

# SENATE BILL NO. 378

June 07, 2023, Introduced by Senator SINGH and referred to the Committee on Finance, Insurance, and Consumer Protection.

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, 2023 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 is an active member of a local, regional, state, or  
21 national professional insurance association that has a course that  
22 the director determines increases knowledge of insurance and  
23 related subjects, the insurance producer is credited 4 hours toward  
24 the 24 hours of the continuing education classes or home study or  
25 online training required under subsection (2) if all of the  
26 following apply:

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

29 (ii) The producer is in good standing with the local, regional,



1 state, or national professional insurance association.

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

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

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

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

19 (iv) On request of the insurance producer, the association  
20 provides the director with a statement confirming that the  
21 insurance producer actively participated in the association.

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

25 (c) The director shall not credit the 4 hours under  
26 subdivision (a) unless the director approves the professional  
27 insurance association as a continuing education provider under this  
28 section. The director shall not approve a professional insurance  
29 association under this subdivision unless the director determines

1 both of the following apply:

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

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

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

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

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

16 (B) Certifying to the director that the activity or program  
17 took place while the association was authorized to offer  
18 association member credit.

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

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

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

26 (15) For a review date after December 31, 2023, any activity  
27 by an insurance producer, as determined by the director, may be  
28 credited as an hour towards the 24 hours of continuing education  
29 classes or home study or online training required under subsection

1 (2) .

2 (16) ~~(14)~~—The director or his or her designee may access any  
3 classroom while instruction for a program of study under section  
4 1204a or this section is in progress to monitor the classroom  
5 instruction.

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

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

15 (b) The insurance education instructor uses fraudulent,  
16 coercive, or dishonest practices or demonstrates incompetence,  
17 untrustworthiness, or financial irresponsibility in the conduct of  
18 business in this state or outside this state.

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

22 (18) ~~(16)~~—As used in this section:

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

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

26 (c) "Life-health agent" means a resident or nonresident  
27 individual insurance producer licensed for life, limited life,  
28 mortgage redemption, or accident and health or a combination of  
29 life, limited life, mortgage redemption, or accident and health.

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