

SUBSTITUTE FOR
SENATE BILL NO. 24

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1505 (MCL 500.1505).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1505. (1) The commissioner may revoke or suspend the
2 license of ~~any~~**A** premium finance company ~~when and~~ if after
3 investigation it appears to the commissioner that **ANY OF THE**
4 **FOLLOWING HAS OCCURRED:**

5 (a) Any license issued to ~~such~~**THE** company was obtained by
6 fraud.

7 (b) There was any misrepresentation in the application for the
8 license.

9 (c) The holder of the license has otherwise shown himself **OR**
10 **HERSELF** untrustworthy or incompetent to act as a premium finance

1 company.

2 (d) The company has violated any of the provisions of this
3 chapter ~~7~~ or the rules and regulations promulgated ~~hereunder~~ **UNDER**
4 **THIS CHAPTER.**

5 (e) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THE**
6 company has remunerated any insurance agent ~~agent~~ **PRODUCER** or any
7 employee of an insurance agent ~~agent~~ **PRODUCER** or ~~to~~ any other person as
8 an inducement to the financing of any insurance policy with the
9 premium finance company. Except, that if the insurance agent
10 **PRODUCER** prepares the premium finance agreement, the premium
11 finance company may pay him **OR HER** a service fee not to exceed
12 \$2.00.

13 (2) Before the commissioner revokes, suspends, or refuses to
14 renew the license of ~~any~~ **A** premium finance company, he **OR SHE** shall
15 give to the person an opportunity to be fully heard and to
16 introduce evidence ~~in his~~ **ON ITS** behalf. ~~In lieu~~ **INSTEAD** of
17 revoking or suspending the license for any of the ~~causes enumerated~~
18 ~~in this section~~ **REASONS LISTED IN SUBSECTION (1)**, after a hearing,
19 the commissioner may subject the company to a penalty of not more
20 than \$200.00 for each offense ~~but the~~ **WITH A** total not to exceed
21 \$1,000.00 when in his **OR HER** judgment he ~~he~~ **THE COMMISSIONER** finds
22 that the public interest would not be harmed by the continued
23 operation of the company. The amount of any penalty shall be paid
24 by the company through the office of ~~the commissioner~~ **FINANCIAL AND**
25 **INSURANCE REGULATION** to the state treasury. At any hearing provided
26 by this section, the commissioner shall have authority to
27 administer oaths to witnesses. Anyone testifying falsely, after

1 having been administered ~~such AN~~ oath, ~~shall be IS~~ subject to the
2 penalty of perjury.

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

8 (4) **SUBSECTION (1) (E) DOES NOT PROHIBIT A PREMIUM FINANCE**
9 **COMPANY THAT IS MAJORITY OWNED BY INSURANCE PRODUCERS FROM**
10 **REMUNERATING ANY OF ITS INSURANCE PRODUCER OWNERS. THIS SUBSECTION**
11 **DOES NOT APPLY TO A PREMIUM FINANCE COMPANY THAT IS INVOLVED IN ANY**
12 **MANNER IN FINANCING LIFE INSURANCE OR ANNUITY POLICIES OR**
13 **CONTRACTS.**