

# HOUSE BILL No. 4421

March 1, 2005, Introduced by Reps. Sheen, Rocca, Mortimer, Taub, Cheeks, Palmer, Garfield, Stahl, Pastor, Gosselin, Vander Veen, Hummel, Hoogendyk, Baxter, Hune, Robertson, Gaffney, LaJoy, Hildenbrand, Shaffer, Schuitmaker, Proos and Green 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 minutes.  
3           (b) "Insurance producer" means a life-health agent or  
4 property-casualty agent.  
5           (c) "Life-health agent" means a resident or nonresident  
6 individual insurance producer licensed for life, limited life,  
7 mortgage redemption, accident and health, or any combination  
8 thereof.

1 (d) "Property-casualty agent" means a resident or nonresident  
2 individual insurance producer or solicitor licensed for automobile,  
3 fire, multiple lines, any limited or minor property and casualty  
4 line, or any combination thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23           (4) Except as provided in subsections (11) to (14), before the  
24 review date of each applicable 2-year period provided for under  
25 subsection (2) or (3), an insurance producer wishing to renew his  
26 or her license shall renew his or her license by attending or  
27 instructing not less than 30 hours of continuing education classes

1 approved by the commissioner or 30 hours of home study if evidenced  
2 by successful completion of course work approved by the  
3 commissioner. Of the 30 hours of continuing education required, a  
4 life-health agent shall attend or instruct not less than 15 hours  
5 in a program of study approved for life-health agents and a  
6 property-casualty agent shall attend or instruct not less than 15  
7 hours in a program of study approved for property-casualty agents.

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

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

14 (i) The fundamental considerations and major principles of life  
15 insurance.

16 (ii) The fundamental considerations and major principles of  
17 health insurance.

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

19 (iv) Industry and legal standards concerning ethics in  
20 insurance.

21 (v) Legal, legislative, and regulatory matters concerning  
22 insurance, the insurance code, and the insurance industry.

23 (vi) Principal provisions used in life insurance contracts,  
24 health insurance contracts, or annuity contracts and differences in  
25 types of coverages.

26 (vii) Accounting and actuarial considerations in insurance.

27 (viii) Principles of agency management, excluding telemarketing

1 or other marketing instruction.

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

4 (i) The fundamental considerations and major principles of  
5 property insurance.

6 (ii) The fundamental considerations and major principles of  
7 casualty insurance.

8 (iii) Basic principles of risk management.

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

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

13 (vi) Principal provisions used in casualty insurance contracts,  
14 no-fault insurance contracts, or property insurance contracts and  
15 differences in types of coverages.

16 (vii) Accounting and actuarial considerations in insurance.

17 (viii) Principles of agency management, excluding telemarketing  
18 or other marketing instruction.

19 (6) A provider of a program of study for insurance producers  
20 applying for approval or reapproval from the commissioner under  
21 this section shall file, on a form provided by the commissioner, a  
22 description of the course of study including a description of the  
23 subject matter and course materials, hours of instruction, location  
24 of classroom, qualifications of instructors, and maximum student-  
25 instructor ratio and shall pay a nonrefundable \$25.00 filing fee.  
26 Any material change in a program of study shall require reapproval  
27 by the commissioner. If the information in an application for

1 approval or reapproval is insufficient for the commissioner to  
2 determine whether the program of study meets the requirements under  
3 subsection (5), the commissioner shall give written notice to the  
4 provider, within 15 days after the provider's filing of the  
5 application for approval or reapproval, of the additional  
6 information needed by the commissioner. An application for approval  
7 or reapproval shall be considered approved unless disapproved by  
8 the commissioner within 90 days after the application for approval  
9 or reapproval is filed, or within 90 days after the receipt of  
10 additional information if the information was requested by the  
11 commissioner, whichever is later.

12 (7) A provider of a program of study approved by the  
13 commissioner under this section shall pay a provider authorization  
14 fee of \$500.00 for the first year the provider's program of study  
15 was approved under this section and a \$100.00 provider renewal fee  
16 for each year thereafter that the provider offers the approved  
17 program of study.

