

**SUBSTITUTE FOR
HOUSE BILL NO. 5313**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 1201, 1202, 1203, 1204, 1204c, 1205, 1206,
1209, 1214, 1224, 1234, 1242, 1243, 1244, 1905, and 3310
(MCL 500.1201, 500.1202, 500.1203, 500.1204, 500.1204c, 500.1205,
500.1206, 500.1209, 500.1214, 500.1224, 500.1234, 500.1242,
500.1243, 500.1244, 500.1905, and 500.3310), section 1201 as
amended by 1980 PA 340, sections 1204 and 1214 as amended by 1986
PA 173, section 1204c as amended by 1998 PA 540, section 1206 as
amended by 1992 PA 1, section 1209 as amended by 1980 PA 461,
section 1224 as amended by 2000 PA 35, section 1234 as amended by
1981 PA 1, section 1243 as added by 1994 PA 409, section 1244 as
amended by 1984 PA 7, section 1905 as amended by 1996 PA 548, and
section 3310 as amended by 1986 PA 10, and by adding

sections 1201a, 1204e, 1206a, 1206b, 1208a, 1208b, 1211, 1211a, 1211b, 1239, 1240, 1246, and 1247.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1201. ~~-(1) Except as provided in sections 1202 and~~
2 ~~1203 and the surplus lines insurance act, a person shall not~~
3 ~~solicit insurance, bind coverage, or in any other manner act as~~
4 ~~an insurance agent unless the person meets all of the following~~
5 ~~requirements:-~~

6 ~~(a) Is authorized in writing by an insurer authorized to~~
7 ~~transact insurance in this state, which authorization specifies~~
8 ~~the extent of the person's authority to act for the insurer.~~

9 ~~(b) The person is licensed to act as an insurance agent in~~
10 ~~accordance with this chapter.~~

11 ~~(2) Subsection (1) shall not affect the apparent authority~~
12 ~~of an agent.~~

13 ~~(3) Except as provided in section 1202, an insurer may not~~
14 ~~appoint, employ, or in any manner receive the benefit of business~~
15 ~~done or services rendered in this state by a person acting as an~~
16 ~~agent unless that person is employed by, or is authorized to act~~
17 ~~in writing by, the insurer and the person is licensed as an agent~~
18 ~~in accordance with this chapter.~~

19 ~~(4) A person who is licensed as an agent may represent,~~
20 ~~within the lines of insurance permitted by the license, any~~
21 ~~insurer authorized to transact insurance in this state if the~~
22 ~~insurer has properly notified the commissioner of the appointment~~

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~~1 or employment of that person as its agent.~~ AS USED IN THIS
2 CHAPTER:

3 (A) "AGENT" EXCEPT AS PROVIDED IN SECTION 1243 MEANS AN
4 INSURANCE PRODUCER.

5 (B) "BUSINESS ENTITY" MEANS A CORPORATION, ASSOCIATION,
6 PARTNERSHIP, LIMITED LIABILITY COMPANY, LIMITED LIABILITY PART-
7 NERSHIP, OR OTHER LEGAL ENTITY.

8 (C) "HOME STATE" MEANS THE DISTRICT OF COLUMBIA OR ANY STATE
9 OR TERRITORY OF THE UNITED STATES IN WHICH AN INSURANCE PRODUCER
10 MAINTAINS HIS OR HER PRINCIPAL PLACE OF RESIDENCE OR PRINCIPAL
11 PLACE OF BUSINESS AND IS LICENSED TO ACT AS AN INSURANCE
12 PRODUCER.

13 (D) "INSURANCE" MEANS ANY OF THE LINES OF AUTHORITY IN CHAP-
14 TER 6.

15 (E) "INSURANCE PRODUCER" MEANS A PERSON REQUIRED TO BE
16 LICENSED UNDER THE LAWS OF THIS STATE TO SELL, SOLICIT, OR NEGO-
17 TIATE INSURANCE.

18 (F) "LICENSE" MEANS A DOCUMENT ISSUED BY THIS STATE'S COM-
19 MISSIONER AUTHORIZING A PERSON TO ACT AS AN INSURANCE PRODUCER
20 FOR THE QUALIFICATIONS SPECIFIED IN THE DOCUMENT. THE LICENSE
21 ITSELF DOES NOT CREATE ANY ACTUAL, APPARENT, OR INHERENT AUTHOR-
22 ITY IN THE HOLDER TO REPRESENT OR COMMIT AN INSURER.

23 (G) "LIMITED LINE CREDIT INSURANCE" INCLUDES CREDIT LIFE,
24 CREDIT DISABILITY, CREDIT PROPERTY, CREDIT UNEMPLOYMENT, INVOLUN-
25 TARY UNEMPLOYMENT, MORTGAGE LIFE, MORTGAGE GUARANTY, MORTGAGE
26 DISABILITY, GUARANTEED AUTOMOBILE PROTECTION INSURANCE, AND ANY
27 OTHER FORM OF INSURANCE OFFERED IN CONNECTION WITH AN EXTENSION

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1 OF CREDIT THAT IS LIMITED TO PARTIALLY OR WHOLLY EXTINGUISHING
2 THAT CREDIT OBLIGATION THAT THE COMMISSIONER DETERMINES SHOULD BE
3 DESIGNATED A FORM OF LIMITED LINE CREDIT INSURANCE.

4 (H) "LIMITED LINE CREDIT INSURANCE PRODUCER" MEANS A PERSON
5 WHO SELLS, SOLICITS, OR NEGOTIATES 1 OR MORE FORMS OF LIMITED
6 LINE CREDIT INSURANCE COVERAGE TO INDIVIDUALS THROUGH A MASTER,
7 CORPORATE, GROUP, OR INDIVIDUAL POLICY.

8 (I) "LIMITED LINES INSURANCE" MEANS ANY OF THE FOLLOWING:

9 (i) MARINE INSURANCE AS DEFINED IN SECTION 614.

10 (ii) CREDIT INSURANCE AS DESCRIBED IN SECTION 624(1)(E).

11 (iii) SURETY AND FIDELITY INSURANCE AS DEFINED IN
12 SECTION 628.

13 (iv) LEGAL EXPENSE INSURANCE AS DEFINED IN SECTION 618.

14 (v) LIVESTOCK INSURANCE AS DESCRIBED IN SECTION 624(1)(G).

15 (vi) MALPRACTICE INSURANCE AS DESCRIBED IN
16 SECTION 624(1)(H).

17 (vii) PLATE GLASS INSURANCE AS DESCRIBED IN
18 SECTION 624(1)(C).

19 (viii) ANY OTHER MISCELLANEOUS INSURANCE DESCRIBED IN
20 SECTION 624(1)(I).

21 (ix) ANY OTHER LINE OF INSURANCE THAT THE COMMISSIONER CON-
22 SIDERS NECESSARY TO RECOGNIZE FOR THE PURPOSES OF COMPLYING WITH
23 SECTION 1206A(5).

24 (J) "LIMITED LINES PRODUCER" MEANS A PERSON AUTHORIZED BY
25 THE COMMISSIONER TO SELL, SOLICIT, OR NEGOTIATE LIMITED LINES
26 INSURANCE.

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1 (K) "NEGOTIATE" MEANS THE ACT OF CONFERRING DIRECTLY WITH OR
2 OFFERING ADVICE DIRECTLY TO A PURCHASER OR PROSPECTIVE PURCHASER
3 OF A PARTICULAR CONTRACT OF INSURANCE CONCERNING ANY OF THE SUB-
4 STANTIVE BENEFITS, TERMS, OR CONDITIONS OF THE CONTRACT, PROVIDED
5 THAT THE PERSON ENGAGED IN THAT ACT EITHER SELLS INSURANCE OR
6 OBTAINS INSURANCE FROM INSURERS FOR PURCHASERS.

7 (I) "SELL" MEANS TO EXCHANGE A CONTRACT OF INSURANCE BY ANY
8 MEANS, FOR MONEY OR ITS EQUIVALENT, ON BEHALF OF AN INSURANCE
9 COMPANY.

10 (M) "SOLICIT" MEANS ATTEMPTING TO SELL INSURANCE OR ASKING
11 OR URGING A PERSON TO APPLY FOR A PARTICULAR KIND OF INSURANCE
12 FROM A PARTICULAR COMPANY.

13 (N) "TERMINATE" MEANS THE CANCELLATION OF THE RELATIONSHIP
14 BETWEEN AN INSURANCE PRODUCER AND THE INSURER OR THE TERMINATION
15 OF A PRODUCER'S AUTHORITY TO TRANSACT INSURANCE.

16 SEC. 1201A. (1) A PERSON SHALL NOT SELL, SOLICIT, OR NEGO-
17 TIATE INSURANCE IN THIS STATE FOR ANY LINE OF INSURANCE UNLESS
18 THE PERSON IS LICENSED FOR THAT QUALIFICATION IN ACCORDANCE WITH
19 THIS CHAPTER.

20 (2) THIS CHAPTER DOES NOT APPLY TO EXCESS AND SURPLUS LINES
21 AGENTS AND BROKERS LICENSED UNDER CHAPTER 19 EXCEPT AS PROVIDED
22 IN SECTIONS 1204E AND 1206A.

23 Sec. 1202. ~~—(1) A natural person resident in this state may~~
24 ~~solicit applications for insurance and collect premiums on behalf~~
25 ~~of a licensed agent resident in this state if he is so authorized~~
26 ~~to act by a written contract with the agent, and the contract~~
27 ~~specifies the extent of his authority to act, he is licensed to~~

1 ~~act as a solicitor in accordance with this chapter and the agent~~
2 ~~has notified the commissioner of the contract.~~

3 ~~(2) A clerical or administrative employee of an insurance~~
4 ~~agent may take insurance applications or receive premiums in the~~
5 ~~office of his employer if the activities are incidental to cleri-~~
6 ~~cal or administrative duties and the employee's compensation does~~
7 ~~not vary with the volume of the applications or premiums.~~

8 ~~(3) A clerical or administrative employee of an insurance~~
9 ~~agent may bind coverage only within the confines of the agent's~~
10 ~~main office.~~

11 ~~(4) A regular salaried officer of an insurer or a manager of~~
12 ~~an insurer may act as an agent without being licensed as an agent~~
13 ~~in the transaction of insurance for his insurer if his compensa-~~
14 ~~tion does not vary with the amount of insurance transacted.~~

15 (1) THIS CHAPTER SHALL NOT BE CONSTRUED TO REQUIRE AN
16 INSURER TO OBTAIN AN INSURANCE PRODUCER LICENSE. AS USED IN THIS
17 SECTION, THE TERM "INSURER" DOES NOT INCLUDE AN INSURER'S OFFI-
18 CERS, DIRECTORS, EMPLOYEES, SUBSIDIARIES, OR AFFILIATES.

19 (2) A LICENSE AS AN INSURANCE PRODUCER IS NOT REQUIRED OF
20 ANY OF THE FOLLOWING:

21 (A) AN OFFICER, DIRECTOR, OR EMPLOYEE OF AN INSURER OR OF AN
22 INSURANCE PRODUCER, PROVIDED THAT THE OFFICER, DIRECTOR, OR
23 EMPLOYEE DOES NOT RECEIVE ANY COMMISSION ON POLICIES WRITTEN OR
24 SOLD TO INSURE RISKS RESIDING, LOCATED, OR TO BE PERFORMED IN
25 THIS STATE AND MEETS 1 OR MORE OF THE FOLLOWING:

26 (i) THE OFFICER'S, DIRECTOR'S, OR EMPLOYEE'S ACTIVITIES ARE
27 EXECUTIVE, ADMINISTRATIVE, MANAGERIAL, CLERICAL, OR A COMBINATION

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1 OF THESE, AND ARE ONLY INDIRECTLY RELATED TO THE SALE,
2 SOLICITATION, OR NEGOTIATION OF INSURANCE.

3 (ii) THE OFFICER'S, DIRECTOR'S, OR EMPLOYEE'S FUNCTION
4 RELATES TO UNDERWRITING, LOSS CONTROL, INSPECTION, OR THE PRO-
5 CESSING, ADJUSTING, INVESTIGATING, OR SETTLING OF A CLAIM ON A
6 CONTRACT OF INSURANCE.

7 (iii) THE OFFICER, DIRECTOR, OR EMPLOYEE IS ACTING IN THE
8 CAPACITY OF A SPECIAL AGENT OR AGENCY SUPERVISOR ASSISTING INSUR-
9 ANCE PRODUCERS WHERE THE PERSON'S ACTIVITIES ARE LIMITED TO PRO-
10 VIDING TECHNICAL ADVICE AND ASSISTANCE TO LICENSED INSURANCE PRO-
11 DUCERS AND DO NOT INCLUDE THE SALE, SOLICITATION, OR NEGOTIATION
12 OF INSURANCE.

13 (B) A PERSON WHO PERFORMS AND RECEIVES NO COMMISSION FOR ANY
14 OF THE FOLLOWING SERVICES:

15 (i) SECURING AND FURNISHING INFORMATION FOR THE PURPOSE OF
16 GROUP LIFE INSURANCE, GROUP PROPERTY AND CASUALTY INSURANCE,
17 GROUP ANNUITIES, OR GROUP OR BLANKET ACCIDENT AND HEALTH
18 INSURANCE.

19 (ii) SECURING AND FURNISHING INFORMATION FOR THE PURPOSE OF
20 ENROLLING INDIVIDUALS UNDER PLANS, ISSUING CERTIFICATES UNDER
21 PLANS, OR OTHERWISE ASSISTING IN ADMINISTERING PLANS.

22 (iii) PERFORMING ADMINISTRATIVE SERVICES RELATED TO MASS
23 MARKETING PROPERTY AND CASUALTY INSURANCE.

24 (C) AN EMPLOYER OR ASSOCIATION OR ITS OFFICERS, DIRECTORS,
25 EMPLOYEES, OR THE TRUSTEES OF AN EMPLOYEE TRUST PLAN, TO THE
26 EXTENT THAT THE EMPLOYERS, OFFICERS, EMPLOYEES, DIRECTORS, OR
27 TRUSTEES ARE ENGAGED IN THE ADMINISTRATION OR OPERATION OF A

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1 PROGRAM OF EMPLOYEE BENEFITS FOR THE EMPLOYER'S OR ASSOCIATION'S
2 OWN EMPLOYEES OR THE EMPLOYEES OF ITS SUBSIDIARIES OR AFFILIATES,
3 WHICH PROGRAM INVOLVES THE USE OF INSURANCE ISSUED BY AN INSURER,
4 AS LONG AS THE EMPLOYERS, ASSOCIATIONS, OFFICERS, DIRECTORS,
5 EMPLOYEES, OR TRUSTEES ARE NOT IN ANY MANNER COMPENSATED,
6 DIRECTLY OR INDIRECTLY, BY THE COMPANY ISSUING THE CONTRACTS.

7 (D) EMPLOYEES OF INSURERS OR ORGANIZATIONS EMPLOYED BY
8 INSURERS WHO ARE ENGAGING IN THE INSPECTION, RATING, OR CLASSIFI-
9 CATION OF RISKS, OR IN THE SUPERVISION OF THE TRAINING OF INSUR-
10 ANCE PRODUCERS AND WHO ARE NOT INDIVIDUALLY ENGAGED IN THE SALE,
11 SOLICITATION, OR NEGOTIATION OF INSURANCE.

12 (E) A PERSON WHOSE ACTIVITIES IN THIS STATE ARE LIMITED TO
13 ADVERTISING WITHOUT THE INTENT TO SOLICIT INSURANCE IN THIS STATE
14 THROUGH COMMUNICATIONS IN PRINTED PUBLICATIONS OR OTHER FORMS OF
15 ELECTRONIC MASS MEDIA WHERE DISTRIBUTION IS NOT LIMITED TO RESI-
16 DENTS OF THE STATE, PROVIDED THAT THE PERSON DOES NOT SELL,
17 SOLICIT, OR NEGOTIATE INSURANCE THAT WOULD INSURE RISKS RESIDING,
18 LOCATED, OR TO BE PERFORMED IN THIS STATE.

