

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE **Revised**

Senate Bill 67 (Chairman, Finance Committee)
(By Request – Departmental – Insurance Administration, Maryland)

Insurance Producers - Licensing Requirements

This departmental bill alters: (1) the educational requirements for initial licensure as an insurance producer; and (2) the continuing education requirements for renewal licensure as an insurance producer. The bill expands the list of professional designations for which the Maryland Insurance Commissioner may waive the examination requirement for an insurance producer license. The bill also authorizes the Commissioner to waive specified education and experience requirements for initial licensure as an insurance producer. In addition, the bill establishes a schedule for expiration of producer licenses that are not renewed, beginning January 1, 2007.

Fiscal Summary

State Effect: Any change in activities would not materially affect the finances of the Maryland Insurance Administration (MIA).

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: Generally, an applicant for a license as an insurance producer must successfully complete a program of 20 hours of classroom study or 20 hours of verifiable individual study for each specified line of insurance for which the individual wishes to be licensed. Generally, the Commissioner may not require licensed insurance producers to

receive more than 16 hours of continuing education during the two-year licensing renewal period. For insurance producers who have held a license for at least 25 consecutive years as of October 1, 2006, the Commissioner may not require more than eight hours during the renewal period. Of the required continuing education, at least three hours must be ethics-related.

Unless a licensee renews for an additional two-year period, the license expires on the last day of the month in which the licensee was born in an odd- or even-numbered year, depending on when the licensee was born.

Current Law: An applicant for an insurance producer license must successfully complete a course of study approved by the Commissioner. For life and health insurance lines, this includes 60 hours of study. For property and casualty lines, this includes 96 hours of study.

The Commissioner may require the holder of an insurance producer license to receive 16 hours of continuing education during the two-year renewal period if the holder has held a license for less than 25 consecutive years. If the holder has held a license for 25 or more consecutive years, the Commissioner may require the holder to receive eight hours of continuing education during the renewal period.

Applicants for a resident insurance producer license must: (1) submit an application form; (2) pay the applicable fee; and (3) submit specified information, including information required by the Commissioner to determine the professional competence, good character, and trustworthiness of the applicant.

Unless an insurance producer licensee renews the license for an additional two-year period, licenses expire every other year on the anniversary date of issuance.

Background: Chapter 731 of 2001 incorporated provisions of the Model Producer Licensing Act adopted by the National Association of Insurance Commissioners (NAIC) into Maryland's agent and broker licensing provisions, as required by the federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley). Specifically, Chapter 731 changed references to "insurance agents" and "insurance brokers" to "insurance producers" in the licensing laws. Chapter 731 also provides for reciprocity for nonresident insurance producers wishing to obtain a Maryland license.

As part of its efforts to comply with Gramm-Leach-Bliley, NAIC established a goal of uniform educational requirements for resident insurance producer licenses. This bill tracks the NAIC model.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, National Association of Insurance Commissioners, Department of Legislative Services

Fiscal Note History: First Reader - January 18, 2006
mll/ljm Revised - Senate Third Reader - March 27, 2006

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510