

SENATE BILL NO. 256

April 10, 2019, Introduced by Senators MACDONALD, DALEY, BARRETT and LUCIDO and referred to the Committee on Insurance and Banking.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1204c (MCL 500.1204c), as amended by 2017 PA
67.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1204c. (1) An insurance producer's hours of study accrued
2 under this section must be reviewed for license continuance every 2
3 years under a schedule established by the director. The director
4 may establish a schedule for license continuation that staggers

1 license continuation dates to apportion the continuation dates
2 throughout the calendar year. If the system of staggered
3 continuation is adopted, the director may extend the licensure
4 period for some licensees.

5 (2) Except as provided in subsections (9) to (12), and subject
6 to ~~subsection~~**subsections** (13) **and (14)**, before the review date of
7 each applicable 2-year period provided for under subsection (1), an
8 insurance producer wishing to renew his or her license shall renew
9 his or her license by attending or instructing not less than 24
10 hours of continuing education classes approved by the director or
11 24 hours of home study or online training if evidenced by
12 successful completion of coursework approved by the director. Of
13 the 24 hours of continuing education required, not less than 3
14 hours must be in ethics in insurance classes or coursework.

15 (3) The director shall approve a registered insurance producer
16 program of study if the director determines that the program
17 increases knowledge of insurance and related subjects as follows:

18 (a) For a life-health agent program of study, the program
19 offers instruction in 1 or more of the following:

20 (i) The fundamental considerations and major principles of life
21 insurance.

22 (ii) The fundamental considerations and major principles of
23 health insurance.

24 (iii) Estate planning and taxation as related to insurance.

25 (iv) Industry and legal standards concerning ethics in
26 insurance.

27 (v) Legal, legislative, and regulatory matters concerning
28 insurance, the insurance code, and the insurance industry.

29 (vi) Principal provisions used in life insurance contracts,

1 health insurance contracts, or annuity contracts and differences in
2 types of coverages.

3 (vii) Accounting and actuarial considerations in insurance.

4 (viii) Principles of agency management, excluding telemarketing
5 or other marketing instruction.

6 (ix) The fundamental considerations, major principles, and
7 statutory requirements of long-term care insurance.

8 (b) For a property-casualty agent program of study, the
9 program offers instructions in 1 or more of the following:

10 (i) The fundamental considerations and major principles of
11 property insurance.

12 (ii) The fundamental considerations and major principles of
13 casualty insurance.

14 (iii) Basic principles of risk management.

15 (iv) Industry and legal standards concerning ethics in
16 insurance.

17 (v) Legal, legislative, and regulatory matters concerning
18 insurance, the insurance code, and the insurance industry.

19 (vi) Principal provisions used in casualty insurance contracts,
20 no-fault insurance contracts, or property insurance contracts and
21 differences in types of coverages.

22 (vii) Accounting and actuarial considerations in insurance.

23 (viii) Principles of agency management, excluding telemarketing
24 or other marketing instruction.

25 (4) A provider of a program of study for insurance producers
26 applying for approval or reapproval from the director under this
27 section shall file, on a form provided by the director, a
28 description of the course of study including a description of the

1 subject matter and course materials, hours of instruction, location
2 of classroom, qualifications of instructors, and maximum student-
3 instructor ratio and shall pay a nonrefundable \$25.00 filing fee.
4 Any material change in a program of study requires the reapproval
5 of the director. If the information in an application for approval
6 or reapproval is insufficient for the director to determine whether
7 the program of study meets the requirements under subsection (3),
8 the director shall give written notice to the provider, within 15
9 days after the provider's filing of the application for approval or
10 reapproval, of the additional information needed by the director.
11 An application for approval or reapproval is considered approved
12 unless disapproved by the director within 90 days after the
13 application for approval or reapproval is filed, or within 90 days
14 after the receipt of additional information if the information was
15 requested by the director, whichever is later.

16 (5) A provider of a program of study approved by the director
17 under this section shall pay a provider authorization fee of
18 \$500.00 for the first year the provider's program of study is
19 approved under this section and a \$100.00 provider renewal fee for
20 each subsequent year that the provider offers the approved program
21 of study.

