

HOUSE BILL NO. 4178

March 06, 2025, Introduced by Reps. Aragona, Kunse, Johnsen and St. Germaine and referred to Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1204c (MCL 500.1204c), as amended by 2017 PA
67.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1204c. (1) An insurance producer's hours of study accrued
2 under this section must be reviewed for license continuance every 2
3 years under a schedule established by the director. The director
4 may establish a schedule for license continuation that staggers

1 license continuation dates to apportion the continuation dates
2 throughout the calendar year. If the system of staggered
3 continuation is adopted, the director may extend the licensure
4 period for some licensees.

5 (2) Except as provided in subsections (9) to (12), and subject
6 to ~~subsection~~**subsections** (13), **(14), and (15)**, before the review
7 date of each applicable 2-year period provided for under subsection
8 (1), an insurance producer wishing to renew his or her license
9 shall renew his or her license by attending or instructing not less
10 than 24 hours of continuing education classes approved by the
11 director or 24 hours of home study or online training if evidenced
12 by successful completion of coursework approved by the director. Of
13 the 24 hours of continuing education required, not less than 3
14 hours must be in ethics in insurance classes or coursework.

15 (3) The director shall approve a registered insurance producer
16 program of study if the director determines that the program
17 increases knowledge of insurance and related subjects as follows:

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

20 (i) The fundamental considerations and major principles of life
21 insurance.

22 (ii) The fundamental considerations and major principles of
23 health insurance.

24 (iii) Estate planning and taxation as related to insurance.

25 (iv) Industry and legal standards concerning ethics in
26 insurance.

27 (v) Legal, legislative, and regulatory matters concerning
28 insurance, the insurance code, and the insurance industry.

29 (vi) Principal provisions used in life insurance contracts,

1 health insurance contracts, or annuity contracts and differences in
2 types of coverages.

3 (vii) Accounting and actuarial considerations in insurance.

4 (viii) Principles of agency management, excluding telemarketing
5 or other marketing instruction.

6 (ix) The fundamental considerations, major principles, and
7 statutory requirements of long-term care insurance.

8 (b) For a property-casualty agent program of study, the
9 program offers instructions in 1 or more of the following:

10 (i) The fundamental considerations and major principles of
11 property insurance.

12 (ii) The fundamental considerations and major principles of
13 casualty insurance.

14 (iii) Basic principles of risk management.

15 (iv) Industry and legal standards concerning ethics in
16 insurance.

17 (v) Legal, legislative, and regulatory matters concerning
18 insurance, the insurance code, and the insurance industry.

19 (vi) Principal provisions used in casualty insurance contracts,
20 no-fault insurance contracts, or property insurance contracts and
21 differences in types of coverages.

22 (vii) Accounting and actuarial considerations in insurance.

23 (viii) Principles of agency management, excluding telemarketing
24 or other marketing instruction.

25 (4) A provider of a program of study for insurance producers
26 applying for approval or reapproval from the director under this
27 section shall file, on a form provided by the director, a
28 description of the course of study including a description of the
29 subject matter and course materials, hours of instruction, location

1 of classroom, qualifications of instructors, and maximum student-
2 instructor ratio and shall pay a nonrefundable \$25.00 filing fee.
3 Any material change in a program of study requires the reapproval
4 of the director. If the information in an application for approval
5 or reapproval is insufficient for the director to determine whether
6 the program of study meets the requirements under subsection (3),
7 the director shall give written notice to the provider, within 15
8 days after the provider's filing of the application for approval or
9 reapproval, of the additional information needed by the director.
10 An application for approval or reapproval is considered approved
11 unless disapproved by the director within 90 days after the
12 application for approval or reapproval is filed, or within 90 days
13 after the receipt of additional information if the information was
14 requested by the director, whichever is later.

15 (5) A provider of a program of study approved by the director
16 under this section shall pay a provider authorization fee of
17 \$500.00 for the first year the provider's program of study is
18 approved under this section and a \$100.00 provider renewal fee for
19 each subsequent year that the provider offers the approved program
20 of study.

21 (6) A person dissatisfied with an approved program of study
22 may petition the director for a hearing on the program or the
23 director on his or her own initiative may request a hearing on a
24 program of study. If the director finds that the petition was **not**
25 submitted in good faith, that the petition if true shows that the
26 program of study does not satisfy the criteria in subsection (3),
27 or that the petition otherwise justifies holding a hearing, the
28 director shall hold a hearing under chapter 4 of the administrative
29 procedures act of 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**,

1 within 30 days after receipt of the petition and on not less than
2 10 days' written notice to the petitioner and the provider of the
3 program of study. If the director requests a hearing on a program
4 of study on his or her own initiative, the director shall hold a
5 hearing under chapter 4 of the administrative procedures act of
6 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**, on not less than
7 10 days' written notice to the provider of the program of study.

