

HOUSE BILL No. 4325

March 7, 2017, Introduced by Reps. Barrett, Hughes, Theis, Lucido, Green and Greimel and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 1204a and 1204c (MCL 500.1204a and 500.1204c),
section 1204a as amended by 2008 PA 575 and section 1204c as
amended by 2008 PA 574; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1204a. (1) To qualify as a registered insurance agent
2 program of study, the program of study ~~shall~~**MUST** meet all of the
3 following criteria:

4 (a) Be conducted through an educational institution offering
5 home study courses that has been in existence for not less than 5
6 years, by an insurance trade association, by an authorized insurer
7 as provided in subsection (2), or by an educational institution
8 listed in the state board of education directory of institutions of
9 higher learning.

(b) Except as provided in subsection (2), provide for a minimum number of hours of classroom instruction or its equivalent in home study or online courses as follows:

(i) For a program of study for health insurance producers, 20 hours of instruction.

(ii) For a program of study for life insurance producers, 20 hours of instruction.

(iii) For a combined program of study for life and health insurance producers, 40 hours of instruction.

(iv) For a program of study for property insurance producers and solicitors, 20 hours of instruction.

(v) For a program of study for casualty insurance producers and solicitors, 20 hours of instruction.

(vi) For a program of study for personal lines producers, 20 hours of instruction.

(vii) For a program of study for property and casualty producers and solicitors, 40 hours of instruction. A program of study completed under this subparagraph satisfies the program of study requirements for personal lines producers and solicitors.

(c) Include instruction in ethical practices in the marketing and selling of insurance.

(d) ~~Instruction shall~~ **SUBJECT TO SUBSECTION (5), INSTRUCTION** **MUST** be given only by individuals who meet the qualifications required by the ~~commissioner.~~ **DIRECTOR**. The ~~commissioner, after consulting the insurance agent education advisory council,~~ **DIRECTOR** shall promulgate rules prescribing the criteria that must be met by a person ~~in order to~~ render instruction in a registered insurance

1 agent program of study.

2 (2) An authorized insurer may conduct that portion of the
3 minimum number of hours of instruction under subsection (1) as the
4 ~~commissioner~~**DIRECTOR** considers appropriate. Any combination of
5 classroom, online, or self-study hours may be used in satisfying
6 the minimum number of hours of instruction under subsection (1).

7 (3) The ~~commissioner~~**DIRECTOR** shall promulgate rules
8 prescribing the subject matter that a program of study must possess
9 to qualify for registration under this section.

10 (4) The ~~commissioner~~**DIRECTOR** may ~~make recommendations for~~
11 **RECOMMEND** improvements in course materials as considered necessary
12 by the ~~commissioner~~**DIRECTOR**. The ~~commissioner~~**DIRECTOR** may, after
13 notice and opportunity for a hearing, withdraw the registration of
14 a program of study that does not maintain reasonable standards as
15 determined by the ~~commissioner~~**DIRECTOR** for the protection of the
16 public.

17 (5) **THE DIRECTOR MAY REFUSE TO APPROVE AN INSURANCE EDUCATION**
18 **INSTRUCTOR, AND THE DIRECTOR MAY PLACE AN APPROVED INSURANCE**
19 **EDUCATION INSTRUCTOR ON PROBATION OR SUSPEND OR REVOKE APPROVAL OF**
20 **AN APPROVED INSURANCE EDUCATION INSTRUCTOR, OR TAKE ANY COMBINATION**
21 **OF THESE ACTIONS, IF 1 OR MORE OF THE FOLLOWING APPLY:**

22 (A) **THE INSURANCE EDUCATION INSTRUCTOR VIOLATES AN INSURANCE**
23 **LAW OR VIOLATES A RULE, SUBPOENA, OR ORDER OF THE DIRECTOR OR OF**
24 **ANOTHER STATE'S INSURANCE COMMISSIONER.**

25 (B) **THE INSURANCE EDUCATION INSTRUCTOR USES FRAUDULENT,**
26 **COERCIVE, OR DISHONEST PRACTICES OR DEMONSTRATES INCOMPETENCE,**
27 **UNTRUSTWORTHINESS, OR FINANCIAL IRRESPONSIBILITY IN THE CONDUCT OF**

1 BUSINESS IN THIS STATE OR OUTSIDE THIS STATE.

2 (C) THE INSURANCE EDUCATION INSTRUCTOR'S INSURANCE PRODUCER
3 LICENSE OR ITS EQUIVALENT IS REVOKED IN ANY STATE, PROVINCE,
4 DISTRICT, OR TERRITORY.

