

Document No. 2908
DEPARTMENT OF INSURANCE
Chapter 69

Statutory Authority: 1976 Code Sections 38-3-110, 1-23-110, et seq., 38-43-106

69-50. Continuing Insurance Education

Synopsis:

The Department of Insurance is proposing this amendment to Regulation 69-50 in order to conform with recent changes with respect to continuing education requirements resulting from the enactment of the Producer Licensing legislation (Act 323 of 2002). This regulation establishes rules and standards which apply to continuing insurance education for individuals qualified or licensed to act as insurance producers in this State.

Instructions:

Strike existing Regulation 69-50 in its entirety and replace with the language provided.

Text:

R. 69-50. Continuing Insurance Education

I. Purpose.

The purpose of this regulation is to establish rules and standards which shall apply to continuing insurance education for individuals qualified or licensed to act as insurance producers in this State.

II. Scope.

A. The rules contained in this regulation shall apply to all individuals qualified or licensed to act as insurance producers in this State, including nonresident insurance producers, except:

1. Insurance producers licensed solely for credit life or credit accident and health insurance, credit property insurance, crop hail insurance, automobile physical damage insurance, mortgage guaranty, or mortgage, title, travel accident and baggage, or federal crop insurance, automobile liability insurance, industrial fire and preneed; and

2. Insurance producers licensed solely for domestic insurance companies with less than one million dollars in written premiums in any calendar year; and

3. Licensed special producers; and

4. Nonresident producers who have successfully satisfied continuing insurance education requirements of their resident state, regardless of the requirements of that other state. Nonresident producers must submit a letter of certification to the Continuing Education Administrator showing they have met the continuing education requirements of their state.

B. Multi-line producers who do not wish to complete the required eight hours in each line of authority held must submit a request in writing to the Department by May 1 of the biennial compliance year to cancel the line(s) of authority in which they do not wish to complete the eight required hours. However, the producer must complete a total of twenty-four hours of continuing education.

C. The Director of Insurance at his discretion may mandate certain continuing education courses to be taken by producers to meet continuing education compliance.

III. Definitions.

When used with these regulations, the following definitions apply:

1. "Approved Course" is a course offered in a classroom environment that is approved by the South Carolina Department of Insurance for continuing insurance education credit. Approved courses may include information on specific insurance products approved for sale in the state, relevant state or national laws, taxation related to insurance, insurance practices, ethics, claim procedures and policyholder relations. Approved courses shall not include courses or portions of courses developed for prelicensing education, for personal development, motivation, sales, or personal enrichment. Approved courses must be led or monitored by an approved instructor.
2. "Approved Instructor" means an individual who has been approved by the Department of Insurance in accordance with Section V of this Regulation and who teaches or otherwise instructs an approved continuing education course or program. The individual must have competency in the-subject matter of the course.
3. "Approved Proctor" means an individual who has been approved in accordance with Section VI of this Regulation by the Department of Insurance to personally monitor competency examinations. Proctors must be in the room with the individual taking the examination.
4. "Approved Sponsor" is a responsible organization which demonstrates it is capable of offering, conducting, and maintaining quality controls of courses. Approved sponsors may include licensed insurance companies, producer associations, insurance trade associations, private organizations, and institutions of higher learning. A sponsor must be approved by the Department.
5. "Classroom" is a location conducive to learning, and may include a traditional classroom, an auditorium, or other meeting-place, which provides an environment suitable for the transfer of information.
6. "Classroom Hour" is at least fifty minutes of participation in an approved course in a classroom. Not more than ten minutes of any sixty-minute period may be used for breaks, roll taking, or administrative instructions.
7. "Competency Examination" is a closed book examination taken and passed by the producer without assistance and personally monitored by an approved proctor or approved instructor who is not related to the producer, his immediate supervisor, or his employee. A score of 70 or above is required for the examinee to pass the examination. Examinations may be administered at any appropriate site chosen by the proctor or instructor. Sponsors may have their examinations administered at approved national testing organizations.
8. "Compliance Deadline" means 5 P.M. on May 1 of even-numbered years.
9. "Compliance With Continuing Education for Resident Producers" means completing twenty-four hours of continuing education by May 1 of the compliance year, with a minimum of eight hours in each line of authority, and paying a recordkeeping fee to the Continuing Education Administrator by May 1 in a biennial compliance year.
10. "Compliance With Continuing Education for Nonresident Producers" means filing a letter of certification showing compliance in their home state and paying a continuing education recordkeeping fee by May 1 in a biennial compliance year.
11. "Course" means an organized, outlined body of information intended to convey knowledge or information to the producer.
12. "Credit Hour" is a value assigned to an approved course by the Department. Hours of credit are calculated in full hours.
13. "Department" means the South Carolina Department of Insurance.
14. "Director" means the Director of the Department of Insurance or his designee.
15. "Product-Specific" or "Specific Insurance Products" means information about a particular policy, procedure, or coverage. This includes, but is not limited to, special rating information, special underwriting practices, and specialized or unique claim procedures of a company or group of companies.
16. "Self-study Hour" is a study period of one hundred minutes or more from an approved course followed by a competency examination. Self-study hours may include textbook study, video study, distance learning, intranet, internet, CD-ROM and any other electronic means of information communication.

