



# South Carolina Department of Insurance

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MARK SANFORD  
Governor

Director of Insurance

## BULLETIN NUMBER 2004-01 (Issued upon January 21, 2004)

**To:** All South Carolina Licensed Property and Casualty Insurance Producers and Interested Parties

**From:** Ernst N. Csiszar 

**Subject:** Requirements for Sponsoring Property and Casualty Broker Prelicensing Education Classes

### I. PURPOSE

The purpose of this bulletin is to clarify the prelicensing requirements for property and casualty insurance producers seeking to be licensed as property and casualty insurance brokers. During the 2003 Legislative Session of the South Carolina General Assembly, the requirements for property and casualty insurance broker licensing changed. Licensed property and casualty insurance producers no longer have to wait two years before they are eligible for licensure as a broker; effective January 31, 2004, the statutes will allow licensed property and casualty insurance producers to be licensed as a broker immediately upon completion of a twelve-hour classroom course. Consequently, South Carolina Code Section 38-45-20 allows the Director to approve course subjects related to brokers and/or surplus lines. While the broker prelicensing course was specifically designed for prelicensing educational purposes, it may also be used for twelve hours of continuing education credit, provided the sponsor files the appropriate continuing education course paperwork and receives approval from the South Carolina Department of Insurance.

The Director has approved the following for broker prelicensing education requirements. Classes may begin when the sponsor has received notice of course approval from the Department.

### II. REQUIRED COURSE MATERIAL

- A. Required textbook and course guide "Surplus Lines Insurance Principles and Issues" the Insurance Institute of America, third edition, 2001, excluding Chapters 6 and 9.
- B. SC Code Title 38, Chapter 31, Property and Casualty Insurance Guaranty Association and SC Code Title 38, Chapter 45, Brokers and Surplus Lines Insurance. Chapters 31 and 45 of the South Carolina Code of Laws must be included in the discussion of Chapter 3 of the textbook.
- C. Flow Chart reflecting the standard and E&S markets business (EXHIBIT D).
- D. Each student must have a copy of the above materials.

### **III. SPONSOR REQUIREMENTS**

- A. Each applicant for course sponsorship must submit a properly completed application to the Department at least 30 days in advance of conducting a class (EXHIBIT A).**
- B. Each sponsor must pay a \$100 filing fee.**
- C. The Department must receive a course schedule at least 10 days before the course is taught. The course schedule must include the following: (1) location where the course is being taught, (2) instructor(s) names and (3) detailed timetable which includes the time class begins, time each chapter is being taught, time of breaks, time for lunch, and class ending time. In making the schedule fifty-minutes of instruction equals one hour of class time. Breaks and lunch are not included in the twelve-hour requirement.**
- D. Each sponsor must keep attendance records for a period of 3 years.**
- E. Each sponsor is responsible for the actions of instructors.**

### **IV. INSTRUCTOR REQUIREMENTS:**

**The instructor:**

- A. Must have a minimum of 5 years of current experience as a licensed property and casualty insurance producer/broker or be currently employed for a minimum of 5 years as an underwriter of property and casualty excess and surplus lines of insurance. The Department must receive notarized written confirmation of these qualifications on company letterhead, signed by a company executive. This documentation must be submitted with the application request for approval. (Resumes will not be accepted as documentation.)**
- B. Must not have been convicted of any crimes involving moral turpitude.**
- C. Must be in compliance with all laws or regulations of this and any other state.**
- D. Must complete the instructor application (EXHIBIT B).**

### **V. CLASSROOM EDUCATION REQUIREMENTS:**

- A. Preamble must be read at the beginning of the first class (EXHIBIT C).**
- B. A maximum of twelve (12) hours is required to complete prelicensing requirements.**
- C. Daily classroom education is limited to a maximum of six (6) hours.**
- D. Participants must comply with the CE guidelines for classroom conduct, as required by Regulation 69-50 in order to receive credit for the course, no exceptions.**
- E. Facility must be conducive to a classroom setting (See Regulation 69-50).**

## **VI. REQUIREMENTS TO OBTAIN A RESIDENT BROKER LICENSE**

### **Online Licensing:**

- A. Thoroughly complete the online broker licensing application.**
- B. Mail the broker licensing certificate obtained from the course instructor to the Department.**
- C. Submit a self-address, stamped envelope for return of the one-page broker license.**
- D. Submit a posted surety bond in the sum of \$10,000.**

### **Paper application for licensure:**

- A. Mail a thoroughly completed Broker's License Application, Form 3520. (Incomplete applications will be returned.)**
- B. Submit a broker licensing certificate. (Obtained from Instructor at the successful completion of the class.)**
- C. Submit payment of a \$200.00 biennial license fee (not pro-rated).**
- D. Submit a posted surety bond in the sum of \$10,000.**
- E. Must possess a current Property and Casualty Producer License and Appointment. Only individuals may be licensed as Brokers in South Carolina.**
- F. Submit a self-address, stamped envelope for return of the one-page broker license.**
- G. All broker licenses are renewed biennially in May of even-numbered years.**

**EXHIBIT A**

**STATE OF SOUTH CAROLINA – DEPARTMENT OF INSURANCE  
EDUCATION SERVICES DIVISION, P.O. BOX 100105, COLUMBIA, SC 29202-3105  
TELEPHONE NUMBER: (803) 737-6223**

**SPONSOR APPLICATION  
PROPERTY AND CASUALTY INSURANCE BROKER PRELICENSING EDUCATION**

1. Sponsor's Name \_\_\_\_\_  
Address \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
Telephone Number \_\_\_\_\_

2. Sponsor's Authorized Representative \_\_\_\_\_

3. Sponsor's Type of Business  
College/University \_\_\_\_\_ Insurance Agency \_\_\_\_\_ Insurance Company \_\_\_\_\_  
Insurance Trade Association \_\_\_\_\_ Private Organization \_\_\_\_\_

4. Has anyone in your organization ever been the subject of disciplinary action, including suspension, cancellation or revocation by an Insurance Department, Governmental entity, or other licensing authority? \_\_\_ yes \_\_\_ no If yes, attach a statement providing complete details.

