

**NOTE**

This Bulletin was superseded by the amendments to R.I. Gen. Laws § 27-2.4-1 et seq. and Insurance Regulations 36, 40 and 103.

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**Department of Business Regulation**

233 Richmond Street  
Providence, RI 02903

# Insurance Bulletin Number 2002-7

**JUNE 2002 INFORMATIONAL BULLETIN REGARDING INSURANCE  
PRODUCER LICENSING**

**SEE SECTION VII BELOW FOR INCREASE IN FEES EFFECTIVE JULY  
1, 2002 UNTIL JUNE 30, 2003**

**I. Introduction**

In April, 2001 Rhode Island adopted the Producer Licensing Act, R.I. Gen. Laws §27-2.4-1 *et seq.* (the "Act") in response to requirements set forth in Title III, Section 321 of the Gramm-Leach-Bliley Act (P.L. 106-102) ("GLBA"), a federal law enacted on November 12, 1999. The GLBA requires twenty-nine (29) states, no later than 3 years after the date of the enactment of the GLBA, to enact: (1) uniform laws and regulations governing the licensure of individuals and entities to sell, solicit and/or negotiate the purchase of insurance within the State; or (2) reciprocity laws and regulations governing the licensure of nonresident individuals and entities authorized to sell, solicit or negotiate the purchase of insurance within those States. (Title III, Section 321(a) of GLBA).

The Act, which is based on the National Association of Insurance Producers ("NAIC") Producer Licensing Model Act, creates a system of reciprocity for producer licensing, supports uniform standards for key areas of producer licensing, enhances efficiency, and facilitates the support of NAIC technological regulatory initiatives.

The effective date of the Act is January 1, 2002. From this date forward, the Department will:

1. Accept the Uniform Applications for both residents and nonresidents. They are available at our website:
  - a. Uniform Application for Business Entity Resident And Nonresident License/Registration

b. Uniform Application for Resident and Nonresident License

Note: You must mail it to the Department; we are not able to accept electronic filings at this time.

2. Issue Licenses with the following newly designated lines of authority:  
Variable Life/Variable Annuity  
Life  
Accident & Health or Sickness  
Property  
Casualty  
Personal Lines  
Limited Line Credit  
Other Limited Line (designated in order to facilitate reciprocity for nonresidents)
3. If you are currently licensed, you will be deemed qualified for the lines of authority for which you are currently licensed as well as the lines of authority which fall under the designated categories as follows.

Thus, if you are currently licensed in:

- a. Life: You are eligible to be licensed in the next renewal cycle for Variable Life/Variable Annuities and Limited Line Credit Life lines of authority.
- b. Accident and Health: You are eligible to be licensed in the next renewal cycle for Limited Line Credit Accident and Health.
- c. Property and Casualty: You are eligible to be licensed in the next renewal cycle for: Property, Casualty, Personal Lines, Limited Line Credit Property, and Limited Line Credit Casualty.

## **II. Changes from Prior Law**

- A. **Newly Designated Lines**
  1. Variable Life/Variable Annuities
  2. Life
  3. Accident & Health or Sickness
  4. Property
  5. Casualty
  6. Personal Lines
  7. Limited Line Credit
  8. Other Limited Line (designated in order to facilitate reciprocity for nonresidents)

## B. Newly Designated Pre-Licensing Requirements

1. The Department will be submitting legislation to clarify the prelicensing requirements; however, at this time the pre-licensing requirements for the lines of authority are :

- a. For a Variable Life/Variable Annuities producer license, and/or Life, and/or Limited Line Credit Life: a total of thirty-two (32) hours consisting of twenty six (26) hours of courses in Life insurance and annuities and six (6) hours in relevant state laws in accordance with the life insurance producer course outline. Under Rhode Island law any person who offers or sells variable annuity or insurance products must possess a valid state securities license. This requirement is **in addition** to any insurance license authorizing the sale of variable products obtained from the Insurance Division. Please contact the Securities Division at (401) 222-3048 for further information.
- b. For an Accident and Health insurance producer license and/or Credit Accident and Health insurance producer license: a total of thirty-two (32) hours consisting of twenty-six (26) hours of courses in accident and health and six (6) hours of relevant state laws in accordance with the accident and health course outline.

**NOTE: If you are seeking an Accident and Health, and/or Credit Accident and Health insurance producer licenses in addition to any or all of the Variable Life/Variable Annuities, and/or Life, and/or Credit Life, you need a total of forty (40) hours of course instruction consisting of thirty-two (32) hours of Life and Annuities and/or Accident and Health and eight (8) hours of relevant state laws.**

- c. For Property, and/or Casualty, and/or Personal Lines Property and Casualty, and/or Credit Property, and/or Credit Casualty: a total of thirty-two (32) hours of courses consisting of twenty-six (26) hours of courses in Property and Casualty insurance and six (6) hours of relevant state laws in accordance with the property and casualty course outline.

