

MI Insurance License: An Unofficial Guide for the Future Agent

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Really?

The *Insurance Industry? Really?*

Okay, so becoming an insurance agent is not like being an astronaut or fireman, and you can probably count on one hand the number of kids who dream of growing up to become an agent. Even with State Farm's current high-profile advertising campaign featuring NBA great Chris Paul, most kids will identify with the basketball player rather than his fictional twin (and State Farm agent).

However, if you are reading this report, it is safe to say that you are no longer a kid, and thoughts of a career are likely to turn to more practical matters. For this reason alone, insurance is an industry that it worth considering.

Consider this: insurance salesperson is featured on the list of Michigan's **Hot 50** for job outlook through 2018, projected to grow 12% per year, which is slightly above the national average. In addition to licensed salespersons, the Insurance Institute of Michigan estimates the insurance industry employs more than 50,000 persons in Michigan.

Insurance careers can pay well, too. According to the U.S. government's Bureau of Labor and Statistics, the median annual wage for insurance sales agents was \$48,150 in May 2012, well above the 27,519 national median average for all occupations combined.

Anyone Can Sell Insurance, Right?

Given that the pay can be so good, you might ask, "*Why not be an insurance agent?*" I mean, how hard can it be?" On one level, this is correct. Unlike so many occupations in the 21st century, insurance sales does NOT require a college degree. There is, however, a different hurdle that must be faced, and that is State licensing.

State licensing is all about rules, and the process of licensing is loaded with them. In Michigan, these rules are administered and carried out by the Department of Insurance and Financial Services, usually referred to by its acronym, DIFS. The homepage of this body is found at <http://www.michigan.gov/difs>

DIFS has a wide range of duties, and a primary mission of this agency is to protect the public from dishonest and untrustworthy persons and business entities. One means used to accomplish this is through the licensure process.

The DIFS makes it known that license is a privilege, not a right. Furthermore, NO ONE in Michigan—whether an individual or business entity (read here "agency")-- shall sell, solicit or negotiate ANY insurance product until the individual or business entity is licensed as a producer (the proper legal term for "agent" or "insurance salesperson") AND becomes appointed with an insurer.



In short, Michigan law is very clear: not "just anyone" can sell insurance: to sell insurance, *you must be licensed.*

Well, How Hard Can it be to get Licensed?

Licensing is a hurdle to entering the insurance field, but just that: a hurdle. Knowing the steps in the process can help make this hurdle more manageable.

In short, licensing in Michigan is a three-part process, and includes the following:

Process Overview:

- A. Background Check and Application**
- B. Education**
- C. Testing**

To receive and maintain a license in Michigan, an insurance producer (commonly referred to as an insurance agent) must be at least 18 years old, must complete any pre-licensing and continuing education required by law, must successfully pass any examinations required by law, and undergo a background check/qualification review.

During the qualification review, DIFS staff may request additional information. Applicants are required to attest that the information being submitted in the application and any attachments are true and complete. While conducting the qualification review, should DIFS staff discovers that the applicant provided false or misleading information, the license application will be denied. For this reason, It is very important that applicants thoroughly review the Licensing section of the DIFS website and carefully read all questions on the application and provide accurate responses.

Upon approval, a license will be issued and sent to the mailing address on file.



Breaking Down the Licensing Process

A- Background Check and Application

“Do I have to tell them about *that*?”

DIFS requires applicants for both resident and non-resident insurance producer licenses to complete the NAIC Uniform Application for Insurance Producer License. This application contains seven standard background information questions, which applicants must answer “yes,” or “no.” “Yes” answers require additional information and documentation. States share information regarding administrative actions taken against licensees. The information is stored in the NAIC Regulatory Information Retrieval System (RIRS) or Special Activities Database (SAD) systems.

