

HOUSE BILL 1589

C4

8lr0045

By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**

Introduced and read first time: March 3, 2008

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Producers – Licensing Requirements**

3 FOR the purpose of authorizing the Maryland Insurance Commissioner to waive
4 certain requirements for an insurance producer license for applicants who have
5 been conferred certain professional designations; repealing the authority of the
6 Commission to waive a certain examination requirement under certain
7 circumstances; altering the number of hours of continuing education that an
8 insurance producer is required to receive in a renewal period; requiring an
9 insurance producer to receive a certain number of hours of continuing education
10 in ethics for each renewal period; providing certain exemptions from the
11 continuing education requirements; altering the expiration dates of insurance
12 producer licenses; authorizing the Maryland Insurance Administration to issue
13 certain licenses for certain terms to transition the expiration date of certain
14 licenses; providing for the application of certain provisions of this Act; providing
15 for the effective dates of this Act; and generally relating to licensing
16 requirements for insurance producers.

17 BY repealing and reenacting, with amendments,

18 Article – Insurance

19 Section 10–104(h), 10–105(e) and (g), 10–115, and 10–116(a)(2) and (3)

20 Annotated Code of Maryland

21 (2003 Replacement Volume and 2007 Supplement)

22 BY repealing and reenacting, without amendments,

23 Article – Insurance

24 Section 10–105(a) and 10–116(a)(1)

25 Annotated Code of Maryland

26 (2003 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 10–104.

5 (h) The Commissioner may waive the requirements of [subsections (f) and
6 (g)] **SUBSECTION (F)** of this section for an applicant for a license for property
7 insurance or casualty insurance if the applicant:

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

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

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

15 (3) has been conferred the designation of Certified Insurance
16 Counselor (CIC) by the Society of Certified Insurance Counselors; **OR**

17 **(4) HAS BEEN CONFERRED THE DESIGNATION OF:**

18 **(I) ACCREDITED ADVISER IN INSURANCE (AAI); OR**

19 **(II) ASSOCIATE IN RISK MANAGEMENT (ARM).**

20 10–105.

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

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

27 (i) the applicant must complete successfully a program of
28 studies that has been established or approved by the Commissioner;

29 (ii) during the 3 years immediately preceding the date of
30 application, the applicant must have been employed regularly for periods totaling at
31 least 1 year:

1 1. by the Administration as an employee or by an
2 insurer or insurance producer; and

3 2. in responsible insurance duties in connection with the
4 kind or subdivision of insurance for which the applicant wants to be licensed; or

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

8 1. by an insurer or insurance producer; and

9 2. in connection with the kind or subdivision of
10 insurance for which the applicant wants to be licensed.

11 (2) In the case of an applicant for a limited lines license to act as an
12 insurance producer for credit life insurance or credit health insurance, the applicant
13 shall successfully complete a program of instruction that is:

14 (i) provided by an insurer that sells, solicits, or negotiates
15 limited line credit insurance; and

16 (ii) approved by the Commissioner.

17 **(3) THE COMMISSIONER MAY WAIVE THE REQUIREMENT OF**
18 **PARAGRAPH (1)(I) OF THIS SUBSECTION FOR LIFE INSURANCE FOR AN**
19 **APPLICANT WHO:**

20 **(I) 1. HAS BEEN CONFERRED THE CHARTERED LIFE**
21 **UNDERWRITER (C.L.U.) DESIGNATION BY THE AMERICAN COLLEGE OF LIFE**
22 **UNDERWRITERS; AND**

