



HOUSE BILL No. 6186

November 13, 1996, Introduced by Rep. Whyman and referred to the Committee on Insurance.

A bill to amend section 1204c of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 48 of the Public Acts of 1994, being section 500.1204c of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 1204c of Act No. 218 of the Public Acts
2 of 1956, as amended by Act No. 48 of the Public Acts of 1994,
3 being section 500.1204c of the Michigan Compiled Laws, is amended
4 to read as follows:

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

6 (a) "Agent" means a RESIDENT life-health agent or RESIDENT
7 property-casualty agent licensed under this chapter WHO IS ALSO A
8 NONRESIDENT LIFE-HEALTH OR PROPERTY-CASUALTY AGENT IN A STATE

1 THAT MANDATES, AS A CONDITION OF LICENSURE, COMPLIANCE WITH
2 CONTINUING EDUCATION REQUIREMENTS.

3 (b) "Hour" means a period of time of not less than 50
4 minutes.

5 (c) "Life-health agent" means ~~a resident or nonresident~~ AN
6 agent licensed for life, limited life, credit life, mortgage
7 redemption, accident and health, or any combination thereof.

8 (d) "Property-casualty agent" means ~~a resident or~~
9 ~~nonresident~~ AN agent or solicitor licensed for automobile, fire,
10 multiple lines, any limited or minor property and casualty line,
11 or any combination thereof.

12 (2) Unless the agent has renewed his or her license pursuant
13 to subsection (4), an agent's hours of study accrued under this
14 section shall be reviewed for license continuance as follows:

15 (a) If the agent's license number ends in "1" as follows:

16 (i) If the agent's last name starts with A to L, on January
17 1, 1995 and on January 1 every 2 years thereafter.

18 (ii) If the agent's last name starts with M to Z, on
19 January 1, 1996 and on January 1 every 2 years thereafter.

20 (b) If the agent's license number ends in "2" as follows:

21 (i) If the agent's last name starts with A to L, on
22 February 1, 1995 and on February 1 every 2 years thereafter.

23 (ii) If the agent's last name starts with M to Z, on
24 February 1, 1996 and on February 1 every 2 years thereafter.

25 (c) If the agent's license number ends in "3" as follows:

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

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

3 (d) If the agent's license number ends in "4" as follows:

4 (i) If the agent's last name starts with A to L, on June 1,
5 1995 and on June 1 every 2 years thereafter.

6 (ii) If the agent's last name starts with M to Z, on June 1,
7 1996 and on June 1 every 2 years thereafter.

8 (e) If the agent's license number ends in "5" as follows:

9 (i) If the agent's last name starts with A to L, on July 1,
10 1995 and on July 1 every 2 years thereafter.

11 (ii) If the agent's last name starts with M to Z, on July 1,
12 1996 and on July 1 every 2 years thereafter.

13 (f) If the agent's license number ends in "6" as follows:

14 (i) If the agent's last name starts with A to L, on
15 August 1, 1995 and on August 1 every 2 years thereafter.

16 (ii) If the agent's last name starts with M to Z, on
17 August 1, 1996 and on August 1 every 2 years thereafter.

18 (g) If the agent's license number ends in "7" as follows:

19 (i) If the agent's last name starts with A to L, on
20 September 1, 1995 and on September 1 every 2 years thereafter.

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

23 (h) If the agent's license number ends in "8" as follows:

24 (i) If the agent's last name starts with A to L, on
25 October 1, 1995 and on October 1 every 2 years thereafter.

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

1 (i) If the agent's license number ends in "9" as follows:

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

4 (ii) If the agent's last name starts with M to Z, on
5 November 1, 1996 and on November 1 every 2 years thereafter.

6 (j) If the agent's license number ends in "0" as follows:

7 (i) If the agent's last name starts with A to L, on
8 December 1, 1995 and on December 1 every 2 years thereafter.

9 (ii) If the agent's last name starts with M to Z, on
10 December 1, 1996 and on December 1 every 2 years thereafter.

11 (3) If an agent's hours of study would be reviewed according
12 to the schedule under subsection (2) within 23 months after issu-
13 ance of the initial license, the hours shall not be reviewed on
14 the first scheduled date following the issuance of the initial
15 license and shall be reviewed on the next scheduled review date
16 following the first review date according to the schedule under
17 subsection (2), unless the agent has renewed his or her license
18 pursuant to subsection (4).

