

# SENATE BILL NO. 31

January 26, 2021, Introduced by Senator MACDONALD and referred to the Committee on Insurance and Banking.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 1204c (MCL 500.1204c), as amended by 2017 PA 67.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1204c. (1) An insurance producer's hours of study accrued  
2 under this section must be reviewed for license continuance every 2  
3 years under a schedule established by the director. The director  
4 may establish a schedule for license continuation that staggers

1 license continuation dates to apportion the continuation dates  
 2 throughout the calendar year. If the system of staggered  
 3 continuation is adopted, the director may extend the licensure  
 4 period for some licensees.

5 (2) Except as provided in subsections (9) to (12), and subject  
 6 to ~~subsection~~**subsections** (13) **and (14)**, before the review date of  
 7 each applicable 2-year period provided for under subsection (1), an  
 8 insurance producer wishing to renew his or her license shall renew  
 9 his or her license by attending or instructing not less than 24  
 10 hours of continuing education classes approved by the director or  
 11 24 hours of home study or online training if evidenced by  
 12 successful completion of coursework approved by the director. Of  
 13 the 24 hours of continuing education required, not less than 3  
 14 hours must be in ethics in insurance classes or coursework.

15 (3) The director shall approve a registered insurance producer  
 16 program of study if the director determines that the program  
 17 increases knowledge of insurance and related subjects as follows:

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

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

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

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

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

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

29 (vi) Principal provisions used in life insurance contracts,

1 health insurance contracts, or annuity contracts and differences in  
2 types of coverages.

3 (vii) Accounting and actuarial considerations in insurance.

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

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

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

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

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

14 (iii) Basic principles of risk management.

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

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

19 (vi) Principal provisions used in casualty insurance contracts,  
20 no-fault insurance contracts, or property insurance contracts and  
21 differences in types of coverages.

22 (vii) Accounting and actuarial considerations in insurance.

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

25 (4) A provider of a program of study for insurance producers  
26 applying for approval or reapproval from the director under this  
27 section shall file, on a form provided by the director, a  
28 description of the course of study including a description of the  
29 subject matter and course materials, hours of instruction, location

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

15 (5) A provider of a program of study approved by the director  
16 under this section shall pay a provider authorization fee of  
17 \$500.00 for the first year the provider's program of study is  
18 approved under this section and a \$100.00 provider renewal fee for  
19 each subsequent year that the provider offers the approved program  
20 of study.

21 (6) A person dissatisfied with an approved program of study  
22 may petition the director for a hearing on the program or the  
23 director on his or her own initiative may request a hearing on a  
24 program of study. If the director finds that the petition was **not**  
25 submitted in good faith, that the petition if true shows that the  
26 program of study does not satisfy the criteria in subsection (3),  
27 or that the petition otherwise justifies holding a hearing, the  
28 director shall hold a hearing under chapter 4 of the administrative  
29 procedures act of 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**,

1 within 30 days after receipt of the petition and on not less than  
2 10 days' written notice to the petitioner and the provider of the  
3 program of study. If the director requests a hearing on a program  
4 of study on his or her own initiative, the director shall hold a  
5 hearing under chapter 4 of the administrative procedures act of  
6 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**, on not less than  
7 10 days' written notice to the provider of the program of study.

8 (7) If after a hearing under subsection (6) the director finds  
9 that the program of study does not satisfy the requirements under  
10 subsection (3), the director shall state, in a written order mailed  
11 first-class to the petitioner and provider of the program of study,  
12 his or her findings and the date on which the director will revoke  
13 approval of the program of study, which date must be within a  
14 reasonable time ~~of~~ **after** the issuance of the order.

15 (8) A certificate of attendance or instruction in an approved  
16 program of study or a certificate of successful completion of  
17 coursework must be filed as directed by the director on a form  
18 prescribed by the director and must indicate the name and number of  
19 the course of study, the number of hours, dates of completion, and  
20 the name and number of schools attended or taught by the insurance  
21 producer or the evidence of successful completion of coursework. A  
22 representative of the approved program of study shall file the form  
23 and a fee of \$1.00 per hour for course credit for each insurance  
24 producer license renewal as directed by the director within 30 days  
25 after the insurance producer completes the program. A copy of the  
26 form must also be mailed first-class to the insurance producer who  
27 attended, taught, or successfully completed the program of study.  
28 The director may enter into contracts to provide for the  
29 administrative functions of this subsection.

1           (9) The director shall waive the continuing education  
2 requirements of this section for an insurance producer if the  
3 producer is unable to comply with the continuing education  
4 requirements of this section because of military service or if the  
5 director determines that enforcement of the requirements would  
6 cause a severe hardship. The director shall waive the continuing  
7 education requirements of this section for the following insurance  
8 producers:

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

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

14           (10) The director may enter into reciprocal continuing  
15 education agreements with insurance commissioners from other  
16 states.

17           (11) If an insurance producer has not met his or her  
18 continuing education requirements by the expiration date of his or  
19 her license, the insurance producer has a 90-day grace period in  
20 which to meet the continuing education requirements of this  
21 section. During the 90-day grace period, the insurance producer  
22 shall not solicit or sell new policies of insurance, bind coverage,  
23 or otherwise act as an insurance producer, except that the  
24 insurance producer may continue to service policies previously sold  
25 and may receive commissions on policies previously sold. If the  
26 insurance producer has not met his or her continuing education  
27 requirements by the expiration of the 90-day grace period, the  
28 director shall cancel the insurance producer's license. An  
29 insurance producer whose license has been canceled under this

1 section may reapply for a license to act as an insurance producer  
2 under section 1204.