The qualification review process begins with the online submission of the NAIC uniform application. DIFS insurance licensing staff (staff) review the license application, as well as information obtained from the NAIC RIRS and SAD and information from criminal

history databases. When information associated with an application indicates a possible qualification issue, DIFS staff may request additional information from the applicant, including records of administrative or court proceedings. Staff will then review any additional information received and recommend approval or denial of the application. When an application is approved, DIFS will issue a license document, within one business day, and send it First-Class Mail via the U.S. Postal Service.

Recommendations for denial are implemented when the Office Director signs the Notice of Denial. The Notice of Denial will be sent to the applicant by certified mail and will include instructions for appealing the denial.

Establishing Your Eligibility

You have presumably already met the first element of license eligibility, and are at least 18 years old. The other elements are not always so straight forward. As part of the application process you are required to answer several background information questions, which the Department of Insurance and Financial Services (DIFS) reviews. In addition to reviewing the application, DIFS performs several background checks on each applicant. In the case of an agency, application background checks are run on the designated responsible licensed producer and all of the owners, partners, officers and directors.

What You Need to Know BEFORE You Apply: You are responsible for your application and the information provided in the application, even if someone else completes the application for you.



If You Answer “Yes”: If you answer "YES" to any of the seven background questions, you must provide complete details and documentation as requested in the application. If necessary, DIFS may request additional documentation.

If You Answer “No” But Should Have Answered “Yes”: If you answer "NO" and we later find the answer should have been "YES," your application will be denied.

While we assume you would know if you had convictions for any criminal actions, we also insist that in this matter it is not sufficient to trust assumptions, or rely on memory. You will want to do your own due diligence and check your criminal record. You can check Michigan criminal records at: <http://apps.michigan.gov/ICHAT/Home.aspx>

In some instances, it is possible to have a conviction expunged or set aside. Instructions for setting aside a Michigan crime: <http://michiganlegalhelp.org/self-help-tools/expungement>

Please note that if your crime occurred in another state, you will need to contact the convicting court.

Criminal Conviction Information

While exceptions exist, and are listed below, it is best to approach the application with the mind-set that all convictions will have to be reported. Convictions that must be reported include:

- Misdemeanors, felonies and/or military offenses.
- Having a judgment withheld or deferred (commonly seen as adjudication withheld or judgment deferred).
- Having a current or pending charge of committing a crime.
- Felony traffic offenses.
- Guilty conviction.
- Offense where a plea of guilty or nolo contendere was entered.
- Offense where probation was given.
- Offense where a suspended sentence was given.
- Offense where a fine was given.

Possible exceptions are listed below. Even though a reporting exception may be applicable, it is important to have access to all records pertinent to the conviction.

- Misdemeanor traffic offenses
- Juvenile "adjudications."
- Crimes that have been "set aside" or expunged by the court. NOTE: This is *not* an automatic process and *does not* "just happen" *after five or ten years*. **You must petition the court to have convictions "set aside" or expunged.**

If you have had a judgment withheld or deferred, DIFS will need documentation showing that you completed the court requirements (probation, community service, etc.) and documentation of the final disposition.



PLEASE NOTE: If you do not disclose a conviction on your application and one is found during the background investigation, the failure to disclose is a reason to deny you a license.

Felony Conviction Information

Felony convictions act like a stonewall for the Michigan licensing process. Before investing your valuable time in pursuing a Michigan insurance license, please understand and accept the following:

- If you have a felony conviction **you will not** receive a license in Michigan, *even if you are licensed in another state.*
- Felonies do not "drop off" of your record.

Administrative Action Information

In this context, an "Administrative Action" refers to violation of a relevant public act, rule or regulation. All of the following must be reported:

- Having a license censured.
- Having a license suspended.
- Having a license cancelled.
- Having a license terminated.
- Being assessed a fine.
- Receiving a cease and desist order.
- Receiving a compliance order.
- Receiving a prohibition order.
- Surrendering a license to resolve an administrative action.
- Being party to an administrative or arbitration hearing.
- Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.
- Having an insurance producer license or its equivalent denied or revoked.

