

REQUEST FOR TECHNICAL CHANGE

AGENCY: Department of Insurance

RULE CITATION: 11 NCAC 06A .0802

DEADLINE FOR RECEIPT: Wednesday, October 11, 2017

PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

Line 6 – add a comma after “products”

Line 9 – delete the comma after “license”

Line 23 – add “shall be deemed to meet” after “states”

Lines 25 and 27 – add a period after “58-33-30(h)(2)a” (but do not capitalize “and”)

Line 26 – add a comma after “adjuster”

Line 28 – there appears to be an extra space after “met”

Line 31 – delete the comma after “service”

Lines 30-37 – use the term “producer” or licensee” consistently – don’t use both the refer to the same individual.

Line 32 – revise as follows: “long-term medical disability shall be certified on an annual basis by the producer’s attending physician.”

Line 36 – add “or she” after “he”

Page 2, line 3 – add “or she” after “he”

Page 2, line 9 – what does “agency” mean – “insurance agency”?

Page 2, line 10 – replace “do” with “shall”

Page 2, line 15 – replace “The” with “Each”

Page 2, line 17 – replace “is” with “means”

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Page 2, line 19 – replace “determines if” with “shall determine whether”

Page 2, line 21 – replace “determines” with “shall determine”

Page 2, line 21 – replace “would need to” with “shall”

Page 2, lines 22-29 – the proration of ICECs is confusing. What is the rule trying to accomplish?

Page 2, line 23 – replace “is” with “shall be”

Page 2, lines 24 and 27 – replace “would” with “shall”

Page 2, line 29 – replace “must” with “shall”

Page 3, line 3 – replace “is” with “means”

Page 3, line 5 – replace “determines if” with “shall determine whether”

Page 3, line 7 – replace “determines” with “shall determine”

Page 3, line 8 – replace “would need to” with “shall”

Page 3, lines 9 and 10-11 – replace “is required to meet” with “shall obtain” or “shall complete”

Page 3, line 11 – what does “first deadline” mean – “earliest”?

Page 3, line 12 – replace “would” with “shall”

Page 3, line 14 – replace “may” with “shall”

Page 3, line 14 through page 4, line 15 – consider revising Paragraph (p) as follows:

(p) A member of a professional insurance association shall receive no more than four ICECs during the biennial compliance period based solely on membership in the association, if the professional insurance association:

- (1) is approved as a continuing education provider;
- (2) has been in existence for at least five years;
- (3) was formed for purposes other than providing continuing education;
- (4) has provided the Commissioner or the Administrator with the association's Articles of Incorporation on file with the N.C. Secretary of State;
- (5) certifies to the Commissioner or Administrator that the licensee's membership is active during the biennial compliance period;
- (6) certifies to the Commissioner or Administrator that the licensee attended 50 percent of the regular meetings;
- (7) certifies to the Commissioner or Administrator that the licensee attended a statewide or intrastate regional educational meeting on an annual basis, where the regional meeting covered an area of at least 25 counties of the State;
- (8) certifies to the Commissioner or Administrator that the licensee attended a national meeting on an annual basis (i.e., National Convention, Legislative “Day on the Hill” in Washington, DC, or other qualifying national event.); and

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(9) pays one dollar (\$1.00) per ICEC to the Commissioner or Administrator.

Page 4, line 14 – what does “qualifying national event” mean? On what basis would an event “qualify”?

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Jason Thomas
Commission Counsel
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1 **11 NCAC 06A .0802** is amended as published in 31.24 NCR 2450-2453:

2
3 **11 NCAC 06A .0802 LICENSEE REQUIREMENTS**

4 (a) Each person holding a life, accident and health or sickness, property, casualty, personal lines, or adjuster license
5 shall obtain 24 ICECs during each biennial compliance period. Each person holding one or more life, accident and
6 health or sickness, property, casualty, personal lines, variable life and variable annuity products or adjuster license
7 shall complete an ethics course or courses within two years after January 1, 2008, and every biennial compliance
8 period thereafter as defined in this Section. The course or courses shall comprise three ICECs.