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

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

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

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

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

17 (1) ~~(2)~~ An insurance producer's hours of study accrued under
18 this section shall ~~shall~~ **MUST** be reviewed for license continuance every 2
19 years under a schedule established by the ~~commissioner~~. **DIRECTOR**.
20 The ~~commissioner~~ **DIRECTOR** may establish a schedule for license
21 continuation that staggers license continuation dates to apportion
22 the continuation dates throughout the calendar year. If the system
23 of staggered continuation is adopted, the ~~commissioner~~ **DIRECTOR** may
24 extend the licensure period for some licensees.

25 (2) ~~(3)~~ Except as provided in subsections ~~(10)~~ **(9)** to ~~(13)~~,
26 **(12)**, AND SUBJECT TO SUBSECTION **(13)**, before the review date of
27 each applicable 2-year period provided for under subsection ~~(2)~~,

1 (1), an insurance producer wishing to renew his or her license
2 shall renew his or her license by attending or instructing not less
3 than 24 hours of continuing education classes approved by the
4 ~~commissioner~~**DIRECTOR** or 24 hours of home study or online training
5 if evidenced by successful completion of ~~course work~~**COURSEWORK**
6 approved by the ~~commissioner~~**DIRECTOR**. Of the 24 hours of
7 continuing education required, not less than 3 hours ~~shall~~**MUST** be
8 in ethics in insurance classes or ~~course work~~**COURSEWORK**.

9 (3) ~~(4) After reviewing recommendations made by the council~~
10 ~~under section 1204b, the commissioner~~**THE DIRECTOR** shall approve a
11 **REGISTERED INSURANCE AGENT** program of study if the ~~commissioner~~
12 **DIRECTOR** determines that the program increases knowledge of
13 insurance and related subjects as follows:

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

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

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

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

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

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

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

(vii) Accounting and actuarial considerations in insurance.

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

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

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

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

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

(iii) Basic principles of risk management.

(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 casualty insurance contracts, no-fault insurance contracts, or property insurance 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.

(4) ~~(5)~~—A provider of a program of study for insurance producers applying for approval or reapproval from the ~~commissioner~~ **DIRECTOR** under this section shall file, on a form provided by the ~~commissioner~~, **DIRECTOR**, a description of the course of study including a description of the subject matter and course materials,

1 hours of instruction, location of classroom, qualifications of
 2 instructors, and maximum student-instructor ratio and shall pay a
 3 nonrefundable \$25.00 filing fee. Any material change in a program
 4 of study ~~shall require~~ **REQUIRES THE** reapproval ~~by OF~~ the
 5 ~~commissioner.~~ **DIRECTOR.** If the information in an application for
 6 approval or reapproval is insufficient for the ~~commissioner~~
 7 **DIRECTOR** to determine whether the program of study meets the
 8 requirements under subsection ~~(4),~~ **(3)**, the ~~commissioner~~ **DIRECTOR**
 9 shall give written notice to the provider, within 15 days after the
 10 provider's filing of the application for approval or reapproval, of
 11 the additional information needed by the ~~commissioner.~~ **DIRECTOR.** An
 12 application for approval or reapproval ~~shall be~~ **IS** considered
 13 approved unless disapproved by the ~~commissioner~~ **DIRECTOR** within 90
 14 days after the application for approval or reapproval is filed, or
 15 within 90 days after the receipt of additional information if the
 16 information was requested by the ~~commissioner,~~ **DIRECTOR**, whichever
 17 is later.

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

24 **(6)** ~~(7)~~—A person dissatisfied with an approved program of
 25 study may petition the ~~commissioner~~ **DIRECTOR** for a hearing on the
 26 program or the ~~commissioner~~ **DIRECTOR** on his or her own initiative
 27 may request a hearing on a program of study. If the ~~commissioner~~

1 **DIRECTOR** finds **THAT** the petition ~~to have been WAS~~ submitted in good
 2 faith, that the petition if true shows **THAT** the program of study
 3 does not satisfy the criteria in subsection ~~(4), (3)~~, or that the
 4 petition otherwise justifies holding a hearing, the ~~commissioner~~
 5 **DIRECTOR** shall hold a hearing ~~pursuant to~~ **UNDER** chapter 4 of the
 6 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
 7 24.287, within 30 days after receipt of the petition and ~~upon~~ **ON**
 8 not less than 10 days' written notice to the petitioner and the
 9 provider of the program of study. If the ~~commissioner~~ **DIRECTOR**
 10 requests a hearing on a program of study on his or her own
 11 initiative, the ~~commissioner~~ **DIRECTOR** shall hold a hearing ~~pursuant~~
 12 ~~to~~ **UNDER** chapter 4 of the administrative procedures act of 1969,
 13 1969 PA 306, MCL 24.271 to 24.287, ~~upon~~ **ON** not less than 10 days'
 14 written notice to the provider of the program of study.