19 (F) A PERSON WHO IS NOT A RESIDENT OF THIS STATE WHO SELLS,
20 SOLICITS, OR NEGOTIATES A CONTRACT OF INSURANCE FOR COMMERCIAL
21 PROPERTY AND CASUALTY RISKS TO AN INSURED WITH RISKS LOCATED IN
22 MORE THAN 1 STATE INSURED UNDER THAT CONTRACT, PROVIDED THAT THAT
23 PERSON IS OTHERWISE LICENSED AS AN INSURANCE PRODUCER TO SELL,
24 SOLICIT, OR NEGOTIATE THAT INSURANCE IN THE STATE WHERE THE
25 INSURED MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS AND THE CON-
26 TRACT OF INSURANCE INSURES RISKS LOCATED IN THAT STATE.

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1 (G) A SALARIED FULL-TIME EMPLOYEE WHO COUNSELS OR ADVISES
2 HIS OR HER EMPLOYER CONCERNING THE INSURANCE INTERESTS OF THE
3 EMPLOYER OR OF THE SUBSIDIARIES OR BUSINESS AFFILIATES OF THE
4 EMPLOYER PROVIDED THAT THE EMPLOYEE DOES NOT SELL OR SOLICIT
5 INSURANCE OR RECEIVE A COMMISSION.

6 Sec. 1203. ~~-(1) A newsboy or a manager of a newspaper dis-~~
7 ~~tribution office may take applications for newspaper subscriber~~
8 ~~limited personal accident insurance policies and may collect pre-~~
9 ~~miums for the policies if these activities are incidental to his~~
10 ~~duties as a newsboy or manager.~~

11 (1) ~~-(2)-~~ A person may act as an ~~agent~~ INSURANCE PRODUCER
12 only for a fraternal benefit society authorized to transact
13 insurance in this state without being licensed as an insurance
14 ~~agent~~ PRODUCER if ~~he devotes~~ less than 50% of his OR HER time
15 IS DEVOTED to the solicitation and procurement of insurance con-
16 tracts for the society. A person who in the preceding calendar
17 year solicits or procures life insurance contracts on behalf of
18 any society in an amount of insurance in excess of \$50,000.00,
19 or, in case of any other kind of insurance ~~which~~ THAT the soci-
20 ety might write, on the persons of more than 25 individuals and
21 who has received a commission or other compensation ~~therefor~~
22 FOR THE SALE OF THAT INSURANCE is conclusively presumed to be
23 devoting 50% of his OR HER time to the solicitation or procure-
24 ment of insurance contracts for the society. AN INSURANCE
25 PRODUCER FOR A FRATERNAL BENEFIT SOCIETY AUTHORIZED TO TRANSACT
26 INSURANCE IN THIS STATE BEFORE MARCH 1, 2002 MAY, UPON
27 APPLICATION TO THE COMMISSIONER BEFORE MARCH 1, 2003, BE LICENSED

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1 AS AN INSURANCE PRODUCER TO REPRESENT THAT FRATERNAL BENEFIT
2 SOCIETY WITHOUT WRITTEN EXAMINATION.

3 (2) ~~(3)~~ An attorney-in-fact of a reciprocal or of an
4 inter-insurance exchange may act as an ~~agent~~ INSURANCE PRODUCER
5 for the reciprocal or exchange.

6 Sec. 1204. (1) ~~An application for a license to act as an~~
7 ~~agent shall be made to the commissioner and be accompanied by a~~
8 ~~notice of appointment from the sponsoring insurer. The applica-~~
9 ~~tion and the notice of appointment shall be on forms prescribed~~
10 ~~by the commissioner.~~ A RESIDENT INDIVIDUAL APPLYING FOR AN
11 INSURANCE PRODUCER LICENSE SHALL PASS A WRITTEN EXAMINATION
12 UNLESS EXEMPT PURSUANT TO SECTION 1206B.

13 (2) Within a reasonable time after receipt of a properly
14 completed application, ~~and notice of appointment forms,~~ the
15 commissioner shall subject the applicant to a written
16 examination. ~~Beginning July 1, 1987, an~~ AN applicant shall not
17 be given an examination unless the applicant has completed ~~an~~
18 ~~insurance agent~~ A program of study registered with the commis-
19 sioner pursuant to section 1204a. ~~A~~ AN APPLICANT SHALL FILE A
20 certificate of completion of the registered program of study
21 ~~shall be filed~~ with the commissioner on a form prescribed by
22 the commissioner ~~and shall indicate~~ INDICATING that the course
23 of study was completed by the applicant not more than 6 months
24 before the application is received by the commissioner. The com-
25 missioner may waive the applicable examination or program of
26 study requirements of this section for a person who applies for a
27 limited license as designated by the commissioner; for a person

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1 who has been a licensed ~~agent or solicitor~~ INSURANCE PRODUCER
2 within the preceding ~~24~~ 12 months; for a person who has
3 obtained the chartered property and casualty underwriter designa-
4 tion, the chartered life underwriter designation, certified
5 insurance counselor designation, accredited advisor in insurance
6 designation, or the chartered financial consultant designation;
7 or for a person who has an associate's, bachelor's, or master's
8 degree with a concentration in insurance from an institution
9 approved by the commissioner. ~~An applicant who fails to pass an~~
10 ~~examination may take subsequent examinations pursuant to rules~~
11 ~~promulgated by the commissioner.~~

12 ~~(3) The commissioner may conduct investigations and pro-~~
13 ~~pound interrogatories concerning the applicant's qualifications,~~
14 ~~residence, business affiliations which are relevant to the~~
15 ~~applicant's qualifications as an agent, and any other matter~~
16 ~~which the commissioner considers necessary or advisable to deter-~~
17 ~~mine compliance with this chapter, or for protection of the~~
18 ~~public.~~

19 ~~(4) After examination, investigation, and interrogatories,~~
20 ~~the commissioner shall license an applicant if the commissioner~~
21 ~~determines that the applicant is an employee of, or is authorized~~
22 ~~in writing to represent, an insurer which is authorized to trans-~~
23 ~~act insurance in this state, and the applicant possesses reason-~~
24 ~~able understanding of the provisions, terms, and conditions of~~
25 ~~the insurance the applicant will be licensed to solicit, pos-~~
26 ~~sesses reasonable understanding of the insurance laws of this~~
27 ~~state, intends in good faith to act as an agent, is honest and~~

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~~1 trustworthy, possesses a good business reputation, and possesses
2 good moral character to act as an agent. The commissioner shall
3 make a decision on an application within 60 days after the appli-
4 cant passes the examination or, if the examination has been
5 waived, within 60 days after receipt of a properly completed
6 application and notice of appointment forms.~~

~~7 (5) A license to act as an agent in this state in compliance
8 with the laws of this state shall be issued to an insurance agent
9 who is not a resident of this state. The license may be issued
10 subject to any additional restrictions under which a resident of
11 this state would be licensed in the jurisdiction in which the
12 applicant resides.~~

13 (3) THE EXAMINATION SHALL TEST THE KNOWLEDGE OF THE INDIVID-
14 UAL CONCERNING THE QUALIFICATIONS FOR WHICH APPLICATION IS MADE,
15 THE DUTIES AND RESPONSIBILITIES OF AN INSURANCE PRODUCER, AND THE
16 INSURANCE LAWS AND REGULATIONS OF THIS STATE. EXAMINATIONS
17 REQUIRED BY THIS SECTION SHALL BE DEVELOPED AND CONDUCTED AS PRE-
18 SCRIBED BY THE COMMISSIONER.

19 (4) THE COMMISSIONER MAY MAKE ARRANGEMENTS, INCLUDING CON-
20 TRACTING WITH AN OUTSIDE TESTING SERVICE, FOR ADMINISTERING EXAM-
21 INATIONS UNDER THIS SECTION AND COLLECTING THE NONREFUNDABLE FEE
22 IN SECTION 240(1)(H) OR (4).

23 (5) EACH INDIVIDUAL APPLYING FOR AN EXAMINATION UNDER THIS
24 SECTION SHALL REMIT A NONREFUNDABLE FEE AS PRESCRIBED IN SECTION
25 240(1)(H) OR (4).

26 (6) AN INDIVIDUAL WHO FAILS TO APPEAR FOR THE EXAMINATION
27 REQUIRED UNDER THIS SECTION AS SCHEDULED OR FAILS TO PASS THE

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1 EXAMINATION SHALL REAPPLY FOR AN EXAMINATION AND REMIT ALL
2 REQUIRED EXAMINATION FEES AND FORMS TO BE RESCHEDULED FOR ANOTHER
3 EXAMINATION.

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

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

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

9 (B) "INSURANCE PRODUCER" MEANS A LIFE-HEALTH AGENT OR
10 PROPERTY-CASUALTY AGENT.

11 (c) "Life-health agent" means a resident or nonresident
12 ~~agent~~ INDIVIDUAL INSURANCE PRODUCER licensed for life, limited
13 life, ~~credit life~~, mortgage redemption, accident and health, or
14 any combination thereof.

15 (d) "Property-casualty agent" means a resident or nonresi-
16 dent ~~agent~~ INDIVIDUAL INSURANCE PRODUCER or solicitor licensed
17 for automobile, fire, multiple lines, any limited or minor prop-
18 erty and casualty line, or any combination thereof.

19 (2) Unless the ~~agent~~ INSURANCE PRODUCER has renewed his or
20 her license pursuant to subsection (4), an ~~agent's~~ INSURANCE
21 PRODUCER'S hours of study accrued under this section shall be
22 reviewed for license continuance as follows:

23 (a) If the ~~agent's~~ INSURANCE PRODUCER'S license number
24 ends in "1" as follows:

25 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
26 with A to L, on January 1, 1995 and on January 1 every 2 years
27 thereafter.

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1 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
2 with M to Z, on January 1, 1996 and on January 1 every 2 years
3 thereafter.

4 (b) If the ~~agent's~~ INSURANCE PRODUCER'S license number
5 ends in "2" as follows:

6 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
7 with A to L, on February 1, 1995 and on February 1 every 2 years
8 thereafter.

9 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
10 with M to Z, on February 1, 1996 and on February 1 every 2 years
11 thereafter.

12 (c) If the ~~agent's~~ INSURANCE PRODUCER'S license number
13 ends in "3" as follows:

14 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
15 with A to L, on March 1, 1995 and on March 1 every 2 years
16 thereafter.

17 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
18 with M to Z, on March 1, 1996 and on March 1 every 2 years
19 thereafter.

20 (d) If the ~~agent's~~ INSURANCE PRODUCER'S license number
21 ends in "4" as follows:

22 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
23 with A to L, on June 1, 1995 and on June 1 every 2 years
24 thereafter.

25 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
26 with M to Z, on June 1, 1996 and on June 1 every 2 years
27 thereafter.

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1 (e) If the ~~agent's~~ INSURANCE PRODUCER'S license number
2 ends in "5" as follows:

3 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
4 with A to L, on July 1, 1995 and on July 1 every 2 years
5 thereafter.

6 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
7 with M to Z, on July 1, 1996 and on July 1 every 2 years
8 thereafter.

9 (f) If the ~~agent's~~ INSURANCE PRODUCER'S license number
10 ends in "6" as follows:

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

14 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
15 with M to Z, on August 1, 1996 and on August 1 every 2 years
16 thereafter.

17 (g) If the ~~agent's~~ INSURANCE PRODUCER'S license number
18 ends in "7" as follows:

19 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
20 with A to L, on September 1, 1995 and on September 1 every 2
21 years thereafter.

22 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
23 with M to Z, on September 1, 1996 and on September 1 every 2
24 years thereafter.

25 (h) If the ~~agent's~~ INSURANCE PRODUCER'S license number
26 ends in "8" as follows:

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1 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
2 with A to L, on October 1, 1995 and on October 1 every 2 years
3 thereafter.

4 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
5 with M to Z, on October 1, 1996 and on October 1 every 2 years
6 thereafter.

7 (i) If the ~~agent's~~ INSURANCE PRODUCER'S license number
8 ends in "9" as follows:

9 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
10 with A to L, on November 1, 1995 and on November 1 every 2 years
11 thereafter.

12 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
13 with M to Z, on November 1, 1996 and on November 1 every 2 years
14 thereafter.

15 (j) If the ~~agent's~~ INSURANCE PRODUCER'S license number
16 ends in "0" as follows:

17 (i) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
18 with A to L, on December 1, 1995 and on December 1 every 2 years
19 thereafter.

20 (ii) If the ~~agent's~~ INSURANCE PRODUCER'S last name starts
21 with M to Z, on December 1, 1996 and on December 1 every 2 years
22 thereafter.

23 (3) If an ~~agent's~~ INSURANCE PRODUCER'S hours of study
24 would be reviewed according to the schedule under subsection (2)
25 within 23 months after issuance of the initial license, the hours
26 shall not be reviewed on the first scheduled date following the
27 issuance of the initial license and shall be reviewed on the next

1 scheduled review date following the first review date according
2 to the schedule under subsection (2), unless the ~~agent~~
3 INSURANCE PRODUCER has renewed his or her license pursuant to
4 subsection (4).

5 (4) Except as provided in subsections (11) to (14), before
6 the review date of each applicable 2-year period provided for
7 under subsection (2) or (3), an ~~agent~~ INSURANCE PRODUCER wish-
8 ing to renew his or her license shall renew his or her license by
9 attending or instructing not less than 30 hours of continuing
10 education classes approved by the commissioner or 30 hours of
11 home study if evidenced by successful completion of course work
12 approved by the commissioner. Of the 30 hours of continuing edu-
13 cation required, a life-health agent shall attend or instruct not
14 less than 15 hours in a program of study approved for life-health
15 agents and a property-casualty agent shall attend or instruct not
16 less than 15 hours in a program of study approved for
17 property-casualty agents.

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

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

24 (i) The fundamental considerations and major principles of
25 life insurance.

26 (ii) The fundamental considerations and major principles of
27 health insurance.

- 1 (iii) Estate planning and taxation as related to insurance.
- 2 (iv) Industry and legal standards concerning ethics in
3 insurance.
- 4 (v) Legal, legislative, and regulatory matters concerning
5 insurance, the insurance code, and the insurance industry.
- 6 (vi) Principal provisions used in life insurance contracts,
7 health insurance contracts, or annuity contracts and differences
8 in types of coverages.
- 9 (vii) Accounting and actuarial considerations in insurance.
- 10 (viii) Principles of agency management, excluding telemarke-
11 ting or other marketing instruction.
- 12 (b) For a property-casualty agent program of study, the pro-
13 gram offers instructions in 1 or more of the following:
- 14 (i) The fundamental considerations and major principles of
15 property insurance.
- 16 (ii) The fundamental considerations and major principles of
17 casualty insurance.
- 18 (iii) Basic principles of risk management.
- 19 (iv) Industry and legal standards concerning ethics in
20 insurance.
- 21 (v) Legal, legislative, and regulatory matters concerning
22 insurance, the insurance code, and the insurance industry.
- 23 (vi) Principal provisions used in casualty insurance con-
24 tracts, no-fault insurance contracts, or property insurance con-
25 tracts and differences in types of coverages.
- 26 (vii) Accounting and actuarial considerations in insurance.

1 (viii) Principles of agency management, excluding
2 telemarketing or other marketing instruction.

3 (6) A provider of a program of study for ~~agents~~ INSURANCE
4 PRODUCERS applying for approval or reapproval from the commis-
5 sioner under this section shall file, on a form provided by the
6 commissioner, a description of the course of study including a
7 description of the subject matter and course materials, hours of
8 instruction, location of classroom, qualifications of instruc-
9 tors, and maximum student-instructor ratio and shall pay a nonre-
10 fundable \$25.00 filing fee. Any material change in a program of
11 study shall require reapproval by the commissioner. If the
12 information in an application for approval or reapproval is
13 insufficient for the commissioner to determine whether the pro-
14 gram of study meets the requirements under subsection (5), the
15 commissioner shall give written notice to the provider, within 15
16 days after the provider's filing of the application for approval
17 or reapproval, of the additional information needed by the
18 commissioner. An application for approval or reapproval shall be
19 considered approved unless disapproved by the commissioner within
20 90 days after the application for approval or reapproval is
21 filed, or within 90 days after the receipt of additional informa-
22 tion if the information was requested by the commissioner, which-
23 ever is later.

