

## PROPOSED RULES

### NORTH DAKOTA ADMINISTRATIVE CODE CHAPTER 45-02-02 LICENSING OF INSURANCE PRODUCERS, SURPLUS LINES INSURANCE PRODUCERS, AND CONSULTANTS

Section	
45-02-02-01	Definitions
45-02-02-02	Applications for Licenses
45-02-02-03	Examination for Licensure
45-02-02-04	<del>Exceptions to</del> <u>Specific Examination Requirement Requirements</u>
45-02-02-05	Effective Date of Insurance Producer License - New Line
<u>45-02-02-05.1</u>	<u>Biennial License Continuation</u>
<u>45-02-02-05.2</u>	<u>Cancellation of License</u>
45-02-02-06	Appointment and Termination Procedures
45-02-02-07	Renewal Procedure for Appointments
45-02-02-07.1	License Lapse [Repealed]
45-02-02-08	Agent - Sharing Commission [Repealed]
45-02-02-09	Insurance Consultant - Agreement
45-02-02-10	Insurance Producer and Surplus Lines Insurance Producer Acting as Consultant
45-02-02-11	Insurance Producers Selling Variable Life and Annuity Contracts
45-02-02-12	Administrative Terminations
45-02-02-13	Change of Address
45-02-02-14	Excessive or Unnecessary Coverage
45-02-02-14.1	Client Loans to Licensed Producers and Consultants Prohibited - Exceptions
45-02-02-14.2	Insurance Producer Indebtedness to Companies
45-02-02-15	Proceedings, Hearings, and Appeals
45-02-02-16	Notification of Criminal Convictions and Administrative Actions - Duty of Licensee [Repealed]

Section 45-02-02-01 is amended as follows:

**45-02-02-01. Definitions.** Unless otherwise defined, or made inappropriate by context, all words used in this chapter have meaning as given them under North Dakota Century Code chapter 26.1-26. “Department” means North Dakota insurance department.

**History:** Effective September 1, 1983; amended effective \_\_\_\_\_.

**General Authority:** NDCC 26.1-26-49

**Law Implemented:** NDCC 26.1-26-02

Section 45-02-02-03 is amended as follows:

**45-02-02-03. Examination for licensure.**

1. An applicant must qualify for ~~lines~~ a line of authority by passing the examination ~~set out in subsection 5~~ as provided in this chapter.
2. The examination is administered under a contract with a testing service.
3. An applicant must present a photo identification card at the test center prior to being admitted for testing.
4. ~~There are two basic parts to each examination:~~
  - a. ~~Part One is the part of the examination developed as a test of general knowledge for the lines of insurance and there are four such Part Ones:~~
    - (1) ~~Life and annuity~~
    - (2) ~~Accident and health~~
    - (3) ~~Property~~
    - (4) ~~Casualty~~
  - b. ~~Part Two is the part of each examination which tests the applicant's knowledge of North Dakota law.~~
5. ~~An applicant applying to conduct insurance in the following lines must pass the following examinations:~~

a.	<del>Life and annuity</del>	<del>Life and annuity</del>
b.	<del>Accident and health</del>	<del>Accident and health</del>
c.	<del>Property</del>	<del>Property</del>
d.	<del>Casualty</del>	<del>Casualty</del>
e.	<del>Variable life and annuity</del>	<del>Life and annuity</del>
6. An examination score is valid for one year after the date of the examination for a license applicant who has not completed the application process and who has not obtained licensure. After one year from the date of the examination, an applicant must retake the required examination.

7. ~~5.~~ An examination is valid for as long as a person continuously holds a valid insurance producer's license issued by the North Dakota insurance department and for twelve months following cancellation of a license, with the exception that an examination ceases to be valid immediately upon the suspension or revocation of the license unless the order of suspension or revocation specifies otherwise.
8. ~~An applicant for a consultant license must take and pass the insurance producer's examination for the lines in which the applicant wishes to consult.~~

**History:** Effective September 1, 1983; amended effective October 1, 1984; January 1, 2000; December 1, 2001; January 1, 2008;\_\_\_\_\_.