18 (8) A person dissatisfied with an approved program of study  
19 may petition the commissioner for a hearing on the program or the  
20 commissioner on his or her own initiative may request a hearing on  
21 a program of study. If the commissioner finds the petition to have  
22 been submitted in good faith, that the petition if true shows the  
23 program of study does not satisfy the criteria in subsection (5),  
24 or that the petition otherwise justifies holding a hearing, the  
25 commissioner shall hold a hearing pursuant to chapter 4 of the  
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to  
27 24.287, within 30 days after receipt of the petition and upon not

1 less than 10 days' written notice to the petitioner and the  
2 provider of the program of study. If the commissioner requests a  
3 hearing on a program of study on his or her own initiative, the  
4 commissioner shall hold a hearing pursuant to chapter 4 of the  
5 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to  
6 24.287, upon not less than 10 days' written notice to the provider  
7 of the program of study.

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

16 (10) A certificate of attendance or instruction of an approved  
17 program of study or a certificate of successful completion of  
18 course work shall be filed as directed by the commissioner on a  
19 form prescribed by the commissioner and shall indicate the name and  
20 number of the course of study, the number of hours, dates of  
21 completion, and the name and number of schools attended or taught  
22 by the insurance producer or the evidence of successful completion  
23 of course work. A representative of the approved program of study  
24 shall file the form and a fee of \$1.00 per hour for course credit  
25 for each insurance producer license renewal as directed by the  
26 commissioner within 30 days after the insurance producer completes  
27 the program. A copy of the form shall also be mailed first-class to



1 the insurance producer who attended, taught, or successfully  
2 completed the program of study. The commissioner may enter into  
3 contracts to provide for the administrative functions of this  
4 subsection.

5 (11) The commissioner may waive the continuing education  
6 requirements of this section for an insurance producer if the  
7 commissioner determines that enforcement of the requirements would  
8 cause a severe hardship. The commissioner shall waive the  
9 continuing education requirements of this section for an insurance  
10 producer who is licensed to write only travel or baggage insurance  
11 policies and whose employment is for a purpose other than the sale  
12 of those policies. **THE COMMISSIONER SHALL ESTABLISH A POLICY THAT**  
13 **WAIVES THE CONTINUING EDUCATION REQUIREMENTS OF THIS SECTION FOR AN**  
14 **INSURANCE PRODUCER WHO IS ON ACTIVE DUTY IN THE ARMED FORCES OF THE**  
15 **UNITED STATES IN AN AREA DESIGNATED AS A COMBAT ZONE BY THE**  
16 **PRESIDENT OF THE UNITED STATES.**

17 (12) The commissioner may enter into reciprocal continuing  
18 education agreements with insurance commissioners from other  
19 states.

20 (13) If an insurance producer has not met his or her  
21 continuing education requirements by the expiration date of his or  
22 her license, the insurance producer shall have a 90-day grace  
23 period in which to meet the continuing education requirements of  
24 this section. During the 90-day grace period, the insurance  
25 producer shall not solicit or sell new policies of insurance, bind  
26 coverage, or otherwise act as an insurance producer except that the  
27 insurance producer may continue to service policies previously sold

1 and may receive commissions on policies previously sold. If the  
2 insurance producer has not met his or her continuing education  
3 requirements by the expiration of the 90-day grace period, the  
4 insurance producer's license shall be canceled. An insurance  
5 producer whose license has been canceled under this section may  
6 reapply for license to act as an insurance producer under section  
7 1204, except that the program of study requirements under section  
8 1204 shall not be waived.

9 (14) An insurance producer who has sold his or her insurance  
10 business and who has not met the continuing education requirements  
11 of this section shall not solicit or sell new policies of  
12 insurance, bind coverage, or otherwise act as an insurance producer  
13 except that the insurance producer may continue to service policies  
14 previously sold and may receive commissions on policies previously  
15 sold as well as receive partial commissions on policies of  
16 insurance sold by a purchasing insurance producer. An insurance  
17 producer who is in the process of selling his or her insurance  
18 business and who has not met the continuing education requirements  
19 of this section shall not solicit or sell new policies of  
20 insurance, bind coverage, or otherwise act as an insurance producer  
21 except that the insurance producer may continue to service policies  
22 previously sold and may receive commissions on policies previously  
23 sold as well as receive partial commissions on policies of  
24 insurance sold by a purchasing insurance producer, for a period not  
25 to exceed 12 months after the selling insurance producer's license  
26 review date under subsection (2). An insurance producer whose  
27 license has been canceled and who wishes to resume soliciting or

1 selling new policies of insurance, bind coverage, or otherwise act  
2 as an insurance producer and who has not met the continuing  
3 education requirements within the immediately preceding 2-year  
4 period may reapply for license to act as an insurance producer  
5 under section 1204.