

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903

**NOTICE OF PROPOSED AMENDMENT TO REGULATIONS
AND NOTICE OF PUBLIC HEARING**

Notice is hereby given, in accordance with R.I. Gen. Laws §§ 42-14-17 and 42-35-3, that the Department of Business Regulation (“Department”) proposes to amend the following Regulations:

Insurance Regulation 40 – Continuing Education for Insurance Producers

The proposed amendments are designed to clarify the continuing education requirements for insurance producers and eliminate the exemption from continuing education on the first renewal. The proposed amendments clarify submission of courses to the Department by Continuing Education Course Providers, clarify approval of reciprocal courses and increase the per course fee to place Rhode Island in a similar situation as other states. The remainder of the changes are to grammar and form.

Insurance Regulation 103 – Licensing and Renewal Fees

The proposed amendments are designed to increase the readability of the regulation as to fees charged, add fees for Third Party Administrator and Reinsurance Intermediaries, and define requirements for the Annual Contracted Producer Report. The fees charged are unchanged with the exception of a reduction in the fee for amendment or reinstatement of an insurance producer license, elimination of the application fee for a Surplus Lines Brokers license, and an increase in the fee for a title insurance producer in accordance with R.I. Gen. Laws § 27-2.4-4. The remainder of the changes are to grammar and form.

Notice is also given that the Department will hold a public hearing beginning at 10:00 a.m. on June 18, 2008 in the Main Hearing Room of the Department regarding the proposed amended regulations. All interested person may submit their views, data or argument orally at the public hearing, or by email to edwyer@dbi.state.ri.us or in writing mailed to the Department’s offices. ALL WRITTEN SUBMISSIONS MUST BE RECEIVED NOT LATER THAN JUNE 18, 2008 AT 10:00 A.M.

The proposed amended regulations and the summary of non-technical changes may be obtained from the Department’s website www.dbr.state.ri.us or may be obtained

from the Insurance Division of the Department at 233 Richmond Street, Providence, RI 02903 by mail or in person during regular business hours. In the development of the amendments, consideration was given to overlapping approaches, overlap and duplication with other statutory and regulatory provisions and economic impact on small business and cities and towns.

The hearing room is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Insurance Division at (401) 222 2223 or TDD 711 not less than ninety-six (96) hours in advance of the hearing date.

A. Michael Marques
Director, Department of Business Regulation

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INSURANCE REGULATION 40

CONTINUING EDUCATION FOR INSURANCE PRODUCERS

Summary of Non-Technical Proposed Amendments

In accordance with R.I. Gen. Laws § 42-35-3 the following is a concise summary of all non-technical amendments being proposed with regard to this regulation:

Section 3 –amendment adds the definitions of Director and NAIC

Section 4 –section adds the fifth statutory major line of authority.

Section 6 –amendment eliminates the exemption from continuing education on a producer’s first license renewal. The amendment also adds instructions for a person with all five lines of authority concerning the areas in which continuing education must be done.

Section 8 – section has been added to provide detail on the approval of course providers, course approval and reciprocal state approval. Section also increases the per course fee to bring Rhode Island’s fees into line with other states.

Section 12 - section increases the per course fee to bring Rhode Island’s fees into line with other states.

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INSURANCE REGULATION 40

CONTINUING EDUCATION FOR INSURANCE PRODUCERS

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Section 1 *Authority*

This Regulation is promulgated in accordance with R.I. Gen. Laws: §§ 27-3.2-1 *et seq.* and 42-14-17.

Section 2 *Purpose*

The purpose of this ~~chapter regulation~~ is to establish requirements and standards for continuing education programs for individual resident insurance producers.

Section 3 *Definitions*

As used in this Regulation:

A. “Continuing Education Course Provider” or “Provider” shall mean any person or entity which seeks and receives approval from the Department to provide a

continuing education course(s) for insurance producers pursuant to R.I.G. L. § 27-3.2-1 et seq.

- ~~AB.~~ “Department” shall mean Department of Business Regulation, Division of Insurance.
- C. “Director” shall mean the Director of the Department of Business Regulation or his or her designee.
- ~~B.~~ “NAIC” shall mean National Association of Insurance Commissioners.
- ~~CD.~~ “License” shall mean a document issued by the Department authorizing a person to act as an insurance producer for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent or inherent authority, in the holder to represent or commit an insurance carrier.
- ~~E.~~ “NAIC” shall mean National Association of Insurance Commissioners.
- ~~DE.~~ “Resident” shall mean a person who either resides in Rhode Island or maintains an office in Rhode Island where the business of producing insurance is transacted and designates Rhode Island as the residence for purposes of licensure.
- ~~GE.~~ “Reciprocal State” shall mean any state which grants nonresident insurance producer licenses to licensed Rhode Island insurance producers without the necessity of examination on the basis of the Rhode Island license.
- ~~F.~~ “Continuing Education Course Provider” or “Provider” shall mean any person or entity which seeks and receives approval from the Department to provide a continuing education course(s) for insurance producers pursuant to R.I.G. L. § 27-3.2-1 et seq.

