

**SUBSTITUTE FOR
SENATE BILL NO. 378**

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
5 license continuation dates to apportion the continuation dates
6 throughout the calendar year. If the system of staggered
7 continuation is adopted, the director may extend the licensure
8 period for some licensees.

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

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

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

16 (i) The fundamental considerations and major principles of life
17 insurance.

18 (ii) The fundamental considerations and major principles of
19 health insurance.

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

21 (iv) Industry and legal standards concerning ethics in
22 insurance.

23 (v) Legal, legislative, and regulatory matters concerning
24 insurance, the insurance code, and the insurance industry.

25 (vi) Principal provisions used in life insurance contracts,
26 health insurance contracts, or annuity contracts and differences in
27 types of coverages.

28 (vii) Accounting and actuarial considerations in insurance.

29 (viii) Principles of agency management, excluding telemarketing

1 or other marketing instruction.

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

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

6 (i) The fundamental considerations and major principles of
7 property insurance.

8 (ii) The fundamental considerations and major principles of
9 casualty insurance.

10 (iii) Basic principles of risk management.

11 (iv) Industry and legal standards concerning ethics in
12 insurance.

13 (v) Legal, legislative, and regulatory matters concerning
14 insurance, the insurance code, and the insurance industry.

15 (vi) Principal provisions used in casualty insurance contracts,
16 no-fault insurance contracts, or property insurance contracts and
17 differences in types of coverages.

18 (vii) Accounting and actuarial considerations in insurance.

19 (viii) Principles of agency management, excluding telemarketing
20 or other marketing instruction.

21 (4) A provider of a program of study for insurance producers
22 applying for approval or reapproval from the director under this
23 section shall file, on a form provided by the director, a
24 description of the course of study including a description of the
25 subject matter and course materials, hours of instruction, location
26 of classroom, qualifications of instructors, and maximum student-
27 instructor ratio and shall pay a nonrefundable \$25.00 filing fee.
28 Any material change in a program of study requires the reapproval
29 of the director. If the information in an application for approval

1 or reapproval is insufficient for the director to determine whether
2 the program of study meets the requirements under subsection (3),
3 the director shall give written notice to the provider, within 15
4 days after the provider's filing of the application for approval or
5 reapproval, of the additional information needed by the director.
6 An application for approval or reapproval is considered approved
7 unless disapproved by the director within 90 days after the
8 application for approval or reapproval is filed, or within 90 days
9 after the receipt of additional information if the information was
10 requested by the director, whichever is later.

11 (5) A provider of a program of study approved by the director
12 under this section shall pay a provider authorization fee of
13 \$500.00 for the first year the provider's program of study is
14 approved under this section and a \$100.00 provider renewal fee for
15 each subsequent year that the provider offers the approved program
16 of study.

17 (6) A person dissatisfied with an approved program of study
18 may petition the director for a hearing on the program or the
19 director on his or her own initiative may request a hearing on a
20 program of study. If the director finds that the petition was **not**
21 submitted in good faith, that the petition if true shows that the
22 program of study does not satisfy the criteria in subsection (3),
23 or that the petition otherwise justifies holding a hearing, the
24 director shall hold a hearing under chapter 4 of the administrative
25 procedures act of 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**,
26 within 30 days after receipt of the petition and on not less than
27 10 days' written notice to the petitioner and the provider of the
28 program of study. If the director requests a hearing on a program
29 of study on his or her own initiative, the director shall hold a

1 hearing under chapter 4 of the administrative procedures act of
2 1969, 1969 PA 306, MCL 24.271 to ~~24.287~~, **24.288**, on not less than
3 10 days' written notice to the provider of the program of study.

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

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

26 (9) The director shall waive the continuing education
27 requirements of this section for an insurance producer if the
28 producer is unable to comply with the continuing education
29 requirements of this section because of military service or if the

1 director determines that enforcement of the requirements would
2 cause a severe hardship. The director shall waive the continuing
3 education requirements of this section for the following insurance
4 producers:

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

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

10 (10) The director may enter into reciprocal continuing
11 education agreements with insurance commissioners from other
12 states.

13 (11) If an insurance producer has not met his or her
14 continuing education requirements by the expiration date of his or
15 her license, the insurance producer has a 90-day grace period in
16 which to meet the continuing education requirements of this
17 section. During the 90-day grace period, the insurance producer
18 shall not solicit or sell new policies of insurance, bind coverage,
19 or otherwise act as an insurance producer, except that the
20 insurance producer may continue to service policies previously sold
21 and may receive commissions on policies previously sold. If the
22 insurance producer has not met his or her continuing education
23 requirements by the expiration of the 90-day grace period, the
24 director shall cancel the insurance producer's license. An
25 insurance producer whose license has been canceled under this
26 section may reapply for a license to act as an insurance producer
27 under section 1204.

