

# 85 COOL THINGS TO KNOW FROM TOPIC 1

## ABOUT THE COMMISSIONER

1. THE COMMISSIONER IS APPOINTED BY THE GOVERNOR TO A FOUR YEAR TERM AND IS CONFIRMED BY THE SENATE
2. THE COMMISSION POSTS A \$50,000 BOND

## CLASSIFYING COMPANIES

3. COMPANY FROM MICHIGAN...DOMESTIC
4. COMPANY FROM ANOTHER STATE OR TERRITORY...FOREIGN
5. COMPANY FROM ANOTHER COUNTRY...ALIEN (ALGERIA, ALBANIA,ALBERTA)
6. A COMPANY BENEFITING STOCKHOLDERS...STOCK
7. A COMPANY BENEFITING POLICYOWNERS...MUTUAL
8. ADMITTED TO DO BUSINESS=AUTHORIZED. MUST HAVE CERTIFICATE OF AUTHORITY
9. NON-ADMITTED=UNAUTHORIZED

## DEFINING AN INSURANCE TRANSACTION

10. SOLICITING, SELLING, COLLECTING MONEY...DEFINE INSURANCE TRANSACTION, PAYING CLAIMS IS NOT AN INSURANCE TRANSACTION. THE PURCHASE OF REINSURANCE IS NOT AN INSURANCE TRANSACTION

## RESIDENT PRODUCER LICENSE

11. MUST BE 18 YEARS OLD OR OLDER AND EITHER LIVE OR HAVE PRIMARY PLACE OF BUSINESS IN MICHIGAN
12. MUST HAVE CERTIFICATE FROM APPROVED PRE-LICENSING COURSE AND PASS THE TEST

## LICENSED BUSINESS ENTITIES

13. MUST PAY REQUIRED FEE AND DESIGNATE A LICENSED INDIVIDUAL TO ACT AS A COMPLIANCE OFFICER
14. EVERYONE WITHIN BUSINESS ENTITY WHO NORMALLY WOULD NEED A LICENSE, MUST ALSO BE LICENSED

## EXCEPTIONS TO RESIDENT PRODUCER REQUIREMENTS

15. THE COMMISSIONER MAY WAIVE STUDY OR TEST FOR LIMITED LICENSE, OR IF YOU HAD THE SAME LICENSE IN THE LAST 2 YEARS, OR IF YOU HAVE INSURANCE SMARTS (COLLEGE, ETC.)
16. RESIDENT PRODUCERS FROM OTHER STATES IN GOOD STANDING WHO MOVE TO MICHIGAN ARE EXEMPT FROM STUDY OR TEST IF THEY APPLY FOR MICHIGAN PRODUCERS LICENSE WITHIN 90 DAYS

## APPOINTMENT OF A PRODUCER

17. APPOINTING COMPANY MUST NOTIFY COMMISSIONER WITHIN 15 DAYS OF AGENCY CONTRACT OR SUBMISSION OF FIRST POLICY APPLICATION
18. COMMISSIONER MUST VERIFY WITH 30 DAYS THAT PRODUCER IS ELIGIBLE. IF THE COMMISSIONER DETERMINES PRODUCER IS INELIGIBLE, MUST NOTIFY THE COMPANY WITHIN 5 DAYS.

## TERMINATION OF A PRODUCER

19. COMPANY MUST NOTIFY THE COMMISSIONER WITHIN 30 DAYS AND EXPLAIN THE REASON FOR TERMINATION. COMPANY MUST PROVIDE COPIES OF ALL INFO SENT TO THE COMMISSIONER TO THE PRODUCER WITHIN 15 DAYS.
20. PRODUCER HAS 30 DAYS TO FILE A WRITTEN RESPONSE WITH THE COMMISSIONER

#### NONRESIDENT PRODUCER LICENSE

21. MUST BE 18 AND A PRODUCER IN GOOD STANDING IN HOME STATE
22. MUST COMPLETE NAIC UNIFORM NONRESIDENT APPLICATION AND PAY FEES

