996 and on January 1 every 2 years thereafter.

11 (b) If the agent's license number ends in "2" as follows:

12 (i) If the agent's last name starts with A to L, on
13 February 1, 1995 and on February 1 every 2 years thereafter.

14 (ii) If the agent's last name starts with M to Z, on
15 February 1, 1996 and on February 1 every 2 years thereafter.

16 (c) If the agent's license number ends in "3" as follows:

17 (i) If the agent's last name starts with A to L, on March 1,
18 1995 and on March 1 every 2 years thereafter.

19 (ii) If the agent's last name starts with M to Z, on
20 March 1, 1996 and on March 1 every 2 years thereafter.

21 (d) If the agent's license number ends in "4" as follows:

22 (i) If the agent's last name starts with A to L, on June 1,
23 1995 and on June 1 every 2 years thereafter.

24 (ii) If the agent's last name starts with M to Z, on June 1,
25 1996 and on June 1 every 2 years thereafter.

26 (e) If the agent's license number ends in "5" as follows:

1 (i) If the agent's last name starts with A to L, on July 1,
2 1995 and on July 1 every 2 years thereafter.

3 (ii) If the agent's last name starts with M to Z, on July 1,
4 1996 and on July 1 every 2 years thereafter.

5 (f) If the agent's license number ends in "6" as follows:

6 (i) If the agent's last name starts with A to L, on
7 August 1, 1995 and on August 1 every 2 years thereafter.

8 (ii) If the agent's last name starts with M to Z, on
9 August 1, 1996 and on August 1 every 2 years thereafter.

10 (g) If the agent's license number ends in "7" as follows:

11 (i) If the agent's last name starts with A to L, on
12 September 1, 1995 and on September 1 every 2 years thereafter.

13 (ii) If the agent's last name starts with M to Z, on
14 September 1, 1996 and on September 1 every 2 years thereafter.

15 (h) If the agent's license number ends in "8" as follows:

16 (i) If the agent's last name starts with A to L, on
17 October 1, 1995 and on October 1 every 2 years thereafter.

18 (ii) If the agent's last name starts with M to Z, on
19 October 1, 1996 and on October 1 every 2 years thereafter.

20 (i) If the agent's license number ends in "9" as follows:

21 (i) If the agent's last name starts with A to L, on
22 November 1, 1995 and on November 1 every 2 years thereafter.

23 (ii) If the agent's last name starts with M to Z, on
24 November 1, 1996 and on November 1 every 2 years thereafter.

25 (j) If the agent's license number ends in "0" as follows:

26 (i) If the agent's last name starts with A to L, on
27 December 1, 1995 and on December 1 every 2 years thereafter.

1 (ii) If the agent's last name starts with M to Z, on
2 December 1, 1996 and on December 1 every 2 years thereafter.

3 (3) If an agent's hours of study would be reviewed according
4 to the schedule under subsection (2) within 23 months after issu-
5 ance of the initial license, the hours shall not be reviewed on
6 the first scheduled date following the issuance of the initial
7 license and shall be reviewed on the next scheduled review date
8 following the first review date according to the schedule under
9 subsection (2), unless the agent has renewed his or her license
10 pursuant to subsection (4).

11 (4) Except as provided in subsections (11) to (14), before
12 the review date of each applicable 2-year period provided for
13 under subsection (2) or (3), an agent wishing to renew his or her
14 license shall renew his or her license by attending or instruct-
15 ing not less than 30 hours of continuing education classes
16 approved by the commissioner or 30 hours of home study if evi-
17 denced by successful completion of course work approved by the
18 commissioner. Of the 30 hours of continuing education required,
19 a life-health agent shall attend or instruct not less than 15
20 hours in a program of study approved for life-health agents and a
21 property-casualty agent shall attend or instruct not less than 15
22 hours in a program of study approved for property-casualty
23 agents.

