

HOUSE BILL NO. 4044

January 15, 2019, Introduced by Rep. Hoitenga and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 1205 and 1239 (MCL 500.1205 and 500.1239),
section 1205 as amended by 2008 PA 422 and section 1239 as amended
by 2008 PA 423.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1205. (1) A person applying for a resident insurance
2 producer license shall file with the ~~commissioner~~**director** the
3 uniform application required by the ~~commissioner~~**director** and shall
4 declare under penalty of refusal, suspension, or revocation of the



1 license that the statements made in the application are true,
2 correct, and complete to the best of the individual's knowledge and
3 belief. ~~An~~ **The director shall not approve an** application for a
4 resident insurer producer license ~~shall not be approved~~ unless the
5 ~~commissioner~~ **director** finds that the individual meets all of the
6 following **conditions**:

7 (a) Is at least 18 years of age.

8 (b) ~~Has~~ **Subject to section 1239(2), has** not committed any act
9 listed in section 1239(1).

10 (c) As required under section 1204(2), has completed a
11 prelicensing course of study for the qualifications for which the
12 person has applied.

13 (d) Has paid the fees applicable to the individual under
14 section 240.

15 (e) Has successfully passed the examination required for each
16 qualification for which the person has applied.

17 (2) A business entity acting as an insurance producer shall
18 obtain an insurance producer license. A business entity applying
19 for an insurance producer license shall file with the ~~commissioner~~
20 **director** the uniform business entity application required by the
21 ~~commissioner~~. ~~An~~ **director**. **The director shall not approve an**
22 application for an insurance producer license under this subsection
23 ~~shall not be approved~~ unless the ~~commissioner~~ **director** finds all of
24 the following:

25 (a) The business entity has paid the fees under section
26 240(1)(d).

27 (b) The business entity has designated an individual licensed
28 producer responsible for the business entity's compliance with this
29 state's insurance laws, rules, and regulations.



1 (c) ~~The~~ **Subject to section 1239(2), the** business entity has
2 not committed any act listed in section 1239(1).

3 (3) The ~~commissioner~~ **director** may require the production of
4 any documents reasonably necessary to verify the information
5 contained in an application.

6 (4) ~~Each~~ **An** insurer that sells, solicits, or negotiates any
7 form of limited line credit insurance shall provide to each
8 individual whose duties will include selling, soliciting, or
9 negotiating limited line credit insurance a program of instruction
10 that may be approved by the ~~commissioner~~ **director**.

11 Sec. 1239. (1) In addition to any other powers under this act,
12 the ~~commissioner~~ **director** may place on probation, suspend, or
13 revoke an insurance producer's license or may levy a civil fine
14 under section 1244 or any combination of actions, and, **except as**
15 **otherwise provided in subsection (2), the commissioner** ~~director~~
16 shall ~~refuse to~~ **not** issue a license under section 1205 or 1206a,
17 for any 1 or more of the following causes:

18 (a) Providing incorrect, misleading, incomplete, or materially
19 untrue information in the license application.

20 (b) Violating any insurance laws or violating any regulation,
21 subpoena, or order of the ~~commissioner~~ **director** or of another
22 state's insurance commissioner.

23 (c) Obtaining or attempting to obtain a license through
24 misrepresentation or fraud.

25 (d) Improperly withholding, misappropriating, or converting
26 any money or property received in the course of doing insurance
27 business.

28 (e) Intentionally misrepresenting the terms of an actual or
29 proposed insurance contract or application for insurance.



1 (f) Having been convicted of a felony **involving dishonesty or**
2 **a breach of trust.**

3 (g) Having admitted or been found to have committed any
4 insurance unfair trade practice or fraud.

5 (h) Using fraudulent, coercive, or dishonest practices or
6 demonstrating incompetence, untrustworthiness, or financial
7 irresponsibility in the conduct of business in this state or
8 elsewhere.

9 (i) Having an insurance producer license or its equivalent
10 denied, suspended, or revoked in any other state, province,
11 district, or territory.

12 (j) Forging another's name to an application for insurance or
13 to any document related to an insurance transaction.

14 (k) Improperly using notes or any other reference material to
15 complete an examination for an insurance license.

16 (l) Knowingly accepting insurance business from an individual
17 who is not licensed.

18 (m) Failing to comply with an administrative or court order
19 imposing a child support obligation.

20 (n) Failing to pay the single business tax or the Michigan
21 business tax or comply with any administrative or court order
22 directing payment of the single business tax or the Michigan
23 business tax.

24 **(2) The director is not required to deny an application for a**
25 **license under section 1205 or 1206a if the only basis for the**
26 **denial is that the applicant was convicted of a felony described in**
27 **subsection (1) (f) .**

28 **(3) ~~(2)~~ Before the ~~commissioner~~ director denies an application**
29 **for a license under section 1205 or 1206a, the ~~commissioner~~**



1 **director** shall notify in writing the applicant or licensee of the
 2 denial and of the reason for the denial. Not later than 30 days
 3 after this written denial, the applicant or licensee may make
 4 written demand ~~upon~~**on** the ~~commissioner~~**director** for a hearing
 5 before the ~~commissioner~~**director** to determine the reasonableness of
 6 the ~~commissioner's~~**director's** action. A hearing under this
 7 subsection ~~shall~~**must** be held ~~pursuant to~~**under** the administrative
 8 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

9 (4) ~~(3)~~The license of a business entity may be suspended,
 10 revoked, or refused if the ~~commissioner~~**director** finds, after
 11 hearing, that an individual licensee's violation was known or
 12 should have been known by 1 or more of the partners, officers, or
 13 managers acting on behalf of the partnership or corporation and the
 14 violation was ~~neither~~**not** reported to the ~~commissioner~~**nor director**
 15 **and** corrective action **was not** taken.

16 (5) ~~(4)~~In addition to or ~~in lieu~~**instead** of any applicable
 17 denial, suspension, or revocation of a license, a person may, after
 18 hearing, be subject to a civil fine under section 1244.

19 (6) ~~(5)~~In addition to the penalties under this section, the
 20 ~~commissioner~~**director** may enforce the provisions of and impose any
 21 penalty or remedy authorized by this act against ~~any~~**a** person ~~who~~
 22 **that** is under investigation for or charged with a violation of this
 23 act even if the person's license or registration has been
 24 surrendered or has lapsed by operation of law.

