

# SENATE BILL No. 418

June 11, 2013, Introduced by Senators HUNE, SMITH, ROBERTSON, MARLEAU and BIEDA and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 1202 (MCL 500.1202), as amended by 2012 PA 552.

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

1           Sec. 1202. (1) This chapter shall not be construed to require  
2 an insurer to obtain an insurance producer license. As used in this  
3 section, the term "insurer" does not include an insurer's officers,  
4 directors, employees, subsidiaries, or affiliates.

5           (2) A license as an insurance producer is not required of any  
6 of the following:

7           (a) An officer, director, or employee of an insurer or of an  
8 insurance producer, if the officer, director, or employee does not  
9 receive any commission on policies written or sold to insure risks  
10 residing, located, or to be performed in this state and meets 1 or

1 more of the following:

2 (i) The officer's, director's, or employee's activities are  
3 executive, administrative, managerial, clerical, or a combination  
4 of these, and are only indirectly related to the sale,  
5 solicitation, or negotiation of insurance.

6 (ii) The officer's, director's, or employee's function relates  
7 to underwriting, loss control, inspection, or the processing,  
8 adjusting, investigating, or settling of a claim on a contract of  
9 insurance.

10 (iii) The officer, director, or employee is acting in the  
11 capacity of a special agent or agency supervisor assisting  
12 insurance producers if the person's activities are limited to  
13 providing technical advice and assistance to licensed insurance  
14 producers and do not include the sale, solicitation, or negotiation  
15 of insurance.

16 (b) A person who performs and receives no commission for any  
17 of the following services:

18 (i) Securing and furnishing information for the purpose of  
19 group life insurance, group property and casualty insurance, group  
20 annuities, or group or blanket accident and health insurance.

21 (ii) Securing and furnishing information for the purpose of  
22 enrolling individuals under plans, issuing certificates under  
23 plans, or otherwise assisting in administering plans.

24 (iii) Performing administrative services related to mass  
25 marketed property and casualty insurance.

26 (c) An employer or association or its officers, directors,  
27 employees, or the trustees of an employee trust plan, to the extent

1 that the employers, officers, employees, directors, or trustees are  
2 engaged in the administration or operation of a program of employee  
3 benefits for the employer's or association's own employees or the  
4 employees of its subsidiaries or affiliates, which program involves  
5 the use of insurance issued by an insurer, if the employers,  
6 associations, officers, directors, employees, or trustees are not  
7 in any manner compensated, directly or indirectly, by the company  
8 issuing the contracts.

9 (d) Employees of insurers or organizations employed by  
10 insurers who are engaging in the inspection, rating, or  
11 classification of risks, or in the supervision of the training of  
12 insurance producers and who are not individually engaged in the  
13 sale, solicitation, or negotiation of insurance.

14 (e) A person whose activities in this state are limited to  
15 advertising without the intent to solicit insurance in this state  
16 through communications in printed publications or other forms of  
17 electronic mass media, the distribution of which is not limited to  
18 residents of the state, if the person does not sell, solicit, or  
19 negotiate insurance that would insure risks residing, located, or  
20 to be performed in this state.

21 (f) A person who is not a resident of this state who sells,  
22 solicits, or negotiates a contract of insurance for commercial  
23 property and casualty risks to an insured with risks located in  
24 more than 1 state insured under that contract, if the person is  
25 otherwise licensed as an insurance producer to sell, solicit, or  
26 negotiate that insurance in the state where the insured maintains  
27 its principal place of business and the contract of insurance

1 insures risks located in that state.

2 (g) A salaried full-time employee who counsels or advises his  
3 or her employer concerning the insurance interests of the employer  
4 or of the subsidiaries or business affiliates of the employer, if  
5 the employee does not sell or solicit insurance or receive a  
6 commission.

7 (h) A person whose only sale of insurance is for travel or  
8 auto-related insurance sold in connection with and incidental to  
9 the rental of a motor vehicle under a rental agreement for a period  
10 not to exceed 90 days.

11 (i) A person whose only sale of insurance is for portable  
12 electronics insurance sold in connection with and incidental to the  
13 sale of a portable electronic device if written disclosure material  
14 is provided to the customer at the time of solicitation and the  
15 written material includes all of the following:

16 (i) A disclosure that portable electronics insurance may  
17 duplicate coverage already provided by the customer's homeowners,  
18 renters, or other insurance policies.