24 (5) After reviewing recommendations made by the council
25 under section 1204b, the commissioner shall approve a program of
26 study if the commissioner determines that the program increases
27 knowledge of insurance and related subjects as follows:

1 (a) For a life-health agent program of study, the program
2 offers instruction in 1 or more of the following:

3 (i) The fundamental considerations and major principles of
4 life insurance.

5 (ii) The fundamental considerations and major principles of
6 health insurance.

7 (iii) Estate planning and taxation as related to insurance.

8 (iv) Industry and legal standards concerning ethics in
9 insurance.

10 (v) Legal, legislative, and regulatory matters concerning
11 insurance, the insurance code, and the insurance industry.

12 (vi) Principal provisions used in life insurance contracts,
13 health insurance contracts, or annuity contracts and differences
14 in types of coverages.

15 (vii) Accounting and actuarial considerations in insurance.

16 (viii) PRINCIPLES OF AGENCY MANAGEMENT.

17 (b) For a property-casualty agent program of study, the pro-
18 gram offers instructions in 1 or more of the following:

19 (i) The fundamental considerations and major principles of
20 property insurance.

21 (ii) The fundamental considerations and major principles of
22 casualty insurance.

23 (iii) Basic principles of risk management.

24 (iv) Industry and legal standards concerning ethics in
25 insurance.

26 (v) Legal, legislative, and regulatory matters concerning
27 insurance, the insurance code, and the insurance industry.

1 (vi) Principal provisions used in casualty insurance
2 contracts, no-fault insurance contracts, or property insurance
3 contracts and differences in types of coverages.
4 (vii) Accounting and actuarial considerations in insurance.
5 (viii) PRINCIPLES OF AGENCY MANAGEMENT.
6 (6) A provider of a program of study for agents applying for
7 approval or reapproval from the commissioner under this section
8 shall file, on a form provided by the commissioner, a description
9 of the course of study including a description of the subject
10 matter and course materials, hours of instruction, location of
11 classroom, qualifications of instructors, and maximum
12 student-instructor ratio and shall pay a nonrefundable \$25.00
13 filing fee. Any material change in a program of study shall
14 require reapproval by the commissioner. If the information in an
15 application for approval or reapproval is insufficient for the
16 commissioner to determine whether the program of study meets the
17 requirements under subsection (5), the commissioner shall give
18 written notice to the provider, within 15 days after the
19 provider's filing of the application for approval or reapproval,
20 of the additional information needed by the commissioner. An
21 application for approval or reapproval shall be considered
22 approved unless disapproved by the commissioner within 90 days
23 after the application for approval or reapproval is filed, or
24 within 90 days after the receipt of additional information if the
25 information was requested by the commissioner, whichever is
26 later.

1 (7) A provider of a program of study approved by the
2 commissioner under this section shall pay a provider
3 authorization fee of \$500.00 for the first year the provider's
4 program of study was approved under this section and a \$100.00
5 provider renewal fee for each year thereafter that the provider
6 offers the approved program of study.

7 (8) A person dissatisfied with an approved program of study
8 may petition the commissioner for a hearing on the program or the
9 commissioner on his or her own initiative may request a hearing
10 on a program of study. If the commissioner finds the petition to
11 have been submitted in good faith, that the petition if true
12 shows the program of study does not satisfy the criteria in sub-
13 section (5), or that the petition otherwise justifies holding a
14 hearing, the commissioner shall hold a hearing pursuant to chap-
15 ter 4 of the administrative procedures act of 1969, ~~Act No. 306~~
16 ~~of the Public Acts of 1969, being sections 24.271 to 24.287 of~~
17 ~~the Michigan Compiled Laws 1969 PA 306, MCL 24.271 TO 24.287,~~
18 within 30 days after receipt of the petition and upon not less
19 than 10 days' written notice to the petitioner and the provider
20 of the program of study. If the commissioner requests a hearing
21 on a program of study on his or her own initiative, the commis-
22 sioner shall hold a hearing pursuant to chapter 4 of ~~Act No. 306~~
23 ~~of the Public Acts of 1969~~ THE ADMINISTRATIVE PROCEDURES ACT OF
24 1969, 1969 PA 306, MCL 24.271 TO 24.287, upon not less than 10
25 days' written notice to the provider of the program of study.

