

HOUSE BILL No. 4190

February 15, 1989, Introduced by Reps. Hoekman, Brown, Wartner, Weeks, Varga, Sikkema, Van Singel, Law, Saunders, Bankes and Middaugh and referred to the Committee on Insurance.

A bill to amend sections 1204b and 1206 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

section 1204b as added by Act No. 173 of the Public Acts of 1986 and section 1206 as amended by Act No. 501 of the Public Acts of 1982, being sections 500.1204b and 500.1206 of the Michigan Compiled Laws; and to add sections 1204c and 1204d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 1204b and 1206 of Act No. 218 of the
2 Public Acts of 1956, section 1204b as added by Act No. 173 of the
3 Public Acts of 1986 and section 1206 as amended by Act No. 501 of
4 the Public Acts of 1982, being sections 500.1204b, and 500.1206
5 of the Michigan Compiled Laws, are amended and sections 1204c and
6 1204d are added to read as follows:

1 Sec. 1204b. (1) An insurance agent education advisory
2 council is created within the department of licensing and
3 regulation. The commissioner shall appoint the members of the
4 council. The council shall be composed of:

5 (a) One representative of each of the following insurance
6 industry associations:

7 (i) Michigan association of life underwriters.

8 (ii) Independent insurance agents of Michigan.

9 (iii) Professional insurance agents of Michigan.

10 (b) Three insurer representatives.

11 (c) ~~One~~ AT LEAST 1 licensed property and casualty insur-
12 ance agent.

13 (d) ~~One~~ AT LEAST 1 licensed life insurance agent.

14 (e) One representative of the insurance education field.

15 (f) One representative of the general public.

16 (g) The commissioner as an ex officio member.

17 (2) Initially, 3 members shall be appointed for a term of 1
18 year, 3 members for a term of 2 years, and 4 members for a term
19 of 3 years. Thereafter, members of the council shall serve for a
20 term of 3 years and for not more than 2 consecutive terms. The
21 council shall meet on at least a semiannual basis. Members shall
22 serve without compensation but shall be reimbursed for their
23 actual and necessary expenses.

24 (3) The council shall ~~review~~ DO ALL OF THE FOLLOWING:

25 (A) REVIEW and make recommendations to the commissioner with
26 respect to course materials, ~~the~~ curriculum, and the
27 credentials of the instructors of each program of study

1 registered with the commissioner pursuant to section 1204a. ~~and make~~

3 (B) REVIEW CONTINUING EDUCATION PROGRAMS OF STUDY UNDER
4 SECTION 1204C(4) AND MAKE RECOMMENDATIONS TO THE COMMISSIONER ON
5 WHETHER THOSE PROGRAMS MEET THE REQUIREMENTS IN
6 SECTION 1204C(5).

7 (C) MAKE recommendations to the commissioner with respect to
8 educational requirements of insurance agents.

9 (4) A member of the council OR DESIGNEE OF THE COMMISSIONER
10 shall be permitted access to any classroom while instruction is
11 in progress to monitor the classroom instruction.

12 SEC. 1204C. (1) AS USED IN THIS SECTION:

13 (A) "AGENT" MEANS A LIFE-HEALTH AGENT OR PROPERTY-CASUALTY
14 AGENT LICENSED UNDER THIS CHAPTER.

15 (B) "LIFE-HEALTH AGENT" MEANS AN AGENT LICENSED FOR LIFE,
16 ACCIDENT AND HEALTH, OR BOTH.

17 (C) "PROPERTY-CASUALTY AGENT" MEANS AN AGENT OR SOLICITOR
18 LICENSED FOR AUTOMOBILE, FIRE, MULTIPLE LINES, OR ANY COMBINATION
19 THEREOF.