#### LIMITED LINES PRODUCERS LICENSE

23. MUST BE 18 AND A RESIDENT OF MICHIGAN
24. CAN SELL LIMITED LINES SUCH AS CREDIT LIFE. FUNERAL DIRECTORS CAN ALSO HOLD LIMITED LINES LICENSE TO SELL PRE-NEED INSURANCE

#### TEMPORARY PRODUCER LICENSE

25. NO EXAM REQUIRED. ISSUED BY COMMISSIONER IF RESIDENT PRODUCER DIES OR DISABLED OR ENTERS THE ARMED FORCES - "IN THE PUBLIC INTEREST"
26. GOOD FOR 180 DAYS TO SERVICE EXISTING BUSINESS

#### SOLICITOR LICENSE (P&C ONLY)

27. MUST BE 18 OR OLDER AND LIVE IN MICHIGAN
28. MUST HAVE PRE-LICENSING AND PASS THE SAME TEST AS PRODUCER
29. PRODUCER WORKS FOR A COMPANY, A SOLICITOR WORKS FOR A PRODUCER, UNDER A WRITTEN CONTRACT
30. SOLICITORS MAY NOT BIND COVERAGE

#### LICENSING EXCEPTIONS AND EXEMPTIONS

31. AN OFFICER, DIRECTORY OR AN EMPLOYEE DOES NOT NEED A LICENSE IF DUTIES ARE PRIMARILY MANAGERIAL, CLERICAL, UNDERWRITING, ADMINISTRATIVE OR CLAIMS RELATED.
32. ATTORNEY IN FACT ACTING AS A PRODUCER FOR A RECIPROCAL OR INTER-INSURANCE EXCHANGE DOES NOT HAVE TO BE LICENSED TO DO SO
33. INDIVIDUALS WORKING WITH FRATERNALS WHO COMPLY WITH 50/50/25 RULE-LESS THAN 50% OF THEIR TIME (LESS THAN \$50,000 OR NO MORE THAN 25 PEOPLE ARE ALSO EXEMPT)

#### BROKERING BUSINESS

34. THERE IS NO BROKERS LICENSE
35. PLACING REFUSED OR EXCESS BUSINESS WITH ANOTHER AGENT IS CALLED BROKERING AND THAT'S OK

#### SURPLUS LINES PRODUCER LICENSE (P&C ONLY)

36. SURPLUS LINES PRODUCERS REPRESENT NON-ADMITTED INSURERS
37. MUST HAVE 2 LICENSES, PRODUCER LICENSE AND SURPLUS LINES LICENSE
38. MUST SUBMIT 2% GROSS PREMIUM TAX TWICE A YEAR

#### RISK RETENTION GROUP

39. GROUP SELF-INSURANCE

#### PURCHASING GROUP

40. A GROUP OF BUSINESSES JOIN TOGETHER TO BUY INSURANCE. MUST HAVE CERTIFICATE OF AUTHORITY FROM THE COMMISSIONER

#### MANAGING GENERAL PRODUCER

41. SOMEONE WHO MANAGES AN INSURANCE DEPARTMENT, DIVISION OR COMPANY

#### LICENSED COUNSELORS (LIC'S ARE NOT THE SAME AS CIC'S)

- 42. LICENSED TO SELL ADVICE
- 43. DON'T SAY YOU ARE A COUNSELOR, OR A CONSULTANT UNLESS YOU HAVE COUNSELORS LICENSE
- 44. PRODUCERS MUST OBTAIN A COUNSELORS LICENSE IF THEY WANT TO SELL ADVICE. THEY CAN GIVE ADVICE FOR FREE WITHOUT A COUNSELORS LICENSE
- 45. IF A PRODUCER IS ALSO LICENSED AS A COUNSELOR AND THEY PROVIDE DISCLOSURE, THEY CAN SELL ADVICE AND COLLECT A COMMISSION ON THE SAME TRANSACTION

