

HOUSE BILL No. 6351

November 10, 2004, Introduced by Reps. Sheen, Hummel, Hoogendyk, Pastor, Stakoe, Gleason, Hune, Palsrok, Newell, Kooiman, Garfield, Vander Veen, Stahl, Pappageorge and Shaffer and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 1204c (MCL 500.1204c), as amended by 2001 PA 228.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1204c. (1) As used in this section:

2 (a) "Hour" means a period of time of not less than 50
3 minutes.

4 (b) "Insurance producer" means a life-health agent or
5 property-casualty agent.

6 (c) "Life-health agent" means a resident or nonresident
7 individual insurance producer licensed for life, limited life,
8 mortgage redemption, accident and health, or any combination
9 thereof.

10 (d) "Property-casualty agent" means a resident or nonresident

1 individual insurance producer or solicitor licensed for
2 automobile, fire, multiple lines, any limited or minor property
3 and casualty line, or any combination thereof.

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

8 (a) If the insurance producer's license number ends in "1" as
9 follows:

10 (i) If the insurance producer's last name starts with A to L,
11 on January 1, 1995 and on January 1 every 2 years thereafter.

12 (ii) If the insurance producer's last name starts with M to
13 Z, on January 1, 1996 and on January 1 every 2 years thereafter.

14 (b) If the insurance producer's license number ends in "2" as
15 follows:

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

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

21 (c) If the insurance producer's license number ends in "3" as
22 follows:

23 (i) If the insurance producer's last name starts with A to L,
24 on March 1, 1995 and on March 1 every 2 years thereafter.

25 (ii) If the insurance producer's last name starts with M to
26 Z, on March 1, 1996 and on March 1 every 2 years thereafter.

27 (d) If the insurance producer's license number ends in "4" as

1 follows:

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

4 (ii) If the insurance producer's last name starts with M to
5 Z, on June 1, 1996 and on June 1 every 2 years thereafter.

6 (e) If the insurance producer's license number ends in "5" as
7 follows:

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

10 (ii) If the insurance producer's last name starts with M to
11 Z, on July 1, 1996 and on July 1 every 2 years thereafter.

12 (f) If the insurance producer's license number ends in "6" as
13 follows:

14 (i) If the insurance producer's last name starts with A to L,
15 on August 1, 1995 and on August 1 every 2 years thereafter.

16 (ii) If the insurance producer's last name starts with M to
17 Z, on August 1, 1996 and on August 1 every 2 years thereafter.

18 (g) If the insurance producer's license number ends in "7" as
19 follows:

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

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

26 (h) If the insurance producer's license number ends in "8" as
27 follows:

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

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

5 (i) If the insurance producer's license number ends in "9" as
6 follows:

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

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

12 (j) If the insurance producer's license number ends in "0" as
13 follows:

14 (i) If the insurance producer's last name starts with A to L,
15 on December 1, 1995 and on December 1 every 2 years thereafter.

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

19 (3) If an insurance producer's hours of study would be
20 reviewed according to the schedule under subsection (2) within 23
21 months after issuance of the initial license, the hours shall not
22 be reviewed on the first scheduled date following the issuance of
23 the initial license and shall be reviewed on the next scheduled
24 review date following the first review date according to the
25 schedule under subsection (2), unless the insurance producer has
26 renewed his or her license pursuant to subsection (4).

27 (4) Except as provided in subsections (11) to (14), before

1 the review date of each applicable 2-year period provided for
2 under subsection (2) or (3), an insurance producer wishing to
3 renew his or her license shall renew his or her license by
4 attending or instructing not less than 30 hours of continuing
5 education classes approved by the commissioner or 30 hours of
6 home study if evidenced by successful completion of course work
7 approved by the commissioner. Of the 30 hours of continuing
8 education required, a life-health agent shall attend or instruct
9 not less than 15 hours in a program of study approved for
10 life-health agents and a property-casualty agent shall attend or
11 instruct not less than 15 hours in a program of study approved
12 for property-casualty agents.

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

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

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

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

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

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 life insurance contracts,
2 health insurance contracts, or annuity contracts and differences
3 in types of coverages.

4 (vii) Accounting and actuarial considerations in insurance.

5 (viii) Principles of agency management, excluding
6 telemarketing or other marketing instruction.

7 (b) For a property-casualty agent program of study, the
8 program offers instructions in 1 or more of the following:

9 (i) The fundamental considerations and major principles of
10 property insurance.

11 (ii) The fundamental considerations and major principles of
12 casualty insurance.

13 (iii) Basic principles of risk management.

14 (iv) Industry and legal standards concerning ethics in
15 insurance.

16 (v) Legal, legislative, and regulatory matters concerning
17 insurance, the insurance code, and the insurance industry.

18 (vi) Principal provisions used in casualty insurance
19 contracts, no-fault insurance contracts, or property insurance
20 contracts and differences in types of coverages.

21 (vii) Accounting and actuarial considerations in insurance.

22 (viii) Principles of agency management, excluding
23 telemarketing or other marketing instruction.

24 (6) A provider of a program of study for insurance producers
25 applying for approval or reapproval from the commissioner under
26 this section shall file, on a form provided by the commissioner,
27 a description of the course of study including a description of

1 the subject matter and course materials, hours of instruction,
2 location of classroom, qualifications of instructors, and maximum
3 student-instructor ratio and shall pay a nonrefundable \$25.00
4 filing fee. Any material change in a program of study shall
5 require reapproval by the commissioner. If the information in an
6 application for approval or reapproval is insufficient for the
7 commissioner to determine whether the program of study meets the
8 requirements under subsection (5), the commissioner shall give
9 written notice to the provider, within 15 days after the
10 provider's filing of the application for approval or reapproval,
11 of the additional information needed by the commissioner. An
12 application for approval or reapproval shall be considered
13 approved unless disapproved by the commissioner within 90 days
14 after the application for approval or reapproval is filed, or
15 within 90 days after the receipt of additional information if the
16 information was requested by the commissioner, whichever is
17 later.

