

**SUBSTITUTE FOR
SENATE BILL NO. 418**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1202 (MCL 500.1202), as amended by 2012 PA 552.

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, if the officer, director, or employee does not
9 receive any commission on policies written or sold to insure risks
10 residing, located, or to be performed in this state and meets 1 or

1 more of the following:

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

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

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

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

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

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

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

26 (c) An employer or association or its officers, directors,
27 employees, or the trustees of an employee trust plan, to the extent

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

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

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

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

1 insures risks located in that state.

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

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

11 (i) A person whose only sale of insurance is for portable
12 electronics insurance sold in connection with and incidental to the
13 sale of a portable electronic device if written disclosure material
14 is provided to the customer at the time of solicitation and the
15 written material includes all of the following:

16 (i) A disclosure that portable electronics insurance may
17 duplicate coverage already provided by the customer's homeowners,
18 renters, or other insurance policies.

19 (ii) A statement that the enrollment by the customer in a
20 portable electronics insurance program is not required to purchase
21 or lease a portable electronic device or services for the device.

22 (iii) A summary of the material terms of the portable
23 electronics insurance coverage, including all of the following:

24 (A) The identity of the insurer.

25 (B) The amount of any applicable deductible and how it is to
26 be paid.

27 (C) The benefits of the coverage.

1 (D) Key terms and conditions of the coverage, such as whether
 2 the portable electronics may be repaired or replaced with a similar
 3 make and model or reconditioned or nonoriginal manufacturer parts
 4 or equipment.

5 (iv) A summary of the process for filing a claim, including a
 6 description of how to return a portable electronic device and the
 7 maximum fee applicable if the customer fails to comply with
 8 equipment return requirements.

9 (v) A statement that the customer may cancel enrollment for
 10 coverage under a portable electronics insurance policy at any time
 11 and that the person paying the premium will receive a refund of or
 12 credit for any unearned premium.

13 **(J) A PERSON WHOSE ONLY SALE OF INSURANCE IS FOR TRAVEL**
 14 **INSURANCE SOLD IN CONJUNCTION WITH AND INCIDENTAL TO PLANNED**
 15 **TRAVEL.**

16 (3) As used in this section: ~~—"motor~~

17 **(A) "MOTOR vehicle"** means a motorized vehicle designed for
 18 transporting passengers or goods.

19 **(B) "TRAVEL INSURANCE" MEANS A LIMITED LINES INSURANCE**
 20 **COVERAGE UNDER SECTION 1201(I) FOR PERSONAL RISK INCIDENT TO**
 21 **PLANNED TRAVEL, INCLUDING, BUT NOT LIMITED TO, 1 OR MORE OF THE**
 22 **FOLLOWING:**

23 **(i) INTERRUPTION OR CANCELLATION OF A TRIP OR EVENT.**

24 **(ii) LOSS OF BAGGAGE OR PERSONAL EFFECTS.**

25 **(iii) DAMAGES TO ACCOMMODATIONS OR RENTAL VEHICLES.**

26 **(iv) SICKNESS, ACCIDENT, DISABILITY, OR DEATH OCCURRING DURING**
 27 **TRAVEL.**

1 (C) TRAVEL INSURANCE DOES NOT INCLUDE MAJOR MEDICAL PLANS,
2 WHICH PROVIDE COMPREHENSIVE MEDICAL PROTECTION FOR TRAVELERS WITH
3 TRIPS LASTING 6 MONTHS OR LONGER, INCLUDING, FOR EXAMPLE, THOSE
4 WORKING OVERSEAS AS AN EXPATRIATE OR MILITARY PERSONNEL BEING
5 DEPLOYED.