

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5313 (Substitute H-1 as reported without amendment)

Sponsor: Representative Alan Sanborn

House Committee: Insurance and Financial Services

Senate Committee: Financial Services

CONTENT

The bill would amend the Insurance Code to provide for reciprocal licensing of nonresident insurance agents; require agents to be appointed by insurers; include notice-of-termination requirements; increase civil fines; and make other changes. In summary, the bill would:

- Replace most of the references to "insurance agent" with "insurance producer".
- Require insurance producer applicants to use a uniform application.
- Allow the Commissioner of the Office of Financial and Insurance Services (OFIS) to waive requirements for a nonresident license applicant who held a valid insurance producer license from a state that awarded nonresident licenses to Michigan residents on the same basis; and provide for reciprocal continuing education requirements.
- Provide that an insurance producer could not act as an insurer's agent unless the producer became an appointed agent of the insurer.
- Require insurers to notify the Commissioner of the termination of a producer's appointment, employment, or contract, provide the reasons for termination, and include documents and records; and require the insurer to notify the producer in the same manner.
- Expand the categories of businesses and individuals not required to be licensed.
- Specify the grounds on which the Commissioner could place a producer on probation, suspend, revoke, or refuse to issue a license or levy a civil fine; and give producers the right to a hearing.
- Require an insurance producer to report to the Commissioner any administrative action taken against the producer in another jurisdiction or by another governmental agency in the State within 30 days after the final disposition of the matter; and require a producer to report any other criminal prosecutions in any jurisdictions.
- Exempt documents or other information supplied to the OFIS by a producer, insurer, or employee of a producer or insurer from the Freedom of Information Act, subpoena, and from admission into evidence in a civil suit; but authorize the Commissioner to use the documents or information in the furtherance of any regulatory or legal action brought as a part of his or her duties.

MCL 500.1201 et al.

Legislative Analyst: C. Layman

FISCAL IMPACT

According to the Office of Financial and Information Services, this bill would reduce the licensing requirements for nonresidents as reciprocity would be granted regarding the examination phase of licensure. Fee revenue also would be reduced as a result of this change.

The bill also would increase civil fine revenue, which is deposited into the General Fund.

Date Completed: 12-12-01

Fiscal Analyst: M. Tyszkiewicz

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Analysis available @ <http://www.michiganlegislature.org>

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.