

DRIVER EDUCATION PROVIDER AND INSTRUCTOR ACT (EXCERPT)
Act 384 of 2006

256.629 Driver education provider certificate; application; classifications; investigation; eligibility requirements; evidence; bond or renewal certificate; stipulation of agreement to service of process; applicability of subsection (3); classroom facility; liability insurance; multiple driving facility; orientation and education program; fees.

Sec. 9. (1) A person may apply to the secretary of state for a driver education provider certificate in 1 or more of the following classifications:

- (a) Adult driver training.
- (b) Teen driver training.
- (c) Commercial vehicle driver training.

(2) The secretary of state shall not grant an original driver education provider certificate under this act until an investigation is made of the applicant's qualification.

(3) Except as provided in this act, an applicant must do or submit evidence that he or she has done or will do, as applicable, all of the following to be eligible to receive a driver education provider certificate:

- (a) Submit a properly completed application signed by the applicant.
- (b) Maintain an established office location.
- (c) Maintain classroom facilities in a public or commercial setting.
- (d) Maintain the surety bond required under this section.
- (e) Require each of their designated representatives or coordinators to complete a criminal history check as described in section 29.
- (f) Provide the name and address of each designated representative or coordinator of the applicant, if applicable.
- (g) Provide the name, address, date of birth, and Social Security number of each owner or partner and, if a corporation, of each of the principal officers.
- (h) Provide a statement of the previous history, record, and associations of the applicant and of each owner, partner, officer, director, and designated representative or coordinator. The statement must be sufficient to establish to the satisfaction of the secretary of state the business reputation and character of the applicant.
- (i) Provide a statement indicating whether the applicant or its designated representative or coordinator has ever applied for a driver education provider certificate in this state or any other state, and the result of that application.
- (j) Provide a statement indicating whether the applicant or its designated representative or coordinator has ever been denied a driver education provider certificate or has ever been the holder of a certificate that was suspended or revoked.
- (k) If the applicant is a corporation or partnership, provide a statement indicating whether a partner, employee, officer, director, or its designated representative or coordinator has ever been denied a driver education provider certificate or has ever been the holder of a certificate that was suspended or revoked.
- (l) Certify that the applicant or another person named on the application is not acting as the alter ego of any other person or persons in seeking the certificate. For the purpose of this subdivision, "alter ego" means a person that acts for and on behalf of, or in the place of, another person for purposes of obtaining a driver education provider certificate.
- (m) Affirm that the established office location meets all applicable zoning and municipal requirements.
- (n) Obtain written or electronic verification from the state fire marshal or his or her representative that the proposed classroom facilities have been inspected and approved by the state fire marshal or his or her representative according to state and local building code and public occupancy requirements.
- (o) Obtain written or electronic verification from an insurer that the applicant maintains or will maintain bodily injury and property damage liability insurance on each motor vehicle used in a driver education course.
- (p) Except as otherwise provided in this subdivision, submit a nonrefundable application processing fee with each application for a separate established place of business where records will be maintained as follows:
 - (i) \$225.00 for a driver education provider that offers adult or teen driver training.
 - (ii) \$360.00 for a driver education provider that offers commercial vehicle driver training.
 - (iii) A fee is not required for an additional location that is used for the sole purpose of conducting classroom instruction and at which records are not maintained, enrollments are not made, and staff is not ordinarily assigned, except for the purpose of conducting classroom instruction.
- (q) Provide a statement indicating whether the applicant will use a multiple vehicle driving facility in a driver education course. If a facility will be used, all of the following apply, as applicable:
 - (i) The statement must include a detailed description of the facility as determined necessary by the

secretary of state and its address.

(ii) The facility range must be large enough to accommodate any driver skills testing maneuver required by 49 CFR part 380. The facility range may be reset between maneuvers as necessary to complete all required maneuvers.

(iii) A multiple vehicle driving facility review and approval fee of \$125.00 must accompany the applicant's application for a driver education provider certificate.

(r) Provide other information and documents as prescribed by the secretary of state necessary to determine whether the applicant meets the requirements of this act.