24 (7) A provider of a program of study approved by the commis-
25 sioner under this section shall pay a provider authorization fee
26 of \$500.00 for the first year the provider's program of study was
27 approved under this section and a \$100.00 provider renewal fee

1 for each year thereafter that the provider offers the approved
2 program of study.

3 (8) A person dissatisfied with an approved program of study
4 may petition the commissioner for a hearing on the program or the
5 commissioner on his or her own initiative may request a hearing
6 on a program of study. If the commissioner finds the petition to
7 have been submitted in good faith, that the petition if true
8 shows the program of study does not satisfy the criteria in sub-
9 section (5), or that the petition otherwise justifies holding a
10 hearing, the commissioner shall hold a hearing pursuant to chap-
11 ter 4 of the administrative procedures act of 1969, 1969 PA 306,
12 MCL 24.271 to 24.287, within 30 days after receipt of the peti-
13 tion and upon not less than 10 days' written notice to the peti-
14 tioner and the provider of the program of study. If the commis-
15 sioner requests a hearing on a program of study on his or her own
16 initiative, the commissioner shall hold a hearing pursuant to
17 chapter 4 of the administrative procedures act of 1969, 1969
18 PA 306, MCL 24.271 to 24.287, upon not less than 10 days' written
19 notice to the provider of the program of study.

20 (9) If after a hearing under subsection (8) the commissioner
21 finds that the program of study does not satisfy the requirements
22 under subsection (5), the commissioner shall state, in a written
23 order mailed first class to the petitioner and provider of the
24 program of study, his or her findings and the date upon which the
25 commissioner will revoke approval of the program of study which
26 date shall be within a reasonable time of the issuance of the
27 order.

1 (10) A certificate of attendance or instruction of an
2 approved program of study or a certificate of successful comple-
3 tion of course work shall be filed as directed by the commis-
4 sioner on a form prescribed by the commissioner and shall indi-
5 cate the name and number of the course of study, the number of
6 hours, dates of completion, and the name and number of schools
7 attended or taught by the ~~agent~~ INSURANCE PRODUCER or the evi-
8 dence of successful completion of course work. A representative
9 of the approved program of study shall file the form and a fee of
10 \$1.00 per hour for course credit for each ~~agent~~ INSURANCE
11 PRODUCER license renewal as directed by the commissioner within
12 30 days after the ~~agent~~ INSURANCE PRODUCER completes the
13 program. A copy of the form shall also be mailed first-class to
14 the ~~agent~~ INSURANCE PRODUCER who attended, taught, or success-
15 fully completed the program of study. The commissioner may enter
16 into contracts to provide for the administrative functions of
17 this subsection.

18 (11) The commissioner may waive the continuing education
19 requirements of this section for an ~~agent~~ INSURANCE PRODUCER if
20 the commissioner determines that enforcement of the requirements
21 would cause a severe hardship. The commissioner shall waive the
22 continuing education requirements of this section for an ~~agent~~
23 INSURANCE PRODUCER who is licensed to write only travel or bag-
24 gage insurance policies and whose employment is for a purpose
25 other than the sale of those policies.

26 (12) The commissioner may enter into reciprocal continuing
27 education agreements with insurance commissioners from other

1 states. ~~A person who is licensed pursuant to section 1204(5) is~~
2 ~~not subject to the continuing education requirements under this~~
3 ~~section if there is a reciprocal insurance continuing education~~
4 ~~agreement with the insurance commissioner of the state of the~~
5 ~~applicant's principal residence and there are continuing educa-~~
6 ~~tion requirements in the state of the applicant's residence.~~

7 (13) If an ~~agent~~ INSURANCE PRODUCER has not met his or her
8 continuing education requirements by the expiration date of his
9 or her license, the ~~agent~~ INSURANCE PRODUCER shall have a
10 90-day grace period in which to meet the continuing education
11 requirements of this section. During the 90-day grace period,
12 the ~~agent~~ INSURANCE PRODUCER shall not solicit or sell new pol-
13 icies of insurance, bind coverage, or otherwise act as an ~~agent~~
14 INSURANCE PRODUCER except that the ~~agent~~ INSURANCE PRODUCER may
15 continue to service policies previously sold and may receive com-
16 missions on policies previously sold. If the ~~agent~~ INSURANCE
17 PRODUCER has not met his or her continuing education requirements
18 by the expiration of the 90-day grace period, the ~~agent's~~
19 INSURANCE PRODUCER'S license shall be canceled. An ~~agent~~
20 INSURANCE PRODUCER whose license has been canceled under this
21 section may reapply for license to act as an ~~agent~~ INSURANCE
22 PRODUCER under section 1204, except that the program of study
23 requirements under section 1204 shall not be waived.

24 (14) An ~~agent~~ INSURANCE PRODUCER who has sold his or her
25 insurance business and who has not met the continuing education
26 requirements of this section shall not solicit or sell new
27 policies of insurance, bind coverage, or otherwise act as an

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1 ~~agent~~ INSURANCE PRODUCER except that the ~~agent~~ INSURANCE
2 PRODUCER may continue to service policies previously sold and may
3 receive commissions on policies previously sold as well as
4 receive partial commissions on policies of insurance sold by a
5 purchasing ~~agent~~ INSURANCE PRODUCER. An ~~agent~~ INSURANCE
6 PRODUCER who is in the process of selling his or her insurance
7 business and who has not met the continuing education require-
8 ments of this section shall not solicit or sell new policies of
9 insurance, bind coverage, or otherwise act as an ~~agent~~
10 INSURANCE PRODUCER except that the ~~agent~~ INSURANCE PRODUCER may
11 continue to service policies previously sold and may receive com-
12 missions on policies previously sold as well as receive partial
13 commissions on policies of insurance sold by a purchasing ~~agent~~
14 INSURANCE PRODUCER, for a period not to exceed 12 months after
15 the selling ~~agent's~~ INSURANCE PRODUCER'S license review date
16 under subsection (2). An ~~agent~~ INSURANCE PRODUCER whose
17 license has been canceled and who wishes to resume soliciting or
18 selling new policies of insurance, bind coverage, or otherwise
19 act as an ~~agent~~ INSURANCE PRODUCER and who has not met the con-
20 tinuing education requirements within the immediately preceding
21 2-year period may reapply for license to act as an ~~agent~~
22 INSURANCE PRODUCER under section 1204. ~~, except that the program~~
23 ~~of study requirements under section 1204 shall not be waived.~~
24 SEC. 1204E. (1) THE COMMISSIONER SHALL WAIVE ANY REQUIRE-
25 MENTS FOR A NONRESIDENT LICENSE APPLICANT WITH A VALID LICENSE
26 FROM HIS OR HER HOME STATE, EXCEPT THE REQUIREMENTS UNDER SECTION

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1 1206A, IF THE APPLICANT'S HOME STATE AWARDS NONRESIDENT LICENSES
2 TO RESIDENTS OF THIS STATE ON THE SAME BASIS.

3 (2) A NONRESIDENT INSURANCE PRODUCER'S SATISFACTION OF HIS
4 OR HER HOME STATE'S CONTINUING EDUCATION REQUIREMENTS FOR
5 LICENSED INSURANCE PRODUCERS SHALL CONSTITUTE SATISFACTION OF
6 THIS STATE'S CONTINUING EDUCATION REQUIREMENTS IF THE NONRESIDENT
7 PRODUCER'S HOME STATE RECOGNIZES THE SATISFACTION OF ITS CONTINU-
8 ING EDUCATION REQUIREMENTS IMPOSED UPON PRODUCERS FROM THIS STATE
9 ON THE SAME BASIS.

10 Sec. 1205. ~~(1) The commissioner may require an applicant~~
11 ~~or a licensed agent to disclose fully the identity of its stock-~~
12 ~~holders, officers, partners and employees; may propound reason-~~
13 ~~able interrogatories; and may refuse to issue or to continue a~~
14 ~~license if he is satisfied that any stockholder, officer, partner~~
15 ~~or employee who can materially influence the applicant or the~~
16 ~~agent is not a fit and proper person under the standards of this~~
17 ~~chapter and that such action reasonably is necessary to protect~~
18 ~~the public.~~

19 ~~(2) An applicant may represent his sponsoring insurer after~~
20 ~~receipt of the license from the commissioner. A licensed agent~~
21 ~~who is otherwise qualified may represent an additional insurer~~
22 ~~after mailing of a notice of appointment from that insurer.~~

23 ~~(3) A written examination need not be required of an appli-~~
24 ~~cant for a license to write only limited personal accident insur-~~
25 ~~ance policies or baggage insurance policies, whose employment is~~
26 ~~for a purpose other than the sale of such policies, and who does~~
27 ~~not receive any commission or other compensation directly~~

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~~1 dependent on the amount of insurance written. However, the
2 commissioner may make any investigation or propound any interrog-
3 atories which he deems necessary or advisable to determine the
4 qualifications of the applicant and for protection of the
5 public.~~

~~6 (4) An agent for a fraternal benefit society authorized to
7 transact insurance in this state on the effective date of this
8 act, upon application to the commissioner, may be licensed as an
9 insurance agent to represent that fraternal benefit society with-
10 out written examination.~~

11 (1) A PERSON APPLYING FOR A RESIDENT INSURANCE PRODUCER
12 LICENSE SHALL FILE WITH THE COMMISSIONER THE UNIFORM APPLICATION
13 REQUIRED BY THE COMMISSIONER AND SHALL DECLARE UNDER PENALTY OF
14 REFUSAL, SUSPENSION, OR REVOCATION OF THE LICENSE THAT THE STATE-
15 MENTS MADE IN THE APPLICATION ARE TRUE, CORRECT, AND COMPLETE TO
16 THE BEST OF THE INDIVIDUAL'S KNOWLEDGE AND BELIEF. AN APPLICA-
17 TION FOR A RESIDENT INSURER PRODUCER LICENSE SHALL NOT BE
18 APPROVED UNLESS THE COMMISSIONER FINDS THAT THE INDIVIDUAL MEETS
19 ALL OF THE FOLLOWING:

20 (A) IS AT LEAST 18 YEARS OF AGE.

21 (B) HAS NOT COMMITTED ANY ACT THAT IS A GROUND FOR DENIAL,
22 SUSPENSION, OR REVOCATION UNDER SECTION 1239.

23 (C) AS REQUIRED UNDER SECTION 1204(2), HAS COMPLETED A PRE-
24 LICENSING COURSE OF STUDY FOR THE QUALIFICATIONS FOR WHICH THE
25 PERSON HAS APPLIED.

26 (D) HAS PAID THE FEES APPLICABLE TO THE INDIVIDUAL UNDER
27 SECTION 240.

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1 (E) HAS SUCCESSFULLY PASSED THE EXAMINATION REQUIRED FOR
2 EACH QUALIFICATION FOR WHICH THE PERSON HAS APPLIED.

3 (2) A BUSINESS ENTITY ACTING AS AN INSURANCE PRODUCER SHALL
4 OBTAIN AN INSURANCE PRODUCER LICENSE. A BUSINESS ENTITY APPLYING
5 FOR AN INSURANCE PRODUCER LICENSE SHALL FILE WITH THE COMMIS-
6 SIONER THE UNIFORM BUSINESS ENTITY APPLICATION REQUIRED BY THE
7 COMMISSIONER. AN APPLICATION FOR AN INSURANCE PRODUCER LICENSE
8 UNDER THIS SUBSECTION SHALL NOT BE APPROVED UNLESS THE COMMIS-
9 SIONER FINDS ALL OF THE FOLLOWING:

10 (A) THE BUSINESS ENTITY HAS PAID THE FEES UNDER SECTION
11 240(1)(D).

12 (B) THE BUSINESS ENTITY HAS DESIGNATED AN INDIVIDUAL
13 LICENSED PRODUCER RESPONSIBLE FOR THE BUSINESS ENTITY'S COMPLI-
14 ANCE WITH THIS STATE'S INSURANCE LAWS, RULES, AND REGULATIONS.

15 (C) THE BUSINESS ENTITY HAS NOT COMMITTED ANY ACT THAT IS
16 GROUNDS FOR DENIAL, SUSPENSION, OR REVOCATION UNDER SECTION
17 1239.

18 (3) THE COMMISSIONER MAY REQUIRE THE PRODUCTION OF ANY DOCU-
19 MENTS REASONABLY NECESSARY TO VERIFY THE INFORMATION CONTAINED IN
20 AN APPLICATION.

21 (4) EACH INSURER THAT SELLS, SOLICITS, OR NEGOTIATES ANY
22 FORM OF LIMITED LINE CREDIT INSURANCE SHALL PROVIDE TO EACH INDIV-
23 VIDUAL WHOSE DUTIES WILL INCLUDE SELLING, SOLICITING, OR NEGOTI-
24 ATING LIMITED LINE CREDIT INSURANCE A PROGRAM OF INSTRUCTION THAT
25 MAY BE APPROVED BY THE COMMISSIONER.

26 Sec. 1206. ~~-(1) A license document issued by the~~
27 ~~commissioner shall set forth the name of the agent and the lines~~

1 ~~of insurance permitted by the license. A person who is licensed~~
2 ~~to act as an agent for life or disability insurance or for casu-~~
3 ~~alty insurance is permitted to act as an agent for legal expense~~
4 ~~insurance without obtaining additional authorization or licensure~~
5 ~~from the commissioner. The agent shall display the license docu-~~
6 ~~ment in his or her principal place of business.~~

7 ~~(2) The license shall continue in effect unless suspended or~~
8 ~~revoked by the commissioner, is voluntarily surrendered by the~~
9 ~~licensee, or terminates because of lack of authority or appoint-~~
10 ~~ment to act as an agent in this state from an admitted insurer.~~
11 ~~If the commissioner's records indicate that an agent has no valid~~
12 ~~or active appointment from an admitted insurer, the commissioner~~
13 ~~shall notify the agent that the agent has no valid or active~~
14 ~~appointment. The agent shall have 60 days from the date notice~~
15 ~~is sent by the commissioner to secure a valid appointment and~~
16 ~~have notice of the appointment filed with the commissioner. If~~
17 ~~notice of appointment is not received by the commissioner within~~
18 ~~the 60-day period, the agent's licensing authority shall be con-~~
19 ~~sidered terminated for failure to comply with the licensing~~
20 ~~requirements of this act.~~

21 ~~(3) The commissioner may reexamine a licensed agent at any~~
22 ~~time upon written notice with stated reasons.~~

23 ~~(4) The commissioner, without examination, may issue a tem-~~
24 ~~porary license to a natural person who demonstrates to the satis-~~
25 ~~faction of the commissioner that the death or physical or mental~~
26 ~~incapacity of an agent makes the action reasonably necessary to~~
27 ~~assure continued operation of the agent's business. The~~

1 ~~temporary license shall be effective for 90 days, and may be~~
2 ~~extended for additional periods of 90 days in the discretion of~~
3 ~~the commissioner.~~

4 ~~(5) The commissioner may issue a temporary license permit-~~
5 ~~ting collection of premiums on industrial insurance contracts to~~
6 ~~an applicant for a license to act as an insurance agent whom he~~
7 ~~or she determines to be honest and trustworthy. The temporary~~
8 ~~license shall be effective for 90 days, renewable for 1 addi-~~
9 ~~tional period of 90 days, or until disposition of the application~~
10 ~~to act as an insurance agent, whichever occurs first. If the~~
11 ~~commissioner does not notify the applicant of action on the~~
12 ~~request for a temporary license within 15 days after mailing of~~
13 ~~the application, the request for a temporary license shall be~~
14 ~~considered granted. For purposes of this subsection, an~~
15 ~~"industrial insurance contract" means a contract for which premi-~~
16 ~~ums are payable at monthly or more frequent intervals directly to~~
17 ~~a representative of the insurer by the person insured or by a~~
18 ~~person representing the person insured.~~

19 (1) UNLESS DENIED LICENSURE UNDER SECTION 1239, PERSONS WHO
20 HAVE MET THE REQUIREMENTS OF SECTIONS 1204 AND 1205 SHALL BE
21 ISSUED AN INSURANCE PRODUCER LICENSE. AN INDIVIDUAL INSURANCE
22 PRODUCER MAY RECEIVE A LICENSE FOR A QUALIFICATION IN 1 OR MORE
23 OF THE FOLLOWING LINES OF INSURANCE:

24 (A) LIFE -- INSURANCE COVERAGE ON HUMAN LIVES INCLUDING BEN-
25 EFITS OF ENDOWMENT AND ANNUITIES, AND MAY INCLUDE BENEFITS IN THE
26 EVENT OF DEATH OR DISMEMBERMENT BY ACCIDENT AND BENEFITS FOR
27 DISABILITY INCOME.