26 (9) If after a hearing under subsection (8) the commissioner
27 finds that the program of study does not satisfy the requirements

1 under subsection (5), the commissioner shall state, in a written
2 order mailed first class to the petitioner and provider of the
3 program of study, his or her findings and the date upon which the
4 commissioner will revoke approval of the program of study which
5 date shall be within a reasonable time of the issuance of the
6 order.

7 (10) A certificate of attendance or instruction of an
8 approved program of study or a certificate of successful comple-
9 tion of course work shall be filed as directed by the commis-
10 sioner on a form prescribed by the commissioner and shall indi-
11 cate the name and number of the course of study, the number of
12 hours, dates of completion, and the name and number of schools
13 attended or taught by the agent or the evidence of successful
14 completion of course work. A representative of the approved pro-
15 gram of study shall file the form and a fee of \$1.00 per hour for
16 course credit for each agent license renewal as directed by the
17 commissioner within 30 days after the agent completes the
18 program. A copy of the form shall also be mailed first class to
19 the agent who attended, taught, or successfully completed the
20 program of study. The commissioner may enter into contracts to
21 provide for the administrative functions of this subsection.

22 (11) The commissioner may waive the continuing education
23 requirements of this section for an agent if the commissioner
24 determines that enforcement of the requirements would cause a
25 severe hardship. The commissioner shall waive the continuing
26 education requirements of this section for an agent who is
27 licensed to write only travel or baggage insurance policies and

1 whose employment is for a purpose other than the sale of those
2 policies.

3 (12) The commissioner may enter into reciprocal continuing
4 education agreements with insurance commissioners from other
5 states. A person who is licensed pursuant to section 1204(5) is
6 not subject to the continuing education requirements under this
7 section if there is a reciprocal insurance continuing education
8 agreement with the insurance commissioner of the state of the
9 applicant's principal residence and there are continuing educa-
10 tion requirements in the state of the applicant's residence.

11 (13) If an agent has not met his or her continuing education
12 requirements by the expiration date of his or her license, the
13 agent shall have a 90-day grace period in which to meet the con-
14 tinuing education requirements of this section. During the
15 90-day grace period the agent shall not solicit or sell new poli-
16 cies of insurance, bind coverage, or otherwise act as an agent
17 except that the agent may continue to service policies previously
18 sold and may receive commissions on policies previously sold. If
19 the agent has not met his or her continuing education require-
20 ments by the expiration of the 90-day grace period, the agent's
21 license shall be canceled. An agent whose license has been
22 canceled under this section may reapply for license to act as an
23 agent under section 1204, except that the program of study
24 requirements under section 1204 shall not be waived.

25 (14) An agent who has sold his or her insurance business and
26 who has not met the continuing education requirements of this
27 section shall not solicit or sell new policies of insurance, bind

1 coverage, or otherwise act as an agent except that the agent may
2 continue to service policies previously sold and may receive com-
3 missions on policies previously sold as well as receive partial
4 commissions on policies of insurance sold by a purchasing agent.
5 An agent who is in the process of selling his or her insurance
6 business and who has not met the continuing education require-
7 ments of this section shall not solicit or sell new policies of
8 insurance, bind coverage, or otherwise act as an agent except
9 that the agent may continue to service policies previously sold
10 and may receive commissions on policies previously sold as well
11 as receive partial commissions on policies of insurance sold by a
12 purchasing agent, for a period not to exceed 12 months after the
13 selling agent's license review date under subsection (2). An
14 agent whose license has been canceled and who wishes to resume
15 soliciting or selling new policies of insurance, bind coverage,
16 or otherwise act as an agent and who has not met the continuing
17 education requirements within the immediately preceding 2-year
18 period may reapply for license to act as an agent under
19 section 1204, except that the program of study requirements under
20 section 1204 shall not be waived.