

# HOUSE BILL No. 5901

September 13, 2012, Introduced by Rep. Lyons and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 1204 (MCL 500.1204), as amended by 2008 PA 576.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1204. (1) ~~A~~ **TO BE LICENSED AS AN INSURANCE PRODUCER, A**  
2       resident individual applying for an insurance producer license  
3       ~~shall~~ **MUST** pass a written examination unless exempt pursuant to  
4       **UNDER** section 1206b.

5       (2) Within a reasonable time after receipt of a properly  
6       completed application for **AN** examination **UNDER THIS SECTION**, the  
7       commissioner shall ~~subject~~ **GIVE** the applicant to a written  
8       examination. ~~An~~ **HOWEVER, THE** applicant shall not be given ~~an~~ **THE**  
9       examination unless the applicant has completed a program of study

1 registered with the commissioner ~~pursuant to~~ **UNDER** section 1204a.  
2 An applicant shall file a certificate of completion of the  
3 registered program of study with the commissioner on a form  
4 prescribed by the commissioner indicating that the course of study  
5 was completed by the applicant not more than 12 months before the  
6 application for examination is received by the commissioner. The  
7 commissioner may waive the applicable examination or program of  
8 study requirements of this section for ~~a person~~ **AN APPLICANT** who  
9 meets any of the following **REQUIREMENTS**:

10 (a) ~~Applies~~ **THE APPLICANT APPLIES** for a limited license as  
11 designated by the commissioner.

12 (b) ~~Has~~ **THE APPLICANT HAS** been a licensed insurance producer  
13 within the preceding 12 months.

14 (c) ~~Has~~ **THE APPLICANT HAS** obtained the chartered property and  
15 casualty underwriter designation, ~~the~~ chartered life underwriter  
16 designation, certified insurance counselor designation, accredited  
17 advisor in insurance designation, ~~the~~ chartered financial  
18 consultant designation, ~~the~~ certified employee benefit specialist  
19 designation, ~~the~~ certified financial planner designation, ~~the~~  
20 fellow life management institute designation, ~~the~~ life underwriting  
21 training council fellow designation, ~~the~~ registered health  
22 underwriter designation, ~~the~~ registered employee benefits  
23 consultant designation, ~~the~~ health insurance associate designation,  
24 or ~~the~~ associate in risk management designation.

25 (d) ~~Has~~ **THE APPLICANT HAS** an associate's, bachelor's, or  
26 master's degree with a concentration in insurance from an  
27 institution approved by the commissioner.

1           (3) The examination **UNDER THIS SECTION** shall be entry level  
2 and shall test the knowledge of the individual concerning the  
3 qualifications for which application is made, the duties and  
4 responsibilities of an insurance producer, and the insurance laws  
5 and regulations of this state. Examinations required by this  
6 section shall be developed and conducted as prescribed by the  
7 commissioner.

8           (4) The commissioner may make arrangements, including  
9 contracting with an outside testing service, for administering  
10 examinations under this section and collecting the nonrefundable  
11 fee in section 240(1)(h) or (4).

12           (5) Each individual applying for an examination under this  
13 section shall remit a nonrefundable fee as prescribed in section  
14 240(1)(h) or (4).

15           (6) An individual who fails to appear for the examination  
16 required under this section as scheduled or fails to pass the  
17 examination ~~shall~~ **MUST** reapply for an examination and remit all  
18 required examination fees and forms to be rescheduled for another  
19 examination.

20           (7) **THE PRODUCER LICENSING EXAMINATION UNDER THIS SECTION**  
21 **SHALL BE FAIR AND ENTRY LEVEL AND SHALL NOT DISCRIMINATE ON ANY**  
22 **PROHIBITED BASIS. THE EXAMINATION SHALL HAVE A TARGETED PASS RATE**  
23 **OF 70%. IF THE PASS RATE OF THE EXAMINATION FOR ANY CALENDAR YEAR**  
24 **IS LESS THAN THE TARGETED RATE, THE COMMISSIONER SHALL REVIEW THE**  
25 **EXAMINATION FOR FORM AND SUBSTANCE AND ASSURE THAT IT IS FAIR,**  
26 **TESTS ENTRY LEVEL KNOWLEDGE, AND CONFORMS TO THE AMERICAN**  
27 **PSYCHOLOGICAL ASSOCIATION'S STANDARDS ON TESTING. BY THE FIRST**

1 QUARTER OF THE FOLLOWING CALENDAR YEAR, THE COMMISSIONER SHALL  
2 REPORT TO THE LEGISLATURE THE RESULT OF THE REVIEW AND ANY  
3 CORRECTIVE CHANGES HE OR SHE HAS MADE TO THE EXAMINATION.