



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 378 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Sam Singh
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 8-27-24

RATIONALE

According to testimony before the Senate Committee on Finance, Insurance, and Consumer Protection, consumers of insurance services would benefit from better qualified insurance advisors. Some believe that incentivizing workers in the insurance industry to associate with professional organizations and learn about industry issues would accomplish this. Therefore, it has been suggested that advisors receive continuing education credit for participation in a professional organization from which they can learn best practices.

CONTENT

The bill would amend Chapter 12 (Agents, Solicitors, Adjusters, and Counselors) of the Insurance Code to allow an insurance producer to credit four hours towards the producer's required, biennial 24 hours of continuing education if that producer were an active member of a local, regional, State, or national professional insurance association and met certain requirements.

If an insurance producer wishes to renew the insurance producer's license, the insurance producer must attend or instruct at least 24 hours of continuing education classes approved by the Director of the Department of Insurance and Financial Services or 24 hours of home study or online training if evidenced by successful completion of coursework approved by the Director. Of the 24 hours of continuing education, three must cover ethics in insurance.

An insurance producer's hours of study must be reviewed for license continuation every two years under a schedule established by the Director. The Director may establish a schedule for license continuation that staggers license continuation dates throughout the calendar year. If such a system is adopted, the Director may extend the licensure period for some licensees.

The bill would allow, for review dates after December 31, 2024, of an applicable two-year period, an insurance producer to credit up to four hours towards the producer's 24 hours of continuing education classes, home study, or online training if that insurance producer were an active member of a local, regional, State, or national professional insurance association that had a course that the Director determined increased knowledge of insurance and related subjects. Any creditable hours would not count toward the three hours in ethics in insurance classes or coursework.

To qualify for the allowance above, the producer would have to meet the following requirements:

- Be a dues-paying member of the professional insurance association.
- Be in good standing with the professional insurance association.
- Actively participate in the functions of a professional insurance association, at the minimum, for the number of association credits earned.

On request of the insurance producer, the association would have to provide the Director with a statement confirming that the insurance producer actively participated in the association. For each hour credited under the bill, the association would have to provide for at least 50 minutes of participation. Active participation in a professional insurance association could be any of the following activities:

- Attending a formal meeting or a formal business program hosted by the professional insurance association, where attendance was verified.
- Serving on and actively participating in the local, regional, State, or national board or committee in affiliation with the professional insurance association.
- Participating in industry, regulatory, or legislative meetings held by or on behalf of the professional insurance association.

The Director could not credit any creditable hours to an insurance producer unless the Director approved the professional insurance association as a continuing education provider. The Director could *not* approve a professional insurance association as a continuing education provider unless the Director determined the following applied:

- The professional insurance association was formed for purposes other than providing continuing education.
- The professional insurance association provided the Director with the association's articles of incorporation on file with the Department of Licensing and Regulatory Affairs.

A professional insurance association approved by the Director as a continuing education provider would have to file a certificate of successful completion for each insurance producer, which would certify the following to the Director:

- That the insurance producer maintained an active membership, in good standing, in the professional insurance association and was a dues-paying member.
- That the activity or program took place while the association was authorized to offer association member credit.
- That the producer actively participated in a local, regional, State, or national professional insurance association.

A professional insurance association approved by the Director as a continuing education provider also would have to receive approval as a continuing education provider before offering association membership credit and would have to determine participation in a meeting, program, or affiliation qualified for association credit.

Additionally, for a review date after December 31, 2024, the bill would allow any activity by an insurance producer, as determined by the Director, to be credited as an hour towards the 24 hours of continuing education classes, home study, or online training.

Hearing on Programs of Study

Currently, a person dissatisfied with an approved program of study may petition the Director for a hearing on the program. Additionally, the Director may request a hearing on a program of study. If the Director finds that the petition was submitted in good faith; that the petition shows that the program of study does not satisfy required criteria; or that the petition otherwise justifies holding a hearing, the Director must hold a hearing on the program within 30 days after receipt of the petition and after 10 days' written notice to the petitioner and the provider of the program of study.

The bill would amend these requirements. Specifically, it would require the Director to hold a hearing if the Director found that a petition was *not* submitted in good faith.

MCL 500.1204c

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is similar to House Bill 6167 of the 2021-2022 Legislative Session.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Fifteen other states have enacted similar legislation, including Illinois, Indiana, and Ohio. According to testimony before the Senate Committee on Finance, Insurance, and Consumer Protection, this system works well to improve insurance providers knowledge and skills in those other states, and so the bill should be passed for Michigan insurance providers' benefit.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Analyst: Nathan Leaman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.