The only exception to this list are terminations due solely to noncompliance with continuing education or failure to pay a renewal fee.

Child Support Information for Individual Applicants

In Michigan, if you are not in compliance with a child support obligation, **you will not** receive a license.

If you have an obligation in arrearage, you will need to provide proof of compliance, which could include one or more of the following:

- Proof of current payments
- Statement of compliance from court



- Updated repayment agreement

The License Application

To request a Resident Producer license in Michigan, file an [Electronic Resident Licensing \(ERL\) application](#) through the National Insurance Producer Registry (NIPR) website. The application/license fee is \$10.00 plus a \$5.00 transaction fee. **An application is valid for *six months* from entry into the DIFS database.** For questions relating to electronic application submission, contact NIPR Customer Service at 855-674-6477.



B – Education

The Tangled Web of Education Requirements

We stated earlier that in order to become an insurance salesperson, typically referred to as an “agent” but more properly termed a “producer,” a college degree was not needed. This did not mean, however, that no educational credentials were required. In most cases, a person wishing to become licensed to sell insurance will need to pass an education program approved by the state in order to qualify for advancing to the next step in the licensing process.

The purpose of the education requirement is twofold. First, it is a means to ensure that a candidate for licensure has the essential knowledge required to act competently in his field of licensure. Second, it provides a device for protecting the candidate from wasting his time and money on an examination for which he is highly unlikely to pass.

Whether a license requires an education requirement prior to testing is governed by the type of insurance product to be sold, which largely (though not exclusively) determines which licensing qualification, or authority, is required.

Available Lines of Authority

Michigan offers the following lines of authority:

- Accident and Health
- Life - life, credit life
- Property - property, marine
- Casualty - steam boiler, liability, workers compensation, auto, plate glass, sprinkler, credit, burglary, livestock, malpractice
- Variable Annuities
- Personal Lines - personal auto and homeowners insurance; if already licensed for Property and Casualty, Personal Lines is covered
- Limited Life - may sell only "associated life" (pre-need) policies and cannot hold any other lines of authority
- Limited Lines Property and Casualty - aviation; legal expense; livestock mortality; malpractice and professional liability; turkey
- Credit Products - credit life, credit disability; credit property; credit unemployment; involuntary unemployment; mortgage disability; mortgage guaranty; mortgage life; guaranteed auto protection; if already licensed for Accident and Health, Life, Property, and Casualty, the Credit Products line of authority may be obtained through submission of a Credit Products appointment
- Crop
- Surety - surety and fidelity; bail bondsmen
- Title



Lines of Authority With NO Approved Education Requirement

Candidates are **not required** to complete PE if they are obtaining a license for the following Lines of Authority:

- Limited Lines P & C
- Title
- Adjuster
- Counselor
- Surplus Lines

Candidates who are obtaining a license for Limited Line Credit Insurance are not required to complete a State-approved PE program. However, these candidates must receive a program of instruction from their sponsoring insurer prior to sitting for the examination

Lines of Authority *With* an Approved Education Requirement

In the vast majority of cases, a person entering the insurance industry as a salesperson will need to complete an approved education course. The products one typically thinks of as insurance—auto, home, life, and health—are overwhelmingly sold by licensed salespersons holding one or more of the lines of authority listed below.

- Life/Limited Life 20 hours of coursework
- Accident & Health 20 hours of coursework
- Life and Health 40 hours of coursework
- Property and Casualty 40 hours of coursework
- Property only 20 hours of coursework
- Casualty only 20 hours of coursework
- Personal Lines 20 hours of Property and Casualty coursework
- Property, Casualty, and Personal Lines 40 hours of Property and Casualty coursework



Can I Get Out of Taking a Class? or, Waivers for Lines of Authority requiring PE

It is possible, in some circumstances, to be excused from the education requirement. This is done by a waiver. The waiver, however, does not represent an escape from the necessary education, but rather evidence of possessing the requisite knowledge by other means.