Section 4 *Applicability*

This Regulation applies to ~~individual~~ resident insurance producers licensed to engage in the sale of the following lines or class of insurance:

1. Life insurance;
2. Health & Accident and Sickness insurance;
3. Property insurance;
4. Casualty insurance and
5. All other lines of insurance for which an examination is required for licensing

Section 5 *Exemptions*

This chapter does not apply to:

1. Those residents holding licenses to sell any kind or kinds of insurance for which an examination is not required;
2. Persons holding a limited line credit insurance license or a license which is otherwise exempted by the Department;
3. Non-resident licensees who meet continuing education requirements established by the insurance department in their home state if the home state is reciprocal with the State of Rhode Island; or
4. Residents holding a license continuously without a lapse of licensure for twenty-five (25) years and who are age fifty-five (55) at the time of renewal or persons who had held a license for at least twenty (20) years and were at least sixty (60) years of age as of July 3, 2004.
 - A. A lapse has occurred if the producer's license expired and was not reinstated.
 - B. A producer's license may be reinstated if the producer submits an Application of License Reinstatement and pays the renewal fee within thirty (30) days of expiration. If the application is submitted more than thirty (30) days after expiration of the license, the licensee must pay both the renewal fee and a reinstatement fee. If a license is reinstated it is not considered to have lapsed. Licenses cannot be reinstated more than one year after expiration.
 - C. A producer who reinstates must complete continuing education in exactly the same manner as would have been required if the license was renewed prior to the expiration date.
5. Any exemption granted by the Department.

Section 6 **Educational Requirements**

Any person to which this Regulation applies shall, for each twenty four (24) month period ~~beginning with the first renewal of the license~~, satisfactorily complete approved continuing education courses equivalent to a minimum of twenty four (24) accumulated credit hours with a minimum of five (5) hours in each line of authority for which the producer is licensed and a minimum of three (3) hours in ethics. Producers will not receive credit for a repeat of the same course within the ~~two-year~~two-year renewal cycle. For persons with all five lines of authority, five (5) hours each must be completed in Life; Health & Accident and Sickness; Property and Casualty lines of authority.

A person teaching any approved course of instruction or lecturing at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, seminar, or program.

Section 7 **Approved Courses**

The following are the categories of courses that are approved for continuing education credit:

1. Pre-approved Courses
 - a. Any part of the life underwriter training council life course curriculum: twenty-five (25) hours; health course curriculum: twenty-five (25) hours;
 - b. Any part of the American College Certified Life Underwriter (CLU) diploma curriculum: thirty (30) hours;
 - c. Any part of the Insurance Institute of America's program in general insurance: twenty-five (25) hours;
 - d. Any part of the American Institute for Property and Liability Underwriter's Chartered Property Casualty Underwriter (CPCU) professional designation program: thirty (30) hours.
 - e. Any part of the certified insurance counselor program: twenty-five (25) hours;
 - f. Any insurance related course approved by the insurance commissioner taught by an accredited college or university, per credit hour granted: fifteen (15) hours;
 - g. Any part of the accredited advisor in insurance program: twenty-five (25) hours;
 - h. Any part of the registered health underwriter (RHU) designation program: thirty (30) hours;
 - i. Any part of the Fellow, Life Management Institute (FLMI) professional designation program: thirty (30) hours.

2. Rhode Island approved courses

~~(a) Any course or program of instruction, seminar or correspondence course approved by the Director shall qualify for the number of hours assigned to it by the Director. Courses approved for Rhode Island shall be assigned a unique course number that is valid for a period of two (2) years. Providers are required to resubmit course material at least ninety (90) days prior to the expiration date of the course. Once the course is reviewed and approved, the provider shall be reassigned a new course number.~~

3. Courses approved in other states

Any nationally recognized approved continuing education course, program of instruction, training seminar or correspondence course approved by a reciprocal state shall qualify for the same number of hours assigned to it by the reciprocal state as credit in Rhode Island as if it were approved by the Department.

