
By: Chairman, Finance Committee (Departmental - Insurance Administration, Maryland)

Requested: October 23, 1995

Introduced and read first time: January 10, 1996

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Agents and Brokers - Examination and Licensing Requirements**

3 FOR the purpose of clarifying and making consistent certain procedures for the
4 examination of applicants for certain insurance agent or broker licenses; requiring
5 the Insurance Commissioner to adopt certain regulations regarding examinations
6 and educational requirements; repealing certain obsolete provisions regarding
7 examination fees and restrictions on examination locations, educational
8 requirements, and eligibility for examination; clarifying the payment of application
9 fees; providing for the effective dates of this Act; and generally relating to the
10 examination and licensing procedures and requirements for insurance agents and
11 brokers.

12 BY repealing and reenacting, with amendments,
13 Article 48A - Insurance Code
14 Section 177 and 178
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1995 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article - Insurance
19 Section 10-104, 10-105, 10-108, and 10-109
20 Annotated Code of Maryland
21 (1995 Volume)
22 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article 48A - Insurance Code**

26 177.

27 Individual applicants for certificate of qualification as to kinds of insurance other
28 than life and health insurance and annuities shall be required to comply with the
29 requirements of this section, as follows:

1 (1) (i) The applicant must successfully complete a program of studies,
 2 offered by schools[, OR insurance company schools[, or correspondence schools],
 3 which program of studies has been established or approved by the Commissioner, to the
 4 end that the applicant shall be reasonably familiar with the specific kind or kinds of
 5 insurance or subdivisions of them, for which he desires to be qualified; or

6 (ii) He must have been regularly employed as an employee of the
 7 [insurance division] MARYLAND INSURANCE ADMINISTRATION, or by an insurer or an
 8 agent or broker, for a period or periods aggregating not less than one year during the
 9 three years next preceding the date of application in responsible insurance duties in
 10 connection with the specific kind or kinds of insurance or subdivisions of them for which
 11 he desires to be qualified, and, in such case, such applicant shall submit with his
 12 application the affidavit of such employer or employers stating facts which show
 13 compliance with this requirement; or

14 (iii) He must have been regularly employed by an insurer or an agent or
 15 a broker for a period or periods aggregating not less than one year during the three years
 16 next preceding the date of entrance into the service of the armed forces of the United
 17 States or immediately following his discharge therefrom in connection with the specific
 18 kind or kinds of insurance or subdivisions of them for which he desires to be qualified,
 19 and in such case the application for the license shall be filed within one year from the
 20 date of discharge, with the affidavit of such employer or employers stating facts which
 21 show compliance with this requirement.

22 (2) (I) The Commissioner shall require [such] AN applicant to
 23 satisfactorily pass a written examination relating to the specific kind or kinds of insurance
 24 or subdivisions of them for which he desires to receive a certificate for the purpose of
 25 determining his competence with regard thereto. [Such examination shall be given by the
 26 Commissioner at least once every 30 days at such times and places as the Commissioner
 27 may determine. The applicant shall pay to the Commissioner a fee of \$15 for each
 28 examination. An applicant failing to attain a passing grade after 3 trials shall be required
 29 to wait 3 months from the date of his last previous trial before applying again, and failing
 30 to pass after 6 times, shall be required to wait 1 year from the date of his last previous
 31 trial before applying again. Any person who has taken and failed to pass an examination
 32 is not entitled to take any further examination until 14 days after the date of the last
 33 examination which that person failed.]

34 (II) THE COMMISSIONER SHALL ADOPT REASONABLE
 35 REGULATIONS THAT SPECIFY:

36 1. THE SCOPE, TYPE, CONDUCT, AND GRADING OF THE
 37 WRITTEN EXAMINATIONS;

38 2. THE FREQUENCY, TIMES, AND LOCATIONS WITHIN THE
 39 STATE WHERE WRITTEN EXAMINATIONS WILL BE HELD; AND

40 3. THE EDUCATIONAL REQUIREMENTS FOR AN APPLICANT
 41 TO BE ELIGIBLE TO TAKE A WRITTEN EXAMINATION.

42 (III) BEFORE TAKING A WRITTEN EXAMINATION, AN APPLICANT
 43 SHALL:

3

1 1. DEMONSTRATE TO THE COMMISSIONER THAT THE
2 APPLICANT HAS COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE
3 COMMISSIONER; AND

4 2. PAY THE APPLICATION FEE REQUIRED UNDER § 41(4)(VII)
5 OF THIS ARTICLE.

6 (IV) ALL WRITTEN EXAMINATIONS SHALL BE GRADED WITHIN 30
7 DAYS FOLLOWING THE DATE OF THE EXAMINATION.

