

Significant Licensing and Continuing Education Changes Coming in 2008

Consumer protection has always been the Department of Insurance's primary goal, and Commissioner Long recognizes 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, North Carolina and Commissioner Long have worked with the NAIC and other state regulators, consumer advocacy groups and industry associations to improve the 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 will go into effect on Jan. 1, 2008.

Agents, limited representatives, adjusters and insurers will be mailed a comprehensive communication package explaining the new requirements. The package, mailed out in October, will provide specific guidance on how they apply to licensees; web-based training and additional resources also will be available online, www.ncdoi.com.

The following are important highlights of changes that will impact licensees:

1. Line of Authority Licenses

Effective Jan. 1, 2008, the Agent Services Division will issue 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 will be 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 will be a new candidate guide for license applicants effective Jan. 1, 2008. Current content outlines in the candidate guide for license examinations will be redefined based

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

There will be an increase in the initial license registration fee for individual licenses and business entities that will eliminate the incidental license servicing fees for duplicate license requests, agent certification letters and agent history requests.

3. Continuing Education (CE)

For the 2007 licensure year, agents and adjusters are still required to meet their current CE requirements by Dec. 31; however, effective Jan. 1, 2008, the following changes are effective for CE:

- All individuals who hold a major line of authority license and adjusters will be 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 will also be 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 requirements for major line of authority licenses and adjusters will be 24 credit hours on a biennial basis (every two years) no matter how many licenses are held. The Agent Services Division has established a staggered system in which the credit hour compliance period is based on the date of birth. Licensees will be notified about this system in the October mailing.
- CE carryover rules will be simplified, and all CE credit hour carryover will roll from one biennium compliance period to the next with no minimum or maximum requirements.
- The requirements for licensees to be exempt from CE will remain the same. An individual that is exempt from CE for one line of authority license will now be exempt from all CE requirements *except* for the mandatory ethics and flood courses.
- CE courses cannot be repeated in the same biennium compliance period.
- CE will be outsourced to a CE vendor to achieve improvements in efficiency, and agents and adjusters will be able to view their CE records online. As soon as the vendor is chosen, the Department will notify both licensees and CE providers.
- Licensees who fail to complete CE requirements on a timely basis may be assessed an administrative penalty of \$75 for non-compliance.

4. Notification Requirements –

Licensees will be required to report to the Commissioner 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 penalty 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 is 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 or visit www.ncdoi.com to see frequently asked questions and CE information.