9 (b) Each person holding one or more property, personal lines, or adjuster license, shall complete a continuing
10 education course or courses on flood insurance and the National Flood Insurance Program, or any successor
11 programs, within the first biennial compliance period after January 1, 2008, and every other biennial compliance
12 period thereafter. The course or courses shall comprise three ICECs.

13 (c) Each licensee shall, before the end of that licensee's biennial compliance year, furnish evidence as set forth in
14 this Section that the continuing education requirements have been satisfied.

15 (d) An instructor shall receive the maximum ICECs awarded to a student for the course.

16 (e) Licensees shall not receive ICECs for the same course more often than one time in any biennial compliance
17 period.

18 (f) Licensees shall receive ICECs for a course only for the biennial compliance period in which the course is
19 completed. Any course requiring an examination shall not be considered completed until the licensee passes the
20 examination.

21 (g) Licensees shall maintain records of all ICECs for five years after obtaining those ICECs, which records shall be
22 available for inspection by the Commissioner.

23 (h) Nonresident licensees who meet continuing education requirements in their home states meet the continuing
24 education requirements of this Section. Nonresident adjusters who qualify for licensure by passing the North
25 Carolina adjuster examination pursuant to G.S. 58-33-30(h)(2)a shall meet the same continuing education
26 requirements as a resident adjuster including mandatory flood and ethics courses. Nonresident adjusters who qualify
27 for licensure by passing an adjuster examination in another state pursuant to G.S. 58-33-30(h)(2)b and are in good
28 standing in that state shall be credited with having met the same continuing education requirements as resident
29 adjusters, including mandatory flood and ethics courses.

30 (i) Only a licensed insurance producer who is unable to comply with continuing education requirements due to
31 military service, or long-term medical disability may request a waiver for continuing education requirements. A
32 long-term medical disability means that it is certified on an annual basis by an attending physician to the licensee.
33 The Commissioner shall grant an exemption from Continuing Education requirements for up to one year if the
34 producer submits the following:

- 35 (1) ~~Deployment~~deployment orders from the United States Department of Defense; or
36 (2) ~~A~~a notarized statement from a licensed physician stating the producer is unable to do the work he
37 is licensed to do.

(j) A licensee who was granted an exemption from the requirements of this Section prior to October 1, 2010 continues to be exempt from continuing education requirements for as long as the licensee certifies to the Commissioner that he:

(1) is age 65 or older;

(2) has been continuously licensed in the line of insurance for at least 25 years; and

(3) either:

(A) holds a professional designation specified in 11 NCAC 06A .0803; or

(B) certifies to the Commissioner annually that the licensee is an inactive agent who neither solicits applications for insurance nor takes part in the day to day operation of an agency.

(k) Courses completed before the issue date of a new license do not meet the requirements of this Section for that new license.

(l) No credit shall be given for courses taken before they have been approved by the Commissioner.

(m) Each person with an even numbered birth year shall meet continuing education requirements in an even numbered compliance year. Each person with an odd numbered birth year shall meet continuing education requirements in an odd numbered compliance year. The licensee shall complete 24 hours of continuing education by the last day of the licensee's birth month in the compliance year.

(n) An existing licensee requiring continuing education is an individual who holds any of the following licenses on or before December 31, 2007: life and health, property and liability, personal lines, or adjuster. The licensee's birth year determines if an individual must satisfy continuing education requirements in an even-numbered or odd-numbered year. (Example: 1960 is an even-numbered year; 1961 is an odd-numbered year.) The licensee's birth month determines the month that continuing education is due. (Example: An individual born in October would need to complete 24 hours of continuing education by the end of October in the licensee's compliance year.) The number of ICECs required by this Rule is prorated based on one ICEC per month, up to 24 months. This conversion shall be completed within four years. (Example: An individual with a birth date of February 16, 1960, would have the following two compliance periods during the continuing education conversion: 1st – two ICECs by the end of February 2008; the 2nd – 24 ICECs by the end of February 2010. An individual with a birth date of April 4, 1957, would have the following two compliance periods during the continuing education conversion: 1st – 16 ICECs by the end of April 2009; the 2nd – 24 ICECs by the end of April 2011.) The chart below reflects the number of hours an existing licensee requiring continuing education must have during the four-year conversion.

