

Legislature Approves Significant Licensing and Continuing Education Changes

Consumer protection has always been the Department of Insurance's primary goal, and we recognize the fact that state regulators who understand and react quickly to local market conditions and concerns better serve consumers. With this in mind, the Department believes that consumers', producers' and insurers' interests are best served by retaining the advantages of state-based regulation and avoiding federal oversight.

Since the enactment of the Gramm-Leach-Bliley Act (GLBA) in 1999, I have worked with the NAIC and other state regulators, consumer advocacy groups and industry associations to improve state regulation by gaining efficiencies through a national producer database and implementing national uniform licensing standards. These will eliminate barriers for producers and insurers across state boundaries; in North Carolina, these standards became effective on Jan. 1, 2008.

Agents, adjusters and insurers were mailed a comprehensive communication package explaining the new requirements. The package, mailed out in October, provided specific guidance on how they apply to licensees; web-based training and additional resources are also available online, www.ncdoi.com. Representatives from the Agent Services Division also gave presentations to numerous agent association groups throughout 2007 to communicate these changes to licensees.

The following are important highlights of changes impacting licensees:

1. Line of Authority Licenses

Agent Services Division now issues new licenses for six major lines of insurance: Life, Accident and Health or Sickness, Property, Casualty, Personal Lines, and Variable Life and Variable Annuities Products. Currently licensed agents are grandfathered under their existing authority. Conversion of existing licensees to the new major lines licenses will occur at a future date and will coincide with the issuance of picture licenses from our licensing vendor (Promissor).

The Variable Life and Variable Annuities license will require a current registration with FINRA (formerly NASD) to sell securities with prerequisite of a current Life license. North Carolina continues to emphasize consumer advocacy for our senior population and will retain the Medical Supplement and Long Term Care license with the Accident and Health or Sickness license now being a prerequisite.

2. Prelicensing Education (PLE)

There is a new candidate guide for license applicants effective Jan. 1, 2008. Content outlines in the candidate guide for license examinations were redefined based on the new

lines of authority licenses. PLE requirements for Life, Accident and Health or Sickness, Property, Casualty, Personal Lines licenses are 20 hours per license. The Variable Life & Variable Annuities license does not require PLE or an exam.

The registration fee for individual licenses increased to \$50.00 and business entities initial registration and renewal fee increased to \$100.00. The incidental license servicing fees for duplicate license requests, agent certification letters and agent history requests were eliminated and, upon request from licensee, are now provided free of charge.

3. Continuing Education (CE)

Agents and adjusters were still required to meet their 2007 CE requirements by Dec. 31. Effective Jan. 1, 2008, the following changes were effective for CE:

- All individuals who hold a major line of authority license and adjusters are required to complete three hours of an ethics training/CE within two years of Jan. 1, 2008 and every two years thereafter. Individuals holding a Property, Personal Lines or adjuster license are also required to complete three hours of flood insurance training/CE within two years of Jan. 1, 2008 and every four years thereafter. There are no exemptions from these mandatory courses. CE courses for ethics or flood insurance taken prior to 2008 will not count towards this requirement.
- CE requirements for major line of authority licenses and adjusters are 24 credit hours on a biennial basis (every two years) no matter how many licenses are held. The Agent Services Division established a staggered system in which the credit hour compliance period is based on the date of birth. Licensees were notified about this system in the October mailing.
- CE carryover rules have been simplified, and all CE credit hour carryover will roll from one biennial compliance period to the next.
- The requirements for licensees to be exempt from CE remained the same. An individual that is exempt from CE for one line of authority license is now exempt from all CE requirements *except* for the mandatory ethics and flood courses.
- CE courses cannot be repeated in the same biennial compliance period.
- The Department has awarded the CE Administrator contract to Prometric as of January 1, 2008. Agents and adjusters will be able to view their CE records and approved CE courses online at www.prometric.com.
- Licensees who fail to complete CE requirements on a timely basis may be assessed an administrative fee of \$75 for non-compliance.

4. Notification Requirements –

Licensees are required to report to my office any enforcement action taken against the individual by FINRA (formerly the NASD). Also, licensees are required to notify the Agent Services Division of changes to residential address within 10 days of the change.

Licensees who fail to provide this notification on a timely basis may be assessed an administrative fee of \$50 for non-compliance.

Standardizing licensing and continuing education in state regulation is an important part of facilitating producers and insurers doing business. The Department and I are committed to working with all licensees during the implementation of these changes. If you have any questions about the changes, contact the Agent Services Division at 919-807-6800, by e-mail at asd@ncdoi.net, or visit www.ncdoi.com to see frequently asked questions and CE information.