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

Introduced and read first time: January 13, 2006

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Producers - Licensing Requirements**

3 FOR the purpose of altering education requirements for an insurance producer
4 license; authorizing the Insurance Commissioner to waive certain requirements
5 for an insurance producer license for applicants who have been conferred certain
6 professional designations; altering the number of hours of continuing education
7 that an insurance producer is required to receive in a renewal period; requiring
8 an insurance producer to receive a certain number of hours of continuing
9 education in ethics for each renewal period; eliminating certain exceptions from
10 the continuing education requirements; prohibiting a sponsor of continuing
11 education from advertising or distributing promotional materials regarding a
12 continuing education course unless the course has been approved by the
13 Commissioner; authorizing the Commissioner to require an applicant for a
14 resident insurance producer license to submit to the Commissioner certain
15 information and fees necessary to apply for a criminal history records check;
16 authorizing the Commissioner to apply for a criminal history records check on
17 applicants for a resident insurance producer license; altering the expiration
18 dates of insurance producer licenses; defining a certain term; providing for the
19 effective dates of this Act; and generally relating to licensing requirements for
20 insurance producers.

21 BY adding to
22 Article - Insurance
23 Section 10-101(i), 10-105(g)(4), 10-111(d), and 10-115(a)(1)
24 Annotated Code of Maryland
25 (2003 Replacement Volume and 2005 Supplement)

26 BY repealing and reenacting, with amendments,
27 Article - Insurance
28 Section 10-101(i), (j), and (k), 10-104(f)(1)(i) and (h), 10-105(e)(1)(i) and (g)(3),
29 and 10-116(a)(2) and (3) and (d)
30 Annotated Code of Maryland
31 (2003 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, without amendments,
2 Article - Insurance
3 Section 10-104(a) and (b), 10-105(a), and 10-116(a)(1)
4 Annotated Code of Maryland
5 (2003 Replacement Volume and 2005 Supplement)

6 BY repealing
7 Article - Insurance
8 Section 10-115(a)(1)
9 Annotated Code of Maryland
10 (2003 Replacement Volume and 2005 Supplement)

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

13 **Article - Insurance**

14 10-101.

15 (I) "MAJOR LINES OF INSURANCE" MEANS:

16 (1) LIFE INSURANCE;

17 (2) ACCIDENT AND HEALTH OR SICKNESS INSURANCE;

18 (3) PROPERTY INSURANCE;

19 (4) CASUALTY INSURANCE;

20 (5) VARIABLE LIFE AND VARIABLE ANNUITY PRODUCTS; OR

21 (6) PERSONAL LINES OF PROPERTY AND CASUALTY INSURANCE.

22 [(i)] (J) (1) "Title insurance producer" means a person that, for
23 compensation, solicits, procures, or negotiates title insurance contracts.

24 (2) "Title insurance producer" includes a person that provides escrow,
25 closing, or settlement services that may result in the issuance of a title insurance
26 contract.

27 (3) "Title insurance producer" does not include:

28 (i) individuals employed and used by title insurance producers for
29 the performance of clerical and similar office duties;

30 (ii) a financial institution as defined in § 1-101(i) of the Financial
31 Institutions Article that does not solicit, procure, or negotiate title insurance
32 contracts for compensation; or

1 (iii) a title insurance insurer that is licensed under this article.

2 [(j)] (K) "Uniform application" means the current version of the NAIC
3 Uniform Application for resident and nonresident insurance producer licensing.

4 [(k)] (L) "Uniform business entity application" means the current version of
5 the NAIC uniform business entity application for resident and nonresident business
6 entities.

7 10-104.

8 (a) This section applies to:

9 (1) a license to act as an insurance producer for insurance other than life
10 insurance, health insurance, or annuities;

11 (2) a limited lines license to act as an insurance producer for limited line
12 credit insurance other than credit life insurance or credit health insurance; and

13 (3) a limited lines license to act as an insurance producer for a line of
14 insurance described in §§ 10-122 through 10-125 of this subtitle.

15 (b) To qualify for a license to which this section applies, an individual
16 applicant must meet the requirements of this section.