22 (6) A person dissatisfied with an approved program of study
23 may petition the director for a hearing on the program or the
24 director on his or her own initiative may request a hearing on a
25 program of study. If the director finds that the petition was **not**
26 submitted in good faith, that the petition if true shows that the
27 program of study does not satisfy the criteria in subsection (3),
28 or that the petition otherwise justifies holding a hearing, the
29 director shall hold a hearing under chapter 4 of the administrative

1 procedures act of 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**,
2 within 30 days after receipt of the petition and on not less than
3 10 days' written notice to the petitioner and the provider of the
4 program of study. If the director requests a hearing on a program
5 of study on his or her own initiative, the director shall hold a
6 hearing under chapter 4 of the administrative procedures act of
7 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**, on not less than
8 10 days' written notice to the provider of the program of study.

9 (7) If after a hearing under subsection (6) the director finds
10 that the program of study does not satisfy the requirements under
11 subsection (3), the director shall state, in a written order mailed
12 first-class to the petitioner and provider of the program of study,
13 his or her findings and the date on which the director will revoke
14 approval of the program of study, which date must be within a
15 reasonable time ~~of~~ **after** the issuance of the order.

16 (8) A certificate of attendance or instruction in an approved
17 program of study or a certificate of successful completion of
18 coursework must be filed as directed by the director on a form
19 prescribed by the director and must indicate the name and number of
20 the course of study, the number of hours, dates of completion, and
21 the name and number of schools attended or taught by the insurance
22 producer or the evidence of successful completion of coursework. A
23 representative of the approved program of study shall file the form
24 and a fee of \$1.00 per hour for course credit for each insurance
25 producer license renewal as directed by the director within 30 days
26 after the insurance producer completes the program. A copy of the
27 form must also be mailed first-class to the insurance producer who
28 attended, taught, or successfully completed the program of study.
29 The director may enter into contracts to provide for the

1 administrative functions of this subsection.

2 (9) The director shall waive the continuing education
3 requirements of this section for an insurance producer if the
4 producer is unable to comply with the continuing education
5 requirements of this section because of military service or if the
6 director determines that enforcement of the requirements would
7 cause a severe hardship. The director shall waive the continuing
8 education requirements of this section for the following insurance
9 producers:

10 (a) An insurance producer who is licensed to write only travel
11 or baggage insurance policies and whose employment is for a purpose
12 other than the sale of those policies.

13 (b) An insurance producer who is licensed to write only
14 limited line credit insurance.

15 (10) The director may enter into reciprocal continuing
16 education agreements with insurance commissioners from other
17 states.

18 (11) If an insurance producer has not met his or her
19 continuing education requirements by the expiration date of his or
20 her license, the insurance producer has a 90-day grace period in
21 which to meet the continuing education requirements of this
22 section. During the 90-day grace period, the insurance producer
23 shall not solicit or sell new policies of insurance, bind coverage,
24 or otherwise act as an insurance producer, except that the
25 insurance producer may continue to service policies previously sold
26 and may receive commissions on policies previously sold. If the
27 insurance producer has not met his or her continuing education
28 requirements by the expiration of the 90-day grace period, the
29 director shall cancel the insurance producer's license. An

1 insurance producer whose license has been canceled under this
2 section may reapply for a license to act as an insurance producer
3 under section 1204.

4 (12) An insurance producer who has sold his or her insurance
5 business and who has not met the continuing education requirements
6 of this section shall not solicit or sell new policies of
7 insurance, bind coverage, or otherwise act as an insurance
8 producer, except that the insurance producer may continue to
9 service policies previously sold and may receive commissions on
10 policies previously sold as well as receive partial commissions on
11 policies of insurance sold by a purchasing insurance producer. An
12 insurance producer who is in the process of selling his or her
13 insurance business and who has not met the continuing education
14 requirements of this section shall not solicit or sell new policies
15 of insurance, bind coverage, or otherwise act as an insurance
16 producer, except that the insurance producer may continue to
17 service policies previously sold and may receive commissions on
18 policies previously sold as well as receive partial commissions on
19 policies of insurance sold by a purchasing insurance producer, for
20 a period not to exceed 12 months after the selling insurance
21 producer's license review date under subsection (1). An insurance
22 producer whose license has been canceled and who wishes to resume
23 soliciting or selling new policies of insurance, bind coverage, or
24 otherwise act as an insurance producer and who has not met the
25 continuing education requirements within the immediately preceding
26 12 months may reapply for a license to act as an insurance producer
27 under section 1204.