8 (3) At the discretion of the Commissioner the requirements of paragraphs
9 (1) and (2) of this section shall not apply to qualification for property, casualty, surety and
10 marine insurance as to persons who [have]:

11 (I) HAVE been conferred the Chartered Property Casualty
12 Underwriter (C.P.C.U.) designation by The American Institute of Property and Liability
13 Underwriters, Inc., and are members, in good standing, of The Society of Chartered
14 Property and Casualty Underwriters; OR

15 (II) HAVE BEEN CONFERRED THE DESIGNATION OF FELLOW OF
16 THE CASUALTY ACTUARIAL SOCIETY.

17 178.

18 Individual applicants for qualification to act as agents for life insurance, health
19 insurance or annuities, nonprofit health service plans, dental plan organizations, and
20 health maintenance organizations are required to comply with the requirements of this
21 section.

22 (1) Except as provided in paragraphs (4), (5), (6), and (7) of this section,
23 each applicant is required to submit to a personal written examination to determine his
24 competence with respect to life insurance, health insurance or annuities, or subdivisions
25 of them, including contracts for nonprofit health service plans which may include vision
26 plans, dental plan organizations, and health maintenance organizations, and his
27 familiarity with the pertinent provisions of the laws of this State, and shall pass the
28 examination to the satisfaction of the Commissioner.

29 (2) (i) No examination is required of an applicant to qualify to act as an
30 agent only with respect to selling credit life and/or credit accident and health insurance to
31 a borrower of money or a purchaser of goods in connection with a specific loan or credit
32 transaction.

33 (ii) At the discretion of the Commissioner the written examination
34 provided for in this section shall not be required of an applicant for a license who [has]:

35 1. HAS been conferred the Chartered Life Underwriter
36 (C.L.U.) designation by The American College of Life Underwriters and who is a
37 member, in good standing, of The American Society of Chartered Life Underwriters; OR

38 2. HAS BEEN CONFERRED THE DESIGNATION OF FELLOW
39 OF THE SOCIETY OF ACTUARIES.

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1 (3) (I) The Commissioner shall [establish] ADOPT reasonable [rules
2 and] regulations [with respect to the] THAT SPECIFY:

3 1. THE scope, type, conduct and grading of the written
4 examinations [and the];

5 2. THE FREQUENCY, [times] TIMES, and places within this
6 State where [they] WRITTEN EXAMINATIONS [shall] WILL be held; AND

7 3. SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH,
8 THE EDUCATIONAL REQUIREMENTS FOR AN APPLICANT TO BE ELIGIBLE TO TAKE A
9 WRITTEN EXAMINATION.

10 (II) [Applicants shall be permitted to take the examinations at least
11 once every 2 weeks at a place designated by the Commissioner. The examinations shall be
12 offered at least once in each month at a location on the Eastern Shore of Maryland and
13 once each month at a location on the Western Shore of Maryland, (other than Baltimore
14 City), the locations to be selected by the Commissioner.] All examinations must be
15 graded within thirty days following the date of the examination.

16 (III) As a prerequisite to examination, the Commissioner shall require
17 not less than 60 hours of study and instruction [and a certificate of completion shall be
18 forwarded with the application for examination to the Commissioner].

19 (IV) BEFORE TAKING A WRITTEN EXAMINATION, AN APPLICANT
20 SHALL:

21 1. DEMONSTRATE TO THE COMMISSIONER THAT THE
22 APPLICANT HAS COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE
23 COMMISSIONER, INCLUDING THE REQUIREMENT OF SUBPARAGRAPH (III) OF THIS
24 PARAGRAPH; AND

25 2. PAY THE APPLICATION FEE REQUIRED UNDER § 41(4)(VII)
26 OF THIS ARTICLE.

27 (V) Any person who has taken and failed to pass an examination is not
28 entitled to take any further examination until 14 days after the date of the last
29 examination which he failed.

30 (4) A person who is employed by a health maintenance organization solely
31 to solicit membership in the health maintenance organization pursuant to a contract
32 between the health maintenance organization and the Department of Health and Mental
33 Hygiene, whereby the Department obtains prepaid comprehensive health care services
34 for recipients of medical assistance under § 15-105 of the Health - General Article, is not
35 required to submit to a personal written examination under this sectionbut is subject to
36 § 173(d) of this article.

37 (5) A person, who for compensation in any manner has solicited,procured,
38 or negotiated contracts for dental plan organizations continuously fromJuly 1, 1988 to
39 June 30, 1989, is not required to submit to a personal written examination under this
40 section to act as an agent for a dental plan organization.

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1 (6) A person, who for compensation in any manner has solicited,procured,
2 or negotiated contracts for nonprofit health service plans continuouslyfrom July 1, 1988
3 to June 30, 1989, is not required to submit to a personal written examination under this
4 section to act as an agent for a nonprofit health service plan.