3 (12) An insurance producer who has sold his or her insurance  
4 business and who has not met the continuing education requirements  
5 of this section shall not solicit or sell new policies of  
6 insurance, bind coverage, or otherwise act as an insurance  
7 producer, except that the insurance producer may continue to  
8 service policies previously sold and may receive commissions on  
9 policies previously sold as well as receive partial commissions on  
10 policies of insurance sold by a purchasing insurance producer. An  
11 insurance producer who is in the process of selling his or her  
12 insurance business and who has not met the continuing education  
13 requirements of this section shall not solicit or sell new policies  
14 of insurance, bind coverage, or otherwise act as an insurance  
15 producer, except that the insurance producer may continue to  
16 service policies previously sold and may receive commissions on  
17 policies previously sold as well as receive partial commissions on  
18 policies of insurance sold by a purchasing insurance producer, for  
19 a period not to exceed 12 months after the selling insurance  
20 producer's license review date under subsection (1). An insurance  
21 producer whose license has been canceled and who wishes to resume  
22 soliciting or selling new policies of insurance, bind coverage, or  
23 otherwise act as an insurance producer and who has not met the  
24 continuing education requirements within the immediately preceding  
25 12 months may reapply for a license to act as an insurance producer  
26 under section 1204.

27 (13) After ~~1 year after the effective date of the amendatory~~  
28 ~~act that added subsection (14),~~ **June 30, 2018,** for a review date of  
29 an applicable 2-year period under subsection (1), all of the

1 following apply:

2 (a) Subject to subdivisions (b) and (c), if an insurance  
3 producer completes more than 24 hours of continuing education in an  
4 applicable 2-year period, the insurance producer may, for purposes  
5 of subsection (2), apply each hour more than 24 hours to the next  
6 2-year period. However, no more than 12 hours may be applied to the  
7 next applicable 2-year period under this subdivision.

8 (b) An insurance producer may not apply any hours in ethics in  
9 insurance classes or coursework to the next applicable 2-year  
10 period under subdivision (a).

11 (c) If an insurance producer completes the same continuing  
12 education class or coursework under subsection (2) in an applicable  
13 2-year period, an hour associated with a duplicative class or  
14 coursework may not be applied to the next applicable 2-year period  
15 under subdivision (a).

16 **(14) For a review date after December 31, 2020 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 is an active member of a local, regional, state, or  
21 national professional insurance association, the insurance producer  
22 is credited 4 hours toward the 24 hours of the continuing education  
23 classes or home study or online training required under subsection  
24 (2).

25 (b) The 4 hours credited under subdivision (a) do not count  
26 toward the 3 hours in ethics in insurance classes or coursework  
27 required under subsection (2).

28 (c) The director shall not credit the 4 hours under  
29 subdivision (a) unless the director approves the professional

1 insurance association. The director shall not approve a  
2 professional insurance association under this subdivision unless  
3 the director determines all of the following apply:

4 (i) The professional insurance association has been in  
5 existence for at least 5 years.

6 (ii) The professional insurance association was formed for  
7 purposes other than providing continuing education.

8 (iii) The professional insurance association has provided the  
9 director with the association's articles of incorporation on file  
10 with the department of licensing and regulatory affairs.

11 (d) A professional insurance association approved by the  
12 director under subdivision (c) shall do all of the following:

13 (i) Certify to the director that the insurance producer  
14 maintains an active membership in the approved association for the  
15 duration of the biennial continuing education period.

16 (ii) Certify to the director that the insurance producer  
17 attended 50% of the regular meetings of the association.

18 (iii) Certify to the director that the insurance producer  
19 attended a statewide meeting on an annual basis.

20 (15) ~~(14)~~—The director or his or her designee may access any  
21 classroom while instruction for a program of study under section  
22 1204a or this section is in progress to monitor the classroom  
23 instruction.

24 (16) ~~(15)~~—For an insurance producer program of study under  
25 this section, the director may refuse to approve an insurance  
26 education instructor, and the director may place an approved  
27 insurance education instructor on probation or suspend or revoke  
28 approval of an approved insurance education instructor, or take any  
29 combination of these actions, if 1 or more of the following apply:

1 (a) The insurance education instructor violates an insurance  
2 law or violates a rule, subpoena, or order of the director or of  
3 another state's insurance commissioner.

4 (b) The insurance education instructor uses fraudulent,  
5 coercive, or dishonest practices or demonstrates incompetence,  
6 untrustworthiness, or financial irresponsibility in the conduct of  
7 business in this state or outside this state.

8 (c) The insurance education instructor's insurance producer  
9 license or its equivalent is revoked in conjunction with a  
10 disciplinary action in any state, province, district, or territory.

11 **(17)** ~~(16)~~—As used in this section:

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

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

15 (c) "Life-health agent" means a resident or nonresident  
16 individual insurance producer licensed for life, limited life,  
17 mortgage redemption, or accident and health or a combination of  
18 life, limited life, mortgage redemption, or accident and health.

19 (d) "Property-casualty agent" means a resident or nonresident  
20 individual insurance producer or solicitor licensed for automobile,  
21 fire, multiple lines, or any limited or minor property and casualty  
22 lines or a combination of automobile, fire, multiple lines, or  
23 limited or minor property and casualty lines.