

# CHAPTER 331

(House Bill 1589)

AN ACT concerning

## Insurance Producers – Licensing Requirements

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

BY repealing and reenacting, with amendments,

Article – Insurance

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

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, without amendments,

Article – Insurance

Section 10–105(a) and 10–116(a)(1)

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

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

### Article – Insurance

10–104.

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

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

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

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

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

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

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

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

10-105.

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

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

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

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

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

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

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

1. by an insurer or insurance producer; and
2. in connection with the kind or subdivision of insurance for which the applicant wants to be licensed.

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

- (i) provided by an insurer that sells, solicits, or negotiates limited line credit insurance; and
- (ii) approved by the Commissioner.

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

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

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

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

- 1. FELLOW OF THE SOCIETY OF ACTUARIES;**
- 2. CERTIFIED EMPLOYEE BENEFIT SPECIALIST (C.E.B.S.);**
- 3. CHARTERED FINANCIAL CONSULTANT (CHFC);**
- 4. CERTIFIED INSURANCE COUNSELOR (CIC);**
- 5. CERTIFIED FINANCIAL PLANNER (CFP);**
- 6. FELLOW, LIFE MANAGEMENT INSTITUTE (FLMI);**

**OR**

**7. LIFE UNDERWRITER TRAINING COUNCIL FELLOW (LUTCF).**

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

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

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

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

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

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

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

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

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

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

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

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

10–116.

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

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

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

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

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

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

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

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

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

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

1. has held a license in the State; and
2. has been employed in the selling of insurance in the State.

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

### **Article - Insurance**

10-115.

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

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

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

- (1) a renewal application form; and
- (2) a notice that states:
  - (i) the date by which the Commissioner must receive the renewal application for the renewal to be issued and mailed before the license expires; and
  - (ii) the amount of the renewal fee.

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

- (1) otherwise is entitled to a license;
- (2) files with the Commissioner a renewal application:
  - (i) on the form that the Commissioner provides; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) carry out this section; and
- (2) develop a staggered system of renewals for licenses of insurance producers.

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

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

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

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

**Approved by the Governor, April 24, 2008.**