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

Introduced and read first time: January 13, 2006

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 14, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance Producers - Licensing Requirements**

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

1 BY repealing and reenacting, with amendments,  
 2 Article - Insurance  
 3 Section 10-101(i), (j), and (k), 10-104(f)(1)(i) and (h), 10-105(e)(1)(i) and (g)(3),  
 4 and 10-116(a)(2) and (3) ~~and (d)~~  
 5 Annotated Code of Maryland  
 6 (2003 Replacement Volume and 2005 Supplement)

7 BY repealing and reenacting, without amendments,  
 8 Article - Insurance  
 9 Section 10-104(a) and (b), 10-105(a), and 10-116(a)(1)  
 10 Annotated Code of Maryland  
 11 (2003 Replacement Volume and 2005 Supplement)

12 BY repealing  
 13 Article - Insurance  
 14 Section 10-115(a)(1)  
 15 Annotated Code of Maryland  
 16 (2003 Replacement Volume and 2005 Supplement)

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

19 **Article - Insurance**

20 10-101.

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

- 22 (1) LIFE INSURANCE;
- 23 (2) ~~ACCIDENT AND HEALTH OR SICKNESS~~ INSURANCE;
- 24 (3) PROPERTY INSURANCE;
- 25 (4) CASUALTY INSURANCE;
- 26 (5) VARIABLE LIFE AND VARIABLE ANNUITY PRODUCTS; OR
- 27 (6) PERSONAL LINES OF PROPERTY AND CASUALTY INSURANCE.

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

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

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

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

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

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

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

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

12 10-104.

13 (a) This section applies to:

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

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

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

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

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

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

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

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

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

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

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

7 (4) HAS BEEN CONFERRED THE DESIGNATION OF:

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

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

10 10-105.

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

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

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

22 (g) (3) The Commissioner may waive the ~~examination requirement of this~~  
23 ~~section~~ REQUIREMENTS UNDER SUBSECTION (E) OF THIS SECTION AND PARAGRAPH  
24 (1) OF THIS SUBSECTION for life insurance for an applicant who:

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

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

29 (ii) has been conferred the designation of:

30 1. Fellow of the Society of Actuaries;

31 2. CERTIFIED EMPLOYEE BENEFIT SPECIALIST (CEBS);

32 3. CHARTERED FINANCIAL CONSULTANT (CHFC);

33 4. CERTIFIED INSURANCE COUNSELOR (CIC);

- 1                                   5.       CERTIFIED FINANCIAL PLANNER (CFP);
- 2                                   6.       FELLOW, LIFE MANAGEMENT INSTITUTE (FLMI); OR
- 3                                   7.       LIFE UNDERWRITER TRAINING COUNCIL FELLOW
- 4 (LUTCF).

5                   (4)       THE COMMISSIONER MAY WAIVE THE ~~EXAMINATION REQUIREMENT~~  
6 ~~OF THIS SECTION~~ REQUIREMENTS UNDER SUBSECTION (E) OF THIS SECTION AND  
7 PARAGRAPH (1) OF THIS SUBSECTION FOR HEALTH INSURANCE FOR AN APPLICANT  
8 WHO HAS BEEN CONFERRED THE DESIGNATION OF:

- 9                                   (I)       REGISTERED HEALTH UNDERWRITER (RHU);
- 10                                  (II)       CERTIFIED EMPLOYEE BENEFIT SPECIALIST (CEBS);
- 11                                  (III)       REGISTERED EMPLOYEE BENEFIT CONSULTANT (REBC); OR
- 12                                  (IV)       HEALTH INSURANCE ASSOCIATE (HIA).

13 10-116.

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

17                   (2)       (I)       ~~The~~ EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) OF THIS  
18 PARAGRAPH, THE Commissioner may not require an individual who holds a license to  
19 receive more than

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

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

24                                  (II)       IF AN INSURANCE PRODUCER HAS HELD A LICENSE FOR 25 OR  
25 MORE CONSECUTIVE YEARS AS OF OCTOBER 1, 2006, THE COMMISSIONER MAY NOT  
26 REQUIRE THE INSURANCE PRODUCER TO RECEIVE MORE THAN 8 HOURS OF  
27 CONTINUING EDUCATION PER RENEWAL PERIOD.

