

HOUSE BILL No. 4684

April 16, 1991, Introduced by Rep. Clack and referred to the Committee on Insurance.

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

"The insurance code of 1956,"

section 1204a as amended by Act No. 64 of the Public Acts of 1987 and section 1206 as amended by Act No. 68 of the Public Acts of 1989, being sections 500.1204a and 500.1206 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 1204a and 1206 of Act No. 218 of the
2 Public Acts of 1956, section 1204a as amended by Act No. 64 of
3 the Public Acts of 1987 and section 1206 as amended by Act No. 68
4 of the Public Acts of 1989, being sections 500.1204a and 500.1206
5 of the Michigan Compiled Laws, are amended to read as follows:

1 Sec. 1204a. (1) To qualify as a registered insurance agent
2 program of study, the program of study shall meet all of the
3 following criteria:

4 (a) Be conducted through an educational institution offering
5 home study courses that has been in existence for not less than 5
6 years, by an insurance trade association, by an authorized
7 insurer as provided in subsection (2), or by an educational
8 institution listed in the state board of education directory of
9 institutions of higher learning.

10 (b) Except as provided in subsection (2), provide for a min-
11 imum number of hours of classroom instruction or its equivalent
12 in home study courses as follows:

13 (i) ~~In the case of~~ FOR a program of study for health
14 insurance agents, 14 hours of instruction on the principles of
15 health insurance and 6 hours of instruction on the requirements
16 of the insurance laws of this state.

17 (ii) ~~In the case of~~ FOR a program of study for life insur-
18 ance agents, 20 hours of instruction on the principles of life
19 insurance and 6 hours of instruction on the requirements of the
20 insurance laws of this state.

21 (iii) ~~In the case of~~ FOR a combined program of study for
22 life and health insurance agents, 14 hours of instruction on the
23 principles of health insurance, 20 hours of instruction on the
24 principles of life insurance, and 6 hours of instruction on the
25 requirements of the insurance laws of this state.

26 (iv) ~~In the case of~~ FOR a program of study for property
27 and casualty insurance agents and solicitors, 12 hours of

1 instruction on the principles of property insurance, 6 hours of
2 instruction on the requirements of the insurance laws of this
3 state, and 22 hours of instruction on the principles of liability
4 insurance.

5 (v) IN ADDITION TO THE REQUIREMENTS PROVIDED IN SUBPARA-
6 GRAPHS (i) TO (iii) AND SUBDIVISION (C), FOR A PROGRAM OF STUDY
7 FOR AGENTS SELLING LIFE OR DISABILITY INSURANCE TO SENIOR CITI-
8 ZENS, 6 HOURS OF INSTRUCTION ON BOTH THE TYPES OF INSURANCE THAT
9 ARE MARKETING PRIMARILY TO SENIOR CITIZENS AND STATE AND FEDERAL
10 PROGRAMS THAT PROVIDE HEALTH BENEFITS TO SENIOR CITIZENS, AND 4
11 HOURS OF INSTRUCTION ON ETHICAL PRACTICES IN MARKETING INSURANCE
12 TO SENIOR CITIZENS. AS USED IN THIS SUBPARAGRAPH, "SENIOR
13 CITIZEN" MEANS A STATE RESIDENT WHO IS 60 YEARS OF AGE OR OLDER,
14 AND THE SPOUSE OF THAT STATE RESIDENT REGARDLESS OF AGE.

15 (c) Include instruction in ethical practices in the market-
16 ing and selling of insurance.

17 (d) Instruction shall be given only by individuals who meet
18 the qualifications required by the commissioner. The commission-
19 er, after consulting the insurance agent education advisory coun-
20 cil, shall promulgate rules prescribing the criteria ~~which~~ THAT
21 must be met by a person in order to render instruction in a reg-
22 istered insurance agent program of study.

23 (2) An authorized insurer may conduct that portion of the
24 minimum number of classroom hours of instruction under subsection
25 (1) as the commissioner deems appropriate.

1 (3) The commissioner shall promulgate rules prescribing the
2 subject matter that a program of study ~~must~~ SHALL possess to
3 qualify for registration under this section.

4 (4) The commissioner may make recommendations for improve-
5 ments in course materials as deemed necessary by the
6 commissioner. The commissioner, ~~may,~~ after notice and opportu-
7 nity for a hearing, MAY withdraw the registration of a program of
8 study ~~which~~ THAT does not maintain reasonable standards as
9 determined by the commissioner for the protection of the public.

10 Sec. 1206. (1) A license issued by the commissioner shall
11 set forth the name of the agent and the lines of insurance per-
12 mitted by the license. A person who is licensed to act as an
13 agent for life or disability insurance or for casualty insurance
14 is permitted to act as an agent for legal expense insurance with-
15 out obtaining additional authorization or licensure from the
16 commissioner. A PERSON WHO IS LICENSED TO ACT AS AN AGENT FOR
17 LIFE OR DISABILITY INSURANCE SHALL NOT SOLICIT INSURANCE, BIND
18 COVERAGE, OR OTHERWISE ACT AS AN AGENT IN CONNECTION WITH THE
19 SALE OF INSURANCE TO A SENIOR CITIZEN UNLESS THE PERSON IS
20 LICENSED AS AN AGENT FOR SENIOR CITIZEN INSURANCE. The agent
21 shall display the license in his or her principal place of
22 business. AS USED IN THIS SUBSECTION, "SENIOR CITIZEN" MEANS A
23 STATE RESIDENT WHO IS 60 YEARS OF AGE OR OLDER, AND THE SPOUSE OF
24 THAT STATE RESIDENT REGARDLESS OF AGE.

25 (2) The license shall continue in effect until suspended or
26 revoked by the commissioner, voluntarily surrendered by the
27 licensee, or terminates because of lack of authority or

1 appointment to act as an agent in this state from an admitted
2 insurer. If the commissioner's records indicate that an agent
3 has no valid or active appointment from an admitted insurer, the
4 commissioner shall notify the agent that the agent has no valid
5 or active appointment. The agent shall have 60 days from the
6 date notice is sent by the commissioner to secure a valid
7 appointment and have notice of the appointment filed with the
8 commissioner. If notice of appointment is not received by the
9 commissioner within the 60-day period, the agent's licensing
10 authority shall be considered terminated for failure to comply
11 with the licensing requirements of this act.

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

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

22 (5) The commissioner may issue a temporary license permit-
23 ting collection of premiums on industrial insurance contracts to
24 an applicant for a license to act as an insurance agent whom he
25 or she determines to be honest and trustworthy. The temporary
26 license shall be effective for 90 days, renewable for 1
27 additional period of 90 days, or until disposition of the

1 application to act as an insurance agent, whichever occurs
2 first. If the commissioner does not notify the applicant of
3 action on the request for a temporary license within 15 days
4 after mailing of the application, the request for a temporary
5 license shall be considered granted. For purposes of this sub-
6 section, an "industrial insurance contract" means a contract for
7 which premiums are payable at monthly or more frequent intervals
8 directly to a representative of the insurer by the person insured
9 or by a person representing the person insured.