

HOUSE BILL No. 5831

September 8, 2016, Introduced by Rep. Barrett and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 1204b and 1204c (MCL 500.1204b and 500.1204c),
as amended by 2008 PA 574.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1204b. (1) An insurance agent education advisory council
2 is created within the department. ~~of labor and economic growth. The~~
3 ~~commissioner~~ **DIRECTOR** shall appoint the members of the council. The
4 council ~~shall be~~ **IS** composed of the following:

5 (a) Two representatives of the ~~national association~~ **NATIONAL**
6 **ASSOCIATION** of ~~insurance and financial advisors~~ **INSURANCE AND**
7 **FINANCIAL ADVISORS** - Michigan.

8 (b) Two representatives of the Michigan ~~association of~~
9 ~~insurance agents~~ **ASSOCIATION OF INSURANCE AGENTS**.

(c) Three insurer representatives.

(d) At least 1 licensed property and casualty insurance agent.

(e) At least 1 licensed life insurance agent.

(f) One representative of the insurance education field.

(g) One representative of the general public.

(h) The ~~commissioner~~**DIRECTOR** as an ex officio member.

(2) Initially, **THE DIRECTOR SHALL APPOINT** 3 members ~~shall be~~
~~appointed for a term~~**TERMS** of 1 year, 3 members for ~~a term~~**TERMS** of
 2 years, and the remaining members for ~~a term~~**TERMS** of 3 years.

Thereafter, members of the council shall serve for ~~a term~~**TERMS** of
 3 years and for not more than 2 consecutive terms. The council
 shall meet on at least a semiannual basis. Members shall serve
 without compensation but shall be reimbursed for their actual and
 necessary expenses.

(3) The council shall do all of the following:

(a) Review and make recommendations to the ~~commissioner~~
DIRECTOR with respect to course materials, curriculum, and the
 credentials of the instructors of each program of study registered
 with the ~~commissioner pursuant to~~**DIRECTOR UNDER** section 1204a.

(b) Review continuing education programs of study under
 section ~~1204c(3)~~**1204C(2)** and make recommendations to the
~~commissioner~~**DIRECTOR** on whether those programs meet the
 requirements in section ~~1204c(4)~~**1204C(3)**.

(c) Make recommendations to the ~~commissioner~~**DIRECTOR** with
 respect to educational requirements of insurance agents.

(4) A member of the council or designee of the ~~commissioner~~
~~shall be permitted~~**DIRECTOR MAY** access ~~to~~ any classroom while

instruction is in progress to monitor the classroom instruction.

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

~~(a) "Hour" means a period of time of not less than 50 minutes.~~

~~(b) "Insurance producer" means a life-health agent or property-casualty agent.~~

~~(c) "Life-health agent" means a resident or nonresident individual insurance producer licensed for life, limited life, mortgage redemption, accident and health, or any combination thereof.~~

~~(d) "Property-casualty agent" means a resident or nonresident individual insurance producer or solicitor licensed for automobile, fire, multiple lines, any limited or minor property and casualty line, or any combination thereof.~~

(1) ~~(2)~~—An insurance producer's hours of study accrued under this section shall be reviewed for license continuance every 2 years under a schedule established by the ~~commissioner~~. **DIRECTOR**. The ~~commissioner~~ **DIRECTOR** may establish a schedule for license continuation that staggers license continuation dates to apportion the continuation dates throughout the calendar year. If the system of staggered continuation is adopted, the ~~commissioner~~ **DIRECTOR** may extend the licensure period for some licensees.

(2) ~~(3)~~—Except as provided in subsections ~~(10)~~ **(9)** to ~~(13)~~, **(12)**, **AND SUBJECT TO SUBSECTION (13)**, before the review date of each applicable 2-year period provided for under subsection ~~(2)~~, **(1)**, an insurance producer wishing to renew his or her license shall renew his or her license by attending or instructing not less than 24 hours of continuing education classes approved by the

~~commissioner~~**DIRECTOR** or 24 hours of home study or online training if evidenced by successful completion of ~~course work~~**COURSEWORK** approved by the ~~commissioner~~**DIRECTOR**. Of the 24 hours of continuing education required, not less than 3 hours ~~shall~~**MUST** be in ethics in insurance classes or ~~course work~~**COURSEWORK**.

