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BILL ANALYSIS

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Senate Bill 1344 (as introduced 5-28-08)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

Date Completed: 6-9-08

CONTENT

The bill would amend the Insurance Code to prohibit the approval of an individual's or business's application for an insurance producer license if the person or business committed an act listed in the Code, rather than an act that is grounds for denial, suspension, or revocation of a license.

Under the Code, a person applying for a resident insurance producer license must file with the Commissioner of Financial and Insurance Regulation the required uniform application and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the applicant's knowledge and belief. An application may not be approved unless the Commissioner finds that the individual meets certain requirements, including that he or she has not committed any act that is a ground for denial, suspension, or revocation under Section 1239 of the Code. The bill instead would refer to any act listed in Section 1239(1).

In addition, the Code requires a business entity acting as an insurance producer to obtain an insurance producer license. A business entity applying for a license must file with the Commissioner the required uniform business entity application. An application may not be approved unless the Commissioner finds that the business meets certain requirements, including that it has not committed any act that is grounds for denial, suspension, or revocation under Section 1239 of the Code. The bill instead would refer to any act listed in Section 1239(1).

(Under Section 1239(1), the Commissioner may place on probation, suspend, revoke, or refuse to issue an insurance producer's license or may levy a civil fine or any combination of actions for any one or more of the following:

- Providing incorrect, misleading, incomplete, or materially untrue information in the license application.
- Violating any insurance laws or violating any regulation, subpoena, or order of the Commissioner or of another state's insurance commissioner.
- Obtaining or attempting to obtain a license through misrepresentation or fraud.
- Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
- Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- Having been convicted of a felony.

- Having admitted or been found to have committed any insurance unfair trade practice or fraud.
- Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in Michigan or elsewhere.
- Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory.
- Forging another's name to an application for insurance or to any document related to an insurance transaction.
- Improperly using notes or any other reference material to complete an examination for an insurance license.
- Knowingly accepting insurance business from an individual who is not licensed.
- Failing to comply with an administrative or court order imposing a child support obligation.
- Failing to pay the single business tax or the Michigan business tax or comply with any administrative or court order directing payment of either tax.)

MCL 500.1205

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.