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1 (B) ACCIDENT AND HEALTH OR SICKNESS -- INSURANCE COVERAGE
2 FOR SICKNESS, BODILY INJURY, OR ACCIDENTAL DEATH AND MAY INCLUDE
3 BENEFITS FOR DISABILITY INCOME.

4 (C) PROPERTY -- INSURANCE COVERAGE FOR THE DIRECT OR CONSE-
5 QUENTIAL LOSS OR DAMAGE TO PROPERTY OF EVERY KIND.

6 (D) CASUALTY -- INSURANCE COVERAGE AGAINST LEGAL LIABILITY,
7 INCLUDING THAT FOR DEATH, INJURY, OR DISABILITY OR DAMAGE TO REAL
8 OR PERSONAL PROPERTY.

9 (E) VARIABLE LIFE AND VARIABLE ANNUITY PRODUCTS -- INSURANCE
10 COVERAGE PROVIDED UNDER VARIABLE LIFE INSURANCE CONTRACTS AND
11 VARIABLE ANNUITIES.

12 (F) PERSONAL LINES -- PROPERTY AND CASUALTY INSURANCE COVER-
13 AGE SOLD TO INDIVIDUALS AND FAMILIES FOR PRIMARILY NONCOMMERCIAL
14 PURPOSES.

15 (G) CREDIT -- LIMITED LINE CREDIT INSURANCE.

16 (H) ANY OTHER LINE OF INSURANCE PERMITTED UNDER STATE LAWS
17 OR RULES.

18 (2) AN INSURANCE PRODUCER LICENSE SHALL REMAIN IN EFFECT
19 UNLESS REVOKED OR SUSPENDED AS LONG AS EDUCATION REQUIREMENTS FOR
20 RESIDENT INDIVIDUAL PRODUCERS ARE MET BY THE DUE DATE.

21 (3) AN INDIVIDUAL INSURANCE PRODUCER WHO ALLOWS HIS OR HER
22 LICENSE TO LAPSE FOR A REASON OTHER THAN NOT MEETING THE REQUIRE-
23 MENTS OF SECTION 1204C MAY REINSTATE THE SAME LICENSE WITHOUT THE
24 NECESSITY OF PASSING A WRITTEN EXAMINATION IF HE OR SHE DOES SO
25 NOT LATER THAN 12 MONTHS AFTER THE DATE OF THE LAPSE.

26 (4) A LICENSE UNDER SUBSECTION (1) SHALL CONTAIN THE
27 LICENSEE'S NAME, ADDRESS, PERSONAL IDENTIFICATION NUMBER, AND THE

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1 DATE OF ISSUANCE, THE QUALIFICATIONS, THE EXPIRATION DATE, AND
2 ANY OTHER INFORMATION THE COMMISSIONER CONSIDERS NECESSARY.

3 (5) LICENSEES SHALL INFORM THE COMMISSIONER BY ANY MEANS
4 ACCEPTABLE TO THE COMMISSIONER OF A CHANGE OF LEGAL NAME OR
5 ADDRESS WITHIN 30 DAYS OF THE CHANGE.

6 (6) THE COMMISSIONER MAY CONTRACT WITH NONGOVERNMENTAL ENTI-
7 TIES TO PERFORM ANY MINISTERIAL FUNCTIONS, INCLUDING THE COLLEC-
8 TION OF FEES, RELATED TO PRODUCER LICENSING THAT THE COMMISSIONER
9 CONSIDERS APPROPRIATE.

10 SEC. 1206A. (1) UNLESS DENIED LICENSURE UNDER SECTION 1239,
11 A NONRESIDENT PERSON SHALL RECEIVE A NONRESIDENT INSURANCE
12 PRODUCER LICENSE IF HE OR SHE MEETS ALL OF THE FOLLOWING:

13 (A) IS CURRENTLY LICENSED AS A RESIDENT AND IN GOOD STANDING
14 IN HIS OR HER HOME STATE.

15 (B) HAS SUBMITTED THE PROPER REQUEST FOR LICENSURE AND HAS
16 PAID THE APPLICABLE FEES REQUIRED BY SECTION 240.

17 (C) HAS SUBMITTED OR TRANSMITTED TO THE COMMISSIONER THE
18 APPLICATION FOR LICENSURE THAT THE PERSON SUBMITTED TO HIS OR HER
19 HOME STATE OR A COMPLETED UNIFORM APPLICATION AS REQUIRED BY THE
20 COMMISSIONER.

21 (D) THE PERSON'S HOME STATE AWARDS NONRESIDENT PRODUCER
22 LICENSES TO RESIDENTS OF THIS STATE ON THE SAME BASIS.

23 (2) THE COMMISSIONER MAY VERIFY THE INSURANCE PRODUCER'S
24 LICENSING STATUS THROUGH THE PRODUCER DATABASE MAINTAINED BY THE
25 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS OR ITS AFFILIATES
26 OR SUBSIDIARIES.

1 (3) A NONRESIDENT INSURANCE PRODUCER WHO MOVES FROM 1 STATE
2 TO ANOTHER STATE OR A RESIDENT INSURANCE PRODUCER WHO MOVES FROM
3 THIS STATE TO ANOTHER STATE SHALL FILE A CHANGE OF ADDRESS AND
4 PROVIDE CERTIFICATION FROM THE NEW RESIDENT STATE WITHIN 30 DAYS
5 OF THE CHANGE OF LEGAL RESIDENCE. NO FEE OR LICENSE APPLICATION
6 IS REQUIRED.

7 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A
8 PERSON LICENSED AS A SURPLUS LINES INSURANCE PRODUCER IN HIS OR
9 HER HOME STATE SHALL RECEIVE A NONRESIDENT SURPLUS LINES INSUR-
10 ANCE PRODUCER LICENSE PURSUANT TO SUBSECTION (1). EXCEPT AS OTH-
11 ERWISE PROVIDED IN SUBSECTION (1), THIS SECTION DOES NOT OTHER-
12 WISE AMEND OR SUPERSEDE ANY PROVISION OF CHAPTER 19.

13 (5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A
14 PERSON LICENSED AS A LIMITED LINE CREDIT INSURANCE OR OTHER TYPE
15 OF LIMITED LINES INSURANCE PRODUCER IN HIS OR HER HOME STATE
16 SHALL RECEIVE A NONRESIDENT LIMITED LINES INSURANCE PRODUCER
17 LICENSE, PURSUANT TO SUBSECTION (1), GRANTING THE SAME SCOPE OF
18 AUTHORITY AS GRANTED UNDER THE LICENSE ISSUED BY THE PRODUCER'S
19 HOME STATE. FOR THE PURPOSES OF THIS SUBSECTION, LIMITED LINES
20 INSURANCE IS ANY AUTHORITY GRANTED BY THE HOME STATE THAT
21 RESTRICTS THE AUTHORITY OF THE LICENSE TO LESS THAN THE TOTAL
22 AUTHORITY PRESCRIBED IN THE ASSOCIATED MAJOR LINES UNDER SECTION
23 1206(1)(A) TO (F).

24 SEC. 1206B. (1) AN INDIVIDUAL WHO APPLIES FOR AN INSURANCE
25 PRODUCER LICENSE IN THIS STATE WHO WAS PREVIOUSLY LICENSED FOR
26 THE SAME QUALIFICATIONS IN ANOTHER STATE IS NOT REQUIRED TO
27 COMPLETE ANY PRELICENSING EDUCATION OR EXAMINATION. THIS

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1 EXEMPTION IS ONLY AVAILABLE IF THE PERSON IS CURRENTLY LICENSED
2 IN THAT STATE OR IF THE APPLICATION IS RECEIVED WITHIN 90 DAYS OF
3 THE CANCELLATION OF THE APPLICANT'S PREVIOUS LICENSE AND IF THE
4 PRIOR STATE ISSUES A CERTIFICATION THAT, AT THE TIME OF CANCELLA-
5 TION, THE APPLICANT WAS IN GOOD STANDING IN THAT STATE OR THE
6 STATE'S PRODUCER DATABASE RECORDS, MAINTAINED BY THE NATIONAL
7 ASSOCIATION OF INSURANCE COMMISSIONERS, ITS AFFILIATES, OR ITS
8 SUBSIDIARIES, INDICATE THAT THE PRODUCER IS OR WAS LICENSED IN
9 GOOD STANDING FOR THE QUALIFICATION REQUESTED.

10 (2) A PERSON LICENSED AS AN INSURANCE PRODUCER IN ANOTHER
11 STATE WHO MOVES TO THIS STATE SHALL APPLY WITHIN 90 DAYS AFTER
12 ESTABLISHING LEGAL RESIDENCE TO BECOME A RESIDENT LICENSEE PURSU-
13 ANT TO SECTION 1205. PRELICENSING EDUCATION OR EXAMINATION IS
14 NOT REQUIRED OF THAT PERSON TO OBTAIN ANY QUALIFICATION PREVI-
15 OUSLY HELD IN THE PRIOR STATE EXCEPT WHERE THE COMMISSIONER
16 DETERMINES OTHERWISE BY RULE.

17 SEC. 1208A. (1) AN INSURANCE PRODUCER SHALL NOT ACT AS AN
18 AGENT OF AN INSURER UNLESS THE INSURANCE PRODUCER BECOMES AN
19 APPOINTED AGENT OF THAT INSURER. AN INSURANCE PRODUCER WHO IS
20 NOT ACTING AS AN AGENT OF AN INSURER IS NOT REQUIRED TO BECOME
21 APPOINTED.

22 (2) TO APPOINT A PRODUCER AS ITS AGENT, THE APPOINTING
23 INSURER SHALL FILE, IN A FORMAT APPROVED BY THE COMMISSIONER, A
24 NOTICE OF APPOINTMENT FOR THE QUALIFICATIONS HELD BY THAT INSUR-
25 ANCE PRODUCER WITHIN 15 DAYS FROM THE DATE THE AGENCY CONTRACT IS
26 EXECUTED OR THE FIRST INSURANCE APPLICATION IS SUBMITTED. AN
27 INSURER MAY ALSO ELECT TO APPOINT AN INSURANCE PRODUCER TO ALL OR

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1 SOME INSURERS WITHIN THE INSURER'S HOLDING COMPANY SYSTEM OR
2 GROUP BY THE FILING OF A SINGLE APPOINTMENT REQUEST.

3 (3) UPON RECEIPT OF THE NOTICE OF APPOINTMENT, THE COMMIS-
4 SIONER SHALL VERIFY WITHIN A REASONABLE TIME NOT TO EXCEED 30
5 DAYS THAT THE INSURANCE PRODUCER IS ELIGIBLE FOR APPOINTMENT. IF
6 THE INSURANCE PRODUCER IS DETERMINED TO BE INELIGIBLE FOR
7 APPOINTMENT, THE COMMISSIONER SHALL NOTIFY THE INSURER WITHIN 5
8 DAYS OF THAT DETERMINATION.

9 (4) AN INSURER SHALL PAY AN APPOINTMENT FEE AND A RENEWAL
10 APPOINTMENT FEE AS PROVIDED UNDER SECTION 240(1)(C) FOR EACH
11 INSURANCE PRODUCER APPOINTED OR RENEWED BY THE INSURER.

12 SEC. 1208B. (1) AN INSURER OR AUTHORIZED REPRESENTATIVE OF
13 THE INSURER THAT TERMINATES THE APPOINTMENT, EMPLOYMENT, CON-
14 TRACT, OR OTHER INSURANCE BUSINESS RELATIONSHIP WITH AN INSURANCE
15 PRODUCER SHALL NOTIFY THE COMMISSIONER USING A FORMAT PRESCRIBED
16 BY THE COMMISSIONER OF THE TERMINATION WITHIN 30 DAYS FOLLOWING
17 THE EFFECTIVE DATE OF THE TERMINATION IF THE REASON FOR TERMINA-
18 TION IS 1 OF THE REASONS LISTED IN SECTION 1239 OR THE INSURER
19 HAS KNOWLEDGE THE PRODUCER WAS FOUND BY A COURT, GOVERNMENT BODY,
20 OR SELF-REGULATORY ORGANIZATION AUTHORIZED BY LAW TO HAVE ENGAGED
21 IN ANY OF THE ACTIVITIES LISTED IN SECTION 1239. UPON THE WRIT-
22 TEN REQUEST OF THE COMMISSIONER, THE INSURER SHALL PROVIDE ADDI-
23 TIONAL INFORMATION, DOCUMENTS, RECORDS, OR OTHER DATA PERTAINING
24 TO THE TERMINATION OR ACTIVITY OF THE PRODUCER.

25 (2) AN INSURER OR AUTHORIZED REPRESENTATIVE OF THE INSURER
26 THAT TERMINATES THE APPOINTMENT, EMPLOYMENT, OR CONTRACT WITH A
27 PRODUCER FOR ANY REASON NOT LISTED IN SECTION 1239 SHALL NOTIFY

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1 THE COMMISSIONER USING A FORMAT PRESCRIBED BY THE COMMISSIONER OF
2 THE TERMINATION WITHIN 30 DAYS FOLLOWING THE EFFECTIVE DATE OF
3 THE TERMINATION. UPON WRITTEN REQUEST OF THE COMMISSIONER, THE
4 INSURER SHALL PROVIDE ADDITIONAL INFORMATION, DOCUMENTS, RECORDS,
5 OR OTHER DATA PERTAINING TO THE TERMINATION.

6 (3) THE INSURER OR THE AUTHORIZED REPRESENTATIVE OF THE
7 INSURER SHALL PROMPTLY NOTIFY THE COMMISSIONER IN A FORMAT
8 ACCEPTABLE TO THE COMMISSIONER IF, UPON FURTHER REVIEW OR INVES-
9 TIGATION, THE INSURER DISCOVERS ADDITIONAL INFORMATION THAT WOULD
10 HAVE BEEN REPORTABLE TO THE COMMISSIONER IN ACCORDANCE WITH SUB-
11 SECTION (1) HAD THE INSURER THEN KNOWN OF ITS EXISTENCE.

12 (4) NOT LATER THAN 15 DAYS AFTER MAKING THE NOTIFICATION
13 REQUIRED BY SUBSECTION (1), (2), OR (3), THE INSURER SHALL MAIL A
14 COPY OF THE NOTIFICATION TO THE PRODUCER AT HIS OR HER LAST KNOWN
15 ADDRESS. IF THE PRODUCER IS TERMINATED FOR CAUSE FOR ANY OF THE
16 REASONS LISTED IN SECTION 1239, THE INSURER SHALL PROVIDE A COPY
17 OF THE NOTIFICATION TO THE PRODUCER AT HIS OR HER LAST KNOWN
18 ADDRESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PRE-
19 PAID OR BY OVERNIGHT DELIVERY USING A NATIONALLY RECOGNIZED
20 CARRIER. WITHIN 30 DAYS AFTER THE INSURANCE PRODUCER HAS
21 RECEIVED THE ORIGINAL OR ADDITIONAL NOTIFICATION, THE INSURANCE
22 PRODUCER MAY FILE WRITTEN COMMENTS CONCERNING THE SUBSTANCE OF
23 THE NOTIFICATION WITH THE COMMISSIONER. THE INSURANCE PRODUCER
24 SHALL, BY THE SAME MEANS, SIMULTANEOUSLY SEND A COPY OF THE COM-
25 MENTS TO THE REPORTING INSURER, AND THE COMMENTS SHALL BECOME A
26 PART OF THE COMMISSIONER'S FILE AND ACCOMPANY EVERY COPY OF A

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1 REPORT DISTRIBUTED OR DISCLOSED FOR ANY REASON ABOUT THE PRODUCER
2 AS PERMITTED UNDER SECTION 1246.