(3) ~~(4)~~After reviewing recommendations made by the **INSURANCE AGENT EDUCATION ADVISORY** council under section 1204b, the ~~commissioner~~**DIRECTOR** shall approve a program of study if the ~~commissioner~~**DIRECTOR** determines that the program increases knowledge of insurance and related subjects as follows:

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

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

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

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

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

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

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

(vii) Accounting and actuarial considerations in insurance.

(viii) Principles of agency management, excluding telemarketing or other marketing instruction.

1 (ix) The fundamental considerations, major principles, and
2 statutory requirements of long-term care insurance.

3 (b) For a property-casualty agent program of study, the
4 program offers instructions in 1 or more of the following:

5 (i) The fundamental considerations and major principles of
6 property insurance.

7 (ii) The fundamental considerations and major principles of
8 casualty insurance.

9 (iii) Basic principles of risk management.

10 (iv) Industry and legal standards concerning ethics in
11 insurance.

12 (v) Legal, legislative, and regulatory matters concerning
13 insurance, the insurance code, and the insurance industry.

14 (vi) Principal provisions used in casualty insurance
15 contracts, no-fault insurance contracts, or property insurance
16 contracts and differences in types of coverages.

17 (vii) Accounting and actuarial considerations in insurance.

18 (viii) Principles of agency management, excluding
19 telemarketing or other marketing instruction.

20 **(4)** ~~(5)~~—A provider of a program of study for insurance
21 producers applying for approval or reapproval from the ~~commissioner~~
22 **DIRECTOR** under this section shall file, on a form provided by the
23 ~~commissioner~~, **DIRECTOR**, a description of the course of study
24 including a description of the subject matter and course materials,
25 hours of instruction, location of classroom, qualifications of
26 instructors, and maximum student-instructor ratio and shall pay a
27 nonrefundable \$25.00 filing fee. Any material change in a program

1 of study ~~shall require~~ **REQUIRES THE** reapproval by ~~OF~~ the
 2 ~~commissioner.~~ **DIRECTOR.** If the information in an application for
 3 approval or reapproval is insufficient for the ~~commissioner~~
 4 **DIRECTOR** to determine whether the program of study meets the
 5 requirements under subsection ~~(4),~~ **(3)**, the ~~commissioner~~ **DIRECTOR**
 6 shall give written notice to the provider, within 15 days after the
 7 provider's filing of the application for approval or reapproval, of
 8 the additional information needed by the ~~commissioner.~~ **DIRECTOR.** An
 9 application for approval or reapproval ~~shall be~~ **IS** considered
 10 approved unless disapproved by the ~~commissioner~~ **DIRECTOR** within 90
 11 days after the application for approval or reapproval is filed, or
 12 within 90 days after the receipt of additional information if the
 13 information was requested by the ~~commissioner,~~ **DIRECTOR,** whichever
 14 is later.

15 **(5)** ~~(6)~~ A provider of a program of study approved by the
 16 ~~commissioner~~ **DIRECTOR** under this section shall pay a provider
 17 authorization fee of \$500.00 for the first year the provider's
 18 program of study ~~was~~ **IS** approved under this section and a \$100.00
 19 provider renewal fee for each **SUBSEQUENT** year ~~thereafter~~ that the
 20 provider offers the approved program of study.

21 **(6)** ~~(7)~~ A person dissatisfied with an approved program of
 22 study may petition the ~~commissioner~~ **DIRECTOR** for a hearing on the
 23 program or the ~~commissioner~~ **DIRECTOR** on his or her own initiative
 24 may request a hearing on a program of study. If the ~~commissioner~~
 25 **DIRECTOR** finds **THAT** the petition ~~to have been~~ **WAS** submitted in good
 26 faith, that the petition if true shows **THAT** the program of study
 27 does not satisfy the criteria in subsection ~~(4),~~ **(3)**, or that the

1 petition otherwise justifies holding a hearing, the ~~commissioner~~
 2 **DIRECTOR** shall hold a hearing ~~pursuant to~~ **UNDER** chapter 4 of the
 3 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
 4 24.287, within 30 days after receipt of the petition and ~~upon~~ **ON**
 5 not less than 10 days' written notice to the petitioner and the
 6 provider of the program of study. If the ~~commissioner~~ **DIRECTOR**
 7 requests a hearing on a program of study on his or her own
 8 initiative, the ~~commissioner~~ **DIRECTOR** shall hold a hearing ~~pursuant~~
 9 ~~to~~ **UNDER** chapter 4 of the administrative procedures act of 1969,
 10 1969 PA 306, MCL 24.271 to 24.287, ~~upon~~ **ON** not less than 10 days'
 11 written notice to the provider of the program of study.