For example, a waiver of the Pre-licensing Education (PE) requirement may be granted for individuals holding the professional designations listed below and for the line of authority shown. A professional designation refers to a title awarded to an individual for passing a specified number of industry specific courses and examinations. Professional insurance designations are usually represented by a string of letters, and are similar to an advanced college degree. Thus, a personal who has earned the right to display the letters "CLU" on his business card, letterhead, brochures, etc. has completed the requirements for the Chartered Life Underwriter, or CLU designation. Do to this proof of knowledge and experience, a candidate for the Michigan Life license can waive the education requirement for the Life examination.

Life Waiver	A & H Waiver	P & C Waiver
CEBS	RHU	AAI
ChFC	CEBS	ARM
CIC	REBC	CIC
CFP	HIA	CPCU
CLU		
FLMI		
LUTCF		

The designation waiver is documented by submitting a letter requesting the waiver, and providing the date of birth and the last 4 digits of your SSN. Include a copy of the professional designation certificate or a letter confirming the possession of a professional designation.

An education waiver is also available to Individuals who possess a concentration of 21 term credits or 17 semester credit hours of insurance course work from an accredited college. A concentration in Risk Management or Property or Casualty course work is required to waive the PE requirement for a Property and/or Casualty licensing exam. A concentration in Life and Health or related Estate Planning course work is required to waive the PE requirement for a Life and/or Accident and Health licensing exam.

The education waiver is documented by submitting a letter requesting the waiver, and including your date of birth and the last 4 digits of your SSN. You are required to include copies of your college transcript and course descriptions.



Types of Classes Available

PE coursework may be completed in a classroom setting or as a self-study course. At the end of the course, a Certificate of Completion is produced, which is valid for 12 months. During this 12 month period, the applicant needs to apply for the license online, prepare for the Michigan state examination, and schedule an examination time. Please note: The PE Course Completion Certificate should *not* be taken to the examination site, as had been the case previously. Now, PE course completion information is sent to the DIFS by the PE provider as an electronic file. The information populates the application in our database and will be matched to the examination score. The PE Course Completion Certificate should be kept for the applicant's personal records.

Before You Get Too in the Process...

It is important to understand that Michigan law has established barriers between licensure in certain lines of authority and employment in specified industries. Since you do not want to be saying (or yelling) "*You mean if I am going to sell "x" then I can no longer sell "y"?!*" it is vital to review whether any work conflicts might exist prior to purchasing an education course.

These barriers exist due to the Michigan Legislature's determination that a high level of care must be taken to assure that insurance licensees do not use other employment in conjunction with their insurance occupation to coerce, intimidate, or unduly influence insurance consumers. Where the potential for such conflict exists, an insurance license will not be issued until DIFS is assured that the applicant understands the restrictions and agrees not to conduct insurance business in a prohibited manner.

List of Conflicting Prohibited Employment

1. **Motor Vehicle Sales (New or Used):** According to the Motor Vehicle Sales Finance Act ([Act 27 of 1950](#)), a car dealership cannot transact insurance business nor receive commissions from insurance premiums involved in the retail sale of motor vehicles. However, the owner of the dealership may own an agency. If a dealership wants to provide credit life for customers, anyone may distribute certificates of insurance from a policy issued by an agency. The individual is not required to be an insurance producer.
2. **Health Benefit Corporation Employment:** A Health Benefit Corporation is defined as a health care corporation, nonprofit dental corporation, health maintenance organization, or Blue Cross/Blue Shield. An employee of a Health Benefit Corporation or its affiliates may be licensed as an insurance producer, but such an employee may not transact any form of insurance business while so employed.
3. **Funeral Home, Mortuary, or Cemetery Ownership, Employment, or Affiliation:** Persons who are currently employed by, own stock in, are an officer or director of, or are in any other manner connected with a funeral establishment, mortuary, or cemetery cannot hold an insurance license in Michigan except the limited life license. A limited life license allows the licensee to transact



