

**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION**

Division of Insurance

**1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

Public Notice of Proposed Rule-Making

Pursuant to the provisions of R.I. Gen. Laws § 27-2.4-21, and in accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws, the Department of Business Regulation hereby gives notice of its intent to amend Insurance Regulation 36 – Insurance Producer Prelicensing.

The purpose of this amendment is to bring the regulation into conformance with the statutory change which made prelicensing education optional for insurance producer candidates.

The proposed regulation and concise summary of non-technical amendments are available for public inspection at www.dbr.ri.gov, in person at Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, or by email edwyer@dbr.ri.gov or by calling Elizabeth Kelleher Dwyer at (401) 462 9520.

In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by November 15, 2012 to Elizabeth Kelleher Dwyer, Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, edwyer@dbr.ri.gov. A public hearing to consider the proposed amendment shall be held on November 15, 2012 at 10:00 am at 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard.

All are welcome at the Rhode Island Department of Business Regulation ("DBR"). If any reasonable accommodation is needed to ensure equal access, service or participation, please contact DBR at 401-462-9551, RI Relay at 7-1-1, or email directorofficeinquiry@dbr.ri.gov at least three (3) business days prior to the hearing.

Paul McGreevy
Director, Department of Business Regulation

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Concise Summary of Proposed Non-technical Amendments
to
Insurance Regulation Number 36 – Insurance Producer Prelicensing

In accordance with the Administrative Procedures Act, Section 42-35-3(a)(1) of the General Laws of Rhode Island, following is a concise summary of proposed non-technical amendments:

1. Section 2 is amended to reflect that prelicensing is now optional for insurance producers.
2. Section 4 is amended to clarify the optional nature of prelicensing and indicate that the Department will continue to approve courses for use by insurance producer candidates.
3. Section 5 is amended to correct the name of a representative organization on the LAH board and make grammatical changes.
4. Section 6 is amended to provide specific instructions on electronic submissions and standards for approval of courses.
5. Sections 7, 8, 9 and 10 are deleted as they are no longer necessary due to the statutory change making prelicensing optional.

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DEPARTMENT OF BUSINESS REGULATION
Division of Insurance

~~233 Richmond Street~~1511 Pontiac Avenue
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INSURANCE REGULATION 36

INSURANCE PRODUCER PRE-LICENSING ~~EDUCATION REQUIREMENTS~~
~~FOR RESIDENTS~~

Table of Contents

Section 1	Authority
Section 2	Purpose
Section 3	Definitions
Section 4	General Requirements <u>Prelicensing Courses</u>
Section 5	Advisory Board Members
Section 6	Course Approval
Section 7	Course Hour Requirements
Section 8	Certification of Students
Section 9	Period of Validity for Prelicensing Course Certificates
Section 10	Exemptions from Prelicensing Education
Section 11 <u>7</u>	Severability
Section 12 <u>8</u>	Effective Date

Section 1 *Authority*

This Regulation is promulgated in accordance with R.I. Gen. Laws § 27-2.4-21, R.I. Gen. Laws § 42-14-17 and R.I. Gen. Laws §§ 42-35-3 *et seq.*

Section 2 *Purpose*

The purpose of this Regulation is to set forth the Prelicensing Education ~~required available to for all~~ applicants for a Resident Insurance Producer License issued by the State of Rhode Island.

Section 3 *Definitions*

As used in this Regulation:

- A. “Course Provider” shall mean those Prelicensing Providers that have been approved by the Department to offer prelicensing courses for Rhode Island resident insurance producers.
- B. “Department” shall mean the Insurance Division of the Department of Business Regulation.

- C. “Insurance Producer” shall mean a person required to be licensed under the laws of this state to sell, solicit or negotiate insurance.
- D. “License” shall mean a Rhode Island Insurance producer license.
- E. “Line of Authority” shall mean a license to sell, solicit or negotiate a specific type of insurance.
- F. “NAIC” shall mean the National Association of Insurance Commissioners.
- G. “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.

Section 4 *General Requirements Prelicensing Course*

Any person applying for a Rhode Island Resident Insurance Producer License, ~~other than those exempt pursuant to Section 10 of this Regulation, must successfully~~ is encouraged to complete approved prelicensing education before taking the state producer license examination. ~~The prelicensing education required by this Regulation shall be satisfied by the successful completion of course(s), with credits totaling that required by Section 7 of this Regulation, approved for prelicensing for the particular line of authority by the Department.~~

~~There shall be established a~~ A advisory boards for property & casualty insurance and for life, accident & health or sickness insurance ~~which~~ shall assist the Department in determining whether courses, providers and instructors shall receive Departmental approval for prelicensing education. The advisory board shall receive proposals from course providers describing proposed prelicensing education courses, providers and instructors. The appropriate advisory board will review the proposal and make recommendations to the Department as to whether the courses, providers, and instructors ~~and credits hours~~ should be approved for each course. The advisory boards shall be guided by any standards approved by the NAIC to promote uniform prelicensing requirements among the states.

The Department will maintain a list of providers and courses that have been approved by the Department and make that information available to any applicant for a resident insurance producer license. Candidates are encouraged, but not required, to take a prelicensing course prior to taking the Rhode Island state producers licensing examination.

~~Only successful completion of courses approved by the Department will satisfy the requirements of the Regulation.~~

Section 5 Advisory Board Members

There shall be established two separate advisory boards. The property & casualty advisory board shall consist of the following members:

- one representative of R.I. CPCU Society; and
- two representatives of the Independent Insurance Agents of Rhode Island (“IIARI”);
- two representatives whom the Department has determined have sufficient education and/or experience to competently evaluate course offerings.