IV. Sponsor Approval.

A. Sponsors must be approved by the Department of Insurance before they may submit courses for approval to the Department. The application to become a sponsor must be submitted to the Department at least thirty days (30) days prior to the Continuing Education Advisory Committee meeting. If the applicant's type of business is a private entity, other than an insurance company, producer's trade association, institution of producer's trade association or institution of higher learning, the applicant must submit a letter explaining the applicant's type of business and how long the business has been offering insurance education courses. Applicants must certify under oath that no one in their organization has been convicted of a crime of moral turpitude, a felony under USC 18 §1033 and §1034, nor has anyone been subject to an order of revocation, suspension or other formal disciplinary action by any licensing authority. Sponsors must report to the Department any disciplinary action taken against that provider by another state insurance regulatory authority.

B. Before an approved sponsor may offer any course, the sponsor must submit the course to the Department for approval and be assigned a course approval number by the Department.

C. Sponsors may not use another sponsor's course approval number without the prior written authorization of the sponsor. A copy of the authorization must be submitted to the Department before the course may be offered.

D. Approved sponsors of approved courses are responsible for collecting accurate attendance records and maintaining records containing the names of producers who completed all sessions of the approved course, or who successfully completed the competency examination for courses approved for self-study. Sponsors shall maintain these records for a three-year period following the date of approved course completion. These records must be made available to the Department upon request.

E. Approved sponsors are responsible for the actions of their instructors and proctors.

F. Approved sponsors may only offer courses which have been approved by the Department.

G. Approved sponsors must notify the Department in writing within thirty (30) days of any change in address and of any change in the authorized representative of the sponsor.

H. Approved classroom sponsors must have their instructors read SCID Form 3617 at the beginning of each continuing education classroom session. Instructors shall certify on course completion rosters that SCID Form 3617 was covered in detail with class participants. Approved sponsors of correspondence courses must include a copy of SCID Form 3617 with each packet of course material. Approved correspondence sponsors must certify on course completion rosters that a copy of SCID Form 3617 was included with each packet of course material. Students must acknowledge to the approved sponsor receipt and understanding of the requirements of SCID form 3617. Sponsors shall maintain these records for a minimum of three years.

I. Approved sponsors must allow representatives of the Department and the continuing education administrator, in an official capacity, to audit classroom course instruction, correspondence course review sessions, course records, records of examination and attendance rosters. These representatives may attend any course offered for the purpose of the audit without paying a fee.

V. Course Approval.

A. Approved Sponsors of courses presented for approval under these definitions shall submit to the Department at least thirty (30) in advance of the Continuing Education Advisory Board meeting an application for approval, which shall include the following: (1) A detailed outline of the course, (2) a timetable, with instruction minutes assigned to each topic, (3) a list of supplemental teaching aids, (4) a sample competency examination if the course is self-study with text reference for each exam question, (5) course material, (6) self study courses must include a certification report of the number of words per document, grade level and degree of difficulty of the course, (7) online courses must include a screen count and number of words per screen (8) a nonrefundable filing fee established by the Department. No course may be offered until written notification of its approval has been issued by the Department. Incomplete submissions will be disapproved and the application will be returned to the sponsor. Once

approved, courses may be offered without additional notice subject to Section X(D) of this Regulation as long as the course content is unchanged. The Director has the discretion to develop different standards for approval of courses offered by accredited institutions of higher learning, and to waive independent approval of courses offered by nationally recognized industry organizations.