(4) An application for an original driver education provider certificate must include a properly executed surety bond or renewal certificate with the application. If a renewal certificate is used, the bond is considered renewed for each succeeding year in the same amount and with the same effect as an original bond. The bond or certificate must be maintained continuously without interruption to protect the contractual rights of students. The bond or certificate of an adult or teen driver education provider with 999 or fewer students in a calendar year must be in the principal sum of \$20,000.00 with good and sufficient surety to be approved by the secretary of state. The bond or certificate of an adult or teen driver education provider with 1,000 or more students in a calendar year must be in the principal sum of \$40,000.00 with good and sufficient surety to be approved by the secretary of state. The bond or certificate of a commercial vehicle driver education provider must be in the principal sum of \$50,000.00 with good and sufficient surety to be approved by the secretary of state. The bond must indemnify or reimburse a student, financing agency, or governmental agency for monetary loss caused through fraud, cheating, or misrepresentation in the conduct of the driver education provider's business where the fraud, cheating, or misrepresentation was made by the provider or by an employee, agent, instructor, or salesperson of the provider. The surety shall make indemnification or reimbursement for a monetary loss only after judgment based on fraud, cheating, or misrepresentation has been entered in a court of record against the provider. The aggregate liability of the surety must not exceed the sum of the bond. The surety on the bond may cancel the bond by giving 30 days' written or electronic notice to the secretary of state and after giving notice is not liable for a breach of condition occurring after the effective date of the cancellation.

(5) A driver education provider that offers adult driver training, teen driver training, and commercial vehicle driver training shall furnish a separate bond for each driver education provider certificate issued by the secretary of state to the applicant. When the secretary of state receives written or electronic notice that a driver education provider's surety bond required under subsection (4) or insurance coverage required under subsection (10) has been canceled, the secretary of state shall notify the provider that the provider's certificate will be automatically canceled unless the secretary of state receives a new surety bond or a new insurance certificate within 30 days or less. If the provider fails to submit a new surety bond or insurance certificate to the secretary of state within 30 days or less, the secretary of state may automatically cancel the provider's certificate. A driver education provider that changes or terminates the provider's surety bond or the insurance coverage before the expiration date of the bond or insurance coverage shall immediately furnish the secretary of state with written or electronic notice as prescribed by the secretary of state of that change or termination and proof of a new bond or insurance coverage.

(6) As a condition precedent to the granting of a certificate, an applicant must file with the secretary of state, on a form prescribed by the secretary of state, an irrevocable written or electronic stipulation. The stipulation must be signed by the applicant and state that the applicant agrees that legal process affecting the applicant, served on the secretary of state against the applicant or the applicant's successor in interest for a violation of this act, a rule promulgated under this act, or an order issued under this act, has the same effect as if personally served on the applicant. This appointment remains in force as long as the provider has any outstanding liability within this state under this act.

(7) Subsections (3)(d), (g), and (p) and (4) do not apply to an educational institution or a governmental agency.

(8) Subsection (3)(c) does not apply to a classroom location currently in use that was approved by the secretary of state in writing before October 1, 2006.

(9) A classroom facility may not be located in a person's residence or a structure attached or adjacent to the person's residence unless the classroom facility was used and approved by the secretary of state in writing before October 1, 2006.

(10) A driver education provider shall maintain bodily injury and property damage liability insurance on a motor vehicle used in driver education course instruction. The insurance must insure the liability of the driver education provider, the driver education instructors, and a person taking instruction in the amount of \$100,000.00 for bodily injury to or the death of 1 person in 1 accident, and, subject to the limit for 1 person; \$300,000.00 for bodily injury to or the death of 2 or more persons in 1 accident; and \$50,000.00 for damage

to the property of others in 1 accident. The insurer shall be authorized to do insurance business in this state. The insurer shall not cancel the insurance before its expiration date unless it gives the secretary of state written or electronic notice as prescribed by the secretary of state of the insurer's intent to cancel the insurance at least 30 days before the cancellation.

(11) The secretary of state shall review and, in writing, approve or deny the use of a multiple vehicle driving facility under this act as determined necessary by the secretary of state. The secretary of state shall only approve a facility if it meets criteria prescribed by the secretary of state. The secretary of state shall perform an on-site inspection of a multiple vehicle driving facility as determined necessary by the secretary of state.

(12) The secretary of state may develop and prescribe an orientation and education program that a person must complete before the secretary of state issues that person an original driver education provider certificate under section 13.

(13) Nonrefundable application processing and multiple vehicle driving facility review and approval fees collected under this section must be deposited into the driver education provider and instructor fund created in section 83.

History: 2006, Act 384, Eff. Oct. 1, 2006;—Am. 2022, Act 192, Imd. Eff. Oct. 4, 2022.