

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**

**500.1239 Probation, suspension, or revocation of insurance producer's license; refusal to issue or reissue; causes; civil fine; notice of license denial; hearing; license of business entity; penalties and remedies.**

Sec. 1239. (1) In addition to any other powers under this act, the director may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the director shall not issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

- (a) Obtaining or attempting to obtain a license through misrepresentation or fraud.
- (b) Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
- (c) Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- (d) Having been convicted of a felony within 10 years before the uniform application was filed.
- (e) Regardless of the date of conviction, having been convicted of a felony involving any of the following:
  - (i) Violence or threat of violence against an individual, including, but not limited to, domestic violence.
  - (ii) Criminal sexual conduct.
  - (iii) A felony of a fiduciary nature or financial nature such as fraud, embezzlement, bribery, or extortion.
- (f) Having admitted or been found to have committed any insurance unfair trade practice or fraud.
- (g) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
- (h) Forging another's name to an application for insurance or to any document related to an insurance transaction.

(i) Knowingly accepting insurance business from an individual who is not licensed.

(2) In addition to any other powers under this act, the director may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions, and the director may refuse to issue a license under section 1205 or 1206a, for any 1 or more of the following causes:

- (a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application.
- (b) Having been convicted of a felony other than a felony described in subsection (1)(e).
- (c) Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory.
- (d) Improperly using notes or any other reference material to complete an examination for an insurance license.
- (e) Violating any insurance laws or violating any regulation, subpoena, or order of the director or of another state's insurance commissioner.
- (f) Failing to comply with an administrative or court order imposing a child support obligation.
- (g) 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.

(3) Subject to subsection (2), after examination, investigation, and interrogatories, the director shall issue a license under section 1205 or 1206a to an applicant if the director determines the applicant possesses good moral character to act as an insurance producer.

(4) Before the director denies an application for a license under section 1205 or 1206a, the director shall notify in writing the applicant or licensee of the denial and of the reason for the denial. Not later than 30 days after this written denial, the applicant or licensee may make written demand on the director for a hearing before the director to determine the reasonableness of the director's action. A hearing under this subsection must be held under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(5) The license of a business entity may be suspended, revoked, or refused if the director finds, after hearing, that an individual licensee's violation was known or should have been known by 1 or more of the partners, officers, or managers acting on behalf of the partnership or corporation and the violation was not reported to the director and corrective action was not taken.

(6) In addition to or instead of any applicable denial, suspension, or revocation of a license, a person may, after hearing, be subject to a civil fine under section 1244.

(7) In addition to the penalties under this section, the director may enforce the provisions of and impose any penalty or remedy authorized by this act against a person that is under investigation for or charged with a violation of this act even if the person's license or registration has been surrendered or has lapsed by operation

of law.

**History:** Add. 2001, Act 228, Eff. Mar. 1, 2002;—Am. 2007, Act 187, Imd. Eff. Dec. 21, 2007;—Am. 2008, Act 423, Imd. Eff. Jan. 6, 2009;—Am. 2019, Act 124, Eff. May 21, 2020.

**Popular name:** Act 218