SUBSTITUTE FOR

HOUSE BILL NO. 4485

A bill to amend 1956 PA 218, entitled

"The insurance code of 1956,"

by amending section 1202 (MCL 500.1202), as amended by 2012 PA 552.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1202. (1) This chapter shall not be construed to require an insurer to obtain an insurance producer license. As used in this section, the term "insurer" does not include an insurer's officers, directors, employees, subsidiaries, or affiliates.

(2) A license as an insurance producer is not required of any of the following:

(a) An officer, director, or employee of an insurer or of an insurance producer, if the officer, director, or employee does not receive any commission on policies written or sold to insure risks residing, located, or to be performed in this state and meets 1 or more of the following:

(*i*) The officer's, director's, or employee's activities are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance.

(*ii*) The officer's, director's, or employee's function relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance.

(*iii*) The officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers if the person's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation, or negotiation of insurance.

(b) A person who performs and receives no commission for any of the following services:

(*i*) Securing and furnishing information for the purpose of group life insurance, group property and casualty insurance, group annuities, or group or blanket accident and health insurance.

(*ii*) Securing and furnishing information for the purpose of enrolling individuals under plans, issuing certificates under plans, or otherwise assisting in administering plans.

(*iii*) Performing administrative services related to mass marketed property and casualty insurance.

(c) An employer or association or its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, directors, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, if the employers, associations, officers, directors, employees, or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts.

(d) Employees of insurers or organizations employed by insurers who are engaging in the inspection, rating, or classification of risks, or in the supervision of the training of insurance producers and who are not individually engaged in the sale, solicitation, or negotiation of insurance.

(e) A person whose activities in this state are limited to advertising without the intent to solicit insurance in this state through communications in printed publications or other forms of electronic mass media, the distribution of which is not limited to residents of the state, if the person does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in this state.

(f) A person who is not a resident of this state who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than 1 state insured under that contract, if the person is otherwise licensed as an insurance producer to sell, solicit, or negotiate that insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state.

(g) A salaried full-time employee who counsels or advises his or her employer concerning the insurance interests of the employer or of the subsidiaries or business affiliates of the employer, if the employee does not sell or solicit insurance or receive a commission.

(h) A person whose only sale of insurance is for travel or auto-related insurance sold in connection with and incidental to the rental of a motor vehicle under a rental agreement for a period not to exceed 90 days.

(i) A person whose only sale of insurance is for portable electronics insurance sold in connection with and incidental to the sale of a portable electronic device if written disclosure material is provided to the customer at the time of solicitation and the written material includes all of the following:

(*i*) A disclosure that portable electronics insurance may duplicate coverage already provided by the customer's homeowners, renters, or other insurance policies.

(*ii*) A statement that the enrollment by the customer in a portable electronics insurance program is not required to purchase or lease a portable electronic device or services for the device.

(*iii*) A summary of the material terms of the portable electronics insurance coverage, including all of the following:

(A) The identity of the insurer.

(B) The amount of any applicable deductible and how it is to be paid.

(C) The benefits of the coverage.

(D) Key terms and conditions of the coverage, such as whether the portable electronics may be repaired or replaced with a similar make and model or reconditioned or nonoriginal manufacturer parts or equipment.

(*iv*) A summary of the process for filing a claim, including a description of how to return a portable electronic device and the maximum fee applicable if the customer fails to comply with equipment return requirements.

(*v*) A statement that the customer may cancel enrollment for coverage under a portable electronics insurance policy at any time and that the person paying the premium will receive a refund of or credit for any unearned premium.

(J) A PERSON WHOSE ONLY SALE OF INSURANCE IS [STORED PROPERTY INSURANCE] SOLD IN CONNECTION WITH AND INCIDENTAL TO THE RENTAL OF STORAGE SPACE IN A SELF-SERVICE STORAGE FACILITY UNDER A RENTAL AGREEMENT FOR A PERIOD NOT TO EXCEED 1 YEAR IF WRITTEN DISCLOSURE MATERIAL IS PROVIDED TO THE CUSTOMER AT THE TIME OF SOLICITATION AND THE WRITTEN MATERIAL INCLUDES ALL OF THE FOLLOWING:

(*i*) A DISCLOSURE THAT THE [STORED PROPERTY] INSURANCE MAY DUPLICATE COVERAGE ALREADY PROVIDED BY THE CUSTOMER'S HOMEOWNERS, RENTERS, OR OTHER INSURANCE POLICIES.

(*ii*) A SUMMARY OF THE MATERIAL TERMS OF THE [STORED PROPERTY] INSURANCE COVERAGE, INCLUDING ALL OF THE FOLLOWING:

(A) THE IDENTITY OF THE INSURER.

(B) THE BENEFITS OF THE COVERAGE.

(C) THE KEY TERMS AND CONDITIONS OF THE COVERAGE.

(*iii*) A SUMMARY OF THE PROCESS FOR FILING A CLAIM.

(3) As used in this section: ~~,~~

(A) "motor vehicle" means a motorized vehicle designed for transporting passengers or goods.

(B) "SELF-SERVICE STORAGE FACILITY" MEANS THAT TERM AS DEFINED IN SECTION 2 OF THE SELF-SERVICE STORAGE FACILITY ACT, 1985 PA 148, MCL 570.522.

(C) "STORED PROPERTY INSURANCE" MEANS INSURANCE THAT PROVIDES COVERAGE FOR THE LOSS OF, OR DAMAGE TO, TANGIBLE PERSONAL PROPERTY CONTAINED IN A STORAGE SPACE LOCATED ON A SELF-SERVICE STORAGE FACILITY OR IN TRANSIT DURING THE TERM OF A SELF-SERVICE STORAGE FACILITY RENTAL AGREEMENT AND THAT IS SOLD UNDER EITHER OF THE FOLLOWING:

(*i*) AN INDIVIDUAL POLICY.

(*ii*) A GROUP, COMMERCIAL, OR MASTER POLICY ISSUED TO A SELF-SERVICE STORAGE FACILITY FOR THE PROVISION OF INSURANCE TO ITS CUSTOMERS.