B. Courses will be approved for a period of not more than three (3) years from the approval date. Sponsors may reapply for course approval after three years.

C. Courses that are submitted for renewal must include all the information requested in Section V (A) of this regulation and must include the page numbers and sections where updates to course material have been made.

D. Approved sponsors may file an appeal if a course submission is disapproved or if fewer hours are approved than was requested by the sponsor. The appeal must specify the exact disagreement and contain documentation to support the appeal. Appeals must be in writing and must be submitted to the Department within thirty days of receipt of the notice of course disapproval or notice of fewer hours approved. Appeals will be submitted to three representatives of the CE Advisory Board for review and recommendation to the Department.

VI. Instructor Approval.

A. Instructors must be approved by the Department of Insurance before teaching any course. The application packet must be submitted by an approved sponsor thirty (30) days prior to the instructor teaching any course and must include the following: (1) a properly completed instructor approval application (2) documentation of one of the following must be submitted with the application for approval: (a) a college degree in insurance from an accredited institution of higher learning, (b) a professional designation of CLU, CPCU or CIC for property and casualty approval and ChFC, CFP, FLMI, LUTCF, RHU, or REBC for life, accident and health approval, (c) five or more years of practical experience in the subject matter, (d) or a college degree and three or more years of insurance experience in the subject matter, (e) three or more years of practical experience in the subject matter and has one or more of the following professional insurance designations or programs in the subject matter which approval is sought: CEBS, CLTC, CSA, INS, AAI, or (f) Insurance Department regulators with a minimum of three years of insurance experience; (3) a nonrefundable filing fee to be established by the Department of Insurance. Incomplete submissions will be returned to the sponsor. Approved instructors shall certify under oath they have not been convicted of a crime of moral turpitude, a felony USC 18 §1033 and §1034, nor have they been subject to an order of revocation, suspension or other formal disciplinary action by any licensing authority.

B. Instructors will be approved for a period of not more than three (3) years from the approval date. Sponsors may reapply for approval of their Instructors for approval after three (3) years.

C. Instructors must ensure that attendees do not use class time for any purpose other than learning the material being presented. Instructors should deny credit to anyone who is inattentive or who does not attend the entire classroom session.

D. Instructors must read SCID Form 3617 at the beginning of each continuing education classroom session. Instructors shall certify on course completion rosters that SCID Form 3617 was covered in detail with class participants.

E. Instructors/ Proctors who proctor examinations are responsible for checking an examinee's photograph identification before administering an examination. Instructors are responsible for returning all examination material to the sponsor within two days following the completion of the examination.

F. Instructors/Proctors of correspondence course review sessions must not disclose the examination questions or answers to the examination questions on the competency examination during the review session.

VII. Proctor Approval.

A. Proctors must be approved by the Department of Insurance before proctoring any examination. The application packet must be submitted thirty (30) days in advance of monitoring any examination and must

include the following: (1) a properly completed proctor approval application, (2) a letter of recommendation from an employer or former employer, (3) a nonrefundable filing fee to be established by the Department of Insurance. Incomplete submissions will be disapproved and returned to the applicant. Approved proctors shall certify under oath they have not been convicted of a crime of moral turpitude, a felony under USC 18 § 1033 and § 1034, nor have they been subject to an order of revocation, suspension or any other formal disciplinary action in any state.

B. Proctors will be approved for a period of not more than three (3) years from the approval date. Proctors may reapply for approval after three years.

C. Producers must check a photographic identification before administering an examination.

D. Proctors are responsible for returning all examination material to the sponsor within two days following the completion of the examination.

E. Instructors/proctors of correspondence course review sessions must not disclose the examination questions or answers to the examination questions on the competency examination during the review or examination session.