- "associated life" (pre-need) insurance policies only. These policies are life and/or annuity contracts in which the proceeds are subject to assignment as payment for cemetery services or goods or funeral services or goods.
4. **Adjuster License and Ownership, Employment, or Affiliation with a Fire Repair Contractor:** The Michigan Insurance Code ([MCL 500.1224](#)) prohibits adjusters from owning, being employed by, owning stock in, acting as an officer or director of, or being affiliated in any other manner with a fire repair contractor.
 5. **Lenders:** Effective March 30, 1995, lenders and their employees and affiliates may now be licensed as insurance producers; however, several restrictions apply. See [MCL 500.1243](#) for those restrictions.



C – The Testing Process

Preparing for the State Examination

The State of Michigan has contracted with a private third-party, PSI Online, to conduct insurance license examinations and run the examination centers. DIFS recommends insurance examination candidates review the **Candidate Information Bulletin**, produced by PSI Online, to best understand the examination process. This bulletin can be downloaded from <https://candidate.psiexams.com/index.jsp>

In order to be prepared for the content and structure of the state examination, DIFS recommends candidates to locate, download and review the applicable Examination Content Outline prior to scheduling an examination. Examination Content Outlines are found at

<https://candidate.psiexams.com/catalog/displayagencylicenses.jsp?catalogID=337>

To access and download outlines, candidates will select "Michigan" from the "Jurisdiction" dropdown menu and select "MI Insurance" from the "Account" dropdown menu.

Registering For and Scheduling an Examination

Examination registration and scheduling can be conducted by telephone at 800-733-9267.

Candidates can also register for and schedule an examination online at <https://candidate.psiexams.com/index.jsp> From this website, the candidate will select "Government / State Licensing Agencies", then at the following screen he will select "Michigan" from the "Jurisdiction" dropdown menu. From the "Account" dropdown he will select "MI Insurance." This will activate the "Classification" table—from here, the candidate will select the specific examination (e.g. "MI Accident and Health Producer") which will activate the link containing all the relevant information for the examination, such as the content outline, the cost of the examination, the number of questions in the examination, FAQs on the registration process, location of testing centers, etc.

After the State Examination

Passing examination results are valid for 12 months from the "pass" date. Your score will be given to you immediately following completion of the examination. The following summary describes the score reporting process:

- If you pass, you will receive a successful score report. Following DIFS approval, a license will be issued and sent to the mailing address on file.
- If you do **not** pass, you will receive a diagnostic report indicating your strengths and weaknesses by examination type on the score report.



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It is not possible to make a new examination appointment on the same day you have taken an examination; this is due to processing and reporting scores. The earliest an examination can be scheduled is two days after the failed attempt (based on availability). For example, a candidate who tested and failed Tuesday would register the following day (Wednesday) for an available examination on Thursday. The examination fees will have to again be paid by the candidate.

If an examination is not passed within **six months**, the applicant must submit a new license application and fee on the NIPR website and reschedule their examination.

Now That you are Licensed...

The fun is just starting. You will be able to become sponsored by an authorized insurer and be able to start selling product and making some money. And, believe it or not, you will also be in need of...more education, as in "continuing education." (No, we are not making this up.)

To learn more, visit us at www.BestInsuranceContinuingEducation.com



Special Issues in Licensing

Temporary Licenses

Temporary licenses without examination are allowed under Section 1211b; of the Michigan Insurance Code. All temporary licenses are issued at the discretion of the State of Michigan. The issuance of a temporary license to an applicant in no way obligates our office to subsequently issue any permanent or unrestricted license to the applicant. Nor does the issuance of a temporary license obligate our office to extend that temporary license beyond its expiration date.

Temporary licenses can be utilized to provide the survivor of a deceased or a mentally or physically disabled producer with a license mechanism to receive continuing commission payments. It is also issued to the designee of a licensed producer entering active service in the armed forces of the United States of America. These types of licenses are issued for a maximum of 180 days.

