



SENATE BILL No. 397

March 16, 1995, Introduced by Senator SHUGARS and referred to the Committee on Financial Services.

A bill to amend section 1204c of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 48 of the Public Acts of 1994, being section 500.1204c of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 1204c of Act No. 218 of the Public Acts
2 of 1956, as amended by Act No. 48 of the Public Acts of 1994,
3 being section 500.1204c of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 1204c. (1) As used in this section:

6 (a) "Agent" means a life-health agent or property-casualty
7 agent licensed under this chapter.

8 (b) "Hour" means a period of time of not less than 50
9 minutes.

1 (c) "Life-health agent" means a resident or nonresident
2 agent licensed for life, limited life, credit life, mortgage
3 redemption, accident and health, or any combination thereof.

4 (d) "Property-casualty agent" means a resident or nonresi-
5 dent agent or solicitor licensed for automobile, fire, multiple
6 lines, any limited or minor property and casualty line, or any
7 combination thereof.

8 (2) Unless the agent has renewed his or her license pursuant
9 to subsection (4), an agent's hours of study accrued under this
10 section shall be reviewed for license continuance as follows:

11 (a) If the agent's license number ends in "1" as follows:

12 (i) If the agent's last name starts with A to L, on January
13 1, 1995 and on January 1 every 2 years thereafter.

14 (ii) If the agent's last name starts with M to Z, on
15 January 1, 1996 and on January 1 every 2 years thereafter.

16 (b) If the agent's license number ends in "2" as follows:

17 (i) If the agent's last name starts with A to L, on
18 February 1, 1995 and on February 1 every 2 years thereafter.

19 (ii) If the agent's last name starts with M to Z, on
20 February 1, 1996 and on February 1 every 2 years thereafter.

21 (c) If the agent's license number ends in "3" as follows:

22 (i) If the agent's last name starts with A to L, on March 1,
23 1995 and on March 1 every 2 years thereafter.

24 (ii) If the agent's last name starts with M to Z, on
25 March 1, 1996 and on March 1 every 2 years thereafter.

26 (d) If the agent's license number ends in "4" as follows:

1 (i) If the agent's last name starts with A to L, on June 1,
2 1995 and on June 1 every 2 years thereafter.

3 (ii) If the agent's last name starts with M to Z, on June 1,
4 1996 and on June 1 every 2 years thereafter.

5 (e) If the agent's license number ends in "5" as follows:

6 (i) If the agent's last name starts with A to L, on July 1,
7 1995 and on July 1 every 2 years thereafter.

8 (ii) If the agent's last name starts with M to Z, on July 1,
9 1996 and on July 1 every 2 years thereafter.

10 (f) If the agent's license number ends in "6" as follows:

11 (i) If the agent's last name starts with A to L, on
12 August 1, 1995 and on August 1 every 2 years thereafter.

13 (ii) If the agent's last name starts with M to Z, on
14 August 1, 1996 and on August 1 every 2 years thereafter.

15 (g) If the agent's license number ends in "7" as follows:

16 (i) If the agent's last name starts with A to L, on
17 September 1, 1995 and on September 1 every 2 years thereafter.

18 (ii) If the agent's last name starts with M to Z, on
19 September 1, 1996 and on September 1 every 2 years thereafter.

20 (h) If the agent's license number ends in "8" as follows:

21 (i) If the agent's last name starts with A to L, on
22 October 1, 1995 and on October 1 every 2 years thereafter.

23 (ii) If the agent's last name starts with M to Z, on
24 October 1, 1996 and on October 1 every 2 years thereafter.

25 (i) If the agent's license number ends in "9" as follows:

26 (i) If the agent's last name starts with A to L, on
27 November 1, 1995 and on November 1 every 2 years thereafter.

1 (ii) If the agent's last name starts with M to Z, on
2 November 1, 1996 and on November 1 every 2 years thereafter.

3 (j) If the agent's license number ends in "0" as follows:

4 (i) If the agent's last name starts with A to L, on
5 December 1, 1995 and on December 1 every 2 years thereafter.