8 (7) If after a hearing under subsection (6) the director finds
9 that the program of study does not satisfy the requirements under
10 subsection (3), the director shall state, in a written order mailed
11 first-class to the petitioner and provider of the program of study,
12 his or her findings and the date on which the director will revoke
13 approval of the program of study, which date must be within a
14 reasonable time ~~of~~ **after** the issuance of the order.

15 (8) A certificate of attendance or instruction in an approved
16 program of study or a certificate of successful completion of
17 coursework must be filed as directed by the director on a form
18 prescribed by the director and must indicate the name and number of
19 the course of study, the number of hours, dates of completion, and
20 the name and number of schools attended or taught by the insurance
21 producer or the evidence of successful completion of coursework. A
22 representative of the approved program of study shall file the form
23 and a fee of \$1.00 per hour for course credit for each insurance
24 producer license renewal as directed by the director within 30 days
25 after the insurance producer completes the program. A copy of the
26 form must also be mailed first-class to the insurance producer who
27 attended, taught, or successfully completed the program of study.
28 The director may enter into contracts to provide for the
29 administrative functions of this subsection.

1 (9) The director shall waive the continuing education
2 requirements of this section for an insurance producer if the
3 producer is unable to comply with the continuing education
4 requirements of this section because of military service or if the
5 director determines that enforcement of the requirements would
6 cause a severe hardship. The director shall waive the continuing
7 education requirements of this section for the following insurance
8 producers:

9 (a) An insurance producer who is licensed to write only travel
10 or baggage insurance policies and whose employment is for a purpose
11 other than the sale of those policies.

12 (b) An insurance producer who is licensed to write only
13 limited line credit insurance.

14 (10) The director may enter into reciprocal continuing
15 education agreements with insurance commissioners from other
16 states.

17 (11) If an insurance producer has not met his or her
18 continuing education requirements by the expiration date of his or
19 her license, the insurance producer has a 90-day grace period in
20 which to meet the continuing education requirements of this
21 section. During the 90-day grace period, the insurance producer
22 shall not solicit or sell new policies of insurance, bind coverage,
23 or otherwise act as an insurance producer, except that the
24 insurance producer may continue to service policies previously sold
25 and may receive commissions on policies previously sold. If the
26 insurance producer has not met his or her continuing education
27 requirements by the expiration of the 90-day grace period, the
28 director shall cancel the insurance producer's license. An
29 insurance producer whose license has been canceled under this

1 section may reapply for a license to act as an insurance producer
2 under section 1204.

3 (12) An insurance producer who has sold his or her insurance
4 business and who has not met the continuing education requirements
5 of this section shall not solicit or sell new policies of
6 insurance, bind coverage, or otherwise act as an insurance
7 producer, except that the insurance producer may continue to
8 service policies previously sold and may receive commissions on
9 policies previously sold as well as receive partial commissions on
10 policies of insurance sold by a purchasing insurance producer. An
11 insurance producer who is in the process of selling his or her
12 insurance business and who has not met the continuing education
13 requirements of this section shall not solicit or sell new policies
14 of insurance, bind coverage, or otherwise act as an insurance
15 producer, except that the insurance producer may continue to
16 service policies previously sold and may receive commissions on
17 policies previously sold as well as receive partial commissions on
18 policies of insurance sold by a purchasing insurance producer, for
19 a period not to exceed 12 months after the selling insurance
20 producer's license review date under subsection (1). An insurance
21 producer whose license has been canceled and who wishes to resume
22 soliciting or selling new policies of insurance, bind coverage, or
23 otherwise act as an insurance producer and who has not met the
24 continuing education requirements within the immediately preceding
25 12 months may reapply for a license to act as an insurance producer
26 under section 1204.

27 ~~(13) After 1 year after the effective date of the amendatory~~
28 ~~act that added subsection (14),~~ **June 30, 2018,** for a review date of
29 an applicable 2-year period under subsection (1), all of the

1 following apply:

2 (a) Subject to subdivisions (b) and (c), if an insurance
3 producer completes more than 24 hours of continuing education in an
4 applicable 2-year period, the insurance producer may, for purposes
5 of subsection (2), apply each hour more than 24 hours to the next
6 2-year period. However, no more than 12 hours may be applied to the
7 next applicable 2-year period under this subdivision.

8 (b) An insurance producer may not apply any hours in ethics in
9 insurance classes or coursework to the next applicable 2-year
10 period under subdivision (a).

11 (c) If an insurance producer completes the same continuing
12 education class or coursework under subsection (2) in an applicable
13 2-year period, an hour associated with a duplicative class or
14 coursework may not be applied to the next applicable 2-year period
15 under subdivision (a).