17 (f) (1) Except as otherwise provided in this section:

18 (i) [so that the applicant is reasonably familiar with the kind or
19 subdivision of insurance for which the applicant wants to be licensed] FOR TITLE
20 INSURANCE, LIMITED LINE AUTOMOBILE INSURANCE, AND FOR EACH OF THE MAJOR
21 LINES OF INSURANCE FOR WHICH THE APPLICANT WANTS TO BE LICENSED, the
22 applicant must complete successfully a program of [studies] 20 HOURS OF
23 CLASSROOM STUDY OR 20 HOURS OF VERIFIABLE INDIVIDUAL STUDY that has been
24 established or approved by the Commissioner;

25 (h) The Commissioner may waive the requirements of subsections (f) and (g) of
26 this section for an applicant for a license for property insurance or casualty insurance
27 if the applicant:

28 (1) (i) has been conferred the Chartered Property Casualty
29 Underwriter (C.P.C.U.) designation by The American Institute for Chartered Property
30 Casualty Underwriters; and

31 (ii) is a member in good standing of the Society of Chartered
32 Property and Casualty Underwriters;

33 (2) has been conferred the designation of Fellow of the Casualty
34 Actuarial Society; [or]

35 (3) has been conferred the designation of Certified Insurance Counselor
36 (CIC) by the Society of Certified Insurance Counselors; OR

1 (4) HAS BEEN CONFERRED THE DESIGNATION OF:

2 (I) ACCREDITED ADVISER IN INSURANCE (AAI); OR

3 (II) ASSOCIATE IN RISK MANAGEMENT (ARM).

4 10-105.

5 (a) To qualify for a license as an insurance producer for life insurance, health
6 insurance, annuities, nonprofit health service plans, dental plan organizations,
7 health maintenance organizations, or fraternal benefit societies an individual
8 applicant must meet the requirements of this section.

9 (e) (1) So that the applicant is reasonably familiar with the kind or
10 subdivision of insurance for which the applicant wants to be licensed:

11 (i) EXCEPT FOR VARIABLE LIFE AND VARIABLE ANNUITY
12 PRODUCTS, FOR EACH OF THE MAJOR LINES OF INSURANCE FOR WHICH THE
13 APPLICANT WANTS TO BE LICENSED, the applicant must complete successfully a
14 program of [studies] 20 HOURS OF CLASSROOM STUDY OR 20 HOURS OF VERIFIABLE
15 INDIVIDUAL STUDY that has been established or approved by the Commissioner;

16 (g) (3) The Commissioner may waive the examination requirement of this
17 section for life insurance for an applicant who:

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

20 2. is a member in good standing of the American Society of
21 Chartered Life Underwriters; or

22 (ii) has been conferred the designation of:

23 1. Fellow of the Society of Actuaries;

24 2. CERTIFIED EMPLOYEE BENEFIT SPECIALIST (CEBS);

25 3. CHARTERED FINANCIAL CONSULTANT (CHFC);

26 4. CERTIFIED INSURANCE COUNSELOR (CIC);

27 5. CERTIFIED FINANCIAL PLANNER (CFP);

28 6. FELLOW, LIFE MANAGEMENT INSTITUTE (FLMI); OR

29 7. LIFE UNDERWRITER TRAINING COUNCIL FELLOW
30 (LUTCF).

31 (4) THE COMMISSIONER MAY WAIVE THE EXAMINATION REQUIREMENT
32 OF THIS SECTION FOR HEALTH INSURANCE FOR AN APPLICANT WHO HAS BEEN
33 CONFERRED THE DESIGNATION OF:

- 1 (I) REGISTERED HEALTH UNDERWRITER (RHU);
2 (II) CERTIFIED EMPLOYEE BENEFIT SPECIALIST (CEBS);
3 (III) REGISTERED EMPLOYEE BENEFIT CONSULTANT (REBC); OR
4 (IV) HEALTH INSURANCE ASSOCIATE (HIA).

5 10-116.

6 (a) (1) Subject to subsections (b) and (c) of this section, the Commissioner
7 shall require an insurance producer to receive continuing education as a condition of
8 renewing the license of the insurance producer.

9 (2) (I) The Commissioner may not require an individual who holds a
10 license to receive more than[:

11 (i) 16] 24 hours of continuing education per renewal period[, if the
12 insurance producer has held a license for less than 25 consecutive years; and

13 (ii) 8 hours of continuing education per renewal period, if the
14 insurance producer has held a license for 25 or more consecutive years].