6 (ii) If the agent's last name starts with M to Z, on
7 December 1, 1996 and on December 1 every 2 years thereafter.

8 (3) If an agent's hours of study would be reviewed according
9 to the schedule under subsection (2) within 23 months after issu-
10 ance of the initial license, the hours shall not be reviewed on
11 the first scheduled date following the issuance of the initial
12 license and shall be reviewed on the next scheduled review date
13 following the first review date according to the schedule under
14 subsection (2), unless the agent has renewed his or her license
15 pursuant to subsection (4).

16 (4) Except as provided in subsections (11) to (14), before
17 the review date of each applicable 2-year period provided for
18 under subsection (2) or (3), an agent wishing to renew his or her
19 license shall renew his or her license by attending or instruct-
20 ing not less than 30 hours of continuing education classes
21 approved by the commissioner or 30 hours of home study if evi-
22 denced by successful completion of course work approved by the
23 commissioner. Of the 30 hours of continuing education required,
24 a life-health agent shall attend or instruct not less than 15
25 hours in a program of study approved for life-health agents and a
26 property-casualty agent shall attend or instruct not less than 15

1 hours in a program of study approved for property-casualty
2 agents.

3 (5) After reviewing recommendations made by the council
4 under section 1204b, the commissioner shall approve a program of
5 study if the commissioner determines that the program increases
6 knowledge of insurance and related subjects as follows:

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

9 (i) The fundamental considerations and major principles of
10 life insurance.

11 (ii) The fundamental considerations and major principles of
12 health insurance.

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

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

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

18 (vi) Principal provisions used in life insurance contracts,
19 health insurance contracts, or annuity contracts and differences
20 in types of coverages.

21 (vii) Accounting and actuarial considerations in insurance.

22 (viii) PRINCIPLES OF AGENCY MANAGEMENT.

23 (b) For a property-casualty agent program of study, the pro-
24 gram offers instructions in 1 or more of the following:

25 (i) The fundamental considerations and major principles of
26 property insurance.

1 (ii) The fundamental considerations and major principles of
2 casualty insurance.

3 (iii) Principles of risk management.

4 (iv) Industry and legal standards concerning ethics in
5 insurance.

6 (v) Legal, legislative, and regulatory matters concerning
7 insurance, the insurance code, and the insurance industry.

8 (vi) Principal provisions used in casualty insurance con-
9 tracts, no-fault insurance contracts, or property insurance con-
10 tracts and differences in types of coverages.

11 (vii) Accounting and actuarial considerations in insurance.

12 (viii) PRINCIPLES OF AGENCY MANAGEMENT.

13 (6) A provider of a program of study for agents applying for
14 approval or reapproval from the commissioner under this section
15 shall file, on a form provided by the commissioner, a description
16 of the course of study including a description of the subject
17 matter and course materials, hours of instruction, location of
18 classroom, qualifications of instructors, and maximum
19 student-instructor ratio and shall pay a nonrefundable \$25.00
20 filing fee. Any material change in a program of study shall
21 require reapproval by the commissioner. If the information in an
22 application for approval or reapproval is insufficient for the
23 commissioner to determine whether the program of study meets the
24 requirements under subsection (5), the commissioner shall give
25 written notice to the provider, within 15 days after the
26 provider's filing of the application for approval or reapproval,
27 of the additional information needed by the commissioner. An

1 application for approval or reapproval shall be considered
2 approved unless disapproved by the commissioner within 90 days
3 after the application for approval or reapproval is filed, or
4 within 90 days after the receipt of additional information if the
5 information was requested by the commissioner, whichever is
6 later.

7 (7) A provider of a program of study approved by the commis-
8 sioner under this section shall pay a provider authorization fee
9 of \$500.00 for the first year the provider's program of study was
10 approved under this section and a \$100.00 provider renewal fee
11 for each year thereafter that the provider offers the approved
12 program of study.