#### IF YOU CHANGE YOUR ADDRESS

- 46. NOTIFY THE COMMISSIONER WITHIN 30 DAYS AND PAY A \$3.00 FEE. FAILING TO DO SO IS A VIOLATION OF PRODUDER LICENSING LAW

#### CONTINUING EDUCATION

- 47. NEED 30 HOURS EVERY TWO YEARS. IF YOU HAVE TWO LICENSES MUST HAVE 15 HOURS CE IN EACH.
- 48. THERE IS A 90 DAY GRACE PERIOD TO COMPLETE CONTINUING EDUCATION REQUIREMENTS. DURING THE GRACE PERIOD MAY ONLY SERVICE EXISTING ACCOUNTS.

#### FIDUCIARY RESPONSIBILITIES

- 49. HAVING RESPONSIBILITY FOR SOMEONE ELSE'S MONEY

#### SHARING COMMISSIONS

- 50. ONLY SHARE COMMISSIONS WITH SOMEONE WHO HOLDS THE SAME LICENSE AS YOU, PLUS P&C PRODUCERS MAY SHARE WITH SOLICITORS
- 51. NO FINDER'S FEES.

#### WHEN CLAIMS MUST BE PAID

- 52. CLAIMS MUST BE PAID IN A TIMELY MANNER. COMPANY MUST NOTIFY CLAIMANT OF WHAT CONSTITUTES VALID PROOF OF LOSS IF CLAIM HAS NOT BEEN PAID IN 30 DAYS
- 53. COMPANY MUST PAY WITHIN 60 DAYS AFTER PROOF OF LOSS OR PAY 12% INTEREST IF CLAIM WAS WRONGLY DENIED

#### PREMIUM FINANCING LIMATIIONS (P&C ONLY)

- 54. AGENCY PAYS PREMIUM FOR INSURED AND CHARGES INTEREST
- 55. WITH A LICENSE, AGENCY CHARGES FEES CONSISTENT WITH UNIFORM COMMERCIAL CODE
- 56. WITHOUT A PREMIUM FINANCING LICENSE, AGENCY CAN ONLY CHARGE 5% INTEREST FOR A VERBAL AGREEMENT OR 7% INTEREST WITH WRITTEN AGREEMENT

#### VIOLATIONS OF PRODUCERS LICENSING LAW

- 57. SOME VIOLATIONS ARE: LYING ON LICENSE APP, CHEATING ON EXAM, CONVICATION OF A FELONY, FAILING TO PAY CHILD SUPPORT, IN GENERAL ACTING LIKE A CROOK OR AN UN-TRUSTWORTHY PERSON

#### FALSE ADVERTISING-ILLEGAL-VIOLATION OF UTPA

- 58. DON'T LIE, DON'T MISLEAD
- 59. ADVERTISING INCLUDES PRINTED MATTER, BROADCAST AND ORAL SALES PRESENTATIONS

#### MISREPRESENTATION-ILLEGAL-VIOLATION OF UTPA

- 60. LYING ABOUT TERMS OR BENEFITS OF POLICY, ABOUT DIVIDENDS, ABOUT THE FINANCIAL CONDITION OF THE COMPANY, ETC.

