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House Bill 5156 (Substitute H-1 as passed by the House)

Sponsor: Representative Joel Johnson

House Committee: Insurance

Senate Committee: Insurance

Date Completed: 12-4-12

CONTENT

The bill would amend the Insurance Code to do the following:

- **Create an exemption to the insurance adjuster licensure requirement for an individual who collected or furnished claim information and conducted data entry, if he or she were under the supervision of at least one licensed independent adjuster or an exempt employee or manager of an insurer.**
- **Prohibit the Commissioner of Financial and Insurance Regulation from issuing a nonresident adjuster license to an individual who was a resident of Canada, unless the individual had received a resident license from another state or declared another state his or her home state.**

Exemption from Licensure

Under Chapter 12 (Agents, Solicitors, Adjusters, and Counselors) of the Code, a person may not adjust loss or damage under an insurance policy or advertise, solicit business, or hold himself or herself out to the public as an adjuster unless he or she is licensed as an adjuster. This provision does not apply to any of the following:

- A person admitted to the practice of law in Michigan.
- An employee or manager of an insurer authorized to transact insurance in Michigan adjusting loss or damage under a policy written by the insurer.
- A marine average adjuster.
- A licensed agent adjusting loss or damage under a policy within his or her control.

The bill would exempt a licensed insurance producer to whom an insurer granted claim authority, rather than an agent adjusting loss or damage under a policy within his or her control.

The bill also would exempt an individual who collected claim information from, or furnished claim information to, insureds or claimants, and who conducted data entry, including entering data into an automated claims adjudication system, if the individual were under the supervision of at least one licensed independent adjuster or an exempt employee or manager of an insurer.

"Automated claims adjudication system" would mean a preprogrammed computer system designed for the collection, data entry, calculation, and final resolution of portable consumer electronic insurance claims.

Application for Licensure

Under Chapter 12, an application for a license to act as an adjuster must be made to the Commissioner of Financial and Insurance Regulation. After conducting an examination, an investigation, and interrogatories concerning the applicant, the Commissioner must issue a license to act as an adjuster to the individual if the Commissioner determines that he or she reasonably understands the provisions, terms, and conditions of the insurance with which he or she will deal, reasonably understands the insurance laws of Michigan, intends in good faith to act as an adjuster, has a good business reputation, and has good moral character to act as an adjuster. People currently licensed and new licenses issued are subject to any additional restrictions under which a Michigan resident would be licensed in the jurisdiction in which the applicant resides.

The bill would prohibit the Commissioner from issuing a nonresident license to act as an adjuster to an individual who was a resident of Canada unless the individual had received a resident license to act as an adjuster from another state, or declared another state his or her home state.

For purposes of this provision, "home state" would mean either of the following:

- The state in which the adjuster maintains his or her principal place of residence or business and is licensed to act as a resident adjuster.
- If the state of the adjuster's principal place of residence or business does not license adjusters, the state in which he or she is licensed and in good standing and that is designated by the adjuster as his or her home state.

MCL 500.1201 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

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

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.