13 (8) A person dissatisfied with an approved program of study
14 may petition the commissioner for a hearing on the program or the
15 commissioner on his or her own initiative may request a hearing
16 on a program of study. If the commissioner finds the petition to
17 have been submitted in good faith, that the petition if true
18 shows the program of study does not satisfy the criteria in sub-
19 section (5), or that the petition otherwise justifies holding a
20 hearing, the commissioner shall hold a hearing pursuant to chap-
21 ter 4 of the administrative procedures act of 1969, Act No. 306
22 of the Public Acts of 1969, being sections 24.271 to 24.287 of
23 the Michigan Compiled Laws, within 30 days after receipt of the
24 petition and upon not less than 10 days' written notice to the
25 petitioner and the provider of the program of study. If the com-
26 missioner requests a hearing on a program of study on his or her
27 own initiative, the commissioner shall hold a hearing pursuant to

1 chapter 4 of Act No. 306 of the Public Acts of 1969, upon not
2 less than 10 days' written notice to the provider of the program
3 of study.

4 (9) If after a hearing under subsection (8) the commissioner
5 finds that the program of study does not satisfy the requirements
6 under subsection (5), the commissioner shall state, in a written
7 order mailed first class to the petitioner and provider of the
8 program of study, his or her findings and the date upon which the
9 commissioner will revoke approval of the program of study which
10 date shall be within a reasonable time of the issuance of the
11 order.

12 (10) A certificate of attendance or instruction of an
13 approved program of study or a certificate of successful comple-
14 tion of course work shall be filed as directed by the commis-
15 sioner on a form prescribed by the commissioner and shall indi-
16 cate the name and number of the course of study, the number of
17 hours, dates of completion, and the name and number of schools
18 attended or taught by the agent or the evidence of successful
19 completion of course work. A representative of the approved pro-
20 gram of study shall file the form and a fee of \$1.00 per hour for
21 course credit for each agent license renewal as directed by the
22 commissioner within 30 days after the agent completes the
23 program. A copy of the form shall also be mailed first class to
24 the agent who attended, taught, or successfully completed the
25 program of study. The commissioner may enter into contracts to
26 provide for the administrative functions of this subsection.

1 (11) The commissioner may waive the continuing education
2 requirements of this section for an agent if the commissioner
3 determines that enforcement of the requirements would cause a
4 severe hardship. Until January 1, 1997, the commissioner shall
5 waive the continuing education requirements of this section for
6 an agent who is licensed to write only travel or baggage insur-
7 ance policies and whose employment is for a purpose other than
8 the sale of those policies.

9 (12) The commissioner may enter into reciprocal continuing
10 education agreements with insurance commissioners from other
11 states. A person who is licensed pursuant to section 1204(5)
12 shall not be subject to the continuing education requirements
13 under this section if there is a reciprocal insurance continuing
14 education agreement with the insurance commissioner of the state
15 of the applicant's principal residence and there are continuing
16 education requirements in the state of the applicant's
17 residence.

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

1 agent's license shall be canceled. An agent whose license has
2 been canceled under this section may reapply for license to act
3 as an agent under section 1204, except that the program of study
4 requirements under section 1204 shall not be waived.

5 (14) An agent who has sold his or her insurance business and
6 who has not met the continuing education requirements of this
7 section shall not solicit or sell new policies of insurance, bind
8 coverage, or otherwise act as an agent except that the agent may
9 continue to service policies previously sold and may receive com-
10 missions on policies previously sold as well as receive partial
11 commissions on policies of insurance sold by a purchasing agent.
12 An agent who is in the process of selling his or her insurance
13 business and who has not met the continuing education require-
14 ments of this section shall not solicit or sell new policies of
15 insurance, bind coverage, or otherwise act as an agent except
16 that the agent may continue to service policies previously sold
17 and may receive commissions on policies previously sold as well
18 as receive partial commissions on policies of insurance sold by a
19 purchasing agent, for a period not to exceed 12 months after the
20 selling agent's license review date under subsection (2). An
21 agent whose license has been canceled and who wishes to resume
22 soliciting or selling new policies of insurance, bind coverage,
23 or otherwise act as an agent and who has not met the continuing
24 education requirements within the immediately preceding 2-year
25 period may reapply for license to act as an agent under
26 section 1204, except that the program of study requirements under
27 section 1204 shall not be waived.