

SENATE BILL No. 830

February 20, 2018, Introduced by Senator HUNE and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1239 (MCL 500.1239), as amended by 2008 PA 423.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1239. (1) In addition to any other powers under this act,
2 the ~~commissioner~~**DIRECTOR** may place on probation, suspend, or
3 revoke an insurance producer's license or may levy a civil fine
4 under section 1244 or any combination of actions, and the
5 ~~commissioner~~**DIRECTOR** shall ~~refuse to~~**NOT** issue a license under
6 section 1205 or 1206a, for any 1 or more of the following causes:

7 (a) Providing incorrect, misleading, incomplete, or materially
8 untrue information in the license application. **HOWEVER, IF THE**
9 **INSURED SIGNS A DISCLOSURE THAT ACCURATELY SUMMARIZES THE**
10 **TRANSACTION WITH THE INSURANCE PRODUCER FOR ANY INSURANCE OR**

1 NONINSURANCE PRODUCT, THERE IS A REBUTTABLE PRESUMPTION THAT THE
2 INSURANCE PRODUCER DID NOT ENGAGE IN THE CAUSE DESCRIBED IN THIS
3 SUBDIVISION.

4 (b) Violating any insurance laws or violating any regulation,
5 subpoena, or order of the ~~commissioner~~DIRECTOR or of another
6 state's insurance commissioner. **HOWEVER, IF THE INSURED SIGNS A**
7 **DISCLOSURE THAT ACCURATELY SUMMARIZES THE TRANSACTION WITH THE**
8 **INSURANCE PRODUCER FOR ANY INSURANCE OR NONINSURANCE PRODUCT, THERE**
9 **IS A REBUTTABLE PRESUMPTION THAT THE INSURANCE PRODUCER DID NOT**
10 **ENGAGE IN THE CAUSE DESCRIBED IN THIS SUBDIVISION.**

11 (c) Obtaining or attempting to obtain a license through
12 misrepresentation or fraud.

13 (d) Improperly withholding, misappropriating, or converting
14 any money or property received in the course of doing insurance
15 business. **HOWEVER, IF THE INSURED SIGNS A DISCLOSURE THAT**
16 **ACCURATELY SUMMARIZES THE TRANSACTION WITH THE INSURANCE PRODUCER**
17 **FOR ANY INSURANCE OR NONINSURANCE PRODUCT, THERE IS A REBUTTABLE**
18 **PRESUMPTION THAT THE INSURANCE PRODUCER DID NOT ENGAGE IN THE CAUSE**
19 **DESCRIBED IN THIS SUBDIVISION.**

20 (e) Intentionally misrepresenting the terms of an actual or
21 proposed insurance contract or application for insurance. **HOWEVER,**
22 **IF THE INSURED SIGNS A DISCLOSURE THAT ACCURATELY SUMMARIZES THE**
23 **TRANSACTION WITH THE INSURANCE PRODUCER FOR ANY INSURANCE OR**
24 **NONINSURANCE PRODUCT, THERE IS A REBUTTABLE PRESUMPTION THAT THE**
25 **INSURANCE PRODUCER DID NOT ENGAGE IN THE CAUSE DESCRIBED IN THIS**
26 **SUBDIVISION.**

27 (f) Having been convicted of a felony.

1 (g) Having admitted or been found to have committed any
2 insurance unfair trade practice or fraud.

3 (h) Using fraudulent, coercive, or dishonest practices or
4 demonstrating incompetence, untrustworthiness, or financial
5 irresponsibility in the conduct of business in this state or
6 elsewhere. **HOWEVER, IF THE INSURED SIGNS A DISCLOSURE THAT**
7 **ACCURATELY SUMMARIZES THE TRANSACTION WITH THE INSURANCE PRODUCER**
8 **FOR ANY INSURANCE OR NONINSURANCE PRODUCT, THERE IS A REBUTTABLE**
9 **PRESUMPTION THAT THE INSURANCE PRODUCER DID NOT ENGAGE IN THE CAUSE**
10 **DESCRIBED IN THIS SUBDIVISION.**

11 (i) Having an insurance producer license or its equivalent
12 denied, suspended, or revoked in any other state, province,
13 district, or territory.

14 (j) Forging another's name to an application for insurance or
15 to any document related to an insurance transaction.

16 (k) Improperly using notes or any other reference material to
17 complete an examination for an insurance license.

18 (l) Knowingly accepting insurance business from an individual
19 who is not licensed.

20 (m) Failing to comply with an administrative or court order
21 imposing a child support obligation.

22 (n) Failing to pay the single business tax or the Michigan
23 business tax or comply with any administrative or court order
24 directing payment of the single business tax or the Michigan
25 business tax.

26 (2) Before the ~~commissioner~~**DIRECTOR** denies an application for
27 a license under section 1205 or 1206a, the ~~commissioner~~**DIRECTOR**

1 shall notify in writing the applicant or licensee of the denial and
2 of the reason for the denial. Not later than 30 days after this
3 written denial, the applicant or licensee may make written demand
4 ~~upon~~ **ON** the ~~commissioner~~ **DIRECTOR** for a hearing before the
5 ~~commissioner~~ **DIRECTOR** to determine the reasonableness of the
6 ~~commissioner's~~ **DIRECTOR'S** action. A hearing under this subsection
7 ~~shall~~ **MUST** be held ~~pursuant to~~ **UNDER** the administrative procedures
8 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

9 (3) The **DIRECTOR MAY SUSPEND, REVOKE, OR REFUSE TO ISSUE THE**
10 license of a business entity ~~may be suspended, revoked, or refused~~
11 if the ~~commissioner~~ **DIRECTOR** finds, after hearing, that an
12 individual licensee's violation was known or should have been known
13 by 1 or more of the partners, officers, or managers acting on
14 behalf of the partnership or corporation and the violation was
15 ~~neither~~ **NOT** reported to the ~~commissioner~~ **DIRECTOR AND**
16 corrective action **WAS NOT** taken.

17 (4) In addition to or ~~in lieu~~ **INSTEAD** of any applicable
18 denial, suspension, or revocation of a license, a person may, after
19 hearing, be subject to a civil fine under section 1244.

20 (5) In addition to the penalties under this section, the
21 ~~commissioner~~ **DIRECTOR** may enforce the provisions of and impose any
22 penalty or remedy authorized by this act against ~~any~~ **A** person ~~who~~
23 **THAT** is under investigation for or charged with a violation of this
24 act even if the person's license or registration has been
25 surrendered or has lapsed by operation of law.