20 (2) UNLESS THE AGENT HAS RENEWED HIS OR HER LICENSE PURSUANT
21 TO SUBSECTION (4), AN AGENT'S LICENSE ISSUED UNDER THIS CHAPTER
22 SHALL EXPIRE AS FOLLOWS:

23 (A) IF THE AGENT'S LICENSE NUMBER ENDS IN "1", ON JANUARY 1,
24 1992 AND ON JANUARY 1 EVERY 2 YEARS THEREAFTER.

25 (B) IF THE AGENT'S LICENSE NUMBER ENDS IN "2", ON
26 FEBRUARY 1, 1992 AND ON FEBRUARY 1 EVERY 2 YEARS THEREAFTER.

1 (C) IF THE AGENT'S LICENSE NUMBER ENDS IN "3", ON MARCH 1,
2 1992 AND ON MARCH 1 EVERY 2 YEARS THEREAFTER.

3 (D) IF THE AGENT'S LICENSE NUMBER ENDS IN "4", ON JUNE 1,
4 1992 AND ON JUNE 1 EVERY 2 YEARS THEREAFTER.

5 (E) IF THE AGENT'S LICENSE NUMBER ENDS IN "5", ON JULY 1,
6 1992 AND ON JULY 1 EVERY 2 YEARS THEREAFTER.

7 (F) IF THE AGENT'S LICENSE NUMBER ENDS IN "6", ON AUGUST 1,
8 1992 AND ON AUGUST 1 EVERY 2 YEARS THEREAFTER.

9 (G) IF THE AGENT'S LICENSE NUMBER ENDS IN "7", ON
10 SEPTEMBER 1, 1992 AND ON SEPTEMBER 1 EVERY 2 YEARS THEREAFTER.

11 (H) IF THE AGENT'S LICENSE NUMBER ENDS IN "8", ON OCTOBER 1,
12 1992 AND ON OCTOBER 1 EVERY 2 YEARS THEREAFTER.

13 (I) IF THE AGENT'S LICENSE NUMBER ENDS IN "9", ON
14 NOVEMBER 1, 1992 AND ON NOVEMBER 1 EVERY 2 YEARS THEREAFTER.

15 (J) IF THE AGENT'S LICENSE NUMBER ENDS IN "0", ON
16 DECEMBER 1, 1992 AND ON DECEMBER 1 EVERY 2 YEARS THEREAFTER.

17 (3) IF AN AGENT'S LICENSE WOULD EXPIRE ACCORDING TO THE
18 SCHEDULE UNDER SUBSECTION (2) WITHIN 23 MONTHS AFTER ISSUANCE OF
19 THE INITIAL LICENSE, THE LICENSE DOES NOT EXPIRE ON THE FIRST
20 EXPIRATION DATE FOLLOWING THE ISSUANCE OF THE INITIAL LICENSE AND
21 DOES EXPIRE ON THE EXPIRATION DATE FOLLOWING THAT FIRST EXPIRA-
22 TION DATE ACCORDING TO THE SCHEDULE UNDER SUBSECTION (2), UNLESS
23 THE AGENT HAS RENEWED HIS OR HER LICENSE PURSUANT TO
24 SUBSECTION (4).

25 (4) EXCEPT AS PROVIDED IN SUBSECTIONS (11) TO (14), BEFORE
26 THE EXPIRATION OF EACH APPLICABLE 2-YEAR PERIOD PROVIDED FOR
27 UNDER SUBSECTION (2) OR (3), AN AGENT WISHING TO RENEW HIS OR HER

1 LICENSE SHALL RENEW HIS OR HER LICENSE BY ATTENDING OR
2 INSTRUCTING NOT LESS THAN 30 HOURS OF CONTINUING EDUCATION CLAS-
3 SES APPROVED BY THE COMMISSIONER OR 30 HOURS OF HOME STUDY IF
4 EVIDENCED BY SUCCESSFUL COMPLETION OF COURSE WORK APPROVED BY THE
5 COMMISSIONER. OF THE 30 HOURS OF CONTINUING EDUCATION REQUIRED,
6 A LIFE-HEALTH AGENT SHALL ATTEND OR INSTRUCT NOT LESS THAN 15
7 HOURS IN A PROGRAM OF STUDY APPROVED FOR LIFE-HEALTH AGENTS AND A
8 PROPERTY-CASUALTY AGENT SHALL ATTEND OR INSTRUCT NOT LESS THAN 15
9 HOURS IN A PROGRAM OF STUDY APPROVED FOR PROPERTY-CASUALTY
10 AGENTS.

