

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 859

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1202 (MCL 500.1202), as amended by 2002 PA 737.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1202. (1) This chapter shall not be construed to require
2 an insurer to obtain an insurance producer license. As used in this
3 section, the term "insurer" does not include an insurer's officers,
4 directors, employees, subsidiaries, or affiliates.

5 (2) A license as an insurance producer is not required of any
6 of the following:

7 (a) An officer, director, or employee of an insurer or of an
8 insurance producer, ~~provided that~~ **IF** the officer, director, or
9 employee does not receive any commission on policies written or

1 sold to insure risks residing, located, or to be performed in this
2 state and meets 1 or more of the following:

3 (i) The officer's, director's, or employee's activities are
4 executive, administrative, managerial, clerical, or a combination
5 of these, and are only indirectly related to the sale,
6 solicitation, or negotiation of insurance.

7 (ii) The officer's, director's, or employee's function relates
8 to underwriting, loss control, inspection, or the processing,
9 adjusting, investigating, or settling of a claim on a contract of
10 insurance.

11 (iii) The officer, director, or employee is acting in the
12 capacity of a special agent or agency supervisor assisting
13 insurance producers ~~where~~ **IF** the person's activities are limited to
14 providing technical advice and assistance to licensed insurance
15 producers and do not include the sale, solicitation, or negotiation
16 of insurance.

17 (b) A person who performs and receives no commission for any
18 of the following services:

19 (i) Securing and furnishing information for the purpose of
20 group life insurance, group property and casualty insurance, group
21 annuities, or group or blanket accident and health insurance.

22 (ii) Securing and furnishing information for the purpose of
23 enrolling individuals under plans, issuing certificates under
24 plans, or otherwise assisting in administering plans.

25 (iii) Performing administrative services related to mass
26 marketed property and casualty insurance.

27 (c) An employer or association or its officers, directors,

1 employees, or the trustees of an employee trust plan, to the extent
2 that the employers, officers, employees, directors, or trustees are
3 engaged in the administration or operation of a program of employee
4 benefits for the employer's or association's own employees or the
5 employees of its subsidiaries or affiliates, which program involves
6 the use of insurance issued by an insurer, ~~as long as~~ **IF** the
7 employers, associations, officers, directors, employees, or
8 trustees are not in any manner compensated, directly or indirectly,
9 by the company issuing the contracts.

10 (d) Employees of insurers or organizations employed by
11 insurers who are engaging in the inspection, rating, or
12 classification of risks, or in the supervision of the training of
13 insurance producers and who are not individually engaged in the
14 sale, solicitation, or negotiation of insurance.

15 (e) A person whose activities in this state are limited to
16 advertising without the intent to solicit insurance in this state
17 through communications in printed publications or other forms of
18 electronic mass media, ~~where~~ **THE** distribution **OF WHICH** is not
19 limited to residents of the state, ~~provided that~~ **IF** the person does
20 not sell, solicit, or negotiate insurance that would insure risks
21 residing, located, or to be performed in this state.

22 (f) A person who is not a resident of this state who sells,
23 solicits, or negotiates a contract of insurance for commercial
24 property and casualty risks to an insured with risks located in
25 more than 1 state insured under that contract, ~~provided that that~~
26 **IF THE** person is otherwise licensed as an insurance producer to
27 sell, solicit, or negotiate that insurance in the state where the

1 insured maintains its principal place of business and the contract
2 of insurance insures risks located in that state.

3 (g) A salaried full-time employee who counsels or advises his
4 or her employer concerning the insurance interests of the employer
5 or of the subsidiaries or business affiliates of the employer,
6 ~~provided that~~ **IF** the employee does not sell or solicit insurance or
7 receive a commission.

8 (h) A person whose only sale of insurance is for travel or
9 auto-related insurance sold in connection with and incidental to
10 the rental of a motor vehicle under a rental agreement for a period
11 not to exceed 90 days.

12 **(I) A PERSON WHOSE ONLY SALE OF INSURANCE IS FOR PORTABLE**
13 **ELECTRONICS INSURANCE SOLD IN CONNECTION WITH AND INCIDENTAL TO THE**
14 **SALE OF A PORTABLE ELECTRONIC DEVICE IF WRITTEN DISCLOSURE MATERIAL**
15 **IS PROVIDED TO THE CUSTOMER AT THE TIME OF SOLICITATION AND THE**
16 **WRITTEN MATERIAL INCLUDES ALL OF THE FOLLOWING:**

17 **(i) A DISCLOSURE THAT PORTABLE ELECTRONICS INSURANCE MAY**
18 **DUPLICATE COVERAGE ALREADY PROVIDED BY THE CUSTOMER'S HOMEOWNERS,**
19 **RENTERS, OR OTHER INSURANCE POLICIES.**

20 **(ii) A STATEMENT THAT THE ENROLLMENT BY THE CUSTOMER IN A**
21 **PORTABLE ELECTRONICS INSURANCE PROGRAM IS NOT REQUIRED TO PURCHASE**
22 **OR LEASE A PORTABLE ELECTRONIC DEVICE OR SERVICES FOR THE DEVICE.**

23 **(iii) A SUMMARY OF THE MATERIAL TERMS OF THE PORTABLE**
24 **ELECTRONICS INSURANCE COVERAGE, INCLUDING ALL OF THE FOLLOWING:**

25 **(A) THE IDENTITY OF THE INSURER.**

26 **(B) THE AMOUNT OF ANY APPLICABLE DEDUCTIBLE AND HOW IT IS TO**
27 **BE PAID.**

1 (C) THE BENEFITS OF THE COVERAGE.

2 (D) KEY TERMS AND CONDITIONS OF THE COVERAGE, SUCH AS WHETHER
3 THE PORTABLE ELECTRONICS MAY BE REPAIRED OR REPLACED WITH A SIMILAR
4 MAKE AND MODEL OR RECONDITIONED OR NONORIGINAL MANUFACTURER PARTS
5 OR EQUIPMENT.

6 (iv) A SUMMARY OF THE PROCESS FOR FILING A CLAIM, INCLUDING A
7 DESCRIPTION OF HOW TO RETURN A PORTABLE ELECTRONIC DEVICE AND THE
8 MAXIMUM FEE APPLICABLE IF THE CUSTOMER FAILS TO COMPLY WITH
9 EQUIPMENT RETURN REQUIREMENTS.

10 (v) A STATEMENT THAT THE CUSTOMER MAY CANCEL ENROLLMENT FOR
11 COVERAGE UNDER A PORTABLE ELECTRONICS INSURANCE POLICY AT ANY TIME
12 AND THAT THE PERSON PAYING THE PREMIUM WILL RECEIVE A REFUND OF OR
13 CREDIT FOR ANY UNEARNED PREMIUM.

14 (3) As used in this section, "motor vehicle" means a motorized
15 vehicle designed for transporting passengers or goods.