3 (5) IN THE ABSENCE OF ACTUAL MALICE, AN INSURER, THE AUTHO-
4 RIZED REPRESENTATIVE OF THE INSURER, AN INSURANCE PRODUCER, THE
5 COMMISSIONER, OR AN ORGANIZATION OF WHICH THE COMMISSIONER IS A
6 MEMBER AND THAT COMPILES THE INFORMATION AND MAKES IT AVAILABLE
7 TO OTHER COMMISSIONERS OR REGULATORY OR LAW ENFORCEMENT AGENCIES
8 IS NOT SUBJECT TO CIVIL LIABILITY FOR MAKING THIS INFORMATION
9 AVAILABLE, AND A CIVIL CAUSE OF ACTION OF ANY NATURE SHALL NOT
10 ARISE AGAINST THESE ENTITIES OR THEIR RESPECTIVE REPRESENTATIVES
11 OR EMPLOYEES, AS A RESULT OF REPORTING OR PROVIDING ANY STATEMENT
12 OR INFORMATION REQUIRED BY OR PROVIDED PURSUANT TO THIS SECTION
13 OR ANY INFORMATION RELATING TO ANY STATEMENT THAT MAY BE
14 REQUESTED IN WRITING BY THE COMMISSIONER, FROM AN INSURER OR
15 INSURANCE PRODUCER; OR A STATEMENT BY A TERMINATING INSURER OR
16 INSURANCE PRODUCER TO AN INSURER OR INSURANCE PRODUCER LIMITED
17 SOLELY AND EXCLUSIVELY TO WHETHER A TERMINATION FOR CAUSE UNDER
18 SUBSECTION (1) WAS REPORTED TO THE COMMISSIONER, PROVIDED THAT
19 THE PROPRIETY OF ANY TERMINATION FOR CAUSE UNDER SUBSECTION (1)
20 IS CERTIFIED IN WRITING BY AN OFFICER OR AUTHORIZED REPRESENTA-
21 TIVE OF THE INSURER OR INSURANCE PRODUCER TERMINATING THE
22 RELATIONSHIP. IN ANY ACTION BROUGHT AGAINST A PERSON THAT MAY
23 HAVE IMMUNITY UNDER THIS SUBSECTION FOR MAKING ANY STATEMENT
24 REQUIRED BY THIS SECTION OR PROVIDING ANY INFORMATION RELATING TO
25 ANY STATEMENT THAT MAY BE REQUESTED BY THE COMMISSIONER, THE
26 PARTY BRINGING THE ACTION SHALL PLEAD SPECIFICALLY IN ANY
27 ALLEGATION THAT THE IMMUNITY PERMITTED UNDER THIS SUBSECTION DOES

1 NOT APPLY BECAUSE THE PERSON MAKING THE STATEMENT OR PROVIDING
2 THE INFORMATION DID SO WITH ACTUAL MALICE. THIS SUBSECTION DOES
3 NOT ABROGATE OR MODIFY ANY EXISTING STATUTORY OR COMMON LAW PRIV-
4 ILEGES OR IMMUNITIES.

5 Sec. 1209. ~~-(1) An insurer shall give to the commissioner~~
6 ~~and the agent immediate written notice of the termination of an~~
7 ~~agent's authority to represent the insurer. The notice shall~~
8 ~~include the full disclosure, with supporting evidence, of acts or~~
9 ~~omissions by the agent which reasonably may be construed to be a~~
10 ~~violation of this act, or of any other statute, and acts or omis-~~
11 ~~sions which may reflect on the agent's qualifications as an agent~~
12 ~~or which may adversely affect the public interest. There shall~~
13 ~~not be liability on the part of, and a cause of action of any~~
14 ~~nature shall not arise against, the commissioner, an insurer, or~~
15 ~~an authorized representative of either for any statement made or~~
16 ~~evidence provided pursuant to this section.~~

17 (1) ~~-(2) When an agent's~~ IF AN INSURANCE PRODUCER'S author-
18 ity to represent an insurer is terminated, the responsibility of
19 an ~~agent~~ INSURANCE PRODUCER having property rights in the
20 renewal shall continue until the existing policies of insurance
21 are canceled, replaced, or have expired. The ~~agent's~~ INSURANCE
22 PRODUCER'S authority during the period following notice of termi-
23 nation shall be governed by the written agreement between the
24 ~~agent~~ INSURANCE PRODUCER and the insurer. An insurer shall not
25 cancel or refuse to renew the policy of an insured because of the
26 termination of an ~~agent's~~ INSURANCE PRODUCER'S contract. If
27 the written agreement does not cover the ~~agent's~~ INSURANCE

1 PRODUCER'S authority during this period, the ~~agent~~ INSURANCE
2 PRODUCER may continue to represent the insurer in servicing
3 existing policies, but the ~~agent~~ INSURANCE PRODUCER shall not
4 bind a new risk, renew a policy, nor increase the obligation of
5 the insurer under the policy without the approval of the
6 insurer. This subsection ~~shall~~ DOES not apply to a life insur-
7 er, an ~~agent~~ INSURANCE PRODUCER of a life insurer, an ~~agent~~
8 INSURANCE PRODUCER who is an employee of an insurer, or to an
9 ~~agent~~ INSURANCE PRODUCER who by contractual agreement repre-
10 sents only 1 insurer or group of affiliated insurers, if the
11 property rights in the renewal are owned by the insurer or group
12 of affiliated insurers and the alteration of the ~~agent's~~
13 INSURANCE PRODUCER'S contract does not result in the cancellation
14 or nonrenewal of any insurance policy.

15 (2) ~~(3)~~ As a condition of maintaining its authority to
16 transact insurance in this state, an insurer transacting automo-
17 bile insurance or home insurance in this state shall not cancel
18 an ~~agent's~~ INSURANCE PRODUCER'S contract or otherwise terminate
19 an ~~agent's~~ INSURANCE PRODUCER'S authority to represent the
20 insurer with respect to automobile insurance or home insurance,
21 except for 1 or more of the following reasons:

22 (a) Malfeasance.

23 (b) Breach of fiduciary duty or trust.

24 (c) A violation of this act.

25 (d) Failure to perform as provided by the contract between
26 the parties.

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1 (e) Submission of less than 25 applications for home
2 insurance and automobile insurance within the immediately
3 preceding 12-month period.

4 (3) ~~-(4)-~~ Subsection ~~-(3)-~~ (2) shall not be construed as
5 permitting a termination of an ~~agent's~~ INSURANCE PRODUCER'S
6 authority based primarily upon any of the following:

7 (a) The geographic location of the ~~agent's~~ INSURANCE
8 PRODUCER'S home insurance or automobile insurance business.

9 (b) The actual or expected loss experience of the ~~agent's~~
10 INSURANCE PRODUCER'S automobile or home insurance business,
11 related in whole or in part to the geographical location of that
12 business.

13 (c) The performance of the ~~agent's~~ INSURANCE PRODUCER'S
14 obligations under chapter 21.

15 (4) ~~-(5)-~~ Subsection ~~-(3)-~~ (2) and the written notice
16 requirement ~~prescribed in subsection (1) shall~~ UNDER SECTION
17 1208B(4) DO not apply with respect to an ~~agent~~ INSURANCE
18 PRODUCER who is an employee of an insurer or to an ~~agent~~
19 INSURANCE PRODUCER who by contractual agreement represents only 1
20 insurer or group of affiliated insurers, if the property rights
21 in the renewal are owned by the insurer or group of affiliated
22 insurers and the cancellation or termination of the ~~agent's~~
23 INSURANCE PRODUCER'S contract does not result in the cancellation
24 or nonrenewal of any home or automobile insurance policy.

25 (5) ~~-(6)-~~ As used in this section, "automobile insurance"
26 and "home insurance" mean those terms as defined in chapter 21.

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1 SEC. 1211. A NATURAL PERSON MAY SOLICIT APPLICATIONS FOR
2 INSURANCE AND COLLECT PREMIUMS ON BEHALF OF A LICENSED INSURANCE
3 PRODUCER RESIDENT IN THIS STATE IF HE OR SHE IS SO AUTHORIZED TO
4 ACT BY A WRITTEN CONTRACT WITH THE INSURANCE PRODUCER, AND THE
5 CONTRACT SPECIFIES THE EXTENT OF HIS OR HER AUTHORITY TO ACT, HE
6 OR SHE IS LICENSED TO ACT AS A SOLICITOR IN ACCORDANCE WITH THIS
7 CHAPTER, AND THE INSURANCE PRODUCER HAS NOTIFIED THE COMMISSIONER
8 OF THE CONTRACT.

9 SEC. 1211A. AN INSURANCE PRODUCER DOING BUSINESS UNDER ANY
10 NAME OTHER THAN THE PRODUCER'S LEGAL NAME SHALL NOTIFY THE COM-
11 MISSIONER PRIOR TO USING THE ASSUMED NAME.

12 SEC. 1211B. (1) THE COMMISSIONER MAY ISSUE A TEMPORARY
13 INSURANCE PRODUCER LICENSE FOR A PERIOD NOT TO EXCEED 180 DAYS
14 WITHOUT REQUIRING AN EXAMINATION IF THE COMMISSIONER CONSIDERS
15 THAT THE TEMPORARY LICENSE IS NECESSARY FOR THE SERVICING OF AN
16 INSURANCE BUSINESS IN THE FOLLOWING CASES:

17 (A) TO THE SURVIVING SPOUSE OR COURT-APPOINTED PERSONAL REP-
18 RESENTATIVE OF A LICENSED INSURANCE PRODUCER WHO DIES OR BECOMES
19 MENTALLY OR PHYSICALLY DISABLED TO ALLOW ADEQUATE TIME FOR THE
20 SALE OF THE INSURANCE BUSINESS OWNED BY THE PRODUCER OR FOR THE
21 RECOVERY OR RETURN OF THE PRODUCER TO THE BUSINESS OR TO PROVIDE
22 FOR THE TRAINING AND LICENSING OF NEW PERSONNEL TO OPERATE THE
23 PRODUCER'S BUSINESS.

24 (B) TO A MEMBER OR EMPLOYEE OF A BUSINESS ENTITY LICENSED AS
25 AN INSURANCE PRODUCER, UPON THE DEATH OR DISABILITY OF AN INDI-
26 VIDUAL DESIGNATED IN THE BUSINESS ENTITY APPLICATION OR THE
27 LICENSE.

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1 (C) TO THE DESIGNEE OF A LICENSED INSURANCE PRODUCER
2 ENTERING ACTIVE SERVICE IN THE ARMED FORCES OF THE UNITED STATES
3 OF AMERICA.

4 (D) IN ANY OTHER CIRCUMSTANCE WHERE THE COMMISSIONER CONSID-
5 ERS THAT THE PUBLIC INTEREST WILL BEST BE SERVED BY THE ISSUANCE
6 OF THIS LICENSE.

7 (2) THE COMMISSIONER MAY BY ORDER LIMIT THE AUTHORITY OF ANY
8 TEMPORARY LICENSEE IF HE OR SHE CONSIDERS IT NECESSARY TO PROTECT
9 INSUREDS AND THE PUBLIC. THE COMMISSIONER MAY REQUIRE THE TEMPO-
10 RARY LICENSEE TO HAVE A SUITABLE SPONSOR WHO IS A LICENSED
11 PRODUCER OR INSURER AND WHO ASSUMES RESPONSIBILITY FOR ALL ACTS
12 OF THE TEMPORARY LICENSEE AND MAY IMPOSE OTHER SIMILAR REQUIRE-
13 MENTS DESIGNED TO PROTECT INSUREDS AND THE PUBLIC. THE COMMIS-
14 SIONER MAY BY ORDER REVOKE A TEMPORARY LICENSE IF THE INTEREST OF
15 INSUREDS OR THE PUBLIC IS ENDANGERED. A TEMPORARY LICENSE MAY
16 NOT CONTINUE AFTER THE OWNER OR THE PERSONAL REPRESENTATIVE DIS-
17 POSES OF THE BUSINESS.

18 Sec. 1214. (1) An application for a license to act as a
19 solicitor shall be made to the commissioner and shall be accom-
20 panied by a notice of appointment from the sponsoring licensed
21 ~~agent~~ INSURANCE PRODUCER. The application and the notice of
22 appointment shall be on forms prescribed by the commissioner.

23 (2) Within a reasonable time after receipt of a properly
24 completed application and notice of appointment forms, the com-
25 missioner shall subject the applicant to a written examination.
26 ~~Beginning July 1, 1987, the~~ THE examination shall be given only
27 after the applicant has completed a program of study registered

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1 with the commissioner as provided in section 1204a. A
2 certificate of completion of the registered program of study
3 shall be filed with the commissioner on a form prescribed by the
4 commissioner and shall indicate that the course of study was com-
5 pleted by the applicant not more than 6 months before the appli-
6 cation is received by the commissioner. An applicant who has
7 failed to pass the examination may take subsequent examinations
8 as determined by rules promulgated by the commissioner. The com-
9 missioner may waive the examination or program of study require-
10 ments of this section for a person who applies for a limited
11 lines license as designated by the commissioner or for a person
12 who has been licensed as an ~~agent~~ INSURANCE PRODUCER or solici-
13 tor within the preceding ~~24~~ 12 months. The commissioner may
14 conduct investigations and propound interrogatories concerning
15 the applicant's qualifications, residence, business affiliations
16 ~~which~~ THAT are relevant to the applicant's qualifications as a
17 solicitor, and any other matter ~~which~~ the commissioner consid-
18 ers necessary or advisable to determine compliance with this
19 chapter, or for protection of the public. The commissioner shall
20 make a decision on the application within 60 days after the
21 applicant passes the examination or within 60 days after receipt
22 of a properly completed application and notice of appointment
23 forms.

24 (3) After examination, investigation, and interrogatories,
25 the commissioner shall license an applicant if the commissioner
26 determines that the applicant meets all of the following:

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1 (a) Is authorized by written contract to act on behalf of a
2 licensed ~~agent~~ INSURANCE PRODUCER.

3 (b) Possesses reasonable understanding of the provisions,
4 terms, and conditions of the insurance the applicant will be
5 licensed to solicit.

6 (c) Possesses reasonable understanding of the insurance laws
7 of this state.

8 (d) Intends in good faith to act as a solicitor.

9 (e) Is honest and trustworthy.

10 (f) Possesses a good business reputation.

11 (g) Possesses good moral character to act as a solicitor.

12 (4) The commissioner may require an applicant or a licensed
13 solicitor to disclose fully the identity of his or her employers,
14 partners, and employees, may propound reasonable interrogatories,
15 and may refuse to issue or to continue a license if the commis-
16 sioner is satisfied that any employer, partner, or employee who
17 can materially influence the applicant or the solicitor is not a
18 fit and proper person under the standards of this chapter and
19 that the action reasonably is necessary to protect the public.

20 (5) An applicant may act on behalf of the applicant's spon-
21 soring ~~agent~~ INSURANCE PRODUCER after receipt of a license from
22 the commissioner.

23 (6) The license shall set forth the name of the solicitor
24 and the lines of insurance permitted by the license. A person
25 who is licensed to act as a solicitor for casualty insurance is
26 permitted to act as a solicitor for legal expense insurance

1 without obtaining additional authorization or licensure from the
2 commissioner.

3 (7) The license shall continue in effect until suspended or
4 revoked by the commissioner or voluntarily surrendered by the
5 licensee. The commissioner shall demand that the licensee sur-
6 render the license when the commissioner's records indicate that
7 the licensee is without authority from any ~~agent~~ INSURANCE
8 PRODUCER to act as a solicitor.

9 (8) The commissioner may reexamine a licensed solicitor at
10 any time upon written notice with stated reasons.

11 Sec. 1224. (1) An application for a license to act as an
12 adjuster shall be made to the commissioner on forms prescribed by
13 the commissioner.