11 (5) AFTER REVIEWING RECOMMENDATIONS MADE BY THE COUNCIL
12 UNDER SECTION 1204B, THE COMMISSIONER SHALL APPROVE A PROGRAM OF
13 STUDY IF THE COMMISSIONER DETERMINES THAT THE PROGRAM INCREASES
14 KNOWLEDGE OF INSURANCE AND RELATED SUBJECTS AS FOLLOWS:

15 (A) FOR A LIFE-HEALTH AGENT PROGRAM OF STUDY, THE PROGRAM
16 OFFERS INSTRUCTION IN 1 OR MORE OF THE FOLLOWING:

17 (i) THE FUNDAMENTAL CONSIDERATIONS AND MAJOR PRINCIPLES OF
18 LIFE INSURANCE.

19 (ii) THE FUNDAMENTAL CONSIDERATIONS AND MAJOR PRINCIPLES OF
20 HEALTH INSURANCE.

21 (iii) ESTATE PLANNING AND TAXATION AS RELATED TO INSURANCE.

22 (iv) INDUSTRY AND LEGAL STANDARDS CONCERNING ETHICS IN
23 INSURANCE.

24 (v) LEGAL, LEGISLATIVE, AND REGULATORY MATTERS CONCERNING
25 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 (B) FOR A PROPERTY-CASUALTY AGENT PROGRAM OF STUDY, THE PRO-
6 GRAM OFFERS INSTRUCTIONS IN 1 OR MORE OF THE FOLLOWING:

7 (i) THE FUNDAMENTAL CONSIDERATIONS AND MAJOR PRINCIPLES OF
8 PROPERTY INSURANCE.

9 (ii) THE FUNDAMENTAL CONSIDERATIONS AND MAJOR PRINCIPLES OF
10 LIABILITY INSURANCE.

11 (iii) BASIC PRINCIPLES OF RISK MANAGEMENT.

12 (iv) INDUSTRY AND LEGAL STANDARDS CONCERNING ETHICS IN
13 INSURANCE.

14 (v) LEGAL, LEGISLATIVE, AND REGULATORY MATTERS CONCERNING
15 INSURANCE, THE INSURANCE CODE, AND THE INSURANCE INDUSTRY.

16 (vi) PRINCIPAL PROVISIONS USED IN LIABILITY INSURANCE CON-
17 TRACTS, NO-FAULT INSURANCE CONTRACTS, OR PROPERTY INSURANCE CON-
18 TRACTS AND DIFFERENCES IN TYPES OF COVERAGES.

19 (vii) ACCOUNTING AND ACTUARIAL CONSIDERATIONS IN INSURANCE.

20 (6) A PROVIDER OF A PROGRAM OF STUDY FOR AGENTS APPLYING FOR
21 APPROVAL OR REAPPROVAL FROM THE COMMISSIONER UNDER THIS SECTION
22 SHALL FILE, ON A FORM PROVIDED BY THE COMMISSIONER, A DESCRIPTION
23 OF THE COURSE OF STUDY INCLUDING A DESCRIPTION OF THE SUBJECT
24 MATTER AND COURSE MATERIALS, HOURS OF INSTRUCTION, LOCATION OF
25 CLASSROOM, QUALIFICATIONS OF INSTRUCTORS, AND MAXIMUM
26 STUDENT-INSTRUCTOR RATIO AND SHALL PAY A NONREFUNDABLE \$25.00
27 FILING FEE. ANY MATERIAL CHANGE IN A PROGRAM OF STUDY SHALL

