

SUBSTITUTE FOR  
SENATE BILL NO. 1401

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 1239 (MCL 500.1239), as amended by 2007 PA 187.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1239. (1) In addition to any other powers under this act,  
2 the commissioner may place on probation, suspend, **OR** revoke ~~or~~  
3 ~~refuse to issue~~ an insurance producer's license or may levy a civil  
4 fine under section 1244 or any combination of actions, **AND THE**  
5 **COMMISSIONER SHALL REFUSE TO ISSUE A LICENSE UNDER SECTION 1205 OR**  
6 **1206A**, for any 1 or more of the following causes:

7       (a) Providing incorrect, misleading, incomplete, or materially  
8 untrue information in the license application.

9       (b) Violating any insurance laws or violating any regulation,  
10 subpoena, or order of the commissioner or of another state's  
11 insurance commissioner.

1 (c) Obtaining or attempting to obtain a license through  
2 misrepresentation or fraud.

3 (d) Improperly withholding, misappropriating, or converting  
4 any money or property received in the course of doing insurance  
5 business.

6 (e) Intentionally misrepresenting the terms of an actual or  
7 proposed insurance contract or application for insurance.

8 (f) Having been convicted of a felony.

9 (g) Having admitted or been found to have committed any  
10 insurance unfair trade practice or fraud.

11 (h) Using fraudulent, coercive, or dishonest practices or  
12 demonstrating incompetence, untrustworthiness, or financial  
13 irresponsibility in the conduct of business in this state or  
14 elsewhere.

15 (i) Having an insurance producer license or its equivalent  
16 denied, suspended, or revoked in any other state, province,  
17 district, or territory.

18 (j) Forging another's name to an application for insurance or  
19 to any document related to an insurance transaction.

20 (k) Improperly using notes or any other reference material to  
21 complete an examination for an insurance license.

22 (l) Knowingly accepting insurance business from an individual  
23 who is not licensed.

24 (m) Failing to comply with an administrative or court order  
25 imposing a child support obligation.

26 (n) Failing to pay the single business tax or the Michigan  
27 business tax or comply with any administrative or court order

1 directing payment of the single business tax or the Michigan  
2 business tax.

3 (2) Before the commissioner denies an application for a  
4 license **UNDER SECTION 1205 OR 1206A**, the commissioner shall notify  
5 in writing the applicant or licensee of the denial and of the  
6 reason for the denial. Not later than 30 days after this written  
7 denial, the applicant or licensee may make written demand upon the  
8 commissioner for a hearing before the commissioner to determine the  
9 reasonableness of the commissioner's action. A hearing under this  
10 subsection shall be held pursuant to the administrative procedures  
11 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

12 (3) The license of a business entity may be suspended,  
13 revoked, or refused if the commissioner finds, after hearing, that  
14 an individual licensee's violation was known or should have been  
15 known by 1 or more of the partners, officers, or managers acting on  
16 behalf of the partnership or corporation and the violation was  
17 neither reported to the commissioner nor corrective action taken.

18 (4) In addition to or in lieu of any applicable denial,  
19 suspension, or revocation of a license, a person may, after  
20 hearing, be subject to a civil fine under section 1244.

21 (5) In addition to the penalties under this section, the  
22 commissioner may enforce the provisions of and impose any penalty  
23 or remedy authorized by this act against any person who is under  
24 investigation for or charged with a violation of this act even if  
25 the person's license or registration has been surrendered or has  
26 lapsed by operation of law.