

**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 40 – Continuing Education for Insurance Producers.

The purpose of this amendment is to clarify requirements for continuing education of insurance producers including submission instructions, course requirements and provider requirements.

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

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

Concise Summary of Proposed Non-technical Amendments
to
Insurance Regulation Number 40 – Continuing Education for Insurance Producers

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 3 is amended to add a definition of license renewal period.
2. Section 4 is amended to make grammatical changes, specify that there are five major lines of authority and that these are the only lines for which insurance producer continuing education is required.
3. Section 5 is amended to clarify the limited lines of authority available in Rhode Island and to remove a continuing education exemption that existed prior to 2004.
4. Section 6 is amended to make grammatical changes.
5. Sections 7 is amended to remove “preapproved courses” and to provide specific standards for Rhode Island approved courses including on line courses.
6. Section 8 is amended to provide additional clarification for provider registration and penalties for providers that fail to submit electronic rosters of producers completing courses within the required timeframes.
7. Section 10 is amended to provide clarification of the producers responsibility to maintain proof of compliance with continuing education requirements in addition to the course providers electronic submission.
8. Section 11 clarifies that a provider may be removed as an approved provider if the provider does not comply with the regulation requirements.

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

Division of Insurance

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

INSURANCE REGULATION 40

CONTINUING EDUCATION FOR INSURANCE PRODUCERS

Table of Contents

Section 1	Authority
Section 2	Purpose
Section 3	Definitions
Section 4	Applicability
Section 5	Exemptions
Section 6	Educational Requirements
Section 7	Approved Courses
Section 8	Approved Providers and Course Submissions
Section 9	Continuing Education Advisory Board
Section 10	Compliance
Section 11	Penalty
Section 12	Fees
Section 13	Collection of Continuing Education Course Data
Section 14	Severability
Section 15	Effective Date

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 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 is approved by the Department to provide continuing education course(s) for insurance producers pursuant to R.I. Gen. Laws §§ 27-3.2-1 *et seq.*

- B. "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.
- D. "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. "License Renewal Period" shall mean each biennial license period during which the individual holds the license prior to the renewal date.
- ~~EF.~~ "NAIC" shall mean National Association of Insurance Commissioners.
- ~~FG.~~ "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.
- ~~GH.~~ "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.

Section 4 Applicability

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

1. Life insurance;
2. Accident & 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~~ Personal Lines.

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-Residents holding a limited line credit insurance producer licenses limited to credit, crop, travel, surety, car rental or title insurance 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**

1. Any person to which this Regulation applies shall, for each ~~twenty-four (24) month~~biennial license period, satisfactorily complete approved continuing education courses equivalent to a minimum of twenty four (24) accumulated credit hours including three (3) hours of ethics.
2. 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.
3. Licensees who have relocated to Rhode Island after being licensed in another state shall provide, on the first renewal of the license, twenty four (24) credits consisting of courses approved either in the licensees prior resident state or in Rhode Island. The Department will accept a combination of such courses as long as the credits submitted total twenty four (24) including three (3) hours of ethics.

Section 7 Approved Courses

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

- ~~1. Pre-approved Courses—pre-approved courses must be submitted electronically to the Department with an explanation as to why the continuing education provider believes that the course is pre-approved. A course which qualifies as pre-approved will not be reviewed by the Advisory Board but will be assigned a course number.~~
 - ~~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.~~
21. Rhode Island approved courses
 - A. Any course or program of instruction, seminar or correspondence course approved by the Department shall qualify for the number of hours assigned to it by the Department after consultation with the Advisory Board as described in section 9 of this regulation.
 1. When the course is given by classroom instruction the number of hours for which it qualifies will be based on the number of actual classroom hours.

2. For course given in whole or partly online or by self study, the provider shall fully describe its calculation of the number of credit hours requested and the basis therefore.

B. In evaluating courses the Advisory Board and the Department will be looking for satisfaction of the following criteria:

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

2. Clearly defined objectives and course completion criteria

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

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

5. Process to authenticate student identity.

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

7. A monitor is not required for examinations.

C. The following criteria will be evaluated, in addition to those listed in B above, for on line courses:

1. Each producer should be required to enroll for the course before having access to course material.

2. Prevent access to the course exam before review of the course materials.

3. Prevent downloading of any course exam.

4. Provide review questions at the end of each unit/chapter and prevent access to the final exam until each set of questions are answered at a 70% rate.