16 **(14) For a review date after December 31, 2025 of an**
17 **applicable 2-year period under subsection (1), all of the following**
18 **apply:**

19 (a) Subject to subdivisions (b) and (c), if an insurance
20 producer or an insurance producer employed by an insurance agency
21 that is an active member of a local, regional, state, or national
22 professional insurance association that has a course that the
23 director determines increases knowledge of insurance and related
24 subjects, the insurance producer is credited 4 hours toward the 24
25 hours of the continuing education classes or home study or online
26 training required under subsection (2) if all of the following
27 apply:

28 (i) The producer or the insurance agency is a dues-paying
29 member of the local, regional, state, or national professional

1 insurance association.

2 (ii) The producer or the insurance agency is in good standing
3 with the local, regional, state, or national professional insurance
4 association.

5 (iii) The producer actively participates in the functions of a
6 local, regional, state, or national professional association, at
7 the minimum, for the number of association credits earned. The
8 association credit must provide for not less than 50 minutes of
9 participation. Active participation in a local, regional, state, or
10 national professional insurance association may be met by any of
11 the following activities:

12 (A) Attending a formal meeting or a formal business program
13 hosted by the local, regional, state, or national professional
14 insurance association, where attendance is verified.

15 (B) Serving on and actively participating in the local,
16 regional, state, or national board or committee in affiliation with
17 the local, regional, state, or national professional insurance
18 association.

19 (C) Participating in industry, regulatory, or legislative
20 meetings held by or on behalf of the local, regional, state, or
21 national professional insurance association.

22 (iv) On request of the insurance producer, the association
23 provides the director with a statement confirming that the
24 insurance producer actively participated in the association.

25 (b) The 4 hours credited under subdivision (a) do not count
26 toward the 3 hours in ethics in insurance classes or coursework
27 required under subsection (2).

28 (c) The director shall not credit the 4 hours under
29 subdivision (a) unless the director approves the professional

1 insurance association as a continuing education provider under this
2 section. The director shall not approve a professional insurance
3 association under this subdivision unless the director determines
4 both of the following apply:

5 (i) The professional insurance association was formed for
6 purposes other than providing continuing education.

7 (ii) The professional insurance association has provided the
8 director with the association's articles of incorporation on file
9 with the department of licensing and regulatory affairs.

10 (d) A professional insurance association approved by the
11 director as a continuing education provider under subdivision (c)
12 shall do all of the following:

13 (i) File a certificate of successful completion under
14 subsection (8). By filing a certificate of completion the
15 professional insurance association is doing all of the following:

16 (A) Certifying to the director that the insurance producer
17 maintains an active membership or is employed by an insurance
18 agency that maintains an active membership, in good standing, in
19 the professional insurance association and is a dues-paying member.

20 (B) Certifying to the director that the activity or program
21 took place while the association was authorized to offer
22 association member credit.

23 (C) Certifying to the director that the producer actively
24 participated in a local, regional, state, or national professional
25 insurance association as provided in subdivision (a).

26 (ii) Receive approval as a continuing education provider before
27 offering association membership credit.

28 (iii) Determine participation in a meeting, program, or
29 affiliation qualified for association credit.

1 **(15) For a review date after December 31, 2025, any activity**
2 **by an insurance producer, as determined by the director, may be**
3 **credited as an hour toward the 24 hours of continuing education**
4 **classes or home study or online training required under subsection**
5 **(2) .**

6 **(16)** ~~(14)~~—The director or his or her designee may access any
7 classroom while instruction for a program of study under section
8 1204a or this section is in progress to monitor the classroom
9 instruction.

10 **(17)** ~~(15)~~—For an insurance producer program of study under
11 this section, the director may refuse to approve an insurance
12 education instructor, and the director may place an approved
13 insurance education instructor on probation or suspend or revoke
14 approval of an approved insurance education instructor, or take any
15 combination of these actions, if 1 or more of the following apply:

16 (a) The insurance education instructor violates an insurance
17 law or violates a rule, subpoena, or order of the director or of
18 another state's insurance commissioner.

19 (b) The insurance education instructor uses fraudulent,
20 coercive, or dishonest practices or demonstrates incompetence,
21 untrustworthiness, or financial irresponsibility in the conduct of
22 business in this state or outside this state.

23 (c) The insurance education instructor's insurance producer
24 license or its equivalent is revoked in conjunction with a
25 disciplinary action in any state, province, district, or territory.

26 **(18)** ~~(16)~~—As used in this section:

27 (a) "Hour" means a period of time of not less than 50 minutes.

28 (b) "Insurance producer" means a life-health agent or
29 property-casualty agent.

1 (c) "Life-health agent" means a resident or nonresident
2 individual insurance producer licensed for life, limited life,
3 mortgage redemption, or accident and health or a combination of
4 life, limited life, mortgage redemption, or accident and health.

5 (d) "Property-casualty agent" means a resident or nonresident
6 individual insurance producer or solicitor licensed for automobile,
7 fire, multiple lines, or any limited or minor property and casualty
8 lines or a combination of automobile, fire, multiple lines, or
9 limited or minor property and casualty lines.