15 (II) OF THE 24 HOURS OF CONTINUING EDUCATION PER RENEWAL
16 PERIOD REQUIRED BY SUBPARAGRAPH (I) OF THIS PARAGRAPH, AT LEAST 3 HOURS
17 SHALL RELATE DIRECTLY TO ETHICS.

18 (3) Subject to paragraph (4) of this subsection, an insurance producer
19 may satisfy the continuing education requirements of this subsection by submitting to
20 the Commissioner or Commissioner's designee[:

21 (i)] proof that the insurance producer has completed at least [16]
22 24 hours of continuing education for the applicable renewal period[; or

23 (ii) proof that the insurance producer has completed at least 8
24 hours of continuing education for the applicable renewal period and an affidavit that,
25 over the previous 25 consecutive years, the insurance producer continually:

26 1. has held a license in the State; and

27 2. has been employed in the selling of insurance in the
28 State].

29 (d) (1) The Commissioner may review all continuing education courses
30 submitted and approve or disapprove courses.

31 (2) A SPONSOR OF CONTINUING EDUCATION MAY NOT ADVERTISE OR
32 DISTRIBUTE PROMOTIONAL MATERIALS REGARDING A CONTINUING EDUCATION
33 COURSE UNLESS THE COURSE HAS BEEN APPROVED BY THE COMMISSIONER.

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

3 **Article - Insurance**

4 10-111.

5 (D) (1) THE COMMISSIONER MAY REQUIRE AN APPLICANT FOR A RESIDENT
6 INSURANCE PRODUCER LICENSE TO SUBMIT TO THE COMMISSIONER:

7 (I) FINGERPRINTS AND ANY OTHER INFORMATION NECESSARY TO
8 APPLY FOR A RECORDS CHECK FOR THE EXISTENCE OF CRIMINAL CONVICTIONS IN
9 THE CRIMINAL HISTORY RECORDS INFORMATION MAINTAINED BY THE CRIMINAL
10 JUSTICE INFORMATION SYSTEM CENTRAL REPOSITORY OF THE DEPARTMENT OF
11 PUBLIC SAFETY AND CORRECTIONAL SERVICES AND RECEIVED FROM THE FEDERAL
12 BUREAU OF INVESTIGATION; AND

13 (II) THE PROCESSING FEES NECESSARY TO APPLY FOR THE
14 RECORDS CHECK.

15 (2) WITH RESPECT TO AN APPLICANT FOR A RESIDENT INSURANCE
16 PRODUCER LICENSE, THE COMMISSIONER MAY:

17 (I) APPLY FOR A RECORDS CHECK FOR THE EXISTENCE OF
18 CRIMINAL CONVICTIONS IN THE CRIMINAL HISTORY RECORDS INFORMATION
19 MAINTAINED BY THE CRIMINAL JUSTICE INFORMATION SYSTEM CENTRAL
20 REPOSITORY OF THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL
21 SERVICES AND RECEIVED FROM THE FEDERAL BUREAU OF INVESTIGATION; AND

22 (II) SUBMIT TO THE CRIMINAL JUSTICE INFORMATION SYSTEM
23 THE FINGERPRINTS, OTHER INFORMATION, AND PROCESSING FEES COLLECTED
24 FROM THE APPLICANT UNDER PARAGRAPH (1) OF THIS SUBSECTION.

25 (3) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS
26 SUBSECTION.

27 10-115.

28 (a) [(1) Licenses expire every other year on the anniversary of the date of
29 issuance of the license unless renewed as provided in this section.]

30 (1) UNLESS A LICENSE IS RENEWED FOR A 2-YEAR TERM AS PROVIDED
31 IN THIS SECTION, THE LICENSE EXPIRES:

32 (I) IF THE HOLDER OF THE LICENSE WAS BORN IN AN
33 EVEN-NUMBERED YEAR, ON THE LAST DAY OF THE MONTH IN WHICH THE HOLDER
34 OF THE LICENSE WAS BORN IN EACH EVEN-NUMBERED YEAR; OR

1 (II) IF THE HOLDER OF THE LICENSE WAS BORN IN AN
2 ODD-NUMBERED YEAR, ON THE LAST DAY OF THE MONTH IN WHICH THE HOLDER OF
3 THE LICENSE WAS BORN IN EACH ODD-NUMBERED YEAR.

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act
5 shall take effect January 1, 2007.

6 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
7 Section 3 of this Act, this Act shall take effect October 1, 2006.