Section 8 Approved Providers and Course Submissions

1. Each Continuing Education Course Providers shall register with the Department on a form and in a manner designated by the Department. Once registered the Provider may submit courses for approval as described below. The provider is responsible for keeping all information on file with the Department current. There is no fee for this registration.
2. Rhode Island Approved Courses
 - a. Providers shall submit an application for course approval on a form and in a manner designated by the Department.
 - b. In addition to the application and course materials, Providers must remit a nonrefundable fee of fifty dollars (\$50) for each course submitted.
 - c. Courses approved for Rhode Island shall be assigned a unique course number that is valid for a period of two (2) years. If the course is resubmitted after the two-year period, such course shall be reassigned a new course number.
 - d. The provider submit all course material, for both new submissions and renewals, at least ninety (90) days prior to the proposed effective date of the course.
3. Courses Approved in Reciprocal States
 - a. If a course has been approved in the Provider's home state, Providers should submit an application for reciprocal approval in a manner and on a form approved by the Department.
 - b. In addition to the application and reciprocal state approval, Provider must remit a nonrefundable fee of fifty dollars (\$50) for each course submitted.

Section 89 Continuing Education Advisory Board

The Department will be assisted in the review and approval process of Rhode Island courses by two continuing education advisory boards. The Life, Accident & Health and Sickness Board shall consist of up to six (6) persons considered by the Department to have sufficient experience in the effected lines of insurance as necessary to advise the

Department on the approval of courses. Persons who are representatives of the Rhode Island Association of Insurance and Financial Advisors, the Independent Insurance Agents of Rhode Island and the Rhode Island Society of Financial Service Professionals are presumed to have such expertise. The Property & Casualty Board shall consist of up to six (6) persons considered by the Department to have sufficient experience in the effected lines of insurance as necessary to advise the Director on the approval of courses. Persons who are representatives of the Independent Insurance Agents of Rhode Island, Rhode Island Association of Insurance and Financial Advisors and the Chartered Property and Casualty Underwriters are presumed to have such expertise.

The board members shall be appointed by the Department Director and shall serve at his or her pleasure. Board Members shall serve indefinite terms unless and until removed by the Department Director or upon resignation. The Department Director shall be empowered to fill any unexpired term upon a vacancy. The Boards shall meet at least once a year and additionally as required. The Boards shall advise the Department Director on the plans and operations of the continuing education program for any person licensed pursuant to this title and not exempt pursuant to the Regulation.

Section 910 Compliance

1. Any person licensed pursuant to this title and not exempt under section 5 of this Regulation shall comply with all of the terms and requirements of this chapter.
2. Up to twenty-four (24) excess continuing education credits accumulated during a biennial license cycle may be carried forward through the end of the next renewal period.
3. Residents are required to maintain copies of continuing education course certificates that are issued by the approved course provider.
3. The Department Director, for good cause shown, may grant an extension of time during which the requirements of this chapter may be completed. Unless the Department Director finds extraordinary circumstances that extension of time shall not exceed the period of one year.
4. Every person subject to the provisions of this chapter shall furnish, in a form satisfactory to the Department Director, written certification as to the courses, programs, or seminars of instruction taken and successfully completed by that person. The certification shall be executed by or on behalf of the sponsoring organization.

Section 1011 Penalty

Any person failing to meet the requirements of this chapter and who has not been granted an extension of time within which to comply or who has submitted a false or fraudulent certificate of compliance, shall be subject to any or all of the penalties in R.I.G.L § 42-14-16. Such person will be given the opportunity to dispute the allegations and/or penalty pursuant to R.I.G.L. § 42-35-1 *et seq.*

Section ~~11~~12 Fees

1. All persons licensed pursuant to R.I.G.L. § 27-2.4-1 *et seq.* shall pay a fee of five dollars (\$5.00) per annum along with continuing education compliance.
2. All Continuing Education Course Providers shall be charged a fee of fifty dollars (~~\$2550.00~~) for the approval of each continuing education course submitted for approval.

Section ~~12~~13 Collection of Continuing Education Course Data

The Department may contract with non-governmental entities, including the NAIC or any affiliates or subsidiaries that the NAIC oversees, to perform any ministerial functions, including the collection of continuing education course data, related to licensing that the Department may deem appropriate.

Section ~~13~~14 Severability

If any provision of this Regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this Regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this Regulation are severable.

Section ~~14~~15 Effective Date

This Regulation shall be effective as indicated below.

EFFECTIVE DATE: January 1, 2007
AMENDED: July , 2008