

SUBSTITUTE FOR
SENATE BILL NO. 1475

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 1204b and 1204c (MCL 500.1204b and 500.1204c),
section 1204b as amended by 1992 PA 84 and section 1204c as amended
by 2006 PA 442.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1204b. (1) An insurance agent education advisory council
2 is created within the department of ~~commerce~~ **LABOR AND ECONOMIC**
3 **GROWTH**. The commissioner shall appoint the members of the council.
4 The council shall be composed of the following:

5 (a) Two representatives of the ~~Michigan association of life~~
6 ~~underwriters~~ **NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL**
7 **ADVISORS - MICHIGAN**.

8 (b) Two representatives of the ~~professional independent~~

1 ~~insurance agents of Michigan~~ **ASSOCIATION OF INSURANCE AGENTS.**

2 (c) Three insurer representatives.

3 (d) At least 1 licensed property and casualty insurance agent.

4 (e) At least 1 licensed life insurance agent.

5 (f) One representative of the insurance education field.

6 (g) One representative of the general public.

7 (h) The commissioner as an ex officio member.

8 (2) Initially, 3 members shall be appointed for a term of 1
9 year, 3 members for a term of 2 years, and the remaining members
10 for a term of 3 years. Thereafter, members of the council shall
11 serve for a term of 3 years and for not more than 2 consecutive
12 terms. The council shall meet on at least a semiannual basis.

13 Members shall serve without compensation but shall be reimbursed
14 for their actual and necessary expenses.

15 (3) The council shall do all of the following:

16 (a) Review and make recommendations to the commissioner with
17 respect to course materials, curriculum, and the credentials of the
18 instructors of each program of study registered with the
19 commissioner pursuant to section 1204a.

20 (b) Review continuing education programs of study under
21 section ~~1204e(4)~~**1204C(3)** and make recommendations to the
22 commissioner on whether those programs meet the requirements in
23 section ~~1204e(5)~~**1204C(4)**.

24 (c) Make recommendations to the commissioner with respect to
25 educational requirements of insurance agents.

26 (4) A member of the council or designee of the commissioner
27 shall be permitted access to any classroom while instruction is in

1 progress to monitor the classroom instruction.

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

3 (a) "Hour" means a period of time of not less than 50 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
11 individual insurance producer or solicitor licensed for automobile,
12 fire, multiple lines, any limited or minor property and casualty
13 line, or any combination thereof.

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

18 ~~—— (a) If the insurance producer's license number ends in "1" as~~
19 ~~follows:~~

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

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

24 ~~—— (b) If the insurance producer's license number ends in "2" as~~
25 ~~follows:~~

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

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

3 ~~—— (c) If the insurance producer's license number ends in "3" as~~
4 ~~follows:~~

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

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

9 ~~—— (d) If the insurance producer's license number ends in "4" as~~
10 ~~follows:~~

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

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

15 ~~—— (e) If the insurance producer's license number ends in "5" as~~
16 ~~follows:~~

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

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

21 ~~—— (f) If the insurance producer's license number ends in "6" as~~
22 ~~follows:~~

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

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

27 ~~—— (g) If the insurance producer's license number ends in "7" as~~

1 follows:

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

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

6 ~~—— (h) If the insurance producer's license number ends in "8" as~~
7 ~~follows:~~

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

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

12 ~~—— (i) If the insurance producer's license number ends in "9" as~~
13 ~~follows:~~

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

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

18 ~~—— (j) If the insurance producer's license number ends in "0" as~~
19 ~~follows:~~

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

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

24 ~~—— (3) If an insurance producer's hours of study would be~~
25 ~~reviewed according to the schedule under subsection (2) within 23~~
26 ~~months after issuance of the initial license, the hours shall not~~
27 ~~be reviewed on the first scheduled date following the issuance of~~

1 ~~the initial license and shall be reviewed on the next scheduled~~
 2 ~~review date following the first review date according to the~~
 3 ~~schedule under subsection (2), unless the insurance producer has~~
 4 ~~renewed his or her license pursuant to subsection (4).~~

5 (2) AN INSURANCE PRODUCER'S HOURS OF STUDY ACCRUED UNDER THIS
 6 SECTION SHALL BE REVIEWED FOR LICENSE CONTINUANCE EVERY 2 YEARS
 7 UNDER A SCHEDULE ESTABLISHED BY THE COMMISSIONER. THE COMMISSIONER
 8 MAY ESTABLISH A SCHEDULE FOR LICENSE CONTINUATION THAT STAGGERS
 9 LICENSE CONTINUATION DATES TO APPORTION THE CONTINUATION DATES
 10 THROUGHOUT THE CALENDAR YEAR. IF THE SYSTEM OF STAGGERED
 11 CONTINUATION IS ADOPTED, THE COMMISSIONER MAY EXTEND THE LICENSURE
 12 PERIOD FOR SOME LICENSEES.

13 (3) ~~(4)~~ Except as provided in subsections ~~(11)~~ (10) to ~~(14)~~
 14 (13), before the review date of each applicable 2-year period
 15 provided for under subsection (2), ~~or (3)~~, an insurance producer
 16 wishing to renew his or her license shall renew his or her license
 17 by attending or instructing not less than 24 hours of continuing
 18 education classes approved by the commissioner or 24 hours of home
 19 study **OR ONLINE TRAINING** if evidenced by successful completion of
 20 course work approved by the commissioner. Of the 24 hours of
 21 continuing education required, not less than 3 hours shall be in
 22 ethics in insurance classes or course work.

23 (4) ~~(5)~~ After reviewing recommendations made by the council
 24 under section 1204b, the commissioner shall approve a program of
 25 study if the commissioner determines that the program increases
 26 knowledge of insurance and related subjects as follows:

27 (a) For a life-health agent program of study, the program

1 offers instruction in 1 or more of the following:

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

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

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

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

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

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

14 (vii) Accounting and actuarial considerations in insurance.

