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BILL ANALYSIS



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Senate Bill 1401 (as introduced 6-19-08)

Sponsor: Senator Alan Sanborn

Committee: Economic Development and Regulatory Reform

Date Completed: 6-25-08

CONTENT

The bill would amend the Insurance Code to delete refusing to issue an insurance producer's license from the actions the Commissioner of Financial and Insurance Regulation may take for certain causes.

Under Section 1239(1) of the Code, the Commissioner may place on probation, suspend, revoke, or refuse to issue an insurance producer's license or may levy a civil fine or any combination of actions for any one or more of the following:

- Providing incorrect, misleading, incomplete, or materially untrue information in the license application.
- Violating any insurance laws or violating any regulation, subpoena, or order of the Commissioner or of another state's insurance commissioner.
- Obtaining or attempting to obtain a license through misrepresentation or fraud.
- Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
- Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- Having been convicted of a felony.
- Having admitted or been found to have committed any insurance unfair trade practice or fraud.
- Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in Michigan or elsewhere.
- Having an insurance producer license or its equivalent denied, suspended, or revoked in any other state, province, district, or territory.
- Forging another's name to an application for insurance or to any document related to an insurance transaction.
- Improperly using notes or any other reference material to complete an examination for an insurance license.
- Knowingly accepting insurance business from an individual who is not licensed.
- Failing to comply with an administrative or court order imposing a child support obligation.
- Failing to pay the single business tax or the Michigan business tax or comply with any administrative or court order directing payment of either tax.

The bill would delete the Commissioner's authority to refuse to issue a license under that provision.

Section 1239(2) requires the Commissioner, before he or she denies an application for a license, to notify the applicant or licensee in writing of the denial and of the reason for the denial. Under the bill, that requirement would apply before the Commissioner denied an application under Section 1205. (Under that section, the Commissioner may not approve an individual's or business's application for an insurance producer license if the person or business has committed an act that is grounds for denial, suspension, or revocation under Section 1239. Senate Bill 1344 would amend Section 1205 to prohibit the Commissioner from approving an application for an insurance producer license if the person or business committed an act listed in Section 1239(1).)

MCL 500.1239

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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