1. Exemptions from Prelicensing Education Requirements:

a. For Individuals Residing in Another State:

An individual who applies for an insurance producer license in this state who was previously licensed for the same lines of authority in another state shall not be required to complete any prelicensing education or examination, but shall be required to certify knowledge of Rhode Island law applicable to insurance producers for the relevant line of authority. This exemption is only available if the person is currently licensed in that state or if the application is received within ninety (90) days of the cancellation of the applicant's previous license and if the prior state issues a certification that, at the time of cancellation, the applicant was in good standing in that state.

b. For Individuals Intending to Reside in Rhode Island:

A person licensed as an insurance producer in another state who moves to this state shall make application within ninety (90) days of establishing legal residence to become a resident insurance producer pursuant to R.I. Gen. Laws §27-2.4-8. No prelicensing education or examination shall be required of that person to obtain any line of authority previously held in the prior state.

c. See R.I. Gen. Laws §§ 27-3.1-10 and 27-3.3-10 for prelicensing education exemptions relating to further exemptions regarding college level courses, professional designations, and other exemptions from prelicensing education.

**III. Statutory Requirements for Licensure**

**A. Residents**

1. Completed current NAIC Uniform Application for Resident and Nonresident Insurance Producer Licensing;
2. Original certificates of completion for pre-licensing education requirements pursuant to R.I. Gen. Laws §§ 27-3.1-1 *et seq.* (for Variable Life/Variable Annuity, and/or Life, and/or Limited Line Credit Life, and/or Accident and Health, and/or Credit Accident and Health) and/or 27-3.3-1 *et seq.* (for Property, and/or Casualty, and/or Personal Lines Property and Casualty, and/or Credit Property, and/or Credit Casualty);

3. Proof of successful completion of written examination;
4. License fee: **\$60 per year** payable to State of Rhode Island General Treasurer;
5. Continuing Education Tracking Fee: **\$15.00** per year payable to State of Rhode Island General Treasurer; and
6. A waiver form for Bureau of Criminal Identification (“BCI”) Authorization.

#### **B. Nonresidents**

1. Completed current NAIC Uniform Application for Resident and Nonresident Insurance Producer Licensing;
2. License fee: **\$60** per year payable to State of Rhode Island General Treasurer ; or your resident state license fee if more than \$60 per year;
3. Continuing Education Tracking Fee: **\$15.00** per year payable to State of Rhode Island General Treasurer;
4. An original “Letter of Certification” or “Letter of Good Standing” from home state (dated within 90 days) for the line(s) of authority being sought in Rhode Island;
5. Proof that the nonresident’s home state awards nonresident insurance producer licenses to residents of Rhode Island on the same basis; if your home state does not award licenses to Rhode Island residents on the same basis, you must comply with preclicensing requirements delineated below; and
6. Pass review of background information criteria in Uniform Application pursuant to R.I. Gen. Laws § 27-2.4-14.

#### **C. Business Entities**

1. Completed current NAIC Uniform Business Entity Application;
2. An original “Letter of Certification” or “Letter of Good Standing” from home state (dated within 90 days) for the line(s) of authority being sought in Rhode Island;
3. License fee: **\$60** per year payable to State of Rhode Island General Treasurer or your resident state license fee if more than \$60 per year;
4. Continuing Education Tracking Fee: **\$15.00** per year payable to State of Rhode Island General Treasurer;
5. At least one corporate officer of the licensed business entity must hold a Rhode Island individual producer license; and
6. Pass review of background information criteria in Uniform Application pursuant to R.I. Gen. Laws § 27-2.4-14.

#### **IV. Continuing Education**

##### **A. Residents**

Any person holding a license issued pursuant to Title 27 of the Rhode Island General Laws shall, for each twelve (12) month period beginning with the first renewal of the license, satisfactorily complete, courses or programs of instruction or attend seminars (approved by the insurance commissioner) equivalent to a minimum of fifteen (15) accumulated credit hours with a minimum of five (5) hours of each designated class of insurance delineated as follows:

1. The following lines are deemed one “class” of insurance for continuing education purposes only: Variable Life/Variable Annuity, Life, Credit Life, Accident and Health, and Credit Accident and Health.
2. The other “class” of insurance for continuing education purposes only includes: Property, Casualty, Personal Lines, Credit Property, and Credit Casualty.

For example, if you are licensed with Variable Life/Variable Annuities, Life, Accident and Health, Property and Credit Casualty lines of authority, you are required to take a minimum of fifteen (15) total credits with at least five (5) of those credits in the class of Variable Life/Variable Annuities, or Life, Accident and Health, or Credit Life, or Credit Accident and Health; **and** you must also have at least five (5) of those credits in the class of Property, or Casualty, or Personal Lines, or Credit Property or Credit Casualty.