TWISITING-ILLEGAL-VIOLATION OF UTPA

61. LYING DURING REPLACEMENT

DEFAMATION-ILLEGAL-VIOLATION OF UTPA

62. FALSE OR MALICIOUS STATEMENT ABOUT SOMEONE IN THE INSURANCE BUSINESS

REBATING-ILLEGAL-VIOLATION OF UTPA

63. OFFERING SOMETHING AS AN INDUCEMENT OUTSIDE THE PROMISES IN THE POLICY

BARTERING-ILLEGAL

64. MUST PAY FOR INSURANCE WITH MONEY, NOT GOODS OR SERVICES

COERCION-ILLEGAL-VIOLATION OF UTPA

65. TRYING TO FORCE SOMEONE TO BUY

CONTROLLED BUSINESS

66. NOT ILLEGAL, BUT RESTRICTED

67. BUSINESS YOU WRITE ON YOURSELF, EMPLOYER, EMPLOYEES

68. NO MORE THAN 15% OF YOUR TOTAL PREMIUMS PRODUCED IN 12 MONTH PERIOD

UNFAIR DISCRIMINATION

69. MAY NOT UNFAIRLY DISCRIMINATE AMONG MEMBERS OF SAME INSURING CLASS. CAN DISCRIMINATE BASED ON VALID UNDERWRITING CRITERIA.

70. CANNOT REFUSE TO INSURE BASED ON RACE, COLOR, RELIGION, SEX, MARITAL STATUS OR NATIONAL ORIGIN

POWERS OF COMMISSIONER

71. COMMISSIONER HAS EXECUTIVE, LEGISLATIVE AND JUDICIAL POWERS

POWERS OF COMMISSIONER—EXAMINING COMPANIES

72. COMMISSIONER CAN EXAMINE BOOKS AND RECORDS OF ANY AUTHORIZED INSURANCE COMPANY AS FREQUENTLY AS HE WANTS, BUT MUST EXAMINE AT LEAST EVERY 5 YEARS

73. IN CASE OF SOME FOREIGN OR ALIEN COMPANIES, COMMISSIONER MAY WAIVE THE EXAM

POWERS OF COMMISSIONER—NOTICE AND HEARINGS

74. IF THE COMMISSIONER BELIEVES A PRODUCER IS IN VIOLATION OF SOME ASPECT OF INSURANCE LAW, THE COMMISSIONER MUST NOTIFY THE PRODUCER AND OFFER TO HOLD A CONFERENCE

75. IF THE PRODUCER DECLINES THE CONFERENCE, THE COMMISSIONER MUST PROVIDE A NOTICE OF FORMAL HEARING. IF HEARING CONCERNS VIOLATION OF UNFAIR COMPETITION LAW, AT LEAST 15 DAY WRITTEN NOTICE

76. IF PRODUCER'S LICENSE IS IN JEOPARDY, HEARING MUST BE HELD WITHIN 30 DAYS.

77. IN SOME RARE CASES, COMMISSIONER MAY SUSPEND PRODUCER'S LICENSE WITHOUT NOTICE, BUT MUST HOLD HEARING WITHIN 20 DAYS

78. PRODUCER IS INNOCENT UNTIL PROVEN GUILTY

POWERS OF COMMISSIONER—PENALTIES AND FINES

- 79. COMMISSIONER CAN REVOKE OR SUSPEND LICENSE, ISSUE CEASE AND DESIST ORDERS AND FINE THE PRODUCER.
- 80. PRODUCER CAN APPEAL COMMISSIONER'S FINDING TO MICHIGAN STATE SUPREME COURT. IF SO, COMMISSIONER'S ORDERS ARE STAYED FOR 10 DAYS.
- 81. FINE FOR VIOLATING PRODUCER LICENSING LAW. \$500 UNKNOWINGLY, NO MORE THAN \$25,000 TOTAL. 21500 FOR KNOWING VIOLATIONS, AGAIN NO MORE THAN \$25,000 TOTAL
- 82. FINE FOR VIOLATING UNIFORM TRADE PRACTICES ACT, \$500 UNKNOWINGLY, NO MORE THAN \$5,000 TOTAL. \$2500 FOR KNOWING VIOLATIONS, NO MORE THAN \$25,000 TOTAL.
- 83. VIOLATE CEASE AND DESIST ORDER, \$10,000 FINE

VIOLATIONS THAT ARE ALSO CRIMES

- 84. MISREPRESENTATION, FINE OF \$1,000 OR IMPRISONMENT (MISDEMEANOR)
- 85. REBATING, FINE OF \$100 OR IMPRISONMENT (MISDEMEANOR)

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