12 (7) ~~(8)~~ If after a hearing under subsection ~~(7)~~ **(6)** the
 13 ~~commissioner~~ **DIRECTOR** finds that the program of study does not
 14 satisfy the requirements under subsection ~~(4)~~ **(3)**, the
 15 ~~commissioner~~ **DIRECTOR** shall state, in a written order mailed first-
 16 class to the petitioner and provider of the program of study, his
 17 or her findings and the date ~~upon~~ **ON** which the ~~commissioner~~
 18 **DIRECTOR** will revoke approval of the program of study, which date
 19 ~~shall~~ **MUST** be within a reasonable time of the issuance of the
 20 order.

21 (8) ~~(9)~~ A certificate of attendance or instruction ~~of~~ **IN** an
 22 approved program of study or a certificate of successful completion
 23 of ~~course work shall~~ **COURSEWORK MUST** be filed as directed by the
 24 ~~commissioner~~ **DIRECTOR** on a form prescribed by the ~~commissioner~~
 25 **DIRECTOR** and ~~shall~~ **MUST** indicate the name and number of the course
 26 of study, the number of hours, dates of completion, and the name
 27 and number of schools attended or taught by the insurance producer

1 or the evidence of successful completion of ~~course work.~~

2 **COURSEWORK.** A representative of the approved program of study shall
 3 file the form and a fee of \$1.00 per hour for course credit for
 4 each insurance producer license renewal as directed by the
 5 ~~commissioner~~**DIRECTOR** within 30 days after the insurance producer
 6 completes the program. A copy of the form ~~shall~~**MUST** also be mailed
 7 first-class to the insurance producer who attended, taught, or
 8 successfully completed the program of study. The ~~commissioner~~
 9 **DIRECTOR** may enter into contracts to provide for the administrative
 10 functions of this subsection.

11 (9) ~~(10)~~The ~~commissioner~~**DIRECTOR** shall waive the continuing
 12 education requirements of this section for an insurance producer if
 13 the producer is unable to comply with the continuing education
 14 requirements of this section ~~due to~~**BECAUSE OF** military service or
 15 if the ~~commissioner~~**DIRECTOR** determines that enforcement of the
 16 requirements would cause a severe hardship. The ~~commissioner~~
 17 **DIRECTOR** shall waive the continuing education requirements of this
 18 section for the following insurance producers:

19 (a) An insurance producer who is licensed to write only travel
 20 or baggage insurance policies and whose employment is for a purpose
 21 other than the sale of those policies.

22 (b) An insurance producer who is licensed to write only
 23 limited line credit insurance.

24 (10) ~~(11)~~The ~~commissioner~~**DIRECTOR** may enter into reciprocal
 25 continuing education agreements with insurance commissioners from
 26 other states.

27 (11) ~~(12)~~If an insurance producer has not met his or her

1 continuing education requirements by the expiration date of his or
2 her license, the insurance producer ~~shall have~~ **HAS** a 90-day grace
3 period in which to meet the continuing education requirements of
4 this section. During the 90-day grace period, the insurance
5 producer shall not solicit or sell new policies of insurance, bind
6 coverage, or otherwise act as an insurance producer, except that
7 the insurance producer may continue to service policies previously
8 sold and may receive commissions on policies previously sold. If
9 the insurance producer has not met his or her continuing education
10 requirements by the expiration of the 90-day grace period, the
11 **DIRECTOR SHALL CANCEL THE** insurance producer's license. ~~shall be~~
12 ~~canceled.~~ An insurance producer whose license has been canceled
13 under this section may reapply for **A** license to act as an insurance
14 producer under section 1204, except that **THE DIRECTOR SHALL NOT**
15 **WAIVE** the program of study requirements under section 1204. ~~shall~~
16 ~~not be waived.~~