14 (2) Within a reasonable time after receipt of a properly
15 completed application form, the commissioner may subject the
16 applicant to a written examination, and may conduct investiga-
17 tions and propound interrogatories concerning the applicant's
18 qualifications, residence, business affiliations, and any other
19 matter that the commissioner considers necessary or advisable to
20 determine compliance with this chapter, or for the protection of
21 the public. THE COMMISSIONER MAY WAIVE THE EXAMINATION REQUIRE-
22 MENTS OF THIS SUBSECTION FOR A PERSON WHO HAS BEEN LICENSED AS AN
23 ADJUSTER WITHIN THE PRECEDING 12 MONTHS. The commissioner shall
24 make a decision on the application within 60 days after receipt
25 of a properly completed application form.

26 (3) After examination, investigation, and interrogatories,
27 the commissioner shall issue a license to an applicant if the

1 commissioner determines that the applicant possesses reasonable
2 understanding of the provisions, terms, and conditions of the
3 insurance with which the applicant will deal, possesses reason-
4 able understanding of the insurance laws of this state, intends
5 in good faith to act as an adjuster, possesses a good business
6 reputation, and possesses good moral character to act as an
7 adjuster. Persons currently licensed and new licenses issued are
8 subject to any additional restrictions under which a resident of
9 this state would be licensed in the jurisdiction in which the
10 applicant resides. Any such restriction shall be imposed by the
11 commissioner upon the date set for payment of the license fee.
12 The commissioner shall not issue a new license or accept an
13 annual license fee continuing a current license to either of the
14 following:

15 (a) A person residing in a state that denies a comparable
16 license to a resident of this state solely because of residency.

17 (b) A person who is employed either directly or indirectly
18 by an adjuster that is a resident of a state, or by an adjuster's
19 business that has a majority of shareholders, members, officers,
20 directors, or owners that are residents of a state, that denies a
21 comparable license to a resident of this state solely because of
22 residency. An affidavit from an applicant establishing compli-
23 ance with this subdivision may be relied on by the commissioner
24 to show compliance with this subdivision.

25 (4) The commissioner shall not issue a license to act as an
26 adjuster to a person who is employed by, owns stock in, is an

1 officer or director of, or in any other manner is connected with,
2 a fire repair contractor.

3 Sec. 1234. (1) An application for a license to act as an
4 insurance counselor shall be made to the commissioner on forms
5 prescribed by the commissioner.

6 (2) Within a reasonable time after receipt of a properly
7 completed application form, the commissioner shall subject the
8 applicant to a written examination, and may conduct investiga-
9 tions and propound interrogatories concerning the applicant's
10 qualifications, residence, business affiliations, and any other
11 matter ~~which~~ THAT the commissioner considers necessary or
12 advisable to determine compliance with this chapter, or for the
13 protection of the public. THE COMMISSIONER MAY WAIVE THE EXAMI-
14 NATION REQUIREMENTS OF THIS SUBSECTION FOR A PERSON WHO HAS BEEN
15 LICENSED AS AN INSURANCE COUNSELOR WITHIN THE PRECEDING 12
16 MONTHS. The commissioner shall make a decision on the application
17 within 60 days after receipt of a properly completed application
18 form.

19 (3) After examination, investigation, and interrogatories,
20 the commissioner shall issue a license to an applicant if the
21 commissioner determines that the applicant possesses reasonable
22 understanding of the provisions, terms, and conditions of the
23 insurance concerning ~~which~~ THAT the applicant will counsel,
24 possesses reasonable understanding of the insurance laws of this
25 state, intends in good faith to act as an insurance counselor,
26 possesses a good business reputation, and possesses good moral
27 character to act as an insurance counselor.

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1 SEC. 1239. (1) IN ADDITION TO ANY OTHER POWERS UNDER THIS
2 ACT, THE COMMISSIONER MAY PLACE ON PROBATION, SUSPEND, REVOKE, OR
3 REFUSE TO ISSUE AN INSURANCE PRODUCER'S LICENSE OR MAY LEVY A
4 CIVIL FINE UNDER SECTION 1244 OR ANY COMBINATION OF ACTIONS FOR
5 ANY 1 OR MORE OF THE FOLLOWING CAUSES:

6 (A) PROVIDING INCORRECT, MISLEADING, INCOMPLETE, OR MATERI-
7 ALLY UNTRUE INFORMATION IN THE LICENSE APPLICATION.

8 (B) VIOLATING ANY INSURANCE LAWS OR VIOLATING ANY REGULA-
9 TION, SUBPOENA, OR ORDER OF THE COMMISSIONER OR OF ANOTHER
10 STATE'S INSURANCE COMMISSIONER.

11 (C) OBTAINING OR ATTEMPTING TO OBTAIN A LICENSE THROUGH MIS-
12 REPRESENTATION OR FRAUD.

13 (D) IMPROPERLY WITHHOLDING, MISAPPROPRIATING, OR CONVERTING
14 ANY MONEY OR PROPERTY RECEIVED IN THE COURSE OF DOING INSURANCE
15 BUSINESS.

16 (E) INTENTIONALLY MISREPRESENTING THE TERMS OF AN ACTUAL OR
17 PROPOSED INSURANCE CONTRACT OR APPLICATION FOR INSURANCE.

18 (F) HAVING BEEN CONVICTED OF A FELONY.

19 (G) HAVING ADMITTED OR BEEN FOUND TO HAVE COMMITTED ANY
20 INSURANCE UNFAIR TRADE PRACTICE OR FRAUD.

21 (H) USING FRAUDULENT, COERCIVE, OR DISHONEST PRACTICES OR
22 DEMONSTRATING INCOMPETENCE, UNTRUSTWORTHINESS, OR FINANCIAL IRRE-
23 SPONSIBILITY IN THE CONDUCT OF BUSINESS IN THIS STATE OR
24 ELSEWHERE.

25 (I) HAVING AN INSURANCE PRODUCER LICENSE OR ITS EQUIVALENT
26 DENIED, SUSPENDED, OR REVOKED IN ANY OTHER STATE, PROVINCE,
27 DISTRICT, OR TERRITORY.

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1 (J) FORGING ANOTHER'S NAME TO AN APPLICATION FOR INSURANCE
2 OR TO ANY DOCUMENT RELATED TO AN INSURANCE TRANSACTION.

3 (K) IMPROPERLY USING NOTES OR ANY OTHER REFERENCE MATERIAL
4 TO COMPLETE AN EXAMINATION FOR AN INSURANCE LICENSE.

5 (L) KNOWINGLY ACCEPTING INSURANCE BUSINESS FROM AN INDIVID-
6 UAL WHO IS NOT LICENSED.

7 (M) FAILING TO COMPLY WITH AN ADMINISTRATIVE OR COURT ORDER
8 IMPOSING A CHILD SUPPORT OBLIGATION.

9 (N) FAILING TO PAY SINGLE BUSINESS TAX OR COMPLY WITH ANY
10 ADMINISTRATIVE OR COURT ORDER DIRECTING PAYMENT OF SINGLE BUSI-
11 NESS TAX.

12 (2) BEFORE THE COMMISSIONER DENIES AN APPLICATION FOR A
13 LICENSE, THE COMMISSIONER SHALL NOTIFY IN WRITING THE APPLICANT
14 OR LICENSEE OF THE DENIAL AND OF THE REASON FOR THE DENIAL. NOT
15 LATER THAN 30 DAYS AFTER THIS WRITTEN DENIAL, THE APPLICANT OR
16 LICENSEE MAY MAKE WRITTEN DEMAND UPON THE COMMISSIONER FOR A
17 HEARING BEFORE THE COMMISSIONER TO DETERMINE THE REASONABLENESS
18 OF THE COMMISSIONER'S ACTION. A HEARING UNDER THIS SUBSECTION
19 SHALL BE HELD PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF
20 1969, 1969 PA 306, MCL 24.201 TO 24.328.

21 (3) THE LICENSE OF A BUSINESS ENTITY MAY BE SUSPENDED,
22 REVOKED, OR REFUSED IF THE COMMISSIONER FINDS, AFTER HEARING,
23 THAT AN INDIVIDUAL LICENSEE'S VIOLATION WAS KNOWN OR SHOULD HAVE
24 BEEN KNOWN BY 1 OR MORE OF THE PARTNERS, OFFICERS, OR MANAGERS
25 ACTING ON BEHALF OF THE PARTNERSHIP OR CORPORATION AND THE VIOLA-
26 TION WAS NEITHER REPORTED TO THE COMMISSIONER NOR CORRECTIVE
27 ACTION TAKEN.

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1 (4) IN ADDITION TO OR IN LIEU OF ANY APPLICABLE DENIAL,
2 SUSPENSION, OR REVOCATION OF A LICENSE, A PERSON MAY, AFTER HEAR-
3 ING, BE SUBJECT TO A CIVIL FINE UNDER SECTION 1244.

4 (5) IN ADDITION TO THE PENALTIES UNDER THIS SECTION, THE
5 COMMISSIONER MAY ENFORCE THE PROVISIONS OF AND IMPOSE ANY PENALTY
6 OR REMEDY AUTHORIZED BY THIS ACT AGAINST ANY PERSON WHO IS UNDER
7 INVESTIGATION FOR OR CHARGED WITH A VIOLATION OF THIS ACT EVEN IF
8 THE PERSON'S LICENSE OR REGISTRATION HAS BEEN SURRENDERED OR HAS
9 LAPSED BY OPERATION OF LAW.

10 SEC. 1240. (1) AN INSURER OR INSURANCE PRODUCER SHALL NOT
11 PAY A COMMISSION, SERVICE FEE, OR OTHER VALUABLE CONSIDERATION TO
12 A PERSON FOR SELLING, SOLICITING, OR NEGOTIATING INSURANCE IN
13 THIS STATE IF THAT PERSON IS REQUIRED TO BE LICENSED UNDER THIS
14 CHAPTER AND IS NOT SO LICENSED.

15 (2) A PERSON SHALL NOT ACCEPT A COMMISSION, SERVICE FEE, OR
16 OTHER VALUABLE CONSIDERATION FOR SELLING, SOLICITING, OR NEGOTI-
17 ATING INSURANCE IN THIS STATE IF THAT PERSON IS REQUIRED TO BE
18 LICENSED UNDER THIS CHAPTER AND IS NOT LICENSED.

19 (3) RENEWAL OR OTHER DEFERRED COMMISSIONS MAY BE PAID TO A
20 PERSON FOR SELLING, SOLICITING, OR NEGOTIATING INSURANCE IN THIS
21 STATE IF THE PERSON WAS REQUIRED TO BE LICENSED UNDER THIS CHAP-
22 TER AT THE TIME OF THE SALE, SOLICITATION, OR NEGOTIATION AND WAS
23 LICENSED AT THAT TIME.

24 (4) AN INSURER OR INSURANCE PRODUCER MAY PAY OR ASSIGN COM-
25 MISSIONS, SERVICE FEES, OR OTHER VALUABLE CONSIDERATION TO AN
26 INSURANCE AGENCY OR TO PERSONS WHO DO NOT SELL, SOLICIT, OR

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1 NEGOTIATE INSURANCE IN THIS STATE, UNLESS THE PAYMENT WOULD
2 VIOLATE SECTION 2024.

3 Sec. 1242. (1) The commissioner shall refuse to grant a
4 license to act as ~~an agent,~~ a solicitor, an insurance
5 counselor, or an adjuster to an applicant who fails to meet the
6 requirements of this chapter. Notice of the refusal shall be in
7 writing and shall set forth the basis for the refusal. If the
8 applicant submits a written request within 30 days after mailing
9 of the notice of refusal, the commissioner shall promptly conduct
10 a hearing in which the applicant shall be given an opportunity to
11 show compliance with the requirements of this chapter.

12 (2) The commissioner, after notice and opportunity for a
13 hearing, may suspend or revoke the license of ~~an agent,~~ A
14 solicitor, insurance counselor, or adjuster who fails to maintain
15 the standards required for initial licensing or who violates any
16 provision of this act.

17 (3) After notice and opportunity for a hearing, the commis-
18 sioner may refuse to grant or renew a license to act as ~~an~~
19 ~~agent,~~ A solicitor, adjuster, or insurance counselor if he OR
20 SHE determines by a preponderance of the evidence, that it is
21 probable that the business or primary occupation of the applicant
22 will give rise to coercion, indirect rebating of commissions, or
23 other practices in the sale of insurance ~~which~~ THAT are prohib-
24 ited by law.

25 (4) Without prior hearing, the commissioner may order sum-
26 mary suspension of a license if he OR SHE finds that protection
27 of the public requires emergency action and incorporates this

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1 finding in his OR HER order. The suspension shall be effective
2 on the date specified in the order or upon service of a certified
3 copy of the order on the licensee, whichever is later. If
4 requested, the commissioner shall conduct a hearing on the sus-
5 pension within a reasonable time but not later than 20 days after
6 the effective date of the summary suspension unless the person
7 whose license is suspended requests a later date. At the hear-
8 ing, the commissioner shall determine if the suspension should be
9 continued or if the suspension should be withdrawn, and, if
10 proper notice is given, may determine if the license should be
11 revoked. The commissioner shall announce his OR HER decision
12 within 30 days after conclusion of the hearing. The suspension
13 shall continue until the decision is announced.

14 (5) The commissioner, or his OR HER designated deputy, may
15 issue subpoenas ~~with the approval of a circuit court judge of~~
16 ~~the circuit court of Ingham county~~ to require the attendance and
17 testimony of witnesses and the production of documents necessary
18 to the conduct of the hearing and may designate an ~~employee of~~
19 ~~the insurance bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES
20 EMPLOYEE to make service. ~~thereof.~~ The subpoenas issued by the
21 commissioner, or his OR HER designated deputy, may be enforced
22 upon ~~application by them~~ PETITION to the circuit court of
23 Ingham county ~~by proceedings in contempt thereof~~ TO SHOW CAUSE
24 WHY A CONTEMPT ORDER SHOULD NOT BE ISSUED, as provided by law.

25 Sec. 1243. (1) As used in this section:

26 (a) "Act" means the insurance code of 1956, ~~Act No. 218 of~~
27 ~~the Public Acts of 1956, being sections 500.100 to 500.8302 of~~

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1 ~~the Michigan Compiled Laws~~ 1956 PA 218, MCL 500.100 TO
2 500.8302.

3 (b) "Affiliate" means a person that directly or indirectly
4 or through 1 or more intermediaries, controls or is controlled by
5 another or is under common control with another. An affiliate
6 includes a person who for any 12-month period makes a monthly
7 average of 10 or more referrals to lenders for the purpose of
8 procuring a loan and the person receives consideration for making
9 ~~such~~ THOSE referrals.

10 (c) "Agent" means an individual licensed as an ~~agent~~
11 INSURANCE PRODUCER, broker, solicitor, or insurance counselor
12 under this act.

13 (d) "Agency" means an insurance agency licensed under this
14 act.

15 (e) "Control" means control as defined in section 115.

16 (f) "Insurance product" means any product or service regu-
17 lated, in whole or in part, by the commissioner.

18 (g) "Lender" means a person or entity who directly or indi-
19 rectly, in the ordinary course of business regularly makes,
20 arranges, offers to make, or purchases and services a loan as
21 defined by subdivision (h). A lender includes a mortgage
22 broker. If a person purchases an interest in but does not serv-
23 ice a loan, that person is not a lender under this section for
24 the purposes of that loan.

25 (h) "Loan" means an agreement to lend money or to finance
26 goods or services. Loan does not include any of the following:

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1 (i) The financing of insurance premiums.

2 (ii) A loan from the cash value of an insurance policy.

3 (iii) A home improvement charge agreement or a home improve-
4 ment installment contract made under the home improvement finance
5 act, ~~Act No. 332 of the Public Acts of 1965, being sections~~
6 ~~445.1101 to 445.1431 of the Michigan Compiled Laws~~ 1965 PA 332,
7 MCL 445.1101 TO 445.1431.

8 (iv) A retail installment contract of \$10,000.00 or less or
9 a retail charge agreement made under the retail installment sales
10 act, ~~Act No. 224 of the Public Acts of 1966, being sections~~
11 ~~445.851 to 445.873 of the Michigan Compiled Laws~~ 1966 PA 224,
12 MCL 445.851 TO 445.873.

13 (i) "Loan representative" means an employee or representa-
14 tive of a lender that deals directly with loan applicants in
15 accepting loan applications or approving or closing a loan.