1 REQUIRE REAPPROVAL BY THE COMMISSIONER. IF THE INFORMATION IN AN
2 APPLICATION FOR APPROVAL OR REAPPROVAL IS INSUFFICIENT FOR THE
3 COMMISSIONER TO DETERMINE WHETHER THE PROGRAM OF STUDY MEETS THE
4 REQUIREMENTS UNDER SUBSECTION (5), THE COMMISSIONER SHALL GIVE
5 WRITTEN NOTICE TO THE PROVIDER, WITHIN 15 DAYS AFTER THE
6 PROVIDER'S FILING OF THE APPLICATION FOR APPROVAL OR REAPPROVAL,
7 OF THE ADDITIONAL INFORMATION NEEDED BY THE COMMISSIONER. AN
8 APPLICATION FOR APPROVAL OR REAPPROVAL SHALL BE CONSIDERED
9 APPROVED UNLESS DISAPPROVED BY THE COMMISSIONER WITHIN 90 DAYS
10 AFTER THE APPLICATION FOR APPROVAL OR REAPPROVAL IS FILED, OR
11 WITHIN 90 DAYS AFTER THE RECEIPT OF ADDITIONAL INFORMATION IF THE
12 INFORMATION WAS REQUESTED BY THE COMMISSIONER, WHICHEVER IS
13 LATER.

14 (7) A PROVIDER OF A PROGRAM OF STUDY APPROVED BY THE COMMIS-
15 SIONER UNDER THIS SECTION SHALL PAY A PROVIDER AUTHORIZATION FEE
16 OF \$500.00 FOR THE FIRST YEAR THE PROVIDER'S PROGRAM OF STUDY WAS
17 APPROVED UNDER THIS SECTION AND A \$100.00 PROVIDER RENEWAL FEE
18 FOR EACH YEAR THEREAFTER THAT THE PROVIDER OFFERS THE APPROVED
19 PROGRAM OF STUDY.

20 (8) A PERSON DISSATISFIED WITH AN APPROVED PROGRAM OF STUDY
21 MAY PETITION THE COMMISSIONER FOR A HEARING ON THE PROGRAM OR THE
22 COMMISSIONER ON HIS OR HER OWN INITIATIVE MAY REQUEST A HEARING
23 ON A PROGRAM OF STUDY. IF THE COMMISSIONER FINDS THE PETITION TO
24 HAVE BEEN SUBMITTED IN GOOD FAITH, THAT THE PETITION IF TRUE
25 SHOWS THE PROGRAM OF STUDY DOES NOT SATISFY THE CRITERIA IN SUB-
26 SECTION (5), OR THAT THE PETITION OTHERWISE JUSTIFIES HOLDING A
27 HEARING, THE COMMISSIONER SHALL HOLD A HEARING PURSUANT TO

1 CHAPTER 4 OF THE ADMINISTRATIVE PROCEDURES ACT OF 1969, ACT
2 NO. 306 OF THE PUBLIC ACTS OF 1969, BEING SECTIONS 24.271 TO
3 24.287 OF THE MICHIGAN COMPILED LAWS, WITHIN 30 DAYS AFTER
4 RECEIPT OF THE PETITION AND UPON NOT LESS THAN 10 DAYS' WRITTEN
5 NOTICE TO THE PETITIONER AND THE PROVIDER OF THE PROGRAM OF
6 STUDY. IF THE COMMISSIONER REQUESTS A HEARING ON A PROGRAM OF
7 STUDY ON HIS OR HER OWN INITIATIVE, THE COMMISSIONER SHALL HOLD A
8 HEARING PURSUANT TO CHAPTER 4 OF ACT NO. 306 OF THE PUBLIC ACTS
9 OF 1969, UPON NOT LESS THAN 10 DAYS' WRITTEN NOTICE TO THE PRO-
10 VIDER OF THE PROGRAM OF STUDY.

11 (9) IF AFTER A HEARING UNDER SUBSECTION (8) THE COMMISSIONER
12 FINDS THAT THE PROGRAM OF STUDY DOES NOT SATISFY THE REQUIREMENTS
13 UNDER SUBSECTION (5), THE COMMISSIONER SHALL STATE, IN A WRITTEN
14 ORDER MAILED FIRST CLASS TO THE PETITIONER AND PROVIDER OF THE
15 PROGRAM OF STUDY, HIS OR HER FINDINGS AND THE DATE UPON WHICH THE
16 COMMISSIONER WILL REVOKE APPROVAL OF THE PROGRAM OF STUDY WHICH
17 DATE SHALL BE WITHIN A REASONABLE TIME OF THE ISSUANCE OF THE
18 ORDER.

19 (10) A CERTIFICATE OF ATTENDANCE OR INSTRUCTION OF AN
20 APPROVED PROGRAM OF STUDY OR A CERTIFICATE OF SUCCESSFUL COMPLE-
21 TION OF COURSE WORK SHALL BE FILED AS DIRECTED BY THE COMMIS-
22 SIONER ON A FORM PRESCRIBED BY THE COMMISSIONER AND SHALL INDI-
23 CATE THE COURSE OF STUDY AND NUMBER OF HOURS ATTENDED OR TAUGHT
24 BY THE AGENT OR THE EVIDENCE OF SUCCESSFUL COMPLETION OF COURSE
25 WORK. A REPRESENTATIVE OF THE APPROVED PROGRAM OF STUDY SHALL
26 FILE THE FORM AND A \$2.00 REPORTING FEE FOR EACH AGENT LICENSE
27 RENEWAL AS DIRECTED BY THE COMMISSIONER WITHIN 30 DAYS AFTER THE

1 AGENT COMPLETES THE PROGRAM. A COPY OF THE FORM SHALL ALSO BE
2 MAILED FIRST CLASS TO THE AGENT WHO ATTENDED, TAUGHT, OR SUCCESS-
3 FULLY COMPLETED THE PROGRAM OF STUDY. THE COMMISSIONER MAY ENTER
4 INTO CONTRACTS TO PROVIDE FOR THE ADMINISTRATIVE FUNCTIONS OF
5 THIS SUBSECTION.

6 (11) THE COMMISSIONER MAY WAIVE THE CONTINUING EDUCATION
7 REQUIREMENTS OF THIS SECTION FOR AN INDIVIDUAL IF THE COMMIS-
8 SIONER DETERMINES THAT ENFORCEMENT OF THE REQUIREMENTS WOULD
9 CAUSE A SEVERE HARDSHIP.

10 (12) THE COMMISSIONER MAY ENTER INTO RECIPROCAL CONTINUING
11 EDUCATION AGREEMENTS WITH INSURANCE COMMISSIONERS FROM OTHER
12 STATES. A PERSON WHO IS LICENSED PURSUANT TO SECTION 1204(5)
13 SHALL NOT BE SUBJECT TO THE CONTINUING EDUCATION REQUIREMENTS
14 UNDER THIS SECTION IF THERE IS A RECIPROCAL INSURANCE CONTINUING
15 EDUCATION AGREEMENT WITH THE INSURANCE COMMISSIONER OF THE STATE
16 OF THE APPLICANT'S PRINCIPAL RESIDENCE AND THERE ARE CONTINUING
17 EDUCATION REQUIREMENTS IN THE STATE OF THE APPLICANT'S
18 RESIDENCE.