28 (13) After ~~1 year after the effective date of the amendatory~~
29 ~~act that added subsection (14),~~ **June 30, 2018,** for a review date of

1 an applicable 2-year period under subsection (1), all of the
2 following apply:

3 (a) Subject to subdivisions (b) and (c), if an insurance
4 producer completes more than 24 hours of continuing education in an
5 applicable 2-year period, the insurance producer may, for purposes
6 of subsection (2), apply each hour more than 24 hours to the next
7 2-year period. However, no more than 12 hours may be applied to the
8 next applicable 2-year period under this subdivision.

9 (b) An insurance producer may not apply any hours in ethics in
10 insurance classes or coursework to the next applicable 2-year
11 period under subdivision (a).

12 (c) If an insurance producer completes the same continuing
13 education class or coursework under subsection (2) in an applicable
14 2-year period, an hour associated with a duplicative class or
15 coursework may not be applied to the next applicable 2-year period
16 under subdivision (a).

17 **(14) For a review date after December 31, 2019 of an**
18 **applicable 2-year period under subsection (1), all of the following**
19 **apply:**

20 (a) Subject to subdivisions (b) and (c), if an insurance
21 producer is an active member of a local, regional, state, or
22 national professional insurance association, the insurance producer
23 is credited 4 hours toward the 24 hours of the continuing education
24 classes or home study or online training required under subsection
25 (2).

26 (b) The 4 hours credited under subdivision (a) do not count
27 toward the 3 hours in ethics in insurance classes or coursework
28 required under subsection (2).

29 (c) The director shall not credit the 4 hours under

subdivision (a) unless the director approves the professional insurance association. The director shall not approve a professional insurance association under this subdivision unless the director determines all of the following apply:

(i) The professional insurance association has been in existence for at least 5 years.

(ii) The professional insurance association was formed for purposes other than providing continuing education.

(iii) The professional insurance association has provided the director with the association's articles of incorporation on file with the department of licensing and regulatory affairs.

(d) A professional insurance association approved by the director under subdivision (c) shall do all of the following:

(i) Certify to the director that the insurance producer maintains an active membership in the approved association for the duration of the biennial continuing education period.

(ii) Certify to the director that the insurance producer attended 50% of the regular meetings of the association.

(iii) Certify to the director that the insurance producer attended a statewide meeting on an annual basis.

~~(15) (14)~~—The director or his or her designee may access any classroom while instruction for a program of study under section 1204a or this section is in progress to monitor the classroom instruction.

~~(16) (15)~~—For an insurance producer program of study under this section, the director may refuse to approve an insurance education instructor, and the director may place an approved insurance education instructor on probation or suspend or revoke approval of an approved insurance education instructor, or take any

1 combination of these actions, if 1 or more of the following apply:

2 (a) The insurance education instructor violates an insurance
3 law or violates a rule, subpoena, or order of the director or of
4 another state's insurance commissioner.

5 (b) The insurance education instructor uses fraudulent,
6 coercive, or dishonest practices or demonstrates incompetence,
7 untrustworthiness, or financial irresponsibility in the conduct of
8 business in this state or outside this state.

9 (c) The insurance education instructor's insurance producer
10 license or its equivalent is revoked in conjunction with a
11 disciplinary action in any state, province, district, or territory.

12 **(17)** ~~(16)~~—As used in this section:

13 (a) "Hour" means a period of time of not less than 50 minutes.

14 (b) "Insurance producer" means a life-health agent or
15 property-casualty agent.

16 (c) "Life-health agent" means a resident or nonresident
17 individual insurance producer licensed for life, limited life,
18 mortgage redemption, or accident and health or a combination of
19 life, limited life, mortgage redemption, or accident and health.

20 (d) "Property-casualty agent" means a resident or nonresident
21 individual insurance producer or solicitor licensed for automobile,
22 fire, multiple lines, or any limited or minor property and casualty
23 lines or a combination of automobile, fire, multiple lines, or
24 limited or minor property and casualty lines.