

INSURANCE PRODUCER EDUCATION REVISIONS

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House Bill 4325 as introduced
Sponsor: Rep. Tom Barrett
Committee: Insurance
Complete to 3-29-17

Analysis available at
<http://www.legislature.mi.gov>

REVISED SUMMARY:

House Bill 4325 would amend the Insurance Code (MCL 500.1204a, et al.) to:

- Allow insurance producers (e.g., agents) to carryover (use in future years) continuing education (CE) hours in excess of the required number, subject to certain limitations.
- Give specific authority to the Director of the Department of Insurance and Financial Services (DIFS) to authorize and penalize insurance education instructors if they violate certain provisions.
- Repeal Section 1204b of the Insurance Code, the section that provides for the creation of an Insurance Agent Education Advisory Council within the Department of Labor and Economic Growth.
- Allow the DIFS director or a designee to access any classroom while a CE program of study is in progress to monitor classroom instruction.

The term "insurance producer" in this section of the code means a life-health agent or property-casualty agent.

A more detailed description of the bill follows.

DETAILED SUMMARY:

Carryover of Continuing Education Credits

Beginning with review dates after December 31, 2017, the bill would allow for carryover of CE hours, subject to the following limitations:

- If an individual completes more than 24 hours of CE in an applicable two-year period, the individual can apply each hour more than 24 to the next two-year period, with a limit of 12 hours applied to the next period.
- An individual cannot apply any hours in ethics courses to the next two-year period.
- An individual cannot apply any hours in repeated courses within a two-year period to the next two-year period.

Instructors in the Registered Insurance Agent Program of Study

Currently, instructors in the insurance agent program of study must meet qualifications and criteria set by the DIFS director. The bill would retain that provision, and would provide the director with specific authority in authorizing instructors.

The director would be able to refuse to approve an insurance education instructor, and would be able to suspend, place on probation, or revoke the approval of an approved insurance instructor, or any combination of those actions, if one or more of the following conditions apply:

1. The instructor "violates an insurance law or violates a rule, subpoena, or order of the director or of another state's insurance commissioner."
2. The instructor "uses fraudulent, coercive, or dishonest practices or demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or outside this state."
3. The "instructor's insurance producer license or its equivalent is revoked in any state, province, district, or territory."

Repeal of the Insurance Agent Education Advisory Council

The bill would repeal the statute creating the Insurance Agent Education Advisory Council, a council made of representatives from state and national insurance associations, insurers, licensed insurance agents, the general public, and the insurance education field. The members serve without compensation. The Council is tasked with reviewing and making recommendations regarding the registered insurance agent program of study, reviewing and making recommendations regarding continuing education programs of study, and making recommendations with respect to educational requirements of insurance agents.

BRIEF BACKGROUND:

The Insurance Code requires an insurance producer's accrued hours of study to be reviewed for license renewal every two years. Current statute requires that before the review date, an insurance producer wishing to renew a license must attend or instruct at least 24 hours of CE classes approved by the DIFS director, or complete 24 hours of home study or online training classes, provided there is evidence of successful completion of coursework approved by the director. At least three hours of the CE requirement must be in ethics in insurance classes or coursework.

FISCAL IMPACT:

House Bill 4325 would have a negative fiscal impact on the Department of Insurance and Financial Services. The department estimates that at least \$40,000 would need to be expended for IT upgrades, which would be necessary for compliance with the provisions of the bill. The other effects of the bill (including the elimination of the Insurance Agent Education Advisory Council) would not result in significant fiscal impacts for the department. The bill would not have a fiscal impact on other units of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.