19 (13) IF AN AGENT HAS NOT MET HIS OR HER CONTINUING EDUCATION
20 REQUIREMENTS BY THE EXPIRATION DATE OF HIS OR HER LICENSE, THE
21 AGENT SHALL HAVE A 90-DAY GRACE PERIOD IN WHICH TO MEET THE CON-
22 TINUING EDUCATION REQUIREMENTS OF THIS SECTION. DURING THE
23 90-DAY GRACE PERIOD, THE AGENT SHALL NOT SOLICIT OR SELL NEW POL-
24 ICIES OF INSURANCE, BIND COVERAGE, OR OTHERWISE ACT AS AN AGENT
25 EXCEPT THAT THE AGENT MAY CONTINUE TO SERVICE POLICIES PREVIOUSLY
26 SOLD AND MAY RECEIVE COMMISSIONS ON POLICIES PREVIOUSLY SOLD. IF
27 THE AGENT HAS NOT MET HIS OR HER CONTINUING EDUCATION

1 REQUIREMENTS BY THE EXPIRATION OF THE 90-DAY GRACE PERIOD, THE
2 AGENT'S LICENSE SHALL EXPIRE. AN AGENT WHOSE LICENSE HAS EXPIRED
3 UNDER THIS SECTION MAY APPLY FOR A LICENSE TO ACT AS AN AGENT
4 UNDER SECTION 1204, EXCEPT THAT THE APPLICABLE EXAMINATION AND
5 PROGRAM OF STUDY REQUIREMENTS SHALL NOT BE WAIVED.

6 (14) AN AGENT WHO HAS SOLD HIS OR HER INSURANCE BUSINESS AND
7 WHO HAS NOT MET THE CONTINUING EDUCATION REQUIREMENTS OF THIS
8 SECTION SHALL NOT SOLICIT OR SELL NEW POLICIES OF INSURANCE, BIND
9 COVERAGE, OR OTHERWISE ACT AS AN AGENT EXCEPT THAT THE AGENT MAY
10 CONTINUE TO SERVICE POLICIES PREVIOUSLY SOLD AND MAY RECEIVE COM-
11 MISSIONS ON POLICIES PREVIOUSLY SOLD AS WELL AS RECEIVE PARTIAL
12 COMMISSIONS ON POLICIES OF INSURANCE SOLD BY A PURCHASING AGENT.
13 AN AGENT WHO IS IN THE PROCESS OF SELLING HIS OR HER INSURANCE
14 BUSINESS AND WHO HAS NOT MET THE CONTINUING EDUCATION REQUIRE-
15 MENTS OF THIS SECTION SHALL NOT SOLICIT OR SELL NEW POLICIES OF
16 INSURANCE, BIND COVERAGE, OR OTHERWISE ACT AS AN AGENT EXCEPT
17 THAT THE AGENT MAY CONTINUE TO SERVICE POLICIES PREVIOUSLY SOLD
18 AND MAY RECEIVE COMMISSIONS ON POLICIES PREVIOUSLY SOLD AS WELL
19 AS RECEIVE PARTIAL COMMISSIONS ON POLICIES OF INSURANCE SOLD BY A
20 PURCHASING AGENT, FOR A PERIOD NOT TO EXCEED 12 MONTHS AFTER THE
21 SELLING AGENT'S LICENSE EXPIRATION DATE UNDER SUBSECTION (2). AN
22 AGENT UNDER THIS SUBSECTION WHO WISHES TO RESUME SOLICITING OR
23 SELLING NEW POLICIES OF INSURANCE, BIND COVERAGE, OR OTHERWISE
24 ACT AS AN AGENT AND WHO HAS NOT MET THE CONTINUING EDUCATION
25 REQUIREMENTS WITHIN THE IMMEDIATELY PRECEDING 2-YEAR PERIOD MAY
26 APPLY FOR A LICENSE TO ACT AS AN AGENT UNDER SECTION 1204, EXCEPT

1 THAT THE APPLICABLE EXAMINATION AND PROGRAM OF STUDY REQUIREMENTS
2 SHALL NOT BE WAIVED.

3 SEC. 1204D. (1) THE CONTINUING EDUCATION FUND IS CREATED AS
4 A SEPARATE, SELF-SUPPORTING FUND AND SHALL BE ADMINISTERED BY THE
5 COMMISSIONER. MONEY IN THE CONTINUING EDUCATION FUND SHALL BE
6 USED FOR THE ADMINISTRATION OF THE CONTINUING EDUCATION REQUIRE-
7 MENTS IN SECTION 1204C.