Resident /Non-resident

For someone who is *currently* licensed in another state, OR was surrendered within the past 90 days, you are **not** required to pass the Michigan licensing examination. If the license held in your previous home state was surrendered more than 90 days but less than 12 months ago, you are required to successfully pass the Michigan licensing examination. If the license you held in your previous home state was surrendered more than 12 months ago, you are required to successfully complete Pre-licensing Education coursework AND pass the Michigan licensing examination.

The candidate will need to surrender his license held in the previous home state, and apply for the Michigan license online at the NIPR website.

To request a Non-Resident Producer license in Michigan, follow these steps:
File an [Electronic Resident Licensing \(ERL\) application](#) through the National Insurance Producer Registry (NIPR) website. The application/license fee is \$10.00 plus a \$6.18 transaction fee. An application is valid for six months from entry into our database. Michigan will rely on verification of the applicant's Resident license through the State Producer Licensing Database in lieu of an original Letter of Certification.

An individual holding a Michigan Non-Resident license who is moving from one state to another but wishes to maintain his or her Michigan Non-Resident license, may do so by submitting the following within 30 days of the change of legal residence or the license will be inactivated:

All licensees, with the exception of business entities, use the Address Change Request (ACR) gateway on the NIPR website at www.nipr.com. The NAIC PDB must reflect an active resident license for the individual in order to use the ACR. Michigan will rely on verification of applicant's Resident license through the State Producer Licensing Database in lieu of an original Letter of Certification.



Solicitor

A solicitor may be sponsored for property, casualty, limited lines property & casualty, crop, surety, travel and/or title qualifications by a licensed resident insurance producer or agency in Michigan. A solicitor may be sponsored by only one active producer or agency at a time and cannot be appointed by the insurance company. A solicitor may solicit or procure applications for insurance ONLY for insurance companies which have appointed the sponsoring producer/agency. A solicitor cannot bind coverage.

The general flow of the licensing process for a Solicitor is largely the same as for a Resident Producer: Application and Background Check, Education and Testing. The fees, however, are different: The application/license fee is \$20.00 plus a \$5.00 transaction fee.

The renewal and reinstatement processes are also different. While the insurer handles the appointment renewal for the Producer, the Solicitor is more directly involved in this process. Section 500.240(1)(e) of the Michigan Insurance Code requires all Resident and Non-Resident Solicitors to pay an annual \$10.00 renewal fee before the license expires on March 31. All fees are non-transferable and non-refundable.

DIFS has implemented a web portal for license renewal, DIFS Licensing Express Renewal. The web portal will be available annually from February 1 through March 31. This allows each licensee to renew their license using their 7-digit Michigan System ID number and paying the appropriate license renewal fee(s) with a valid credit card. After renewing online, a receipt can either be printed or emailed to confirm the payment. The next business day, the licensee record will reflect an updated expiration date, and a new license will automatically be generated and sent to the mailing address on file.

Renewals not paid by March 31 will result in cancellation of the license and the license status will be changed to **Inactive**. Notification of a canceled license will be sent to the mailing address on file.

A Solicitor whose license status is Inactive due to missing the renewal deadline can reinstate the license without taking an examination if requesting the same authority previously held if the license has been inactive **less than 12 months**. If the Inactive status has lasted longer than 12 months, the candidate will need to go through the licensing process again.

A Solicitor whose license status is inactive due to missing their CE review date will need to complete their CE requirements. If the license has been inactive less than 90 days, the license will become active when the CE credits are reported to DIFS; a new application is **not** required. If the license has been inactive **more** than 90 days, a new online license application must also be submitted through the National Insurance Producer Registry (NIPR) website. If the license has been inactive **more than 12 months**, the candidate will need to go through the licensing process again.

Solicitors and producers may be dually licensed for the Property, Casualty, or Title qualifications. If a solicitor applies for a producer license, or a producer applies for a



solicitor license, the original license will remain active unless the individual writes to DIFS and voluntarily surrenders the original license.

