

(PRE-FILED)

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

Requested: October 23, 1995

Introduced and read first time: January 10, 1996

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: January 30, 1996

CHAPTER ____

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)

2

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

3 **Article 48A - Insurance Code**

4 177.

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

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

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

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

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

41 (II) THE COMMISSIONER SHALL ADOPT REASONABLE
42 REGULATIONS THAT SPECIFY:

3

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

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

5 3. THE EDUCATIONAL REQUIREMENTS FOR AN APPLICANT
6 TO BE ELIGIBLE TO TAKE A WRITTEN EXAMINATION.

7 (III) BEFORE TAKING A WRITTEN EXAMINATION, AN APPLICANT
8 SHALL:

9 1. DEMONSTRATE TO THE COMMISSIONER THAT THE
10 APPLICANT HAS COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE
11 COMMISSIONER; AND

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

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

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

19 (I) HAVE BEEN CONFERRED THE Chartered Property Casualty
20 Underwriter (C.P.C.U.) designation by The American Institute of Property and Liability
21 Underwriters, Inc., and are members, in good standing, of The Society of Chartered
22 Property and Casualty Underwriters; ~~OR~~

23 (II) HAVE BEEN CONFERRED THE DESIGNATION OF FELLOW OF
24 THE CASUALTY ACTUARIAL SOCIETY; OR

25 (III) HAVE BEEN CONFERRED THE DESIGNATION OF CERTIFIED
26 INSURANCE COUNSELOR (CIC) BY THE SOCIETY OF CERTIFIED INSURANCE
27 COUNSELORS.

28 178.

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

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

4

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

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

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

10 2. HAS BEEN CONFERRED THE DESIGNATION OF FELLOW
11 OF THE SOCIETY OF ACTUARIES.

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

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

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

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

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

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

30 (IV) BEFORE TAKING A WRITTEN EXAMINATION, AN APPLICANT
31 SHALL:

32 1. DEMONSTRATE TO THE COMMISSIONER THAT THE
33 APPLICANT HAS COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE
34 COMMISSIONER, INCLUDING THE REQUIREMENT OF SUBPARAGRAPH (III) OF THIS
35 PARAGRAPH; AND

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

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

1 (4) A person who is employed by a health maintenance organization solely
 2 to solicit membership in the health maintenance organization pursuant to a contract
 3 between the health maintenance organization and the Department of Health and Mental
 4 Hygiene, whereby the Department obtains prepaid comprehensive health care services
 5 for recipients of medical assistance under § 15-105 of the Health - General Article, is not
 6 required to submit to a personal written examination under this section but is subject to
 7 § 173(d) of this article.

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

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

16 (7) A person, who for compensation in any manner has solicited, procured,
 17 or negotiated contracts for health maintenance organizations continuously from July 1,
 18 1988 to June 30, 1989, is not required to submit to a personal written examination under
 19 this section to act as an agent for a health maintenance organization.

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

22 **Article - Insurance**

23 10-104.

24 (a) To qualify for a certificate of qualification as an agent or broker for insurance
 25 other than life insurance, health insurance, annuities, or limited lines as provided in §§
 26 10-122, 10-123, 10-124, and 10-125 of this subtitle, an individual applicant must meet the
 27 requirements of this section.

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

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

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

33 ~~(i) is offered by schools[,] OR insurance company schools[,] or~~
 34 ~~correspondence schools]; and~~

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

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

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

6

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

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

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

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

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

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

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

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

19 (2) HAS BEEN CONFERRED THE DESIGNATION OF FELLOW OF THE
20 CASUALTY ACTUARIAL SOCIETY; OR

21 (3) HAS BEEN CONFERRED THE DESIGNATION OF CERTIFIED
22 INSURANCE COUNSELOR (CIC) BY THE SOCIETY OF CERTIFIED INSURANCE
23 COUNSELORS.

24 10-105.

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

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

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

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

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

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

7

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

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

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

7 (ii) an applicant for a certificate of qualification to act as an agent for
8 a dental plan organization if the applicant for compensation solicited, procured, or
9 negotiated contracts for dental plan organizations continuously from July 1, 1988, to June
10 30, 1989;

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

15 (iv) an applicant for a certificate of qualification to act as an agent for
16 a health maintenance organization if the applicant for compensation solicited, procured,
17 or negotiated contracts for health maintenance organizations continuously from July 1,
18 1988, to June 30, 1989.

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

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

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

25 (II) HAS BEEN CONFERRED THE DESIGNATION OF FELLOW OF THE
26 SOCIETY OF ACTUARIES.

27 10-108.

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

31 (b) [The Commissioner shall give examinations to applicants at least once every
32 30 days at the times and places that the Commissioner determines.

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

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

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

8

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

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

7 (C) THE COMMISSIONER SHALL ADOPT REASONABLE REGULATIONS THAT
8 SPECIFY:

9 (1) THE SCOPE, TYPE, CONDUCT, AND GRADING OF THE WRITTEN
10 EXAMINATIONS;

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

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

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

16 (1) DEMONSTRATE TO THE COMMISSIONER THAT THE APPLICANT HAS
17 COMPLETED THE EDUCATIONAL REQUIREMENTS SET OUT BY THE COMMISSIONER;
18 AND

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

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

23 10-109.

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

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

31 (2) The Commissioner shall offer the examinations:

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

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

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

9

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

2 (i) the competence of the applicant as to life insurance, health
3 insurance, or annuities or to any subdivision of them, including contracts for nonprofit
4 health service plans, vision plans, dental plan organizations, and health maintenance
5 organizations; and

6 (ii) the familiarity of the applicant with the applicable laws of the
7 State.

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

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

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

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

16 (2) the FREQUENCY, [times] TIMES, and places in the State wherethe
17 WRITTEN examinations [shall] WILL be held; AND

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

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

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