

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

500.1505 Premium finance company; license; revocation or suspension; grounds; hearing; penalty; appeal; remuneration; applicability of subsection (4).

Sec. 1505. (1) The commissioner may revoke or suspend the license of a premium finance company if after investigation it appears to the commissioner that any of the following has occurred:

- (a) Any license issued to the company was obtained by fraud.
- (b) There was any misrepresentation in the application for the license.
- (c) The holder of the license has otherwise shown himself or herself untrustworthy or incompetent to act as a premium finance company.
- (d) The company has violated any of the provisions of this chapter or the rules and regulations promulgated under this chapter.
- (e) Except as otherwise provided in subsection (4), the company has remunerated any insurance producer or any employee of an insurance producer or any other person as an inducement to the financing of any insurance policy with the premium finance company. Except, that if the insurance producer prepares the premium finance agreement, the premium finance company may pay him or her a service fee not to exceed \$2.00.

(2) Before the commissioner revokes, suspends, or refuses to renew the license of a premium finance company, he or she shall give to the person an opportunity to be fully heard and to introduce evidence on its behalf. Instead of revoking or suspending the license for any of the reasons listed in subsection (1), after a hearing, the commissioner may subject the company to a penalty of not more than \$200.00 for each offense with a total not to exceed \$1,000.00 when in his or her judgment the commissioner finds that the public interest would not be harmed by the continued operation of the company. The amount of any penalty shall be paid by the company through the office of financial and insurance regulation to the state treasury. At any hearing provided by this section, the commissioner shall have authority to administer oaths to witnesses. Anyone testifying falsely, after having been administered an oath, is subject to the penalty of perjury.

(3) If the commissioner refuses to issue or renew a license or if an applicant or licensee is aggrieved by any action of the commissioner, the applicant or licensee shall have the right to a hearing and court proceeding as provided for in section 244.

(4) Subsection (1)(e) does not prohibit a premium finance company that is majority owned by insurance producers from remunerating any of its insurance producer owners. This subsection does not apply to a premium finance company that is involved in any manner in financing life insurance or annuity policies or contracts.

History: Add. 1968, Act 352, Eff. Nov. 15, 1968;—Am. 2011, Act 75, Imd. Eff. July 12, 2011.

Popular name: Act 218