##### **B. Nonresidents**

You must comply with the continuing education requirements of your home state. If your home state does not award licenses to Rhode Island residents on the same basis or does not have a continuing education reciprocity agreement with Rhode Island, or does not require continuing education for your current license, you must comply with the Rhode Island residents’ continuing education requirements delineated above.

##### **C. Exemptions**

Rhode Island residents are exempt from continuing education requirements if you are sixty (60) years of age and have held a Rhode Island license continually for the last twenty (20) years without any interruption or lapse of your Rhode Island license.

V. **Renewals**

The Department is seeking to gradually issue two (2) year licenses. In that regard, we are phasing in two (2) year licenses. As the process is finalized you will be informed of when your license is valid for two (2) years. The fees are based on annual amounts and with two (2) year licenses, you must pay double fees. The renewal fees are **sixty dollars (\$60)** per year plus a **fifteen dollar (\$15)** per year continuing education tracking fee for a total of **seventy five dollars (\$75)** per year. **Please review your renewal form carefully when receiving the form.**

On the next renewal date you will be asked to clarify the lines for which you are seeking licensure. Please provide proof of compliance with all of the above stated requirements along with your renewal application.

VI. **Exceptions to Licensing**

Pursuant to R.I. Gen. Laws § 27-2.4-5 you do not need an insurance producer license if:

- A. The officer, director or employee of an insurer or producer provided the officer, director or employee does not receive any commission or fees on policies written or sold to insure risks residing, located or to be performed in Rhode Island and; either (i) the officer director or employee's activities are executive, administrative, managerial, clerical or a combination of these, and are only indirectly related to the sale, solicitation or negotiation of insurance; or (ii) the officer, director or employee's function relates to underwriting, loss control, inspection or the processing, adjusting, investigating or settling of a claim on a contract of insurance;
- B. The officer, director or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers where the person's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation or negotiation of insurance;
- C. A person who secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, group or blanket accident and health insurance; or for the purpose of enrolling individuals under plans; issuing certificates under plans or otherwise

assisting in administering plans; or performs administrative services related to mass marketed property and casualty insurance; where no commission or fee is paid to the person for the service;

- D. An employer or association or its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, director or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, as long as the employers, associations, officers, directors, employees or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts;
- E. Employees of insurers or organizations employed by insurers who are engaging in the inspection, rating classification of risks, or in the supervision of the training of insurance producers and who are not individually engaged in the sale, solicitation or negotiation of insurance;
- F. A person whose activities in this state are limited to advertising without the intent to solicit insurance in this state through communications in printed publications or other forms of electronic mass media whose distribution is not limited to residents of the state, provided that the person does not sell, solicit or negotiate insurance that would insure risks residing, located or to be performed in this state;
- G. A person who is not a resident of this state who sells, solicits or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract, provided that that person is otherwise licensed as an insurance producer to sell, solicit or negotiate that insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state;
- H. A salaried full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer provided that the employee does not sell or solicit insurance or receive a commission;

- I. A person engaged or employed as an attorney licensed to practice law in Rhode Island and provided those persons do not otherwise sell, solicit or negotiate insurance;
- J. An actuary or a certified public accountant engaged or employed in a consulting capacity performing duties incidental to that position and provided those persons do not otherwise sell, solicit or negotiate insurance; or
- K. A licensed public adjuster acting within the scope of an applicable license and provided those persons do not otherwise sell, solicit or negotiate insurance.

**VII. FEES**

**Pursuant to a 2002 amendment to R.I. Gen. Laws §§ 27-2.4-4 and 27-3.2-9, insurance producer licensing fees for the period commencing July 1, 2002 and ending on June 30, 2003 shall be as follows: (Items A, B,C, F, and G below reflect a \$10.00 increase in fees)**

<b>A.</b>	<b>Initial insurance producer license:</b>	<b>\$60.00</b>
<b>B.</b>	<b>Annual insurance producer renewal:</b>	<b>\$60.00</b>
<b>C.</b>	<b>Continuing Education Tracking fee:</b>	<b>\$15.00</b>
<b>D.</b>	<b>*Duplicate License Fee:</b>	<b>\$25.00</b>
<b>E.</b>	<b>**Letter of Certification</b>	<b>\$13.00</b>
<b>F.</b>	<b>***Reinstatement Fee:</b>	<b>\$135.00</b>
<b>G.</b>	<b>****Annual company contract fee:</b>	<b>\$35.00</b>

\*Request must be in writing

\*\*Request must be in writing and must include self-addressed stamped envelope

\*\*\*Pursuant to R.I. Gen. Laws § 27-2.4-9(c) a license that expires is renewable within one year without examination and only upon payment of double the renewal fee: \$60 License Fee +\$60 Reinstatement Fee + \$15.00 Continuing Education Tracking Fee for a total Reinstatement fee of \$135.

\*\*\*\*To be paid by all insurance companies contracting with insurance producers. Fee is per producer for the calendar year of January 1 to December 31 and is due on or before March 1 of the following year.