STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Bulletin 2015-11-INS

In the matter of:
Insurance Producer Appointments
_____/

Issued and entered
this 14th day of April 2015
by Annette E. Flood
Director

The Insurance Code of 1956 (Code), 1956 PA 218, as amended, MCL 500.100 *et seq.*, provides for the departmental supervision and regulation of the insurance and surety business within this state. As part of this mandate, the Code provides for the appointment of insurance producers, pursuant to Section 1208a, as follows:

> (1) An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.
>
> (2) To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the commissioner, a notice of appointment for the qualifications held by that insurance producer within 15 days from the date the agency contract is executed or the first insurance application is submitted. An insurer may also elect to appoint an insurance producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request.
>
> (3) Upon receipt of the notice of appointment, the commissioner shall verify within a reasonable time not to exceed 30 days that the insurance producer is eligible for appointment. If the insurance producer is determined to be ineligible for appointment, the commissioner shall notify the insurer within 5 days of that determination.
>
> (4) An insurer shall pay an appointment fee and a renewal appointment fee as provided under section 240(1)(c) for each insurance producer appointed or renewed by the insurer.

Historically, the Department of Insurance and Financial Services (DIFS) has interpreted the Code as requiring any producer who sells, solicits, or negotiates a contract of insurance to be duly appointed to act on behalf of the insurer.

It has come to the Director's attention that there may exist a misunderstanding among a number of insurers and insurance producers regarding Michigan's producer-appointment requirements. Therefore, the purpose of this Bulletin is to provide clarification regarding certain circumstances in which a producer must be appointed to act on behalf of an insurer.

The following acts, if performed by a producer **with the knowledge and consent of an insurer, or if the insurer subsequently accepts, approves, or ratifies the acts, including through the issuance of a policy entered into because of the efforts of a producer,** are considered by DIFS to require an appointment because the producer is "acting as an agent of an insurer" within the meaning of Section 1208a:

1. Exchanging a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.

2. Attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer.

3. Conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

4. Receiving compensation directly or indirectly from an insurer for performing sales, solicitation, or negotiation on behalf of an insurer.

5. Using an insurer's brochures, letterhead, applications, or other company identifying material during a sales presentation or in circumstances relating to performance of professional services by the producer.

6. Presenting, discussing, recommending, or explaining specific insurance products offered by a specific insurer.

7. Binding of coverage with a specific insurer.

8. Giving to a prospective or current customer advice, counsel, or recommendations about benefits, terms, features, conditions, exclusions, or costs of any specific insurance product offered by a specific insurer or insurers.

9. Discussing or describing the coverages of a proposed contract of insurance with a prospective customer.

10. Collecting premiums on behalf of or to be remitted to an insurer.

11. Signing binders, endorsements, applications, and insurance policies.

12. Authorizing the issuance or delivery of certificates of insurance, endorsements, binders, or insurance policies or insurance identification cards.

The above list is only representative and does not encompass every action that requires appointment. The authority of a producer can also be implied from the conduct and words of the parties involved and from the circumstances surrounding a transaction. Any producer who does any of the above acts is considered to be acting as an insurance producer within the meaning of that term, on behalf of an insurer, and is required to hold a valid appointment from any and all insurers for which the producer is acting.

Any questions regarding this bulletin should be directed to:

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