

## INSURANCE LICENSE SANCTIONS AND ELIGIBILITY

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**House Bill 4044 (H-2) as referred to second committee**

**Sponsor: Rep. Michele Hoytenga**

**1st Committee: Insurance**

**2nd Committee: Ways and Means**

**Complete to 5-16-19**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4044 would amend the Insurance Code to change insurance producer license sanctions and eligibility requirements.

Currently, section 1239 of the Insurance Code allows the director of the Department of Insurance and Financial Services (DIFS) to place on probation, suspend, or revoke an insurance producer's license or levy a civil fine against the license holder, and requires that the director not issue a license, if the license holder or applicant has done any of a number of listed actions, including having been convicted of a felony.

The bill would change this provision to generally apply only if the license holder or applicant was convicted of a felony within 10 years before the application was filed. However, the provision would apply to a license holder or applicant who was convicted of a felony involving any of the following, regardless of the date of conviction:

- Criminal sexual conduct.
- Violence or the threat of violence against an individual, including domestic violence.
- A felony of a fiduciary or financial nature, such as fraud, bribery, embezzlement, or extortion.

The bill would add language to allow the director of DIFS to place on probation, suspend, or revoke an insurance producer's license or levy a civil fine against the license holder, and allow the director to not issue a license, if the license holder or applicant has done any of a number of actions, among which is having been convicted of a felony other than the felonies described in the paragraph above.

The other actions, for which the director is currently required to not issue a license but under the bill would be allowed to not issue one, consist of the following:

- Providing incorrect, misleading, incomplete, or materially untrue information in the license application.
- Improperly using notes or other reference material to complete an examination for an insurance license.
- Having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory.

- Violating any insurance laws or a regulation, subpoena, or order of the director of DIFS or the insurance commissioner of another state.
- Failing to comply with a child support court order or administrative order.
- Failing to pay business taxes or failing to comply with an administrative or court order directing payment of those taxes.

The bill would require the director of DIFS to issue a license to an applicant if, after examination, investigation, and interrogatories, the director determined that the applicant possesses good moral character to act as an insurance producer, subject to the provisions above that would allow the director to not issue the license.

[Note: The bill also amends section 1205 of the Insurance Code, but none of those amendments make a substantive change to current law.]

The bill would take effect six months after its enactment.

MCL 500.1205 and 500.1239

#### **FISCAL IMPACT:**

House Bill 4044 would not have a significant fiscal impact on DIFS or any other unit of state or local government.

#### **POSITIONS:**

A representative of the Department of Insurance and Financial Services testified with no position on the bill. (2-21-19; and indicated a neutral position 5-16-19)

The following entities indicated a neutral position on the bill:

- National Association of Insurance and Financial Advisors of Michigan (2-21-19)
- Michigan Association of Health Underwriters (5-16-19)
- Michigan Association of Insurance Agents (5-16-19)

The Life Insurance Association indicated opposition to the bill. (2-21-19)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.