If the individual becomes dually licensed, by signing the application form the applicant and the sponsoring producer are, in affidavit form, attesting that the applicant understands the potential for confusion and misunderstanding in the minds of any insured or prospective insured. The applicant agrees to immediately disclose to the prospect whether they are dealing with a producer for an insurance company who is vested with a degree of authority and responsibility to act on behalf of the company, or with a solicitor who is simply the employee of a producer/agency. If the latter, they will further disclose who will be the producer of record. An erroneous or fraudulent certification on the license application shall subject both the applicant and sponsor to discipline of civil penalty and/or license revocation.

Counselors

A counselor's license will allow a person to counsel in one or more of the following areas with the proper qualifications: life (LI) insurance, accident and health (AH) insurance and/or property and casualty (P&C) insurance. Persons admitted to the practice of law in Michigan may counsel insurance without obtaining a license, but cannot represent themselves as licensed counselors by the State of Michigan.

Only persons licensed as Counselors may:

- Audit or abstract insurance policies or annuities.
- Provide advice, counsel, or opinion with respect to benefits promised, coverage afforded, terms, value, effect, advantages, or disadvantages of a policy of insurance or annuity.
- Advertise, solicit business, hold themselves out to the public as an insurance counselor, or use such terms as "consultant", "consulting services", or any other language that implies licensed Insurance Counselor.

A Counselor's license does not require completion of a mandatory pre-licensing education course, but it does require completion of an online application, a background investigation and passing the state's examination, and payment of all associated fees. The application/license fee is \$20.00 plus a \$5.00 transaction fee. An application is good for six months from entry into our database. If the examination has not been passed within six months, the applicant must submit a new license application and fee, and reschedule their examination. Information pertaining to the examination content and testing process is available from PSI Online at <https://candidate.psiexams.com/catalog/displayagencylicenses.jsp?catalogID=337>

Fraternal Producers

An individual may transact insurance for a fraternal benefit society without being licensed as an insurance producer if less than 50 percent of that person's time is devoted to soliciting and procuring insurance business for the society. Fifty percent of an individual's time is defined as insurance business which does not exceed \$50,000 face value or 25 individuals during a 12 month period. All other individuals transacting



insurance for a fraternal benefit society must be licensed, and follow the same process as outlined above for a Resident Producer.

Bail Bondsman

Bondsmen representing surety and fidelity insurers must be licensed. To become licensed, the resident applicant must take the limited lines property and casualty exam and hold the Surety, Limited Lines P&C, OR full P&C line of authority, as well as an active fidelity & surety appointment with each insurer.

Such bondsmen must obtain and maintain prior approval of their financial status and business character by each court and jurisdiction in which they operate. Each jurisdiction has its own registration forms, requirements, and procedures. You will need to contact each jurisdiction to determine requirements.

Bondsmen **may not** delegate their signature authority to any other person nor delegate the court's prior approval. The bondsmen may utilize non-licensed employees (runners) to perform certain services (i.e. defendant surveillance, delivering defendants to court, delivering bonds to court, etc.), but such employees **cannot** solicit the bonds nor take application.

Licensed bondsmen may employ solicitors; however, the solicitors must be licensed, and sponsored by the bondsman. The solicitor may perform all acts of the licensed bondsman except that the solicitor cannot bind the surety company (i.e. sign a bond in the place of, or on behalf of, the sponsoring licensed bondsman).

Surplus Lines

Only a person licensed under Chapter 19 and Chapter 12 of the Michigan Insurance Code may solicit insurance, or bind coverage, or in any other manner act as an agent or broker in the transaction of surplus lines insurance, and comply with Sections 500.1204 to 500.1206 or 500.1206a. To be eligible for a resident Surplus Lines license, an individual must hold an active property **and** casualty producer license as a prerequisite to the Surplus Lines license.