Has anyone in your organization ever been convicted or not contest or any criminal proceeding? \_\_\_ yes \_\_\_ no If yes, attach a statement providing complete details.

Has anyone in your organization ever been charged by an entity with misappropriation, conversion or withholding money? \_\_\_yes \_\_\_no If yes, attach a statement providing complete details.

1. I understand that if either my organization or instructor(s) violate South Carolina insurance laws relating to Licensing/continuing education program requirements, that my authority to sponsor courses will be withdrawn. \_\_\_ yes \_\_\_ no

To remain qualified as an approved sponsor, the sponsor must agree to comply with all of the following requirements:

- 1. Monitor attendance by maintaining accurate attendance records;
- 2. Monitor the activities of approved instructors and promptly report any change in the status of the relationship between the instructor and the sponsor;
- 3. Submit course schedules to the Department of Insurance ten days in advance of the course being presented.
- 4. Promptly issue a Certification of Completion that has been approved by the Department to those attendees that have met the twelve-hour requirement.

I \_\_\_\_\_ do solemnly swear that the information and answers contained in this application are complete, true and correct to the best of my knowledge.

SWORN TO AND BEFORE ME THIS  
\_\_\_\_\_ DAY OF \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**EXHIBIT B**

State of South Carolina – Department of Insurance  
Education Services Division, P.O. Box 100105, Columbia, SC 29202-3105

**INSTRUCTOR APPLICATION  
PROPERTY AND CASUALTY INSURANCE BROKER PRELICENSING EDUCATION**

**SPONSOR INFORMATION (MUST BE COMPLETED BY SPONSOR)**

Name of Sponsor: \_\_\_\_\_

Sponsor's Authorized Representative: \_\_\_\_\_

Sponsor's Address: \_\_\_\_\_

Sponsor's Telephone Number: \_\_\_\_\_

I understand that a sponsor is responsible for the actions of an instructor.

\_\_\_\_\_  
Signature of Sponsor's Authorized Representative

\_\_\_\_\_  
Date

**SECTION II (MUST BE COMPLETED BY INSTRUCTOR)**

Name of Instructor: \_\_\_\_\_

Instructor's Address: \_\_\_\_\_

Instructor's Telephone Number: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Social Security Number \_\_\_\_\_

Documentation of one of the following must be submitted:

\_\_\_\_\_ 1. A minimum of 5 years of current experience as a licensed property and casualty insurance producer/  
broker, or

\_\_\_\_\_ 2. Employed for the past 5 years as an underwriter of property and casualty excess and surplus lines  
insurance. Written confirmation of one of the above must be on company letterhead with a notarized signature  
of a  
company executive. A resume will not be accepted.

1. Have you ever been the subject of any disciplinary action, including suspension, cancellation, or revocation by  
any Insurance Department, Governmental entity, or other licensing authority. \_\_\_\_ Yes \_\_\_\_ No If yes,  
attach a statement providing complete details with copy of Order.

2. Have you ever been convicted, pled guilty or no contest in any criminal proceeding? \_\_\_\_ Yes \_\_\_\_ No  
If yes, attach a statement providing complete details with copy of conviction.

3. Have you ever been charged by any entity with misappropriation, conversion or withholding of money? \_\_\_\_  
Yes \_\_\_\_ No If yes, attach a statement providing complete details.

4. I understand that if I violate South Carolina insurance laws my authority to instruct education courses will be  
withdrawn.

**STATEMENT OF APPLICANT**

I \_\_\_\_\_, do solemnly swear that the information and answers contained in  
This application is true and complete to the best of my knowledge.

SWORN TO AND BEFORE ME

\_\_\_\_ Day Of \_\_\_\_\_

\_\_\_\_\_  
Notary Public

## **EXHIBIT C**

### **PREAMBLE - BROKER PRELICENSING INSURANCE EDUCATION**

**All instructors are required to distribute a copy of this notice to all classroom attendees. The instructor must read and discuss this notice at the beginning of the first class session.**

- 1. For identification purposes, the student must provide a picture identification before class begins.**
- 2. All class participants must be attentive at all times while instruction is being presented.**
- 3. All cell phones and electronic devices must be turned off before entering the classroom. No one is permitted to leave the class while it is in session to make telephone calls.**
- 4. The only reading material permitted during the classroom session is the course material.**
- 5. To receive credit for the course, individuals must complete the full twelve-hour course.**
- 6. While class is in session, the student must have in his or her possession all required course material.**
- 7. An applicant must complete all assignments as assigned by the instructor.**
- 8. Each classroom hour is 50 minutes.**
- 9. All designated materials approved by the Department must be covered by the instructor.**
- 10. Any person who falsely represents that he or another person has met the prelicensing education requirements, may, after investigation and confirmation by the Department, be subject to administrative penalties.**
- 11. If you have met all the course requirements, you will be awarded a prelicensing certificate.**

**EXHIBIT D FLOW OF BUSINESS THROUGH THE STANDARD AND E&S MARKET**