Compliance Year	EXISTING LICENSEE MONTH OF BIRTH EVEN/ODD YEAR OF BIRTH																							
	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEPT		OCT		NOV		DEC	
	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd
2008	1		2		3		4		5		6		7		8		9		10		11		12	
2009		13		14		15		16		17		18		19		20		21		22		23		24
2010	24		24		24		24		24		24		24		24		24		24		24		24	
2011		24		24		24		24		24		24		24		24		24		24		24		24

(o) A new licensee requiring continuing education is an individual who is issued any of the following licenses on or after January 1, 2008: life, accident and health or sickness, property, casualty, personal lines or adjuster. The licensee's birth year determines if an individual must satisfy continuing education requirements in an even-numbered or odd-numbered year. (Example: 1960 is an even-numbered year; 1961 is an odd-numbered year.) The licensee's birth month determines the month that continuing education is due. (Examples: An individual born in October would need to complete 24 hours of continuing education by the end of October in the licensee's compliance year. An individual with a birth date of December 1, 1960, licensed in 2008, is required to meet 24 hours of continuing education by December 31, 2010. An individual with a birth date of October 1, 1957, licensed in 2008, is required to meet 24 hours of continuing education by October 31, 2011.) The chart below shows the first deadline by which a new licensee would be required to complete 24 hours of continuing education.

License Issue Year	NEW LICENSEE MONTH OF BIRTH EVEN/ODD YEAR OF BIRTH																							
	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEPT		OCT		NOV		DEC	
	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd	even	odd
2008	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
2009	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
2010	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
2011	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013

(p) A member of a professional insurance association may receive no more than ~~two~~ four ICECs during the biennial compliance period based solely on membership in the association. The professional insurance association shall be

1 approved as a continuing education provider, shall have been in existence for at least five years, and shall have been
2 formed for purposes other than providing continuing education. The professional insurance association shall:

- 3 (1) ~~Provide~~provide the Commissioner or the Administrator with the association's Articles of
4 Incorporation on file with the N.C. Secretary of State;
- 5 (2) ~~Certify~~certify to the Commissioner or Administrator that the licensee's membership is active
6 during the biennial compliance period;
- 7 (3) ~~Certify~~certify to the Commissioner or Administrator that the licensee attended 50 percent of the
8 regular meetings;
- 9 (4) ~~Certify~~certify to the Commissioner or Administrator that the licensee attended a statewide or
10 intrastate regional educational meeting on an annual basis, where the regional meeting covered an
11 area of at least 25 counties of the State; ~~and~~
- 12 (5) certify to the Commissioner or Administrator that the licensee attended a national meeting on an
13 annual basis (i.e., National Convention, Legislative "Day on the Hill" in Washington, DC, or other
14 qualifying national event.); and
- 15 ~~(5)(6)~~ Pay~~pay~~ the one dollar (\$1.00) per ICEC to the Commissioner or Administrator.

16
17 *History Note:* Authority G.S. 58-2-40; 58-2-185; 58-2-195; 58-33-130; 58-33-133;
18 Temporary Adoption Eff. June 22, 1990, for a period of 180 days to expire on December 19, 1990;
19 ARRC Objection Lodged July 19, 1990;
20 Eff. December 1, 1990;
21 Temporary Amendment Eff. October 3, 1991 for a period of 180 days to expire on March 30,
22 1992;
23 Amended Eff. June 1, 2011; October 1, 2010; February 1, 2008; January 1, 2007; February 1,
24 1995; August 1, 1994; February 1, 1994; January 1, 1993;
25 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. ~~June 25,~~
26 ~~2016~~June 25, 2016;
27 Amended Eff. November 1, 2017.