19 (4) Except as provided in subsections ~~(11) to (14)~~ (13) TO
20 (15), before the review date of each applicable 2-year period
21 provided for under subsection (2) or (3), an agent ~~wishing to~~
22 ~~renew his or her license~~ shall ~~renew his or her license by~~
23 ~~attending or instructing~~ ATTEND OR INSTRUCT not less than 30
24 hours of continuing education classes approved by the commis-
25 sioner or 30 hours of home study if evidenced by successful com-
26 pletion of course work approved by the commissioner. Of the 30
27 hours of continuing education required, a life-health agent shall

1 attend or instruct not less than 15 hours in a program of study
2 approved for life-health agents and a property-casualty agent
3 shall attend or instruct not less than 15 hours in a program of
4 study approved for property-casualty agents.

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

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

11 (i) The fundamental considerations and major principles of
12 life insurance.

13 (ii) The fundamental considerations and major principles of
14 health insurance.

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

16 (iv) Industry and legal standards concerning ethics in
17 insurance.

18 (v) Legal, legislative, and regulatory matters concerning
19 insurance, the insurance code, and the insurance industry.

20 (vi) Principal provisions used in life insurance contracts,
21 health insurance contracts, or annuity contracts and differences
22 in types of coverages.

23 (vii) Accounting and actuarial considerations in insurance.

24 (b) For a property-casualty agent program of study, the pro-
25 gram offers instructions in 1 or more of the following:

26 (i) The fundamental considerations and major principles of
27 property insurance.

1 (ii) The fundamental considerations and major principles of
2 casualty insurance.

3 (iii) Principles of risk management.

4 (iv) Industry and legal standards concerning ethics in
5 insurance.

6 (v) Legal, legislative, and regulatory matters concerning
7 insurance, the insurance code, and the insurance industry.

8 (vi) Principal provisions used in casualty insurance con-
9 tracts, no-fault insurance contracts, or property insurance con-
10 tracts and differences in types of coverages.

11 (vii) Accounting and actuarial considerations in insurance.

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

1 approved unless disapproved by the commissioner within 90 days
2 after the application for approval or reapproval is filed, or
3 within 90 days after the receipt of additional information if the
4 information was requested by the commissioner, whichever is
5 later.

6 (7) A provider of a program of study approved by the commis-
7 sioner under this section shall pay a provider authorization fee
8 of \$500.00 for the first year the provider's program of study was
9 approved under this section and a \$100.00 provider renewal fee
10 for each year thereafter that the provider offers the approved
11 program of study.

12 (8) A person dissatisfied with an approved program of study
13 may petition the commissioner for a hearing on the program or the
14 commissioner on his or her own initiative may request a hearing
15 on a program of study. If the commissioner finds the petition to
16 have been submitted in good faith, that the petition if true
17 shows the program of study does not satisfy the criteria in sub-
18 section (5), or that the petition otherwise justifies holding a
19 hearing, the commissioner shall hold a hearing pursuant to chap-
20 ter 4 of the administrative procedures act of 1969, Act No. 306
21 of the Public Acts of 1969, being sections 24.271 to 24.287 of
22 the Michigan Compiled Laws, within 30 days after receipt of the
23 petition and upon not less than 10 days' written notice to the
24 petitioner and the provider of the program of study. If the com-
25 missioner requests a hearing on a program of study on his or her
26 own initiative, the commissioner shall hold a hearing pursuant to
27 chapter 4 of Act No. 306 of the Public Acts of 1969, upon not

1 less than 10 days' written notice to the provider of the program
2 of study.

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

11 (10) A certificate of attendance or instruction of an
12 approved program of study or a certificate of successful comple-
13 tion of course work shall be ~~filed as directed by the commis-~~
14 ~~sioner on a form prescribed by the commissioner and shall indi-~~
15 ~~cate the name and number of the course of study, the number of~~
16 ~~hours, dates of completion, and the name and number of schools~~
17 ~~attended or taught by the agent or the evidence of successful~~
18 ~~completion of course work. A representative of the approved pro-~~
19 ~~gram of study shall file the form and a fee of \$1.00 per hour for~~
20 ~~course credit for each agent license renewal as directed by the~~
21 ~~commissioner within 30 days after the agent completes the~~
22 ~~program. A copy of the form shall also be mailed first-class OR~~
23 ~~PRESENTED BY THE PROVIDER OF THE PROGRAM OF STUDY to the agent~~
24 ~~who attended, taught, or successfully completed the program of~~
25 ~~study. The commissioner may enter into contracts to provide for~~
26 ~~the administrative functions of this subsection. EACH~~
27 CERTIFICATE SHALL BE KEPT ON FILE BY THE AGENT FOR AT LEAST 3