16 (j) "Person" means an individual, corporation, partnership,
17 association, or any other legal entity.

18 (k) "Required insurance" means any insurance product that a
19 borrower is required to obtain as a condition of closing a loan.

20 (2) The commissioner shall issue an insurance agency license
21 to an affiliate of a lender or an agent license to an individual
22 who is an employee of the affiliate if the commissioner deter-
23 mines that the affiliate or employee has met the prerequisites
24 for licensure under this act and that the affiliate and the
25 lender will conduct the sale of insurance in compliance with this
26 section. If a lender acquires ownership in or becomes affiliated
27 with an agency with an existing license under this act, an

1 application for a new license is not required. The commissioner
2 may issue an insurance agency or agent license directly to a
3 lender or an employee of the lender who is not an employee of an
4 affiliated agency if the commissioner determines that the lender
5 or employee has met the prerequisites for licensure and will con-
6 duct the sale of insurance in substantial compliance with this
7 section.

8 (3) This section applies to all of the following:

9 (a) A lender that has been affiliated with a licensed agency
10 or has employed a licensed agent before ~~the effective date of~~
11 ~~this section~~ MARCH 30, 1995 and that affiliation or employment
12 continues or is renewed ON AND after ~~the effective date of this~~
13 ~~section~~ MARCH 30, 1995.

14 (b) A lender, affiliate, or employee of a lender that has
15 been licensed as an agency or agent before ~~the effective date of~~
16 ~~this section~~ MARCH 30, 1995 and maintains that licensure ON AND
17 after ~~the effective date of this section~~ MARCH 30, 1995, to the
18 extent that the provisions of this section apply.

19 (c) A person affiliated with a lender that receives an
20 agency license or an individual employed by the lender who
21 receives an agent license.

22 (d) A lender that is licensed as an agency, to the extent
23 that the provisions of this section apply.

24 (e) A lender that acquires ownership in an agency or other-
25 wise becomes affiliated with a licensed insurance agency.

26 (f) A lender that employs a licensed insurance agent.

1 (4) A lender, an agency affiliated with a lender, or an
2 agent employed by a lender may be licensed to sell any insurance
3 product.

4 (5) A lender may own an insurance agency in whole or in part
5 and shall provide notice to the commissioner and the commissioner
6 of the financial institutions bureau of any acquisition, in whole
7 or in part, of an insurance agency.

8 (6) Applications for insurance agency or agent licenses
9 under this act shall be promptly reviewed by the commissioner.
10 An application shall be considered approved by the commissioner
11 if the commissioner has not denied the application for good cause
12 within 60 days after the date the application is filed. ~~An~~
13 ~~application filed before November 1, 1994 shall be considered~~
14 ~~approved by the commissioner if the commissioner has not denied~~
15 ~~the application for good cause within 10 days after the effective~~
16 ~~date of this section.~~ The commissioner shall issue the insurance
17 agency or agent license within 10 days of approval.

18 (7) Interrogatories propounded by the commissioner ~~pursuant~~
19 ~~to section 1204(3)~~ regarding the proposed business conduct
20 between a lender and an affiliated insurance agency shall be
21 limited to questions pertaining to compliance with this section.

22 (8) There is no limit on the percentage of insurance busi-
23 ness sold to customers of a lender through an insurance agency
24 affiliated with the lender or agent employed by the lender if
25 sold in compliance with this act.

26 (9) A lender shall not do either of the following:

1 (a) Require a borrower to purchase any policy or contract of
2 insurance through a particular agency or agent or with a
3 particular insurer or fix or vary the terms or conditions of a
4 loan as an inducement to purchase insurance. This subdivision
5 does not prohibit a lender from requiring a borrower to purchase
6 a required insurance policy that conforms to the requirements, if
7 any, of the loan.

8 (b) Except as otherwise provided by law, require a person to
9 purchase any insurance product from the lender or an affiliate as
10 a condition of making a loan.

11 (10) The board of directors of an insurance agency affili-
12 ated with a lender shall act separately from the board of direc-
13 tors of the lender. A director of a lender may also serve as a
14 director of an affiliated agency, except that a majority of
15 directors of the affiliated agency shall not be directors of the
16 lender. This subsection does not apply to a lender that is also
17 the licensed agency.

18 (11) An officer or employee of a lender may be an officer or
19 employee of an affiliated agency. However, except as otherwise
20 provided by this section, for purposes of soliciting or selling
21 insurance products, such officer or employee shall not use or
22 disclose information that the lender may not disclose to the
23 affiliated agency.

24 (12) An officer or employee of a lender shall not directly
25 or indirectly delay or impede the completion of a loan transac-
26 tion for the purpose of influencing a consumer's selection or

1 purchase of insurance products from an agent, solicitor, agency,
2 or insurer that is not affiliated with the lender.

3 (13) A loan representative may not act as an agent or solic-
4 itor for the sale or provision of required insurance related to
5 an application, approval, commitment, or closing of a loan if the
6 loan representative participated in the application, approval,
7 commitment, or closing of that loan.

8 (14) A lender or its employees shall not knowingly initiate
9 a discussion concerning the availability of insurance products
10 from the lender or an affiliated agency to or with a person in
11 response to an inquiry about credit made by the person or to a
12 loan applicant prior to the loan applicant being notified of the
13 disposition of a loan application. This subsection does not pro-
14 hibit a lender or its employees from discussing with the person
15 making the inquiry or loan applicant that certain required insur-
16 ance must be maintained as a condition of obtaining a loan.

17 (15) If asked about the availability of insurance products
18 by a person inquiring about a loan or a loan applicant, the
19 lender may indicate that insurance products are available from
20 the lender or an affiliated agency and may provide instruction
21 about how to obtain further information concerning the agency or
22 agent and available insurance products.

23 (16) If insurance is required as a condition of obtaining a
24 loan, and if the required insurance is available through the
25 lender or an affiliate of the lender, the lender shall disclose
26 to the applicant all of the following:

1 (a) That the lender will not require the borrower to
2 purchase any policy or contract of insurance through a particular
3 agent, agency, or with a particular insurer.

4 (b) Except as otherwise provided by law, that the lender
5 will not require the borrower to purchase any insurance product
6 from the lender or an affiliate as a condition of the loan.

7 (c) That the purchase of any insurance product from the
8 lender or its affiliated agency is optional and will not in any
9 way affect current or future credit decisions.

10 (17) The disclosure required by subsection (16) shall be
11 made to a loan applicant at the time the loan applicant inquires
12 about the availability of required insurance or at such time as
13 the lender advises the loan applicant that the required insurance
14 is available through the lender or an affiliate of the lender,
15 whichever is earlier. The disclosure shall be confirmed in writ-
16 ing, dated, and signed by the applicant no later than the closing
17 of the loan.

18 (18) If insurance is required as a condition of obtaining a
19 loan, the credit and insurance transactions shall be completed
20 independently and through separate documents. A loan for premi-
21 ums on required insurance shall not be included in the primary
22 credit without the written consent of the customer.

23 (19) The offering of a loan by a lender and the sale or pro-
24 vision of insurance products by the lender or an affiliated
25 agency shall be made in different areas that are clearly and con-
26 spicuously signed and separated so as to preclude confusion on
27 the part of customers. However, in the limited situation where

1 physical or employee considerations prevent lending and the sale
2 of insurance products from being conducted in different areas,
3 the lender shall take appropriate measures to minimize customer
4 confusion. In unique circumstances to accommodate the needs of
5 or for the convenience of particular customers, this subsection
6 does not prohibit on an irregular basis, taking applications for
7 loans, extensions of loans, and the sale of insurance products at
8 the same location.

9 (20) Signs and other informational material concerning the
10 availability of insurance products from the lender or an affili-
11 ated agency shall not be displayed in an area when loan applica-
12 tions are being taken and when loans are being closed in that
13 area.

14 (21) A lender, its employees, or its representatives may
15 advise the general public and its customers, through mailings or
16 otherwise, that insurance products are available from the lender
17 or affiliated agency and may advise the general public and its
18 customers how to obtain more information about those insurance
19 products, so long as:

20 (a) The information is not provided because of a submission
21 of any loan application until after the loan applicant has been
22 notified of the disposition of the application, or in response to
23 any inquiry about the availability, terms, and conditions of any
24 loan.

25 (b) The timing of the communications is not based on the
26 maturity or expiration date of a policy of required insurance or
27 an insurance policy in the lender's possession.

1 (c) No information concerning customers that is prohibited
2 for use in the solicitation or sale of insurance products under
3 subsections (23) and (25) is used to determine which customers
4 should receive the information.

5 (22) A lender may provide the names, addresses, telephone
6 numbers, and information related to account relationships with
7 customers to an affiliated agency or an agent employed by the
8 lender so long as the lender does not disclose account balances
9 or maturity dates of certificates of deposit and does not dis-
10 close account relationships to an affiliated agency or an agent
11 employed by the lender in a manner that account balances or matu-
12 rity dates of certificates of deposit may be determined by the
13 agency or agent. This section does not prohibit disclosure of
14 minimum required balances, terms, or conditions of an account.

15 (23) A lender shall not directly or indirectly provide to an
16 affiliated agency or an agent employed by the lender the follow-
17 ing information if obtained from an insurance policy or preautho-
18 rized payment agreement that is in the possession of the lender:

19 (a) The expiration date of the insurance policy.

20 (b) The name of the insurance company that issued the
21 policy.

22 (c) The amount of the premium.

23 (d) Scheduled coverages and policy limits contained in the
24 policy.

25 (e) Any deductibles contained in the policy.

26 (f) Any information contained on the declaration sheet of
27 the policy.

1 (g) Cash or surrender values.

2 (24) A lender may disclose to an affiliated agency or an
3 agent employed by the lender information obtained from a policy
4 of required insurance that the borrower has failed to keep in
5 force, if the information is necessary to obtain the required
6 insurance through the affiliated agency, employee, or elsewhere.
7 If a customer has failed to keep required insurance in force,
8 this section does not prohibit a lender from obtaining the
9 required insurance in accordance with the terms of the loan or
10 from obtaining insurance limited to repayment of the outstanding
11 balance due in the event of loss or damage to property used as
12 collateral on the loan.

13 (25) A lender shall not directly or indirectly provide to an
14 affiliated agency or agent employed by the lender the following
15 customer documents or information:

16 (a) Loan applications, except that a lender may provide to
17 an affiliated agency or agent employed by the lender the name,
18 address, telephone number, and account relationship concerning a
19 loan applicant after the applicant has been notified of the dis-
20 position of the application.

21 (b) Financial statements regarding assets, liabilities, net
22 worth, income, and expenses.

23 (c) Budgets or proposed budgets.

24 (d) Business plans.

25 (e) Contracts.

26 (f) Credit reports.

1 (g) Inventory records.

2 (h) Collateral offered as security for loans.

3 (i) Appraisals.

4 (j) Personal guarantees and related information.

5 (k) Insurance policy, certificate, or binder.

6 (26) This section does not require the lender to remove the

7 name, address, or other information concerning the customer from

8 the customer list if information concerning a customer of a

9 lender is on a customer list by reason of other account relation-

10 ships with the lender and the lender is otherwise authorized to

11 disclose the list to an affiliate agency or an agent employed by

12 the lender.

13 (27) This section does not prohibit a lender from providing

14 information about the customers of the lender to an affiliated

15 agency or an agent employed by the lender if that information is

16 otherwise available from a public record.

17 (28) This section does not prohibit a lender from releasing

18 customer information in its possession to any person if the cus-

19 tomer authorizes the release of that information. The release

20 shall be in writing, dated, and signed by the customer. A lender

21 shall not knowingly ask a loan applicant to release such informa-

22 tion prior to the applicant being notified of the disposition of

23 the application unless the applicant has asked about the avail-

24 ability of insurance products as provided under subsection (15).

25 A lender shall not require the release as a condition of applying

26 for the loan.

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1 (29) The use or disclosure of information allowed under this
2 section is not a violation of the use or disclosure of
3 information under section 2077.

4 (30) Except as provided in subsection (31), an insurance
5 agency or agent shall not reward or remunerate an affiliated
6 lender for procuring or inducing insurance product business for
7 the agency or agent or for furnishing leads and prospects or
8 acting in any other manner as an agent. This subsection does not
9 preclude an affiliated agency from compensating its employees,
10 who may also be employees of the lender, or reimbursing its
11 affiliated lender at fair market value for any goods, services,
12 or facilities that the lender may provide to the agency or for
13 expense incurred by the lender in advising its customers and the
14 general public of the agency's services.

15 (31) An insurance agency may pay dividends and make other
16 distributions of assets to the agency's shareholders, including
17 an affiliated lender, as a return on the capital invested and
18 risks assumed by the shareholders or in conjunction with a
19 merger, liquidation, or other corporate transaction.

20 (32) This section does not prohibit a lender, or a manufac-
21 turer or an affiliate of a manufacturer acting as a lender, from
22 soliciting or selling insurance products to a closed dealership,
23 designated family member, new motor vehicle dealer, or proposed
24 new motor vehicle dealer. This subsection shall not be construed
25 to include customers of motor vehicle dealers.

26 (33) As used in subsection (32):

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1 (a) "Closed dealership" means a closed dealership as defined
2 in section 2 of ~~Act No. 118 of the Public Acts of 1981, being~~
3 ~~section 445.1562 of the Michigan Compiled Laws~~ 1981 PA 118,
4 MCL 445.1562.

5 (b) "Designated family member" means a designated family
6 member as defined in section 2 of ~~Act No. 118 of the Public Acts~~
7 ~~of 1981~~ 1981 PA 118, MCL 445.1562.

8 (c) "Manufacturer" means a manufacturer as defined in
9 section 4 of ~~Act No. 118 of the Public Acts of 1981, being~~
10 ~~section 445.1564 of the Michigan Compiled Laws~~ 1981 PA 118,
11 MCL 445.1564.

12 (d) "New motor vehicle dealer" means a new motor vehicle
13 dealer as defined in section 5 of ~~Act No. 118 of the Public Acts~~
14 ~~of 1981, being section 445.1565 of the Michigan Compiled laws~~
15 1981 PA 118, MCL 445.1565.

16 (e) "Proposed new motor vehicle dealer" means a proposed new
17 motor vehicle dealer as defined in section 5 of ~~Act No. 118 of~~
18 ~~the Public Acts of 1981~~ 1981 PA 118, MCL 445.1565.

19 (34) This section does not apply to insurance products
20 offered under the credit insurance act, ~~Act No. 173 of the~~
21 ~~Public Acts of 1958, being sections 550.601 to 550.624 of the~~
22 ~~Michigan Compiled Laws~~ 1958 PA 173, MCL 550.601 TO 550.624.

23 (35) This section does not apply to the offering of life
24 insurance by a lender under section 4418.

25 (36) Notwithstanding section 4418, payment by an insurer of
26 consideration to an agency or agent licensed under this act for
27 an individual policy of insurance on the life of the borrower

1 issued in connection with a loan on a dwelling or mobile home
2 made or serviced by an affiliated lender is not considered a mon-
3 etary or financial benefit to the lender as a result of the
4 insurance.

5 (37) If after an opportunity for a hearing pursuant to the
6 administrative procedures act of 1969, ~~Act No. 306 of the Public~~
7 ~~Acts of 1969, being sections 24.201 to 24.328 of the Michigan~~
8 ~~Compiled Laws~~ 1969 PA 306, MCL 24.201 TO 24.328, the commis-
9 sioner finds that a person has violated this section, the commis-
10 sioner shall reduce the findings and decision to writing and
11 serve upon the person charged with the violation a copy of the
12 decision and an order requiring the person to cease and desist
13 from the violation. In addition, the commissioner may order any
14 of the following:

15 (a) For all violations committed in a 6-month period, the
16 payment of a civil fine of not more than \$1,000.00 for each vio-
17 lation but not to exceed an aggregate civil penalty of
18 \$30,000.00, unless the person knew or reasonably should have
19 known the person was in violation of this section, in which case
20 the civil fine shall not be more than \$5,000.00 for each viola-
21 tion and shall not exceed an aggregate civil fine of
22 \$150,000.00. A fine collected under this subdivision shall be
23 turned over to the state treasurer and credited to the general
24 fund of the state.