28 (12) An insurance producer who has sold his or her insurance
29 business and who has not met the continuing education requirements

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

23 (13) After ~~1 year after the effective date of the amendatory~~
24 ~~act that added subsection (14),~~ **June 30, 2018**, for a review date of
25 an applicable 2-year period under subsection (1), all of the
26 following apply:

27 (a) Subject to subdivisions (b) and (c), if an insurance
28 producer completes more than 24 hours of continuing education in an
29 applicable 2-year period, the insurance producer may, for purposes

1 of subsection (2), apply each hour more than 24 hours to the next
2 2-year period. However, no more than 12 hours may be applied to the
3 next applicable 2-year period under this subdivision.

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

7 (c) If an insurance producer completes the same continuing
8 education class or coursework under subsection (2) in an applicable
9 2-year period, an hour associated with a duplicative class or
10 coursework may not be applied to the next applicable 2-year period
11 under subdivision (a).

12 (14) For a review date after December 31, 2024 of an
13 applicable 2-year period under subsection (1), all of the following
14 apply:

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

23 (i) The producer is a dues-paying member of the local,
24 regional, state, or national professional insurance association.

25 (ii) The producer is in good standing with the local, regional,
26 state, or national professional insurance association.

27 (iii) The producer actively participates in the functions of a
28 local, regional, state, or national professional association, at
29 the minimum, for the number of association credits earned. For each

1 hour credited under this subdivision, the association must provide
2 for not less than 50 minutes of participation. Active participation
3 in a local, regional, state, or national professional insurance
4 association may be met by any of the following activities:

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

8 (B) Serving on and actively participating in the local,
9 regional, state, or national board or committee in affiliation with
10 the local, regional, state, or national professional insurance
11 association.

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

15 (iv) On request of the insurance producer, the association
16 provides the director with a statement confirming that the
17 insurance producer actively participated in the association.

18 (b) Any hours credited under subdivision (a) do not count
19 toward the 3 hours in ethics in insurance classes or coursework
20 required under subsection (2).

21 (c) The director shall not credit any hours under subdivision
22 (a) unless the director approves the professional insurance
23 association as a continuing education provider under this section.
24 The director shall not approve a professional insurance association
25 under this subdivision unless the director determines both of the
26 following apply:

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

29 (ii) The professional insurance association has provided the

1 director with the association's articles of incorporation on file
2 with the department of licensing and regulatory affairs.

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

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

9 (A) Certifying to the director that the insurance producer
10 maintains an active membership, in good standing, in the
11 professional insurance association and is a dues-paying member.

12 (B) Certifying to the director that the activity or program
13 took place while the association was authorized to offer
14 association member credit.

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

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

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

22 (15) For a review date after December 31, 2024, any activity
23 by an insurance producer, as determined by the director, may be
24 credited as an hour towards the 24 hours of continuing education
25 classes or home study or online training required under subsection
26 (2).

27 (16) ~~(14)~~—The director or his or her designee may access any
28 classroom while instruction for a program of study under section
29 1204a or this section is in progress to monitor the classroom

1 instruction.

2 (17) ~~(15)~~ For an insurance producer program of study under
3 this section, the director may refuse to approve an insurance
4 education instructor, and the director may place an approved
5 insurance education instructor on probation or suspend or revoke
6 approval of an approved insurance education instructor, or take any
7 combination of these actions, if 1 or more of the following apply:

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

11 (b) The insurance education instructor uses fraudulent,
12 coercive, or dishonest practices or demonstrates incompetence,
13 untrustworthiness, or financial irresponsibility in the conduct of
14 business in this state or outside this state.

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

18 (18) ~~(16)~~ As used in this section:

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

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

22 (c) "Life-health agent" means a resident or nonresident
23 individual insurance producer licensed for life, limited life,
24 mortgage redemption, or accident and health or a combination of
25 life, limited life, mortgage redemption, or accident and health.

26 (d) "Property-casualty agent" means a resident or nonresident
27 individual insurance producer or solicitor licensed for automobile,
28 fire, multiple lines, or any limited or minor property and casualty
29 lines or a combination of automobile, fire, multiple lines, or

1 limited or minor property and casualty lines.