1 REVIEW PERIODS AND SHALL BE AVAILABLE TO THE COMMISSIONER UPON
2 REQUEST.

3 (11) WHEN AN AGENT COMPLETES THE REQUIRED HOURS OF STUDY,
4 THE AGENT SHALL COMPLETE AN AFFIDAVIT, ON A FORM PRESCRIBED BY
5 THE COMMISSIONER, CERTIFYING THAT THE REQUIRED HOURS OF STUDY
6 WERE COMPLETED WITHIN THE REVIEW PERIOD BY ATTENDING OR INSTRUCT-
7 ING COURSES APPROVED BY THE COMMISSIONER.

8 (12) A PROVIDER OF A PROGRAM OF STUDY ATTENDED OR INSTRUCTED
9 BY AN AGENT SHALL PROVIDE TO THE AGENT, UPON REQUEST, AN AFFIDA-
10 VIT FORM REQUIRED BY SUBSECTION (11). AFTER THE AGENT HAS EXE-
11 CUTED THE AFFIDAVIT AND RETURNED IT TO THE PROVIDER, THE PROVIDER
12 SHALL MAIL OR DELIVER THE COMPLETED FORM WITHIN 5 BUSINESS DAYS
13 OF RECEIPT, TOGETHER WITH A \$30.00 FEE, TO THE COMMISSIONER.
14 SUBMISSION OF THE AFFIDAVIT TO THE COMMISSIONER DOES NOT CONSTI-
15 TUTE CERTIFICATION BY THE PROVIDER THAT THE AGENT HAS COMPLETED
16 THE REQUIRED HOURS OF STUDY.

17 (13) ~~(11)~~ The commissioner may waive the continuing educa-
18 tion requirements of this section for an agent if the commis-
19 sioner determines that enforcement of the requirements would
20 cause a severe hardship. ~~Until January 1, 1997, the commis-~~
21 ~~sioner shall waive the continuing education requirements of this~~
22 ~~section for an agent who is licensed to write only travel or bag-~~
23 ~~gage insurance policies and whose employment is for a purpose~~
24 ~~other than the sale of those policies.~~

25 ~~(12)~~ The commissioner may enter into reciprocal continuing
26 education agreements with insurance commissioners from other
27 states. ~~A person who is licensed pursuant to section 1204(5)~~

1 ~~shall not be subject to the continuing education requirements~~
2 ~~under this section if there is a reciprocal insurance continuing~~
3 ~~education agreement with the insurance commissioner of the state~~
4 ~~of the applicant's principal residence and there are continuing~~
5 ~~education requirements in the state of the applicant's~~
6 ~~residence.~~

7 (14) ~~(13)~~ If an agent has not met his or her continuing
8 education requirements by the ~~expiration~~ REVIEW date of his or
9 her license, the agent shall have a 90-day grace period in which
10 to meet the continuing education requirements of this section.
11 During the 90-day grace period the agent shall not solicit or
12 sell new policies of insurance, bind coverage, or otherwise act
13 as an agent except that the agent may continue to service poli-
14 cies previously sold and may receive commissions on policies pre-
15 viously sold. If the agent has not met his or her continuing
16 education requirements by the expiration of the 90-day grace
17 period, the agent's license shall be ~~cancelled~~ REVOKED. An
18 agent whose license has been ~~cancelled~~ REVOKED under this sec-
19 tion may reapply for license to act as an agent under
20 section 1204, except that the program of study requirements under
21 section 1204 shall not be waived.

22 (15) ~~(14)~~ An agent who has sold his or her insurance busi-
23 ness and who has not met the continuing education requirements of
24 this section shall not solicit or sell new policies of insurance,
25 bind coverage, or otherwise act as an agent except that the agent
26 may continue to service policies previously sold and may receive
27 commissions on policies previously sold as well as receive

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