25 (b) That restitution be made to the insured or any other
26 person, including a customer claimant, to cover actual damages
27 directly attributable to the acts that are found to be in

1 violation of this section by a person that knew or reasonably
2 should have known the acts were in violation of this section.

3 (c) The suspension or revocation of the person's license
4 under this act.

5 (38) If a person knowingly violates a cease and desist order
6 under this section and has been given notice and an opportunity
7 for a hearing as provided by this section, the commissioner may
8 order a civil fine of not more than \$25,000.00 for each viola-
9 tion, or a suspension or revocation of the person's license under
10 this act, or both. However, an order issued by the commissioner
11 pursuant to this subsection shall not require the payment of
12 civil fines exceeding \$250,000.00. A fine collected under this
13 subsection shall be turned over to the state treasurer and cred-
14 ited to the general fund of the state.

15 (39) The commissioner may apply to the circuit court of
16 Ingham county for an order of the court enjoining a violation of
17 this section.

18 (40) An action under this section shall not be brought more
19 than 5 years after the occurrence of the violation that is the
20 basis of the action.

21 Sec. 1244. (1) If the commissioner finds that a person has
22 violated this chapter, after an opportunity for a hearing pursu-
23 ant to the administrative procedures act of 1969, ~~Act No. 306 of~~
24 ~~the Public Acts of 1969, being sections 24.201 to 24.315 of the~~
25 ~~Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO 24.328, the
26 commissioner shall reduce the findings and decision to writing
27 and shall issue and cause to be served upon the person charged

1 with the violation a copy of the findings and an order requiring
2 the person to cease and desist from the violation. In addition,
3 the commissioner may order any of the following:

4 (a) Payment of a civil fine of not more than ~~-\$300.00-~~
5 \$500.00 for each violation. However, if the person knew or rea-
6 sonably should have known that he or she was in violation of this
7 chapter, the commissioner may order the payment of a civil fine
8 of not more than ~~-\$1,500.00-~~ \$2,500.00 for each violation.

9 ~~However, an~~ AN order of the commissioner under this subsection
10 shall not require the payment of civil fines exceeding
11 ~~-\$10,000.00-~~ \$25,000.00. A fine collected under this subdivision
12 shall be turned over to the state treasurer and credited to the
13 general fund of the state.

14 (b) A refund of any overcharges.

15 (c) That restitution be made to the insured or other claim-
16 ant to cover incurred losses, damages, or other harm attributable
17 to the acts of the person ~~which are~~ found to be in violation of
18 this chapter.

19 (d) The suspension or revocation of the person's license.

20 (2) The commissioner may by order, after notice and opportu-
21 nity for hearing, reopen and alter, modify, or set aside, in
22 whole or in part, an order issued under this section, if in the
23 opinion of the commissioner conditions of fact or of law have
24 changed to require that action, or if the public interest
25 requires that action.

26 (3) If a person knowingly violates a cease and desist order
27 under this chapter and has been given notice and an opportunity

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1 for a hearing held pursuant to the administrative procedures act
2 of 1969, ~~Act No. 306 of the Public Acts of 1969~~ 1969 PA 306,
3 MCL 24.201 TO 24.328, the commissioner may order a civil fine of
4 not more than \$10,000.00 for each violation, or a suspension or
5 revocation of the person's license, or both. ~~However, an~~ AN
6 order issued by the commissioner pursuant to this subsection
7 shall not require the payment of civil fines exceeding
8 \$50,000.00. A fine collected under this subsection shall be
9 turned over to the state treasurer and credited to the general
10 fund of the state.

11 (4) The commissioner may apply to the circuit court of
12 Ingham county for an order of the court enjoining a violation of
13 this chapter.

14 SEC. 1246. (1) ANY DOCUMENTS, MATERIALS, OR OTHER INFORMA-
15 TION IN THE CONTROL OR POSSESSION OF THE OFFICE OF FINANCIAL AND
16 INSURANCE SERVICES THAT IS FURNISHED BY AN INSURER, AN INSURANCE
17 PRODUCER, OR AN EMPLOYEE OR REPRESENTATIVE ACTING ON BEHALF OF
18 THE INSURER OR INSURANCE PRODUCER, OR OBTAINED BY THE COMMIS-
19 SIONER IN AN INVESTIGATION PURSUANT TO THIS SECTION IS CONFIDEN-
20 TIAL BY LAW AND PRIVILEGED, IS NOT SUBJECT TO THE FREEDOM OF
21 INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246, IS NOT
22 SUBJECT TO SUBPOENA, AND IS NOT SUBJECT TO DISCOVERY OR ADMISSI-
23 BLE IN EVIDENCE IN ANY PRIVATE CIVIL ACTION. HOWEVER, THE COM-
24 MISSIONER IS AUTHORIZED TO USE THE DOCUMENTS, MATERIALS, OR OTHER
25 INFORMATION IN THE FURTHERANCE OF ANY REGULATORY OR LEGAL ACTION
26 BROUGHT AS A PART OF THE COMMISSIONER'S DUTIES.

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1 (2) NEITHER THE COMMISSIONER NOR ANY PERSON WHO RECEIVED
2 DOCUMENTS, MATERIALS, OR OTHER INFORMATION WHILE ACTING UNDER THE
3 COMMISSIONER'S AUTHORITY IS PERMITTED OR REQUIRED TO TESTIFY IN
4 ANY PRIVATE CIVIL ACTION CONCERNING ANY CONFIDENTIAL DOCUMENTS,
5 MATERIALS, OR INFORMATION UNDER SUBSECTION (1).

6 (3) IN ORDER TO ASSIST IN THE PERFORMANCE OF THE
7 COMMISSIONER'S DUTIES UNDER THIS CHAPTER, THE COMMISSIONER MAY DO
8 ANY OF THE FOLLOWING:

9 (A) SHARE DOCUMENTS, MATERIALS, OR OTHER INFORMATION,
10 INCLUDING THE CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS,
11 OR INFORMATION SUBJECT TO SUBSECTION (1), WITH OTHER STATE, FED-
12 ERAL, AND INTERNATIONAL REGULATORY AGENCIES, WITH THE NATIONAL
13 ASSOCIATION OF INSURANCE COMMISSIONERS, ITS AFFILIATES OR SUBSID-
14 IARIES, AND WITH STATE, FEDERAL, AND INTERNATIONAL LAW ENFORCE-
15 MENT AUTHORITIES, PROVIDED THAT THE RECIPIENT AGREES TO MAINTAIN
16 THE CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENT, MATE-
17 RIAL, OR OTHER INFORMATION.

18 (B) RECEIVE DOCUMENTS, MATERIALS, OR INFORMATION, INCLUDING
19 OTHERWISE CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS, OR
20 INFORMATION, FROM THE NATIONAL ASSOCIATION OF INSURANCE COMMIS-
21 SIONERS, ITS AFFILIATES OR SUBSIDIARIES, AND FROM REGULATORY AND
22 LAW ENFORCEMENT OFFICIALS OF OTHER FOREIGN OR DOMESTIC JURISDIC-
23 TIONS, AND SHALL MAINTAIN AS CONFIDENTIAL OR PRIVILEGED ANY DOCU-
24 MENT, MATERIAL, OR INFORMATION RECEIVED WITH NOTICE OR THE UNDER-
25 STANDING THAT IT IS CONFIDENTIAL OR PRIVILEGED UNDER THE LAWS OF
26 THE JURISDICTION THAT IS THE SOURCE OF THE DOCUMENT, MATERIAL, OR
27 INFORMATION.

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1 (C) ENTER INTO AGREEMENTS GOVERNING SHARING AND USE OF
2 INFORMATION CONSISTENT WITH THIS SUBSECTION.

3 (4) NO WAIVER OF ANY APPLICABLE PRIVILEGE OR CLAIM OF CONFIDENTIALITY IN THE DOCUMENTS, MATERIALS, OR INFORMATION SHALL
4 OCCUR AS A RESULT OF DISCLOSURE TO THE COMMISSIONER UNDER SECTION
5 1208B OR THIS SECTION, OR AS A RESULT OF SHARING AS AUTHORIZED
6 UNDER SUBSECTION (3).

7 (5) THIS CHAPTER DOES NOT PROHIBIT THE COMMISSIONER FROM
8 RELEASING FINAL, ADJUDICATED ACTIONS INCLUDING FOR CAUSE TERMINATIONS THAT ARE OPEN TO PUBLIC INSPECTION PURSUANT TO THE FREEDOM
9 OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246, TO A DATABASE OR OTHER CLEARINGHOUSE SERVICE MAINTAINED BY THE NATIONAL
10 ASSOCIATION OF INSURANCE COMMISSIONERS OR ITS AFFILIATES OR
11 SUBSIDIARIES.

12 (6) AN INSURER, THE AUTHORIZED REPRESENTATIVE OF THE INSURER, OR AN INSURANCE PRODUCER THAT FAILS TO REPORT AS REQUIRED
13 UNDER SECTION 1208B OR THIS SECTION OR THAT IS FOUND TO HAVE
14 REPORTED WITH ACTUAL MALICE BY A COURT OF COMPETENT JURISDICTION
15 MAY, AFTER NOTICE AND HEARING, HAVE ITS LICENSE OR CERTIFICATE OF
16 AUTHORITY SUSPENDED OR REVOKED AND MAY BE FINED UNDER SECTION
17 1244.

18 SEC. 1247. (1) AN INSURANCE PRODUCER SHALL REPORT TO THE
19 COMMISSIONER ANY ADMINISTRATIVE ACTION TAKEN AGAINST THE INSURANCE PRODUCER IN ANOTHER JURISDICTION OR BY ANOTHER GOVERNMENTAL
20 AGENCY IN THIS STATE WITHIN 30 DAYS AFTER THE FINAL DISPOSITION
21 OF THE MATTER. THIS REPORT SHALL INCLUDE A COPY OF THE ORDER,
22 CONSENT TO ORDER, OR OTHER RELEVANT LEGAL DOCUMENTS.

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1 (2) WITHIN 30 DAYS AFTER THE INITIAL PRETRIAL HEARING DATE,
2 AN INSURANCE PRODUCER SHALL REPORT TO THE COMMISSIONER ANY CRIMI-
3 NAL PROSECUTION OF THE INSURANCE PRODUCER TAKEN IN ANY
4 JURISDICTION. THE REPORT SHALL INCLUDE A COPY OF THE INITIAL
5 COMPLAINT FILED, THE ORDER RESULTING FROM THE HEARING, AND ANY
6 OTHER RELEVANT LEGAL DOCUMENTS.

7 Sec. 1905. (1) A person shall not solicit insurance, bind
8 coverage, or in any other manner act as an agent or broker in the
9 transaction of surplus lines insurance unless licensed under this
10 chapter AND SECTION 1206A.

11 (2) A person shall not offer, solicit, make a quotation on,
12 sell, or issue a policy of insurance, binder, or any other evi-
13 dence of insurance with an unauthorized insurer except in compli-
14 ance with this chapter.

15 (3) ~~A person licensed as a resident agent in this state~~
16 ~~may~~ TO obtain a surplus lines license ~~by doing~~ UNDER SUBSEC-
17 TION (1), A PERSON SHALL DO all of the following:

18 (a) ~~Filing~~ FILE an application in the form and with the
19 information as the commissioner may reasonably require to deter-
20 mine the ability of the applicant to satisfactorily act in
21 accordance with this chapter.

22 (b) ~~Completing~~ COMPLETE an examination testing the
23 applicant's understanding of this chapter, the surplus lines
24 insurance business, and other chapters of this act, if required
25 by the commissioner. THE COMMISSIONER MAY WAIVE THE EXAMINATION
26 REQUIREMENTS FOR A PERSON WHO HAS BEEN LICENSED AS A SURPLUS
27 LINES LICENSEE WITHIN THE PRECEDING 12 MONTHS.

1 (c) ~~Complying~~ COMPLY with sections 1204 to 1206.

2 (d) ~~Agreeing~~ AGREE to file with the commissioner, not
3 later than February 15 and August 15 annually, a sworn statement
4 of the charges for insurance procured or placed, and the amounts
5 returned on the insurance canceled, under the license, for the
6 preceding 6-month period ending December 31 and June 30, respec-
7 tively; and at the time of filing the statement, paying to the
8 commissioner the 2% tax on premiums written and, instead of the
9 costs and expenses that may be imposed by the commissioner pursu-
10 ant to this chapter, a 0.5% regulatory fee on premiums written as
11 required by section 451.

12 (4) A surplus lines licensee may do any or all of the
13 following:

14 (a) Place insurance on risks in this state with eligible
15 unauthorized insurers.

16 (b) Act in the capacity of an agent or broker, as determined
17 by the contractual relationship with the eligible unauthorized
18 insurer or that insurer's legal representative.

19 (c) Place insurance on risks in this state, with unautho-
20 rized insurers that are not eligible unauthorized insurers, in
21 strict compliance with section 1950. If the insurance is pro-
22 vided through the participation of several insurers and the
23 licensee has reason to believe that a substantial portion of the
24 insurance would be assumed by authorized or eligible unauthorized
25 insurers, then, with respect to the unauthorized insurers not
26 eligible, the insured or the insured's representative shall be
27 informed as provided in section 1950(a).

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1 (d) Engage in any other acts expressly and implicitly
2 authorized by this chapter and this act.

3 (5) Before placement of insurance with an eligible unautho-
4 rized insurer, a licensee shall inform an insured or the
5 insured's representative that coverage is being placed with an
6 insurer not licensed in this state and that payment of loss may
7 not be guaranteed in the event of insolvency of the eligible
8 unauthorized insurer.

9 Sec. 3310. (1) ~~Beginning January 1, 1985, the~~ THE board
10 of governors of the facility shall consist of 11 governors.
11 Seven of the governors shall be elected as provided in the plan
12 of operation. Four governors shall be appointed by the commis-
13 sioner, of which 2 shall represent insurance agents subject to
14 section ~~1209(2)~~ 1209(1) and 2 shall represent the general
15 public. Each governor appointed by the commissioner pursuant to
16 this subsection shall serve an annual term. The 7 elected mem-
17 bers of the board of governors of the facility shall be elected
18 to serve annual terms commencing within 45 days after the annual
19 determination of participation ratios. Vacancies shall be filled
20 as provided for in the plan of operation.

21 (2) The facility committee shall adopt a plan of operation
22 by majority vote of the committee and shall submit it to the com-
23 missioner for his or her approval. If the commissioner finds
24 that the plan meets the requirements of this chapter, he or she
25 shall approve it. If the commissioner finds that the plan fails
26 to meet the requirements of this chapter, he or she shall state
27 in what respects the plan is deficient and shall afford the

1 facility committee 10 days within which to correct the
2 deficiency. If the commissioner and the facility committee fail
3 to agree that the provisions of the plan so submitted meet the
4 requirements of this chapter, either party to the controversy may
5 submit the issue to the circuit court for Ingham county for a
6 determination. If the commissioner fails to render a written
7 decision on the plan of operation within 30 days after receipt of
8 the plan, the plan shall be ~~deemed~~ CONSIDERED approved.

9 ~~-(3) If the facility committee fails to submit a plan of~~
10 ~~operation within 120 days after April 1, 1970, the commissioner~~
11 ~~shall prepare and promulgate a plan of operation in accordance~~
12 ~~with the requirements of this chapter, which shall continue in~~
13 ~~force until superseded by a plan of operation made effective in~~
14 ~~accordance with the provisions of this section, but without~~
15 ~~regard to the time limitations prescribed in this section.~~

16 (3) ~~-(4)~~ Amendments to the plan of operation shall be
17 subject to majority approval by the board of governors and rati-
18 fied by majority of the membership vote. The membership vote
19 shall be determined as defined in section 3303(e)(iii).

20 Amendments to the plan of operation shall be subject to the
21 approval of the commissioner, as provided in subsection (2).

22 (4) ~~-(5)~~ Every insurer authorized to write automobile
23 insurance in this state shall adhere to the plan of operation.

24 Enacting section 1. This amendatory act takes effect
25 March 1, 2002.