5 (7) A person, who for compensation in any manner has solicited,procured,
6 or negotiated contracts for health maintenance organizations continuously from July 1,
7 1988 to June 30, 1989, is not required to submit to a personal written examination under
8 this section to act as an agent for a health maintenance organization.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
10 read as follows:

11 **Article - Insurance**

12 10-104.

13 (a) To qualify for a certificate of qualification as an agent or broker for insurance
14 other than life insurance, health insurance, annuities, or limited lines as provided in §§
15 10-122, 10-123, 10-124, and 10-125 of this subtitle, an individual applicant must meet the
16 requirements of this section.

17 (b) An applicant must be of good character and trustworthy.

18 (c) Except as otherwise provided in this section:

19 (1) so that the applicant is reasonably familiar with the kind or subdivision
20 of insurance for which the applicant wants to be qualified, the applicant must complete
21 successfully a program of studies that:

22 (i) is offered by schools[,] OR insurance company schools[, or
23 correspondence schools]; and

24 (ii) has been established or approved by the Commissioner;

25 (2) during the 3 years immediately preceding the date of application, the
26 applicant must have been employed regularly for periods totaling at least 1 year:

27 (i) by the Administration as an employee or by an insurer,agent, or
28 broker; and

29 (ii) in responsible insurance duties in connection with the kind or
30 subdivision of insurance for which the applicant wants to be qualified;or

31 (3) during the 3 years immediately preceding the date of entering or
32 immediately after discharge from the armed forces of the United States,the applicant
33 must have been employed regularly for periods totaling at least 1 year:

34 (i) by an insurer, agent, or broker; and

35 (ii) in connection with the kind or subdivision of insurance for which
36 the applicant wants to be qualified.

37 (d) Except as otherwise provided in this section, the applicant mustpass an
38 examination given by the Commissioner under this subtitle.

(e) The Commissioner may waive the requirements of subsections (c) and (d) of this section for an applicant for a certificate of qualification for property insurance, casualty insurance, surety insurance, or marine insurance if the applicant:

(1) (I) has been conferred the Chartered Property Casualty Underwriter (C.P.C.U.) designation by the American Institute of Property and Liability Underwriters, Inc.; and

[(2)] (II) is a member in good standing of the Society of Chartered Property and Casualty Underwriters; OR

(2) HAS BEEN CONFERRED THE DESIGNATION OF FELLOW OF THE CASUALTY ACTUARIAL SOCIETY.

10-105.

(a) To qualify for a certificate of qualification as an agent or broker for life insurance, health insurance, annuities, nonprofit health service plans, dental plan organizations, or health maintenance organizations, an individual applicant must meet the requirements of this section.

(b) An applicant must be of good character and trustworthy.

(c) Before taking an examination under this subtitle, an applicant shall complete at least 60 hours of study and instruction as required by the Commissioner.

(D) BEFORE TAKING A WRITTEN EXAMINATION, AN APPLICANT SHALL:

(1) DEMONSTRATE TO THE COMMISSIONER THAT THE APPLICANT HAS COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE COMMISSIONER, INCLUDING THE REQUIREMENT OF SUBSECTION (C) OF THIS SECTION; AND

(2) PAY THE APPLICATION FEE REQUIRED UNDER § 2-112(A)(4)(III) OF THIS ARTICLE.

[(d)] (E) (1) Except as otherwise provided in this subsection, the applicant must pass an examination given by the Commissioner under this subtitle.

(2) The following applicants are not required to take an examination:

(i) an applicant for a certificate of qualification to act as an agent only for selling credit life insurance or credit accident and health insurance or both to a borrower of money or buyer of goods in connection with a loan or credit transaction;

(ii) an applicant for a certificate of qualification to act as an agent for a dental plan organization if the applicant for compensation solicited, procured, or negotiated contracts for dental plan organizations continuously from July 1, 1988, to June 30, 1989;

(iii) an applicant for a certificate of qualification to act as an agent for a nonprofit health service plan if the applicant for compensation solicited, procured, or negotiated contracts for nonprofit health service plans continuously from July 1, 1988, to June 30, 1989; or

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1 (iv) an applicant for a certificate of qualification to act as an agent for
2 a health maintenance organization if the applicant for compensation solicited, procured,
3 or negotiated contracts for health maintenance organizations continuously from July 1,
4 1988, to June 30, 1989.