18 (7) A provider of a program of study approved by the
19 commissioner under this section shall pay a provider
20 authorization fee of \$500.00 for the first year the provider's
21 program of study was approved under this section and a \$100.00
22 provider renewal fee for each year thereafter that the provider
23 offers the approved program of study.

24 (8) A person dissatisfied with an approved program of study
25 may petition the commissioner for a hearing on the program or the
26 commissioner on his or her own initiative may request a hearing
27 on a program of study. If the commissioner finds the petition to

1 have been submitted in good faith, that the petition if true
2 shows the program of study does not satisfy the criteria in
3 subsection (5), or that the petition otherwise justifies holding
4 a hearing, the commissioner shall hold a hearing pursuant to
5 chapter 4 of the administrative procedures act of 1969, 1969
6 PA 306, MCL 24.271 to 24.287, within 30 days after receipt of the
7 petition and upon not less than 10 days' written notice to the
8 petitioner and the provider of the program of study. If the
9 commissioner requests a hearing on a program of study on his or
10 her own initiative, the commissioner shall hold a hearing
11 pursuant to chapter 4 of the administrative procedures act of
12 1969, 1969 PA 306, MCL 24.271 to 24.287, upon not less than 10
13 days' written notice to the provider of the program of study.

14 (9) If after a hearing under subsection (8) the commissioner
15 finds that the program of study does not satisfy the requirements
16 under subsection (5), the commissioner shall state, in a written
17 order mailed first-class to the petitioner and provider of the
18 program of study, his or her findings and the date upon which the
19 commissioner will revoke approval of the program of study which
20 date shall be within a reasonable time of the issuance of the
21 order.

22 (10) A certificate of attendance or instruction of an
23 approved program of study or a certificate of successful
24 completion of course work shall be filed as directed by the
25 commissioner on a form prescribed by the commissioner and shall
26 indicate the name and number of the course of study, the number
27 of hours, dates of completion, and the name and number of schools

1 attended or taught by the insurance producer or the evidence of
2 successful completion of course work. A representative of the
3 approved program of study shall file the form and a fee of \$1.00
4 per hour for course credit for each insurance producer license
5 renewal as directed by the commissioner within 30 days after the
6 insurance producer completes the program. A copy of the form
7 shall also be mailed first-class to the insurance producer who
8 attended, taught, or successfully completed the program of
9 study. The commissioner may enter into contracts to provide for
10 the administrative functions of this subsection.

11 (11) The commissioner may waive the continuing education
12 requirements of this section for an insurance producer if the
13 commissioner determines that enforcement of the requirements
14 would cause a severe hardship. The commissioner shall waive the
15 continuing education requirements of this section for an
16 insurance producer who is licensed to write only travel or
17 baggage insurance policies and whose employment is for a purpose
18 other than the sale of those policies. **The commissioner shall**
19 **establish a policy that waives the continuing education**
20 **requirements of this section for an insurance producer who is on**
21 **active duty in the armed forces of the United States in an area**
22 **designated as a combat zone by the president of the United**
23 **States.**

24 (12) The commissioner may enter into reciprocal continuing
25 education agreements with insurance commissioners from other
26 states.

27 (13) If an insurance producer has not met his or her

1 continuing education requirements by the expiration date of his
2 or her license, the insurance producer shall have a 90-day grace
3 period in which to meet the continuing education requirements of
4 this section. During the 90-day grace period, the insurance
5 producer shall not solicit or sell new policies of insurance,
6 bind coverage, or otherwise act as an insurance producer except
7 that the insurance producer may continue to service policies
8 previously sold and may receive commissions on policies
9 previously sold. If the insurance producer has not met his or
10 her continuing education requirements by the expiration of the
11 90-day grace period, the insurance producer's license shall be
12 canceled. An insurance producer whose license has been canceled
13 under this section may reapply for license to act as an insurance
14 producer under section 1204, except that the program of study
15 requirements under section 1204 shall not be waived.

16 (14) An insurance producer who has sold his or her insurance
17 business and who has not met the continuing education
18 requirements of this section shall not solicit or sell new
19 policies of insurance, bind coverage, or otherwise act as an
20 insurance producer except that the insurance producer may
21 continue to service policies previously sold and may receive
22 commissions on policies previously sold as well as receive
23 partial commissions on policies of insurance sold by a purchasing
24 insurance producer. An insurance producer who is in the process
25 of selling his or her insurance business and who has not met the
26 continuing education requirements of this section shall not
27 solicit or sell new policies of insurance, bind coverage, or

1 otherwise act as an insurance producer except that the insurance
2 producer may continue to service policies previously sold and may
3 receive commissions on policies previously sold as well as
4 receive partial commissions on policies of insurance sold by a
5 purchasing insurance producer, for a period not to exceed 12
6 months after the selling insurance producer's license review date
7 under subsection (2). An insurance producer whose license has
8 been canceled and who wishes to resume soliciting or selling new
9 policies of insurance, bind coverage, or otherwise act as an
10 insurance producer and who has not met the continuing education
11 requirements within the immediately preceding 2-year period may
12 reapply for license to act as an insurance producer under
13 section 1204.