The life, accident & health and sickness advisory board shall consist of the following members:

- two representatives of R.I. Society of Financial Service Professionals (“RISFSP”), and
- two representatives of the R.I. National Association of Insurance and Financial Advisors of Rhode Island (“RIAIFANAIFA RI”).
- two representatives whom the Department has determined have sufficient education and/or experience to competently evaluate course offerings.

All representatives of organizations shall be designated by their organization's board of directors and appointed by the Department. Board members shall serve indefinite terms unless and until removed by the Department or upon resignation.

Section 6 Course Approval

A. Course Submissions

1. The Course Provider shall electronically submit course outlines, complete copies of the materials to be provided to the student along withand any pertinent information and/or materials requested by the Department or the advisory board, for approval. ~~Prior to being offered or advertised, any prelicensing course must be approved by the Department. Any change in the course must be approved by the Department prior to being implemented.~~
2. The materials may be provided to the student in printed form (books, manuals, etc.) or electronic medium (CD-ROM, on-line programs, etc.). If the course provider opts for an electronic medium, it must include in its submission a means for the advisory board and the Department to review

the materials – such as a disc or a link (with a useable password, etc.) by which the reviewer may access the study material.

3. Prelicensing courses may consist either of classroom study or verifiable self study (including online courses). Evaluation of any proposed course shall be based upon the substance of the course and not its method of delivery. The manner of verification of a self study course will be taken into account in the approval of said course and the provider should provide the specific method of verification.

4. All submissions shall be made electronically by submitting all materials to inslic@dbr.ri.gov

5. Every course submission must include the following information with the submission:

a. full name of the course provider;

b. provider's mailing/correspondence address;

c. full name of provider's contact person who is authorized to speak responsibly on behalf of the provider;

d. contact person's telephone number and email address;

e. format(s) in which the course material may be made available to students – printed material, Internet-accessible, or some other means;

B. In evaluating courses the advisory board and the Department will determine satisfaction of the following criteria:

1. Materials for an approvable course must adequately address every topic contained in the General Knowledge Content Outline and Rhode Island Specific Content Outline,

2. Material that is current, relevant, accurate, and that includes valid reference materials, graphics and interactivity.

3. Clearly defined objectives and course completion criteria

4. Specific instructions to register, navigate and complete the course work.

5. Technical support/provider representative be available during business hours.

6. Method for measuring the student's successful completion of course material and for evaluating the learning experience.

Section 7 — Course Hour Requirements

~~With regard to each of the four major lines of authority: (1) life (2) accident & health or sickness (3) property and (4) casualty, the applicant must successfully complete twenty (20) hours of instruction in the specific line including three (3) hours of relevant state law for each major line of authority.~~

~~For variable life and/or variable annuity, any person who offers or sells variable annuity or insurance products must also possess a valid sales representative license with the Rhode Island Securities Division. This requirement is in addition to any insurance license authorizing the sale of variable products obtained from the Insurance Division. The Department does not impose any additional prelicensing requirements for these lines outside of the requirement to obtain a sales representative license from the Securities Division.~~

~~For any other line of authority, please contact the Department for specific prelicensing requirements.~~

Section 8 — Certification and Verification

~~(a) A certificate of completion shall be issued by the approved Course Provider to each person satisfactorily completing the course.~~

~~(b) The certificate of completion shall contain the student's full name, residential address, name of the approved course, beginning date, date of completion, name of the approved Course Provider, the original or electronic signature of the instructor and any other information that the Department deems necessary.~~

~~(c) The certificate of completion must have been earned prior to sitting for the state license examination. The student shall be responsible for submitting the certificate of completion to the Department at the time that the insurance producer's application and passed examination results are submitted. If approved by the Department the certificate of completion may be transmitted electronically. Such electronic transmission will satisfy the applicant's responsibility to transmit the certificate to the Department.~~

Section 9 — Period of Validity for Prelicensing Course Certificates

~~Prelicensing certificates of completion shall be valid for a period of five (5) years from the date of completion. Prelicensing certificates of completion that are more than five (5) years old will not be accepted by the Department and students will be required to take an approved prelicensing course.~~

Section 10 — Exemption from Prelicensing Education

~~The following persons are exempt from prelicensing education:~~

- ~~An individual who was previously licensed for the same line(s) of authority in a reciprocal state. Such individual shall be required to certify knowledge of Rhode Island law applicable to insurance producers on a form approved by the Department. This exemption is only available if the person is currently licensed in the other state or if the application is received within ninety (90) days of the cancellation of the applicant's previous home state license and if the prior home state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records, maintained by the NAIC, it's affiliates or subsidiaries, indicates that the insurance producer is or was licensed in good standing for the line(s) of authority requested.~~
- ~~An individual holding a four (4) year degree from an accredited institution of higher learning with major course work in insurance.~~
- ~~An individual holding a current and valid AAI, ARM, CIC or CPCU designation are exempt from prelicensing education for property and casualty lines of authority.~~
- ~~An individual holding a current and valid RHU, CEBS, REBC or HIA designation is exempt from prelicensing education for accident & health or sickness line of authority.~~
- ~~An individual holding a current and valid CEBS, ChFC, CIC, CFP, CLU, FLMI or LUTCF designation are exempt from prelicensing education for life lines of authority.~~
- ~~Limited line credit insurance license.~~

Section 117 *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 of such provision or application thereof 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 126 *Effective Date*

This Regulation and the amendment thereto shall be effective as indicated below.

EFFECTIVE DATE:	September 1, 1985
AMENDED:	January 13, 1986
	February 24, 1986
REFILED:	December 19, 2001
AMENDED:	January 1, 2007
	<u>December</u> , 2012