5 (3) The Commissioner may waive the examination requirement of this
6 section for an applicant who:

7 (i) 1. has been conferred the Chartered Life Underwriter (C.L.U.)
8 designation by the American College of Life Underwriters; and

9 [(ii)] 2. is a member in good standing of the American Society of
10 Chartered Life Underwriters; OR

11 (II) HAS BEEN CONFERRED THE DESIGNATION OF FELLOW OF THE
12 SOCIETY OF ACTUARIES.

13 10-108.

14 (a) An applicant who otherwise qualifies for a certificate of qualification for
15 insurance other than life insurance, health insurance, annuities, or limited lines is entitled
16 to be examined as provided in this section.

17 (b) [The Commissioner shall give examinations to applicants at least once every
18 30 days at the times and places that the Commissioner determines.

19 (c) An applicant shall pay to the Commissioner a fee of \$15 for each examination.

20 (d)] To determine the competence of the applicant as to the kind or subdivision of
21 insurance for which the applicant wants to become qualified, the applicant shall pass a
22 written examination that relates to that kind or subdivision of insurance.

23 [(e) (1) An applicant who fails an examination may not take another
24 examination until at least 14 days after the date of the last examination that the applicant
25 failed.

26 (2) An applicant who fails an examination three times may not apply to take
27 an examination again for at least 3 months after the date of the last examination that the
28 applicant failed.

29 (3) An applicant who fails an examination six times may not apply to take an
30 examination again for at least 1 year after the date of the last examination that the
31 applicant failed.]

32 (C) THE COMMISSIONER SHALL ADOPT REASONABLE REGULATIONS THAT
33 SPECIFY:

34 (1) THE SCOPE, TYPE, CONDUCT, AND GRADING OF THE WRITTEN
35 EXAMINATIONS;

36 (2) THE FREQUENCY, TIMES, AND LOCATIONS WITHIN THE STATE
37 WHERE THE WRITTEN EXAMINATIONS WILL BE HELD; AND

8

1 (3) THE EDUCATIONAL REQUIREMENTS FOR AN APPLICANT TO BE
2 ELIGIBLE TO TAKE A WRITTEN EXAMINATION.

3 (D) BEFORE TAKING A WRITTEN EXAMINATION, AN APPLICANT SHALL:

4 (1) DEMONSTRATE TO THE COMMISSIONER THAT THE APPLICANT HAS
5 COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE COMMISSIONER;
6 AND

7 (2) PAY THE APPLICATION FEE REQUIRED UNDER § 2-112(A)(4)(III) OF
8 THIS ARTICLE.

9 (E) ALL WRITTEN EXAMINATIONS SHALL BE GRADED WITHIN 30 DAYS
10 FOLLOWING THE DATE OF THE EXAMINATION.

11 10-109.

12 (a) An applicant who otherwise qualifies for a certificate of qualification for life
13 insurance, health insurance, annuities, nonprofit health service plans, dental plan
14 organizations, or health maintenance organizations is entitled to be examined as provided
15 in this section.

16 (b) (1) [Subject to paragraph (2) of this subsection, the Commissioner shall
17 give examinations to applicants at least once every 2 weeks at the times and places that
18 the Commissioner determines.

19 (2) The Commissioner shall offer the examinations:

20 (i) at least once a month at a place that the Commissioner determines
21 on the Eastern Shore of the State; and

22 (ii) at least once a month at a place that the Commissioner determines
23 on the Western Shore of the State, other than Baltimore City.

24 (c) To take an examination, an applicant shall submit to the Commissioner a
25 certificate of completion showing that the applicant has met the education requirements
26 of § 10-105(c) of this subtitle.

27 (d) (1) Each applicant must pass a personal written examination to determine:

28 (i) the competence of the applicant as to life insurance, health
29 insurance, or annuities or to any subdivision of them, including contracts for nonprofit
30 health service plans, vision plans, dental plan organizations, and health maintenance
31 organizations; and

32 (ii) the familiarity of the applicant with the applicable laws of the
33 State.

34 (2) Each examination must be graded within 30 days after the date of the
35 examination.

36 [(e)] (C) An applicant who fails an examination may not take another
37 examination until at least 14 days after the date of the last examination that the applicant
38 failed.

9

1 [(f)] (D) The Commissioner shall adopt reasonable regulations [about] THAT
2 SPECIFY:

3 (1) the scope, type, conduct, and grading of the written examinations; [and]

4 (2) the FREQUENCY, [times] TIMES, and places in the State where the
5 WRITTEN examinations [shall] WILL be held; AND

6 (3) SUBJECT TO § 10-105(C) OF THIS ARTICLE, THE EDUCATIONAL
7 REQUIREMENTS FOR AN APPLICANT TO BE ELIGIBLE TO TAKE A WRITTEN
8 EXAMINATION.

9 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
10 take effect October 1, 1996, and remain in effect until October 1, 1997.

11 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
12 take effect October 1, 1997.