

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

Re-referred to: Economic Matters, March 7, 2008

Committee Report: Favorable

House action: Adopted

Read second time: March 24, 2008

CHAPTER _____

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,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Insurance
2 Section 10–105(a) and 10–116(a)(1)
3 Annotated Code of Maryland
4 (2003 Replacement Volume and 2007 Supplement)

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

7 **Article – Insurance**

8 10–104.

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

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

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

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

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

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

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

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

24 10–105.

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

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

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

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

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

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

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

11 1. by an insurer or insurance producer; and

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

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

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

19 (ii) approved by the Commissioner.

20 (3) **THE COMMISSIONER MAY WAIVE THE REQUIREMENT OF**
21 **PARAGRAPH (1)(I) OF THIS SUBSECTION FOR LIFE INSURANCE FOR AN**
22 **APPLICANT WHO:**

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

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

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

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

30 2. **CERTIFIED EMPLOYEE BENEFIT SPECIALIST**
31 **(C.E.B.S.);**

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

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

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

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

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

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

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

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

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

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

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

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

11 (ii) has been conferred the designation of Fellow of the Society of
12 Actuaries.]

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 Commissioner may not require an individual who holds
18 a license to receive more than[:

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

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

23 **(II) IF THE INDIVIDUAL HOLDS A TITLE INSURANCE**
24 **PRODUCER LICENSE, THE COMMISSIONER MAY NOT REQUIRE THE INSURANCE**
25 **PRODUCER TO RECEIVE MORE THAN 16 HOURS OF CONTINUING EDUCATION**
26 **PER RENEWAL PERIOD.**

27 **(III) IF AN INSURANCE PRODUCER HAS HELD A LICENSE FOR**
28 **25 OR MORE CONSECUTIVE YEARS AS OF OCTOBER 1, 2008, THE**
29 **COMMISSIONER MAY NOT REQUIRE THE INSURANCE PRODUCER TO RECEIVE**
30 **MORE THAN 8 HOURS OF CONTINUING EDUCATION PER RENEWAL PERIOD.**

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

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

3 (1) otherwise is entitled to a license;

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

5 (i) on the form that the Commissioner provides; or

6 (ii) in an electronic format that the Commissioner approves;

7 (3) completes the continuing education requirements established
8 under § 10-116 of this subtitle; and

9 (4) pays to the Commissioner the renewal fee required by § 2-112 of
10 this article.

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

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

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

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

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

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

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

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

4 [(f)] (G) (1) A license is considered renewed for purposes of this
5 subsection if the license is issued to a person for the period immediately following a
6 period for which the person previously possessed the same or a substantially similar
7 license.

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

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

15 (1) carry out this section; and

16 (2) develop a staggered system of renewals for licenses of insurance
17 producers.

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

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

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

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