17 **(12)** ~~(13)~~ An insurance producer who has sold his or her
18 insurance business and who has not met the continuing education
19 requirements of this section shall not solicit or sell new policies
20 of insurance, bind coverage, or otherwise act as an insurance
21 producer, except that the insurance producer may continue to
22 service policies previously sold and may receive commissions on
23 policies previously sold as well as receive partial commissions on
24 policies of insurance sold by a purchasing insurance producer. An
25 insurance producer who is in the process of selling his or her
26 insurance business and who has not met the continuing education
27 requirements of this section shall not solicit or sell new policies

1 of insurance, bind coverage, or otherwise act as an insurance
2 producer, except that the insurance producer may continue to
3 service policies previously sold and may receive commissions on
4 policies previously sold as well as receive partial commissions on
5 policies of insurance sold by a purchasing insurance producer, for
6 a period not to exceed 12 months after the selling insurance
7 producer's license review date under subsection ~~(2)~~—(1). An
8 insurance producer whose license has been canceled and who wishes
9 to resume soliciting or selling new policies of insurance, bind
10 coverage, or otherwise act as an insurance producer and who has not
11 met the continuing education requirements within the immediately
12 preceding 2-year period may reapply for **A** license to act as an
13 insurance producer under section 1204.

14 **(13) FOR A REVIEW DATE AFTER DECEMBER 31, 2016 OF AN**
15 **APPLICABLE 2-YEAR PERIOD UNDER SUBSECTION (1), ALL OF THE FOLLOWING**
16 **APPLY:**

17 **(A) SUBJECT TO SUBDIVISIONS (B) AND (C), IF AN INSURANCE**
18 **PRODUCER ATTENDS OR INSTRUCTS MORE THAN 24 HOURS OF CONTINUING**
19 **EDUCATION CLASSES REQUIRED UNDER SUBSECTION (2) IN AN APPLICABLE 2-**
20 **YEAR PERIOD, EACH HOUR MORE THAN 24 HOURS IN THE APPLICABLE 2-YEAR**
21 **PERIOD MUST BE CARRIED OVER TO THE NEXT REVIEW DATE. HOWEVER, NO**
22 **MORE THAN 12 HOURS MAY BE CARRIED OVER TO THE NEXT REVIEW DATE**
23 **UNDER THIS SUBDIVISION.**

24 **(B) THE CARRYOVER DESCRIBED IN SUBDIVISION (A) DOES NOT APPLY**
25 **TO AN ETHICS IN INSURANCE CLASS OR COURSEWORK.**

26 **(C) IF AN INSURANCE PRODUCER ATTENDS OR INSTRUCTS THE SAME**
27 **CONTINUING EDUCATION CLASS IN AN APPLICABLE 2-YEAR PERIOD, AN HOUR**

1 ASSOCIATED WITH A DUPLICATIVE CLASS DOES NOT APPLY TO THE CARRYOVER
2 DESCRIBED IN SUBDIVISION (A) .

3 (14) AS USED IN THIS SECTION:

4 (A) "HOUR" MEANS A PERIOD OF TIME OF NOT LESS THAN 50 MINUTES .

5 (B) "INSURANCE PRODUCER" MEANS A LIFE-HEALTH AGENT OR
6 PROPERTY-CASUALTY AGENT .

7 (C) "LIFE-HEALTH AGENT" MEANS A RESIDENT OR NONRESIDENT
8 INDIVIDUAL INSURANCE PRODUCER LICENSED FOR LIFE, LIMITED LIFE,
9 MORTGAGE REDEMPTION, OR ACCIDENT AND HEALTH OR A COMBINATION OF
10 LIFE, LIMITED LIFE, MORTGAGE REDEMPTION, OR ACCIDENT AND HEALTH .

11 (D) "PROPERTY-CASUALTY AGENT" MEANS A RESIDENT OR NONRESIDENT
12 INDIVIDUAL INSURANCE PRODUCER OR SOLICITOR LICENSED FOR AUTOMOBILE,
13 FIRE, MULTIPLE LINES, OR ANY LIMITED OR MINOR PROPERTY AND CASUALTY
14 LINES OR A COMBINATION OF AUTOMOBILE, FIRE, MULTIPLE LINES, OR
15 LIMITED OR MINOR PROPERTY AND CASUALTY LINES .