

# DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

## INSURANCE

### PRE-LICENSURE EDUCATION REQUIREMENTS

(By authority conferred on the director of insurance and financial services by sections 210 and 1204a of the insurance code of 1956, 1956 PA 218, MCL 500.210 and 500.1204a, and Executive Reorganization Order No. 2013-1, MCL 550.991)

#### **R 500.1 Definitions.**

Rule 1. As used in these rules:

- (a) "Code" means the insurance code of 1956, MCL 500.100 to 500.8302.
- (b) "Director" means the director of the department of insurance and financial services.
- (c) "Instructor" means the person responsible for the conduct of instruction of the program.

History: 1988 AACCS; 2019 AACCS.

#### **R 500.2 Program review and registration.**

Rule 2. (1) For a program to be registered as an insurance producer/solicitor program of study, program course materials and examinations must be submitted in their entirety to the director for review. The director will determine which courses meet the standards set forth in these rules for registration as qualified insurance producer/solicitor program courses.

(2) Any change in course material after approval is granted must also be submitted to the director not less than 2 weeks before implementation.

(3) The director may, at any time, request a review of any and all materials, classrooms, and instructors.

(4) A program of study must be taught by an instructor meeting the requirements of R 500.6.

(5) A program of study may be taught by any of the following methods: classroom, self-study, online, or a combination of any of those methods.

History: 1988 AACCS; 2019 AACCS.

#### **R 500.3 Property, casualty, or personal lines insurance producers and solicitors; curriculum and final examination requirements.**

Rule 3. (1) To qualify as a registered insurance producer/solicitor program of study on the subjects of property or casualty insurance, a course must provide a minimum of 20 hours of instruction for a property program, 20 hours of instruction for a casualty program, 20 hours of instruction for a personal lines program, or 40 hours of instruction for a program of study combining property and casualty curricula.

(2) The 20 hours of instruction and final examination for a property program must include all of the following areas, but may be taught in any order or combination the instructor chooses:

(a) Fourteen hours on the principles of property insurance, including the following subjects and their definitions, characteristics, and application:

- (i) Fire insurance.
- (ii) General property form.
- (iii) Home insurance.
- (iv) Personal and commercial automobile insurance.
- (v) Inland marine insurance.
- (vi) Commercial package policies.
- (vii) Boiler and machinery insurance.
- (viii) Rates and rate changes, including coinsurance.
- (ix) Business interruption insurance.

(b) Six hours on professional ethics and the requirements of the insurance laws of Michigan, including, but not limited to, the following chapters of the Michigan insurance code:

- (i) Chapter 12 of the code, MCL 500.1200 to 500.1247.
- (ii) Chapter 20 of the code, MCL 500.2001 to 500.2093.
- (iii) Chapter 21 of the code, MCL 500.2101 to 500.2131.
- (iv) Chapter 31 of the code, MCL 500.3101 to 500.3179.
- (v) Chapter 45 of the code, MCL 500.4501 to 500.4511.

(3) The 20 hours of instruction and final examination for a casualty program must include all of the following areas, but may be taught in any order or combination the instructor chooses:

(a) Fourteen hours on the principles of liability insurance, including the following subjects and their definitions, characteristics, and application:

- (i) Basic principles of liability.
- (ii) On-premises insurance.
- (iii) Off-premises insurance.
- (iv) Products and completed operations insurance.
- (v) Contractual liability insurance.
- (vi) Comprehensive general liability insurance.
- (vii) Personal liability insurance as contained in home, auto, and personal umbrella policies.
- (viii) Workers' compensation insurance.

(b) Six hours on professional ethics and the requirements of the insurance laws of Michigan, including, but not limited to, the following chapters of the Michigan insurance code:

- (i) Chapter 12 of the code, MCL 500.1200 to 500.1247.
- (ii) Chapter 20 of the code, MCL 500.2001 to 500.2093.
- (iii) Chapter 21 of the code, MCL 500.2101 to 500.2131.
- (iv) Chapter 31 of the code, MCL 500.3101 to 500.3179.
- (v) Chapter 45 of the code, MCL 500.4501 to 500.4511.

(4) The 40 hours of instruction and final examination for a combined property and casualty program must include all of the following areas, but may be taught in any order or combination the instructor chooses:

- (a) Thirty-four hours on all of the topics listed in subrules (2)(a) and (3)(a) of this rule.
- (b) Six hours on the topics listed in subrule (3)(b) of this rule.

(5) A program of study completed under subrule (4) of this rule satisfies the program of study requirements for personal lines producers and solicitors.

History: 1988 AACS; 2019 AACS.

**R 500.4 Life and accident and health producers; curriculum requirements.**

Rule 4. (1) To qualify as a registered insurance producer program of study on the subject of accident and health insurance, a course must provide a minimum of 20 hours of study. These 20 hours of instruction and final examination must include all of the following areas, but may be taught in any order the instructor chooses:

(a) Fourteen hours on the principles of accident and health insurance, including, but not limited to, the following subjects and their definitions, characteristics, and application:

- (i) Loss of time or disability policies.
- (ii) Expense incurred policies.
- (iii) Accidental death and dismemberment policies.
- (iv) Hospital indemnity policies.
- (v) Medicare supplement policies.
- (vi) Dread disease policies.
- (vii) Long-term care policies.
- (viii) Group health insurance policies.
- (ix) Major medical policies.
- (x) Excess loss policies.
- (xi) Blanket disability policies.