F. Proctors are responsible for monitoring test sites to ensure fairness.

VIII. Certification.

A. Approved Sponsors of approved courses must submit class rosters to the Continuing Education Administrator according to the following timetable:

1. Approved classroom course or seminar - within thirty (30) days of completion of the course or seminar;

2. Approved self-study course - within thirty (30) days of the examination completion date;

3. Approved national designation courses - within sixty (60) days of examination completion date.

However, in a biennial compliance year, the Continuing Education Administrator must receive all rosters by the compliance deadline. If the compliance deadline falls on a holiday or weekend, then rosters may be received on the first business day immediately thereafter. The Continuing Education Administrator must receive class rosters for those who have been granted an extension pursuant to Section XII of this Regulation by 5 P.M., July 1. If July 1 falls on a holiday or weekend, then rosters may be received on the first business day immediately thereafter. Rosters must be properly completed, typewritten or computer-generated and contain the names and identification numbers of producers who completed all sessions of the approved course, or who successfully completed the competency examination for courses approved for self-study. The sponsor must examine the course completion records to determine the integrity of the grades and courses reported to the Continuing Education Administrator. Incomplete or inaccurate rosters will be returned to the sponsor. Subsequent submissions of any roster that has been returned must include a letter from the sponsor explaining corrections or any changes made.

B. Approved Sponsors of approved courses are required to provide a certification of course completion to each individual who successfully completes an approved course or an approved self-study course within thirty (30) business days after the course is completed or the competency examination results are received. Verification of the accuracy of the certification provided by the approved sponsor remains the responsibility of the producer.

C. A producer who successfully completes an approved course may not repeat the course and receive certification within three years of its original completion date.

D. Instructors of approved classroom courses shall be given a certification equal to the number of hours for which the course is approved. Instructors/Proctors may not be given a certification for conducting review sessions for approved correspondence courses.

E. Producers who accumulate credits in excess of the continuing insurance education requirements may apply these additional credits to the next biennial continuing insurance education period. No more than eighteen (18) additional credit hours in the line of authority in which they are earned may be carried forward to the next biennial continuing insurance education period.

F. No credit will be given for courses taken before they have been approved by the Department. Credit may not be given for courses that have not been renewed by the sponsor.

IX. Forms.

The following items must be submitted to the Director on forms specified or approved by the Director: (1) applications for sponsor approval, (2) applications for course approvals, (3) applications for instructor approval, and (4) applications for proctor approval. Class completion rosters must be submitted to the CE Administrator on forms specified or approved by the Department. However, individual course completion certificates ("green sheets") may be sent to the CE Administrator or may be retained by the producer.

X. Advertising.

A. No course may be advertised as an approved course until written confirmation of the course approval has been received from the Department.

B. Announcements, advertisements and information about courses designated as approved courses by the Department shall contain the statement "This course is approved by the South Carolina Department of Insurance for Continuing Insurance Education Credit" followed by a statement of the number of credit hours and the type of license to which the credit may apply. If the course offering contains material which is not approved, the announcement, advertisement or information must clearly state the amount of course time which is not approved for continuing insurance education credits.

C. Announcements, advertisements or information about approved courses shall contain clear and concise statements about the cost of the course, cancellation procedures, and tuition refund policies.

D. Classroom Course schedules and correspondence course review session schedules must be submitted by the sponsor to the Continuing Education Administrator fifteen (15) days in advance of the course or seminar being presented. The course schedule must include the following information: (1) name of the approved course(s) (2) name(s) of the approved instructor(s) teaching the course(s), (3) date, time, and place where the course(s) is being presented. Changes and cancellations must be sent as soon as known and, in all instances, before the scheduled date.