23 **2. IS A MEMBER IN GOOD STANDING OF THE**
24 **AMERICAN SOCIETY OF CHARTERED LIFE UNDERWRITERS; OR**

25 **(II) HAS BEEN CONFERRED THE DESIGNATION OF:**

26 **1. FELLOW OF THE SOCIETY OF ACTUARIES;**

27 **2. CERTIFIED EMPLOYEE BENEFIT SPECIALIST**
28 **(C.E.B.S.);**

29 **3. CHARTERED FINANCIAL CONSULTANT (CHFC);**

30 **4. CERTIFIED INSURANCE COUNSELOR (CIC);**

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

6 (4) **THE COMMISSIONER MAY WAIVE THE REQUIREMENT OF**
 7 **PARAGRAPH (1)(I) OF THIS SUBSECTION FOR HEALTH INSURANCE FOR AN**
 8 **APPLICANT WHO HAS BEEN CONFERRED THE DESIGNATION OF:**

- 9 **(I) REGISTERED HEALTH UNDERWRITER (RHU);**
 10 **(II) CERTIFIED EMPLOYEE BENEFIT SPECIALIST**
 11 **(C.E.B.S.);**
 12 **(III) REGISTERED EMPLOYEE BENEFIT CONSULTANT**
 13 **(REBC); OR**
 14 **(IV) HEALTH INSURANCE ASSOCIATE (HIA).**

15 (g) (1) Except as otherwise provided in this subsection, the applicant
 16 must pass an examination given by the Commissioner under this subtitle.

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

18 (i) an applicant for a license to act as an insurance producer
 19 only for selling credit life insurance or credit accident and health insurance or both to
 20 a borrower of money or buyer of goods in connection with a loan or credit transaction;

21 (ii) an applicant for a license to act as an insurance producer for
 22 a dental plan organization if the applicant for compensation solicited, procured, or
 23 negotiated contracts for dental plan organizations continuously from July 1, 1988, to
 24 June 30, 1989;

25 (iii) an applicant for a license to act as an insurance producer for
 26 a nonprofit health service plan if the applicant for compensation solicited, procured, or
 27 negotiated contracts for nonprofit health service plans continuously from July 1, 1988,
 28 to June 30, 1989; or

29 (iv) an applicant for a license to act as an insurance producer for
 30 a health maintenance organization if the applicant for compensation solicited,
 31 procured, or negotiated contracts for health maintenance organizations continuously
 32 from July 1, 1988, to June 30, 1989.

1 [(3) The Commissioner may waive the examination requirement of this
2 section for life insurance for an applicant who:

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

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

7 (ii) has been conferred the designation of Fellow of the Society of
8 Actuaries.]

9 10–116.

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

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

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

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

19 **(II) IF THE INDIVIDUAL HOLDS A TITLE INSURANCE**
20 **PRODUCER LICENSE, THE COMMISSIONER MAY NOT REQUIRE THE INSURANCE**
21 **PRODUCER TO RECEIVE MORE THAN 16 HOURS OF CONTINUING EDUCATION**
22 **PER RENEWAL PERIOD.**

23 **(III) IF AN INSURANCE PRODUCER HAS HELD A LICENSE FOR**
24 **25 OR MORE CONSECUTIVE YEARS AS OF OCTOBER 1, 2008, THE**
25 **COMMISSIONER MAY NOT REQUIRE THE INSURANCE PRODUCER TO RECEIVE**
26 **MORE THAN 8 HOURS OF CONTINUING EDUCATION PER RENEWAL PERIOD.**

27 **(IV) OF THE REQUIRED HOURS OF CONTINUING EDUCATION**
28 **PER RENEWAL PERIOD REQUIRED UNDER SUBPARAGRAPHS (I), (II), AND (III) OF**
29 **THIS PARAGRAPH, AT LEAST 3 HOURS SHALL RELATE DIRECTLY TO ETHICS.**

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

1 (i) proof that the insurance producer has completed [at least
2 16] **THE REQUIRED** hours of continuing education for the applicable renewal period;
3 or

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

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

8 2. has been employed in the selling of insurance in the
9 State.

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

12 **Article – Insurance**

13 10–115.

14 (a) (1) Licenses expire every other year [on the anniversary of the date of
15 issuance of the license unless renewed as provided in this section] **ON THE DATE**
16 **STATED ON THE LICENSE UNLESS RENEWED AS PROVIDED IN THIS SECTION.**

17 (2) If a license expires under paragraph (1) of this subsection, the
18 appointments held by the insurance producer shall be terminated as of the day of the
19 expiration of the license.

