



Senate Fiscal Agency
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House Bill 4044 (Substitute H-2 as passed by the House)

Sponsor: Representative Michele Hoytenga

House Committee: Insurance

Ways and Means

Senate Committee: Insurance and Banking

Date Completed: 10-15-19

CONTENT

The bill would amend the Insurance Code to modify the circumstances under which the Director of the Department of Insurance and Financial Services could not issue a resident or nonresident insurance producer license, and include circumstances under which the Director could refuse to issue a license.

In addition to other powers under the Code, the Director may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine or any combination of actions, and may not issue a resident or nonresident insurance producer license, for certain causes specified in the Code, including for one of more of the following:

- Providing incorrect, misleading, incomplete, or materially untrue information in a license application.
- Violating any insurance laws or violating any regulation, subpoena, or order of the Director or another states insurance commissioner.
- Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory.
- Improperly using notes or any other reference material to complete an examination for an insurance license.
- Failing to comply with an administrative or court order imposing a child support obligation.
- Failing to pay the Single Business Tax or the Michigan Business Tax or comply with any administrative or court order directing payment of the single business tax or the Michigan business tax.

Instead, under the bill, the Director could place on probation, suspend, or revoke an insurance producer's license or could levy a civil fine or any combination of actions, and *could refuse* to issue a resident or nonresident insurance producer license for any one or more of the causes stated above.

Under the Code, the Director also may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine or any combination of actions, and may not issue a resident or nonresident insurance producer license if the licensee has been convicted of a felony.

Instead, under the bill, this provision would refer to having been convicted of a felony within 10 years before a license application was filed.

The Director could place on probation, suspend, or revoke an insurance producer's license or could levy a civil fine or any combination of actions, and could not issue a license, for having been convicted of a felony involving any of the following, regardless of the date of conviction:

- Violence or threat of violence against an individual, including domestic violence.
- Criminal sexual conduct.
- A felony of a fiduciary nature or financial nature such as fraud, embezzlement, bribery, or extortion.

Additionally, the Director could place on probation, suspend, or revoke an insurance producer's license or could levy a civil fine or any combination of actions, and could refuse to issue a resident or nonresident insurance producer license for having been convicted of a felony other than a felony described above.

After examination, investigation, and interrogatories, the Director would have to issue a resident or nonresident insurance producer license to an applicant if the Director determined that the applicant possessed good moral character to act as an insurance producer.

The bill would take effect six months after its enactment.

MCL 500.1205 & 500.1239

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Raczkowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.