5. Provide final exam questions that do not duplicate unit/chapter questions.

6. Prevent alternately accessing course materials and course exams.

32. 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. Continuing Education Course Providers
 - a. Each Continuing Education Course Provider shall register with the Department on a form and in a manner designated by the Department.
 - b. 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.
 - c. There is a one hundred dollar (\$100) initial fee and an annual fifty dollar (\$50) renewal fee for this registration.
 - d. All Continuing Education Course Providers shall renew their registration each year no later than January 1 regardless of when the initial registration was made. If the Provider fails to renew within thirty (30) days it will have to apply as a new Provider. Any courses approved for a provider that has failed to renew will have that approval terminated by virtue of the fact that the Provider has not renewed.
 - e. Continuing Education Course Providers shall submit course rosters electronically in accordance with instructions received by the Department and pay a fee of one dollar (\$1) per credit hour for each insurance producer who completes the course within ten (10) days of completion of the course. Failure to file the roster electronically shall be grounds to revoke the Providers ability to offer courses in Rhode Island.
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 sixty dollars (\$60) 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 must 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, the 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, the Provider must remit a nonrefundable fee of sixty dollars (\$60) for each course submitted.
4. Courses Available for Continuing Education Credit for Producers
- a. Courses are effective for two (2) years from the date the course is approved.
 - b. Courses must be resubmitted for approval, with updates, in order for the course to be offered after the two (2) year period. Courses will not be automatically renewed.
 - c. Currently registered Continuing Education Course Providers are eligible to submit courses to the Department for approval. Failure to renew registration as a Continuing Education Course Provider will result in the removal of the courses submitted by that provider from the valid course list.

Section 9 **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 Director and shall serve at his or her pleasure. Board Members shall serve indefinite terms unless and until removed by the Director or upon resignation. The 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 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 10 **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 twelve (12) excess continuing education credits accumulated during a biennial license cycle may be carried forward through the end of the next renewal period. Ethics credits will be carried forward as general credits so that the required three (3) ethics credit must be obtained during the biennial license cycle.
3. Although Providers are required to submit completion of course credits electronically, Residents are required to maintain copies proof of the continuing education course courses taken certificates that are issued by the approved course provider. Copies of these certificates need be submitted only if requested by the Department. Producers have the burden of showing compliance with continuing education requirements.
4. The Director, for good cause shown, may grant an extension of time during which the requirements of this chapter may be completed. Unless the Director finds extraordinary circumstances that extension of time shall not exceed the period of one year.
5. If requested by the Department, every person subject to the provisions of this chapter shall furnish, in a form satisfactory to the 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 11 **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. Gen. Laws § 42-14-16. Such person will be given the opportunity to dispute the allegations and/or penalty pursuant to R.I. Gen. Laws § 42-35-1 *et seq.* Any Provider that fails to comply with the requirements of this regulation, including electronic submission of credits, will be subject to being removed from the list of providers approved to offer courses in Rhode Island.

Section 12 *Fees*

1. All persons licensed pursuant to R.I. Gen. Laws § 27-2.4-1 *et seq.* shall pay a fee of five dollars (\$5) per annum along with continuing education compliance.
2. All Continuing Education Course Providers shall be charged a fee of sixty dollars (\$60) for the approval of each continuing education course submitted for approval.
3. All Continuing Education Course Providers shall be charged an initial registration fee of one hundred dollars (\$100).
4. All Continuing Education Course Providers shall be charged an annual renewal registration fee of fifty dollars (\$50).
5. All Continuing Education Course Providers will be charged a fee of one dollar (\$1) per credit hour for each insurance producer who completes the course.

Section 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 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 15 *Effective Date*

This Regulation shall be effective as indicated below.

EFFECTIVE DATE: January 1, 2007

AMENDED: September 1, 2008

 September 14, 2009

 May 13, 2010

December ____, 2012