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

24 (8) ~~(9)~~ A certificate of attendance or instruction ~~of~~ **IN** an
 25 approved program of study or a certificate of successful completion
 26 of ~~course work shall~~ **COURSEWORK MUST** be filed as directed by the
 27 ~~commissioner~~ **DIRECTOR** on a form prescribed by the ~~commissioner~~

DIRECTOR and ~~shall~~ **MUST** indicate the name and number of the course of study, the number of hours, dates of completion, and the name and number of schools attended or taught by the insurance producer or the evidence of successful completion of ~~course work~~.

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

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

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

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

(10) ~~(11)~~ The ~~commissioner~~ **DIRECTOR** may enter into reciprocal

1 continuing education agreements with insurance commissioners from
2 other states.

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

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

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

16 **(13) FOR A REVIEW DATE AFTER DECEMBER 31, 2017 OF AN**
 17 **APPLICABLE 2-YEAR PERIOD UNDER SUBSECTION (1), ALL OF THE FOLLOWING**
 18 **APPLY:**

19 **(A) SUBJECT TO SUBDIVISIONS (B) AND (C), IF AN INSURANCE**
 20 **PRODUCER COMPLETES MORE THAN 24 HOURS OF CONTINUING EDUCATION IN AN**
 21 **APPLICABLE 2-YEAR PERIOD, THE INSURANCE PRODUCER MAY, FOR PURPOSES**
 22 **OF SUBSECTION (2), APPLY EACH HOUR MORE THAN 24 HOURS TO THE NEXT**
 23 **2-YEAR PERIOD. HOWEVER, NO MORE THAN 12 HOURS MAY BE APPLIED TO THE**
 24 **NEXT APPLICABLE 2-YEAR PERIOD UNDER THIS SUBDIVISION.**

25 **(B) AN INSURANCE PRODUCER MAY NOT APPLY ANY HOURS IN ETHICS IN**
 26 **INSURANCE CLASSES OR COURSEWORK TO THE NEXT APPLICABLE 2-YEAR**
 27 **PERIOD UNDER SUBDIVISION (A).**

1 (C) IF AN INSURANCE PRODUCER COMPLETES THE SAME CONTINUING
2 EDUCATION CLASS OR COURSEWORK UNDER SUBSECTION (2) IN AN APPLICABLE
3 2-YEAR PERIOD, AN HOUR ASSOCIATED WITH A DUPLICATIVE CLASS OR
4 COURSEWORK MAY NOT BE APPLIED TO THE NEXT APPLICABLE 2-YEAR PERIOD
5 UNDER SUBDIVISION (A) .

6 (14) THE DIRECTOR OR HIS OR HER DESIGNEE MAY ACCESS ANY
7 CLASSROOM WHILE INSTRUCTION FOR A PROGRAM OF STUDY UNDER SECTION
8 1204A OR THIS SECTION IS IN PROGRESS TO MONITOR THE CLASSROOM
9 INSTRUCTION.

10 (15) AS USED IN THIS SECTION:

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

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

14 (C) "LIFE-HEALTH AGENT" MEANS A RESIDENT OR NONRESIDENT
15 INDIVIDUAL INSURANCE PRODUCER LICENSED FOR LIFE, LIMITED LIFE,
16 MORTGAGE REDEMPTION, OR ACCIDENT AND HEALTH OR A COMBINATION OF
17 LIFE, LIMITED LIFE, MORTGAGE REDEMPTION, OR ACCIDENT AND HEALTH.

18 (D) "PROPERTY-CASUALTY AGENT" MEANS A RESIDENT OR NONRESIDENT
19 INDIVIDUAL INSURANCE PRODUCER OR SOLICITOR LICENSED FOR AUTOMOBILE,
20 FIRE, MULTIPLE LINES, OR ANY LIMITED OR MINOR PROPERTY AND CASUALTY
21 LINES OR A COMBINATION OF AUTOMOBILE, FIRE, MULTIPLE LINES, OR
22 LIMITED OR MINOR PROPERTY AND CASUALTY LINES.

23 Enacting section 1. Section 1204b of the insurance code of
24 1956, 1956 PA 218, MCL 500.1204b, is repealed.