19 (ii) A statement that the enrollment by the customer in a  
20 portable electronics insurance program is not required to purchase  
21 or lease a portable electronic device or services for the device.

22 (iii) A summary of the material terms of the portable  
23 electronics insurance coverage, including all of the following:

24 (A) The identity of the insurer.

25 (B) The amount of any applicable deductible and how it is to  
26 be paid.

27 (C) The benefits of the coverage.

1 (D) Key terms and conditions of the coverage, such as whether  
2 the portable electronics may be repaired or replaced with a similar  
3 make and model or reconditioned or nonoriginal manufacturer parts  
4 or equipment.

5 (iv) A summary of the process for filing a claim, including a  
6 description of how to return a portable electronic device and the  
7 maximum fee applicable if the customer fails to comply with  
8 equipment return requirements.

9 (v) A statement that the customer may cancel enrollment for  
10 coverage under a portable electronics insurance policy at any time  
11 and that the person paying the premium will receive a refund of or  
12 credit for any unearned premium.

13 (J) A PERSON WHOSE ONLY SALE OF INSURANCE IS FOR TRAVEL  
14 INSURANCE SOLD INCIDENTAL TO PLANNED TRAVEL IF THE PERSON IS  
15 WORKING UNDER THE AUTHORITY OF A LIMITED LINES PRODUCER AND THE  
16 LIMITED LINES PRODUCER OR THE PERSON WORKING UNDER THE LIMITED  
17 LINES PRODUCER'S AUTHORITY PROVIDES WRITTEN DISCLOSURE MATERIAL TO  
18 A PROSPECTIVE PURCHASER OR PURCHASER, AS APPLICABLE, AND THE  
19 WRITTEN DISCLOSURE MATERIAL INCLUDES THE FOLLOWING, AS APPLICABLE:

20 (i) THE DISCLOSURE MATERIAL PROVIDED TO A PROSPECTIVE PURCHASER  
21 INCLUDES ALL OF THE FOLLOWING:

22 (A) A STATEMENT THAT THE PURCHASE OF TRAVEL INSURANCE IS NOT  
23 REQUIRED TO PURCHASE ANY OTHER PRODUCT OR SERVICE FROM THE PERSON.

24 (B) THE IDENTITY AND CONTACT INFORMATION OF THE INSURER AND  
25 LIMITED LINES PRODUCER.

26 (ii) THE DISCLOSURE MATERIAL PROVIDED TO A PURCHASER INCLUDES  
27 ALL OF THE FOLLOWING:

1 (A) A SUMMARY OF THE MATERIAL TERMS OR THE ACTUAL MATERIAL  
2 TERMS OF THE TRAVEL INSURANCE COVERAGE.

3 (B) A SUMMARY OF THE PROCESS FOR FILING A CLAIM.

4 (C) A SUMMARY OF THE REVIEW OR CANCELLATION PROCESS FOR THE  
5 TRAVEL INSURANCE POLICY.

6 (D) THE IDENTITY AND CONTACT INFORMATION OF THE INSURER AND  
7 LIMITED LINES PRODUCER.

8 (3) As used in this section: ~~—"motor~~

9 (A) "MOTOR vehicle" means a motorized vehicle designed for  
10 transporting passengers or goods.

11 (B) "TRAVEL INSURANCE" MEANS INSURANCE COVERAGE FOR PERSONAL  
12 RISK INCIDENT TO PLANNED TRAVEL, INCLUDING, BUT NOT LIMITED TO, 1  
13 OR MORE OF THE FOLLOWING:

14 (i) INTERRUPTION OR CANCELLATION OF A TRIP OR EVENT.

15 (ii) LOSS OF BAGGAGE OR PERSONAL EFFECTS.

16 (iii) DAMAGES TO ACCOMMODATIONS OR RENTAL VEHICLES.

17 (iv) SICKNESS, ACCIDENT, DISABILITY, OR DEATH OCCURRING DURING  
18 TRAVEL.

19 (C) TRAVEL INSURANCE DOES NOT INCLUDE MAJOR MEDICAL PLANS,  
20 WHICH PROVIDE COMPREHENSIVE MEDICAL PROTECTION FOR TRAVELERS WITH  
21 TRIPS LASTING 6 MONTHS OR LONGER, INCLUDING, FOR EXAMPLE, THOSE  
22 WORKING OVERSEAS AS AN EXPATRIATE OR MILITARY PERSONNEL BEING  
23 DEPLOYED.