15 (viii) Principles of agency management, excluding telemarketing
16 or other marketing instruction.

17 (ix) The fundamental considerations, major principles, and
18 statutory requirements of long-term care insurance.

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

21 (i) The fundamental considerations and major principles of
22 property insurance.

23 (ii) The fundamental considerations and major principles of
24 casualty insurance.

25 (iii) Basic principles of risk management.

26 (iv) Industry and legal standards concerning ethics in
27 insurance.

1 (v) Legal, legislative, and regulatory matters concerning
2 insurance, the insurance code, and the insurance industry.

3 (vi) Principal provisions used in casualty insurance contracts,
4 no-fault insurance contracts, or property insurance contracts and
5 differences in types of coverages.

6 (vii) Accounting and actuarial considerations in insurance.

7 (viii) Principles of agency management, excluding telemarketing
8 or other marketing instruction.

9 (5) ~~(6)~~—A provider of a program of study for insurance
10 producers applying for approval or reapproval from the commissioner
11 under this section shall file, on a form provided by the
12 commissioner, a description of the course of study including a
13 description of the subject matter and course materials, hours of
14 instruction, location of classroom, qualifications of instructors,
15 and maximum student-instructor ratio and shall pay a nonrefundable
16 \$25.00 filing fee. Any material change in a program of study shall
17 require reapproval by the commissioner. If the information in an
18 application for approval or reapproval is insufficient for the
19 commissioner to determine whether the program of study meets the
20 requirements under subsection ~~(5)~~—(4), the commissioner shall give
21 written notice to the provider, within 15 days after the provider's
22 filing of the application for approval or reapproval, of the
23 additional information needed by the commissioner. An application
24 for approval or reapproval shall be considered approved unless
25 disapproved by the commissioner within 90 days after the
26 application for approval or reapproval is filed, or within 90 days
27 after the receipt of additional information if the information was

1 requested by the commissioner, whichever is later.

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

8 (7) ~~(8)~~—A person dissatisfied with an approved program of
9 study may petition the commissioner for a hearing on the program or
10 the commissioner on his or her own initiative may request a hearing
11 on a program of study. If the commissioner finds the petition to
12 have been submitted in good faith, that the petition if true shows
13 the program of study does not satisfy the criteria in subsection
14 ~~(5)~~—(4), or that the petition otherwise justifies holding a
15 hearing, the commissioner shall hold a hearing pursuant to chapter
16 4 of the administrative procedures act of 1969, 1969 PA 306, MCL
17 24.271 to 24.287, within 30 days after receipt of the petition and
18 upon not less than 10 days' written notice to the petitioner and
19 the provider of the program of study. If the commissioner requests
20 a hearing on a program of study on his or her own initiative, the
21 commissioner shall hold a hearing pursuant to chapter 4 of the
22 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
23 24.287, upon not less than 10 days' written notice to the provider
24 of the program of study.

25 (8) ~~(9)~~—If after a hearing under subsection ~~(8)~~—(7) the
26 commissioner finds that the program of study does not satisfy the
27 requirements under subsection ~~(5)~~—(4), the commissioner shall

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

6 (9) ~~(10)~~—A certificate of attendance or instruction of an
7 approved program of study or a certificate of successful completion
8 of course work shall be filed as directed by the commissioner on a
9 form prescribed by the commissioner and shall indicate the name and
10 number of the course of study, the number of hours, dates of
11 completion, and the name and number of schools attended or taught
12 by the insurance producer or the evidence of successful completion
13 of course work. A representative of the approved program of study
14 shall file the form and a fee of \$1.00 per hour for course credit
15 for each insurance producer license renewal as directed by the
16 commissioner within 30 days after the insurance producer completes
17 the program. A copy of the form shall also be mailed first-class to
18 the insurance producer who attended, taught, or successfully
19 completed the program of study. The commissioner may enter into
20 contracts to provide for the administrative functions of this
21 subsection.

22 (10) ~~(11)~~—The commissioner shall waive the continuing
23 education requirements of this section for an insurance producer if
24 the producer is unable to comply with the continuing education
25 requirements of this section due to military service or if the
26 commissioner determines that enforcement of the requirements would
27 cause a severe hardship. The commissioner shall waive the

1 continuing education requirements of this section for the following
2 insurance producers:

3 (a) An insurance producer who is licensed to write only travel
4 or baggage insurance policies and whose employment is for a purpose
5 other than the sale of those policies.

6 (b) An insurance producer who is licensed to write only
7 limited line credit insurance.

8 (11) ~~(12)~~—The commissioner may enter into reciprocal
9 continuing education agreements with insurance commissioners from
10 other states.

11 (12) ~~(13)~~—If an insurance producer has not met his or her
12 continuing education requirements by the expiration date of his or
13 her license, the insurance producer shall have a 90-day grace
14 period in which to meet the continuing education requirements of
15 this section. During the 90-day grace period, the insurance
16 producer shall not solicit or sell new policies of insurance, bind
17 coverage, or otherwise act as an insurance producer except that the
18 insurance producer may continue to service policies previously sold
19 and may receive commissions on policies previously sold. If the
20 insurance producer has not met his or her continuing education
21 requirements by the expiration of the 90-day grace period, the
22 insurance producer's license shall be canceled. An insurance
23 producer whose license has been canceled under this section may
24 reapply for license to act as an insurance producer under section
25 1204, except that the program of study requirements under section
26 1204 shall not be waived.

27 (13) ~~(14)~~—An insurance producer who has sold his or her

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

24 Enacting section 1. This amendatory act takes effect January
25 1, 2010.