(b) Six hours on professional ethics and the requirements of the insurance laws of Michigan, including, but not limited to, all of the following chapters and subjects:

- (i) Chapter 12 of the code, MCL 500.1200 to 500.1247.
- (ii) Chapter 20 of the code, MCL 500.2001 to 500.2093.
- (iii) Chapter 34 of the code, MCL 500.3400 to 500.3477.
- (iv) Chapter 45 of the code, MCL 500.4501 to 500.4511.
- (v) R 500.651 to R 500.669 of the Michigan Administrative Code.
- (vi) The definitions and characteristics of all of the following:

(A) Title X of the consolidated omnibus budget reconciliation act of 1985 (Title X of COBRA), Public Law 99-272.

- (B) Third-party administrators.
- (C) Multiple employer welfare arrangements.
- (D) Administrative services only contracts.
- (E) Coordination of benefits.

(F) The patient protection and affordable care act, Public Law 111-148, as amended by the health care and education reconciliation act of 2010, Public Law 111-152.

(2) To qualify as a registered insurance producer program of study on the subject of life insurance, a course shall provide for a minimum of 20 hours of study. These 20 hours of instruction and final examination must include all of the following areas, but may be taught in any order the instructor chooses:

(a) Fourteen hours on the principles of life insurance, including, but not limited to, all of the following subjects and their definitions, characteristics, and application:

- (i) All of the following types of policies and principal policy provisions:
  - (A) Term life policies.
  - (B) Whole life policies.
  - (C) Endowment policies.
  - (D) Universal life policies.

- (E) Variable life policies.
- (ii) Annuities.
- (iii) Premiums and dividends.
- (iv) Group life insurance.
- (b) Six hours on professional ethics and the requirements of the insurance laws of Michigan, including, but not limited to, all of the following chapters and subjects:
  - (i) Chapter 12 of the code, MCL 500.1200 to 500.1247.
  - (ii) Chapter 20 of the code, MCL 500.2001 to 500.2093.
  - (iii) Chapter 40 of the code, MCL 500.4000 to 500.4073.
  - (iv) Chapter 44 of the code, MCL 500.4400 to 500.4454.
  - (v) Chapter 45 of the code, MCL 500.4501 to 500.4511.
  - (vi) R 500.1371 to R 500.1387 of the Michigan Administrative Code.
- (3) The 40 hours of instruction and final examination for a combined life and accident and health program must include all of the following areas, but may be taught in any order or combination the instructor chooses:
  - (a) Thirty-four hours on all of the topics listed in subrules (1)(a) and (2)(a) of this rule.
  - (b) Six hours on the topics listed in subrule (2)(b) of this rule.

History: 1988 AACCS; 2019 AACCS.

#### **R 500.5 Methods of instruction.**

Rule 5. (1) For classroom courses, instruction of the entire number of approved credit hours must be conducted on-site at the classroom location identified by the education provider.

(2) For self-study courses, contact between the instructor and student must be maintained through homework and examination. Instruction for the entire number of approved credit hours shall be completed by the student without classroom instruction. At the end of the course, students must pass a final examination which covers all subjects required to be taught in the course of instruction.

(3) For online courses, instruction of the entire number of approved credit hours must be conducted by electronic interaction between the instructor and the student. At the end of the course, students must pass a final examination which covers all subjects required to be taught in the course of instruction.

(4) For courses approved to be taught as a combination course (classroom and self-study, classroom and online, or self-study and online), instruction of the number of approved classroom hours must be conducted on-site at the classroom location identified by the education provider, and the number of approved self-study or online hours must be completed by the student outside the classroom. Contact between the instructor and student must be maintained through classroom contact, homework, and examination. At the end of the course, students must pass a final examination which covers all subjects required to be taught in the course of instruction.

(5) Records of response from students shall be maintained by the instructor for a period of 1 year.

History: 1988 AACCS; 2019 AACCS.

#### **R 500.6 Instructor requirements.**

Rule 6. (1) To qualify as an instructor of a registered insurance producer/solicitor program of study, a person shall possess at least 1 of the following:

- (a) Three years of experience in the line of insurance which is to be taught.
  - (b) Three years of experience in teaching.
  - (c) Three years of experience in insurance and teaching combined.
- (2) Approved instructors must report any of the following to the director within 30 calendar days of the event, stating in his or her own words the circumstances of the event:
- (a) Violation of an insurance law or violation of a rule, subpoena, order of the director, or of another state's insurance commissioner.
  - (b) If the instructor has been found liable, has been convicted of, or has been found responsible in an administrative proceeding of using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or outside this state.
  - (c) Revocation of the instructor's insurance producer license or its equivalent by any state, province, district, or territory of the United States.
- (3) Approved instructors must obtain the director's approval prior to scheduling or taking any Michigan insurance licensing examination.

History: 1988 AACCS; 1997 AACCS.; 2019 AACCS.