

# Legislative Analysis

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## WAIVE CONTINUING ED FOR INSURANCE AGENTS WITH MILITARY SERVICE OBLIGATIONS

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

House Bill 4421 (Substitute H-1)  
Sponsor: Rep. Fulton Sheen  
Committee: Insurance

### First Analysis (5-10-05)

**BRIEF SUMMARY:** The bill would require the Insurance Commissioner to waive continuing education requirements for insurance agents who are unable to comply due to military service. The bill also would reduce the number of continuing education hours required over a two-year cycle from 30 to 24 and require that three of those hours be devoted to ethics.

**FISCAL IMPACT:** The bill would have no fiscal impact on the State of Michigan.

### THE APPARENT PROBLEM:

Insurance agents must meet continuing education requirements every two years in order to renew their licenses. While the Insurance Code allows the state commissioner to waive this requirement when enforcement "would cause a severe hardship," there is no provision currently in statute to require the waiver when an agent cannot comply due to military service obligations.

### THE CONTENT OF THE BILL:

The bill would amend the Insurance Code MCL (500.1204c) to require the Insurance Commissioner to waive continuing education requirements for insurance agents who are unable to comply due to military service.

Currently, the code says the commissioner "may waive the continuing education requirements . . . if the commissioner determines that enforcement . . . would cause a severe hardship." The "may" in this provision would be changed to "shall."

The bill also would reduce the number of continuing education hours required over a two-year cycle from 30 to 24 and require that three of those hours be devoted to ethics.

The bill's effective date would be November 1, 2005.

### ARGUMENTS:

#### For:

There is currently no provision in the Insurance Code that mandates a waiver of continuing education requirements for insurance agents serving in the military. Although

it has been the continuing practice of state insurance regulators for about a dozen years to waive continuing education requirements in such circumstances, this is done at the discretion of the insurance commissioner under a general provision dealing with "severe hardship." Such a waiver ought to be mandatory. Agents should not lose credits because time limits expire or fear for their licenses because they are away serving in the military.

***Response:***

According to the Office of Financial and Insurance Services, only seven states have specific statutory language requiring continuing education waivers for active military duty, though all states, including Michigan, routinely grant such waivers.

The substitute also lowers the number of continuing education hours required during the two-year cycle. Perhaps this is an issue that should be addressed separately; for example, as part of a larger review of continuing education requirements. Reportedly, state regulators are taking a comprehensive look at continuing education issues.

***POSITIONS:***

The Michigan Association of Independent Insurance Agents had indicated support for the bill. (5-6-05)

The Office of Financial and Insurance Services is neutral on the bill. (5-6-05)

The Association of Insurance and Financial Advisors supported the bill as introduced but not as reported from committee. (5-6-05)

Legislative Analyst: Chris Couch  
Fiscal Analyst: Richard Child

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