8 (2) MONEY RECEIVED PURSUANT TO SECTION 1204C SHALL BE DEPOS-
9 ITED IN THE CONTINUING EDUCATION FUND.

10 (3) MONEY IN THE CONTINUING EDUCATION FUND SHALL NOT REVERT
11 TO THE GENERAL FUND AT THE CLOSE OF THE FISCAL YEAR BUT SHALL
12 REMAIN IN THE CONTINUING EDUCATION FUND.

13 Sec. 1206. (1) A license DOCUMENT issued by the commis-
14 sioner shall set forth the name of the agent and the lines of
15 insurance permitted by the license. A person who is licensed to
16 act as an agent for life or disability insurance or for casualty
17 insurance is permitted to act as an agent for legal expense
18 insurance without obtaining additional authorization or licensure
19 from the commissioner. The agent shall display the license
20 DOCUMENT in his or her principal place of business.

21 (2) The license shall continue in effect until IT EXPIRES
22 UNDER SECTION 1204C, IS suspended or revoked by the commissioner,
23 ~~or~~ IS voluntarily surrendered by the licensee, ~~the commis-~~
24 ~~sioner shall demand and the licensee shall surrender the license~~
25 ~~when~~ OR TERMINATES BECAUSE OF LACK OF A VALID OR ACTIVE APPOINT-
26 MENT OR AUTHORITY FROM AN ADMITTED INSURER TO ACT AS AN AGENT IN
27 THIS STATE. IF the commissioner's records indicate that ~~the~~

1 ~~licensee~~ AN AGENT is without A VALID OR ACTIVE APPOINTMENT OR
2 authority from ~~any~~ AN ADMITTED insurer to act as agent, THE
3 COMMISSIONER SHALL NOTIFY THE AGENT OF THAT FACT AND THE AGENT
4 SHALL HAVE A 60-DAY GRACE PERIOD IN WHICH TO HAVE AN APPOINTMENT
5 OR AUTHORITY FILED WITH THE COMMISSIONER. IF A VALID APPOINTMENT
6 OR AUTHORITY IS NOT FILED WITH THE COMMISSIONER WITHIN 60 DAYS OF
7 THE MAILING OF THE NOTICE, THE AGENT'S LICENSING AUTHORITY SHALL
8 BE CONSIDERED TERMINATED.

9 (3) The commissioner may reexamine a licensed agent at any
10 time upon written notice with stated reasons.

11 (4) The commissioner, without examination, may issue a tem-
12 porary license to a natural person who demonstrates to the satis-
13 faction of the commissioner that the death or physical or mental
14 incapacity of an agent makes the action reasonably necessary to
15 assure continued operation of the agent's business. The tempo-
16 rary license shall be effective for 90 days, and may be extended
17 for additional periods of 90 days in the discretion of the
18 commissioner.

19 (5) The commissioner may issue a temporary license permit-
20 ting collection of premiums on industrial insurance contracts to
21 an applicant for a license to act as an insurance agent whom he
22 or she determines to be honest and trustworthy. The temporary
23 license shall be effective for 90 days, renewable for 1 addi-
24 tional period of 90 days, or until disposition of the application
25 to act as an insurance agent, whichever occurs first. If the
26 commissioner does not notify the applicant of action on the
27 request for a temporary license within 15 days after mailing of

1 the application, the request for a temporary license shall be
2 deemed to have been granted. For purposes of this subsection, an
3 "industrial insurance contract" means a contract for which premi-
4 ums are payable at monthly or more frequent intervals directly to
5 a representative of the insurer by the person insured or by a
6 person representing the person insured.

7 Section 2. This amendatory act shall take effect January 1,
8 1990.