20 (b) At least 1 month before a license expires, the Commissioner shall mail to
21 the holder of the license, at the last known address of the holder:

22 (1) a renewal application form; and

23 (2) a notice that states:

24 (i) the date by which the Commissioner must receive the
25 renewal application for the renewal to be issued and mailed before the license expires;
26 and

27 (ii) the amount of the renewal fee.

28 (c) Subject to subsection [(f)] (G) of this section, before a license expires, the
29 holder of the license may renew it for an additional 2–year term, if the holder:

30 (1) otherwise is entitled to a license;

31 (2) files with the Commissioner a renewal application:

- 1 (i) on the form that the Commissioner provides; or
- 2 (ii) in an electronic format that the Commissioner approves;
- 3 (3) completes the continuing education requirements established
4 under § 10–116 of this subtitle; and
- 5 (4) pays to the Commissioner the renewal fee required by § 2–112 of
6 this article.

7 **(D) A LICENSE RENEWED UNDER THIS SECTION SHALL HAVE AN**
8 **EXPIRATION DATE THAT IS THE LAST DAY OF THE MONTH IN WHICH THE**
9 **HOLDER OF THE LICENSE WAS BORN.**

10 [(d)] **(E) (1)** If mailed, an application for renewal of a license shall be
11 considered made in a timely manner if it is postmarked on or before the expiration
12 date of the license.

13 (2) If submitted electronically, an application for renewal shall be
14 considered made in a timely manner if, on or before the expiration date of the license,
15 the application:

16 (i) is addressed properly or otherwise directed properly to an
17 information processing system that the Administration has designated or uses for the
18 purpose of receiving electronic applications and from which the Administration is able
19 to retrieve the application;

20 (ii) is in a form capable of being processed by that system; and

21 (iii) enters an information processing system outside the control
22 of the sender or of a person that sent the electronic application on behalf of the sender
23 or enters a region of the information processing system designated or used by the
24 Administration that is under the control of the Administration or an agent of the
25 Administration.

26 [(e)] **(F) (1)** The Commissioner shall renew the license of each holder
27 who meets the requirements of this section.

28 (2) If the holder of a license complies with subsections (b) and (c) of
29 this section before the license expires, the license remains in effect until the decision of
30 the Commissioner regarding the application for renewal is final.

31 [(f)] **(G) (1)** A license is considered renewed for purposes of this
32 subsection if the license is issued to a person for the period immediately following a
33 period for which the person previously possessed the same or a substantially similar
34 license.

1 (2) Before a license may be renewed under this section, the
2 Commissioner shall verify through the Office of the Comptroller that the applicant has
3 paid all undisputed taxes and unemployment insurance contributions payable to the
4 Comptroller or the Secretary of Labor, Licensing, and Regulation or that the applicant
5 has provided for payment in a manner satisfactory to the unit responsible for
6 collection.

7 [(g)] (H) The Commissioner may adopt regulations to:

8 (1) carry out this section; and

9 (2) develop a staggered system of renewals for licenses of insurance
10 producers.

11 SECTION 3. AND BE IT FURTHER ENACTED, That notwithstanding the
12 requirements of § 10–115 of the Insurance Article, beginning January 1, 2009, the
13 Maryland Insurance Administration may issue a renewal license for no less than 12
14 months and no more than 36 months to transition the expiration dates of producer
15 licenses from the current anniversary date to the last day of the month in which the
16 holder of the license was born.

17 SECTION 4. AND BE IT FURTHER ENACTED, That the continuing education
18 requirements under § 10–116 of the Insurance Article shall apply to licenses renewed
19 on or after October 1, 2009.

20 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
21 take effect January 1, 2009.

22 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in
23 Section 5 of this Act, this Act shall take effect October 1, 2008.