The general flow of the licensing process for a Surplus Lines Producer is largely the same as for a Resident Producer: Application and Background Check, and Testing. The fees, however, are different: The application/license fee is \$110.00 plus a \$5.00 transaction fee.

Another difference is that the Surplus Lines license does not require the completion of an approved education course prior to testing. An outline of the examination content is available at PSI Online's website. In addition, study materials pertinent to this examination are available from American Education Systems, LC at www.InsuranceLicensingEducation.com

The renewal and reinstatement processes are also different for this license than that for "regular" Producers, and largely mirror the process for Solicitors. Surplus Lines produces



must pay an annual (nonrefundable) \$100.00 renewal fee before the license expires on March 31. As with Solicitors, the Surplus Lines producer completes the renewal process

online at www.nipr.com, with the renewal window occurring annually from February 1 through March 31. During the renewal window, each licensee renews the license online through the appropriate renewal links, using their NPN or FEIN, and paying appropriate license renewal fees with a valid credit card. NIPR charges a \$5.00 service fee in addition to the renewal fee for utilizing their service.

After renewing online, a receipt can either be printed or emailed to confirm the renewal fee was submitted and paid. The next business day, the licensee/agency record will reflect an updated expiration date, and a new license will automatically be generated and mailed to the mailing address on file.

Renewals not paid by March 31 will result in cancellation of the license and the license status will be changed to **inactive**. Notification of a canceled license will be sent to the mailing address on file.

A Surplus Lines whose license status is Inactive due to missing the renewal deadline can reinstate the license without taking an examination if requesting the same authority previously held if the license has been inactive **less than 12 months**. If the Inactive status has lasted longer than 12 months, the candidate will need to go through the licensing process again.

A Surplus Lines producer whose license status is inactive due to missing their CE review date for his Property and Casualty License will need to complete their CE requirements. If the license has been inactive less than 90 days, the license will become active when the CE credits are reported to DIFS; a new application is **not** required. If the license has been inactive **more** than 90 days, a new online license application must also be submitted through the National Insurance Producer Registry (NIPR) website. If the license has been inactive **more than 12 months**, the candidate will need to go through the licensing process again.

It is important to understand that the Surplus Lines producer is subject to a number of rules and regulations beyond that of the "normal" Individual Resident Producer, and it is vital that anyone pursuing this qualification thoroughly review the relevant statutes and rules.

Selling Annuities

The requirements to obtain the variable annuities line of authority for resident and non-resident producers are as follows:

Resident Producers

- Applicant must be registered with the Financial Industry Regulatory Authority (FINRA).
- Applicant must have successfully completed FINRA Series 6 or 7 examinations.
- Applicant must pass the Michigan variable annuities examination.



- **NOTE:** Pre-licensing education for VA line of authority is not required; however, continuing education requirements under MCL 500.1204c do apply to the VA line of authority

Non-resident Producers

- Applicant must hold a variable annuities/variable life line of authority in his or her home state.
- Applicant must be registered with the Financial Industry Regulatory Authority (FINRA).
- Applicant must have successfully completed FINRA Series 6 or 7 examinations.
- Applicant must pass the Michigan variable annuities examination if the applicant has not passed an exam in their home state.

Unlike variable annuities, fixed annuities are viewed as life insurance products and do not require FINRA registration and examinations. An individual wishing to sell fixed annuities must possess a **Producer Life Insurance License** in good standing. Selling annuities, both variable and fixed, does require producers pass a one-time Annuity Suitability course.



Resources

Michigan Department of Insurance and Financial Services (DIFS)

<http://www.michigan.gov/difs>

Michigan Insurance Code

<http://www.legislature.mi.gov/%28S%28mqecyp03e3l41kjlstpmygd1%29%29/mileg.aspx?page=getobject&objectname=mcl-act-218-of-1956>

PSI Online

<https://candidate.psiexams.com/catalog/displayagencylicenses.jsp?catalogID=33>

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