28                                  (III)       OF THE 24 HOURS OF CONTINUING EDUCATION PER RENEWAL  
29 PERIOD REQUIRED BY SUBPARAGRAPH (I) OF UNDER THIS PARAGRAPH, AT LEAST 3  
30 HOURS SHALL RELATE DIRECTLY TO ETHICS.

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

34                                  (i)       proof that the insurance producer has completed at least ~~{16}~~  
35 ~~24~~ hours of continuing education for the applicable renewal period; or

1 (ii) proof that the insurance producer has completed at least 8  
 2 hours of continuing education for the applicable renewal period and an affidavit that,  
 3 ~~over FOR~~ the previous 25 consecutive years ENDING OCTOBER 1, 2006, the insurance  
 4 producer continually:

- 5 1. has held a license in the State; and
- 6 2. has been employed in the selling of insurance in the  
 7 State}.

8 ~~(d) (1) The Commissioner may review all continuing education courses~~  
 9 ~~submitted and approve or disapprove courses.~~

10 ~~(2) A SPONSOR OF CONTINUING EDUCATION MAY NOT ADVERTISE OR~~  
 11 ~~DISTRIBUTE PROMOTIONAL MATERIALS REGARDING A CONTINUING EDUCATION~~  
 12 ~~COURSE UNLESS THE COURSE HAS BEEN APPROVED BY THE COMMISSIONER.~~

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

15 **Article - Insurance**

16 ~~40-111.~~

17 ~~(D) (1) THE COMMISSIONER MAY REQUIRE AN APPLICANT FOR A RESIDENT~~  
 18 ~~INSURANCE PRODUCER LICENSE TO SUBMIT TO THE COMMISSIONER:~~

19 ~~(I) FINGERPRINTS AND ANY OTHER INFORMATION NECESSARY TO~~  
 20 ~~APPLY FOR A RECORDS CHECK FOR THE EXISTENCE OF CRIMINAL CONVICTIONS IN~~  
 21 ~~THE CRIMINAL HISTORY RECORDS INFORMATION MAINTAINED BY THE CRIMINAL~~  
 22 ~~JUSTICE INFORMATION SYSTEM CENTRAL REPOSITORY OF THE DEPARTMENT OF~~  
 23 ~~PUBLIC SAFETY AND CORRECTIONAL SERVICES AND RECEIVED FROM THE FEDERAL~~  
 24 ~~BUREAU OF INVESTIGATION; AND~~

25 ~~(II) THE PROCESSING FEES NECESSARY TO APPLY FOR THE~~  
 26 ~~RECORDS CHECK.~~

27 ~~(2) WITH RESPECT TO AN APPLICANT FOR A RESIDENT INSURANCE~~  
 28 ~~PRODUCER LICENSE, THE COMMISSIONER MAY:~~

29 ~~(I) APPLY FOR A RECORDS CHECK FOR THE EXISTENCE OF~~  
 30 ~~CRIMINAL CONVICTIONS IN THE CRIMINAL HISTORY RECORDS INFORMATION~~  
 31 ~~MAINTAINED BY THE CRIMINAL JUSTICE INFORMATION SYSTEM CENTRAL~~  
 32 ~~REPOSITORY OF THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL~~  
 33 ~~SERVICES AND RECEIVED FROM THE FEDERAL BUREAU OF INVESTIGATION; AND~~

34 ~~(II) SUBMIT TO THE CRIMINAL JUSTICE INFORMATION SYSTEM~~  
 35 ~~THE FINGERPRINTS, OTHER INFORMATION, AND PROCESSING FEES COLLECTED~~  
 36 ~~FROM THE APPLICANT UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

1                   (3)     ~~THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS~~  
2 ~~SUBSECTION.~~

3 10-115.

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

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

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

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

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

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