XI. Fees.

Every producer subject to continuing insurance education requirements pursuant to Section 38-43-106 of the South Carolina Code of Laws is responsible for payment of a reasonable annual recordkeeping fee to the Continuing Education Administrator for operation of the continuing insurance education program. The license and appointment(s) of any producer who does not pay the continuing education recordkeeping fee by the compliance deadline will be suspended on October 1 of the biennial compliance year. Producers may reactivate the license that has been suspended if by November 1 of the compliance year the continuing education recordkeeping fee and a \$50 penalty has been paid, and proof of completion of a total of thirty hours of continuing education credits has been received. Failure to pay the continuing education recordkeeping fee and a \$50 penalty and providing proof of completion of thirty hours of continuing education credits by 5 PM November 1 of the compliance year will result in the license and appointment being canceled. In order to regain licensure status, the producer must retake and pass the appropriate producer licensing examination.

XII. Continuing Education Hours.

Producers who fail to complete twenty-four hours of approved continuing education credits by the biennial compliance deadline of 5:00 p.m. May 1, may, within six months from the compliance deadline, November 1, reactivate the license and appointments that were suspended effective 5:00 p.m. October 1 of the compliance year, provided documentation of completion of a total of thirty credit hours of approved continuing education has been submitted and a penalty fee of \$50 is paid to the Department of Insurance for administrative services by 5 p.m. November 1 of the compliance year. The license and appointment(s) of a producer who does not provide documentation of compliance by 5:00 p.m. November 1, will be canceled. In order to regain licensing status, the producer must retake and pass the appropriate producer licensing examination.

XIII. Non-Compliance.

A. The Director shall have the authority to conduct surveys of producers, approved sponsors, or approved instructors to verify that the approved courses are administered as filed with the Department, and to determine compliance with Section 38-43-106 of the South Carolina Code of Laws and the regulations contained herein.

B. The failure of approved sponsors, instructors, and proctors to comply with the provisions of Section 38-43-106 of the South Carolina Code of Laws or with the provisions of these regulations may result in a fine of not less than \$ 1,000, suspension of approval or termination of approval status.

C. Non-compliance with the provisions of Section 38-43-106 of the South Carolina Code of Laws or the provisions of this regulation, by a producer subject to the continuing insurance education requirements, shall result in the nonrenewal of the producer's license on the biennial license renewal date and the removal of the producer's qualifications to act as an insurance producer in this State.

XIV. Extension.

A producer unable to complete continuing insurance education requirements as required by this regulation, may request an extension from the Continuing Education Administrator. The request for an extension must be in writing either by U.S. Mail, facsimile transmission or electronic transmission and must be received on or before May 1 of the biennial compliance year. The written request for an extension shall be automatically granted for a period of not more than sixty (60) days. The extension will expire at 5 P.M. on July 1, of the biennial compliance year.

XV. Hardship.

In order to qualify for a hardship extension, a producer first must have received an extension as provided in Section XIII of this Regulation. The request for a hardship extension must be in writing and must be received on or before July 1 of the biennial compliance year. Hardship extension requests may only be granted for good cause shown, with the recommendation of the Continuing Education Administrator and the approval of the Director. For purposes of this section, "good cause" includes, but is not limited to, illness or catastrophic events beyond the control of the producer, which preclude the producer from conducting normal work activities during the two-year biennial compliance period. The producer must provide sufficient justification that the hardship prevented the producer from conducting normal work activities during the two-year compliance period. A licensed insurance producer who is unable to comply with continuing education due to active military service during the two-year compliance period may request a hardship extension by submitting a copy of his military orders with the hardship extension request. Producers who fail to complete the continuing insurance education requirements within the extension period shall result in the nonrenewal of the producer's license on the biennial license renewal date and the removal of the producer's qualifications to act as an insurance producer in this State.

XVI. Administration Of Continuing Education Requirements.

The Director is responsible for administering the continuing insurance education requirements contained in SC Code of Laws Section 38-43-106 and in this regulation, and is responsible for the approval of courses of instruction which qualify for these purposes. In administering this program, the Director in his discretion, may designate a Continuing Education Administrator within the Department, or, in the alternative, contract with an outside service provider to function as continuing education administrator and to provide record-keeping services.

Preliminary Fiscal Impact Statement:

No additional state funding is requested.

Statement of Rationale:

No reports or studies were relied upon in the drafting of this regulation. The bases for this regulation are requirements outlined in Chapter 43 of Title 38 of the South Carolina Code of Laws as well as national standards.