**General Authority:** NDCC 26.1-26-49

**Law Implemented:** NDCC ~~26.1-12, 26.1-14, 26.1-23, 26.1-24, 26.1-27, 26.1-28, 26.1-29~~ 26.1-26-14, 26.1-26-27

Section 45-02-02-04 is amended as follows:

**45-02-02-04. Exceptions to Specific examination requirement requirements.**

1. ~~Consultants' exemption.~~
- a. ~~If an applicant holds an insurance producer's license in North Dakota, the applicant is exempt from the testing requirements for the lines held on that license within the last twelve months; however, the applicant must terminate all other licenses prior to obtaining a consultant's license.~~
- b. ~~Upon application, it may be shown that the educational background or work experience record is an adequate basis to grant an exemption from testing. A narrative must be included with the application.~~

An applicant applying to conduct insurance in the following lines must pass the following examinations:

- |    |                                  |                            |
|----|----------------------------------|----------------------------|
| a. | <u>Life and annuity</u>          | <u>Life and annuity</u>    |
| b. | <u>Accident and health</u>       | <u>Accident and health</u> |
| c. | <u>Property</u>                  | <u>Property</u>            |
| d. | <u>Casualty</u>                  | <u>Casualty</u>            |
| e. | <u>Variable life and annuity</u> | <u>Life and annuity</u>    |

2. An applicant applying for a license for title insurance is exempt from any examination requirement but must meet the following qualifications:
  - a. The applicant must be a licensed abstracter or attorney; or
  - b. The applicant must have a minimum of eighty hours of training provided by an insurer licensed in the line of title insurance. A certification by the insurer that the training has been completed must accompany the application.
3. An applicant for a license to write travel and baggage insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier is exempt from examination requirements.
4. An applicant for a license with the line of authority of surety shall take and pass the casualty examination. Surety coverage is insurance or a bond that covers obligations to pay the debts of or answer for the default of another, including faithlessness in a position of public or private trust, but not including bail bonds.
5. An applicant for a license to write the following products need only take the reduced examination required for that specific product:
  - a. Bail bonds.
  - b. Credit including credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the insurance commissioner determines should be designated a form of credit insurance.
  - c. Crop or crop hail. Crop or crop hail insurance is insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease or other yield-reducing conditions, or perils provided by the private insurance market, or that is subsidized by the federal crop insurance corporation, including multiperil crop insurance.
  - d. Legal expense, including prepaid legal service.
  - e. Personal lines. Personal lines is property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes.

6. An applicant for a consultant's license shall take and pass the insurance producer's examination for the lines in which the applicant seeks to consult. If an applicant for a consultant's license holds a North Dakota insurance producer's license, the applicant is exempt from the testing requirements for the lines held on the insurance producer's license within the twelve months preceding the date on which the consultant application is filed with the commissioner; however, the applicant must terminate the insurance producer's license prior to obtaining a consultant's license.

**History:** Effective September 1, 1983; amended effective October 1, 1984; January 1, 2000; December 1, 2001; January 1, 2008;\_\_\_\_\_.

**General Authority:** NDCC 26.1-26-49

**Law Implemented:** NDCC 26.1-26-25

Sections 45-02-02-05.1 and 45-02-02-05.2 are created as follows:

**45-02-02-05.1. Biennial license continuation.** On or before the last day of the month of the licensee's birthday following the two-year anniversary of the issuance of a license by the commissioner and every two years thereafter, an individual insurance producer shall submit an application for license continuation. Applications must be accompanied by the biennial continuation fee of twenty-five dollars. Resident insurance producers must have on file with the commissioner proof of compliance with continuing education requirements before submitting the application. Nonresident insurance producers must have satisfied the producer's home state's insurance continuing education requirements and be in good standing in the producer's home state before submitting the continuation application.

**History:** Effective \_\_\_\_\_.

**General Authority:** NDCC 26.1-26-49

**Law Implemented:** NDCC 26.1-26-13.4

**45-02-02-05.2. Cancellation of license.** The license of an insurance producer who fails to complete the biennial continuation and pay the twenty-five dollar continuation fee will be canceled.

**History:** Effective \_\_\_\_\_.

**General Authority:** NDCC 26.1-26-49

**Law Implemented:** NDCC 26.1-26-13.4, 26.1-26-31