



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1401 (Substitute S-1 as reported)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

Date Completed: 6-27-08

CONTENT

The bill would amend the Insurance Code to require the Commissioner of Financial and Insurance Regulation to refuse to issue an insurance producer license for certain reasons, and delete a provision under which refusing to issue a license for those reasons is an option of the Commissioner.

Under the Code, the Commissioner may place on probation, suspend, revoke, or refuse to issue an insurance producer's license or may levy a civil fine, or take any combination of actions for specified reasons, which include the following:

- Providing incorrect, misleading, or untrue information in the license application.
- Violating any insurance laws.
- 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 insurance contract or application.
- Having been convicted of a felony.
- Having 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.
- Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory.
- Knowingly accepting insurance business from an individual who is not licensed.
- Failing to pay the Michigan business tax.

Under the bill, the Commissioner could place on probation, suspend, or revoke a license and/or levy a civil fine, and would have to refuse to issue a license for any of those causes

MCL 500.1239

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz