

Notice of Rulemaking Hearing
Department of Commerce and Insurance
Insurance Division

There will be a hearing before the Insurance Division of the Department of Commerce and Insurance ("Division") to consider the promulgation of proposed rules, amendments of rules in Chapter 0780-1-56, and the repeals of Chapters 0780-1-16, 0780-1-42 and 0780-1-45. The hearing will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, Tenn. Code Ann. § 4-5-204 and will take place in Conference Room A, on the Fifth Floor of the Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee 37243 at 10:00 a.m. CST on the 18th day of November, 2002.

Any individuals with disabilities who wish to participate in these proceedings should contact the Division to discuss any auxiliary aids of services needed to facilitate such participation. Such initial contact may be made no less than ten (10) days prior to the scheduled meeting date to allow time for the Division to determine how it may reasonably provide such aid or service. Initial contact may be made with the Division's ADA Coordinator at Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee 37243 at (615) 741-2176.

For a copy of this notice of rulemaking hearing, please contact John F. Morris, Staff Attorney, at (615) 741-2199.

Chapter 0780-1-74

Pre-Licensing Education and Examination Requirements for Insurance Producers

New rules

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Rule 0780-1-74-.01 Pre-licensing Education Requirements.

- (1) All applicants for an insurance producer license, unless otherwise exempted by law, are required to attend a pre-licensing course of study prior to taking the examination required.
- (2) The pre-licensing course taken by the applicant must be approved by the Commissioner and consist of no less than eighty percent (80%) instructional/classroom hours and no more than twenty percent (20%) self-study hours.
- (3) The amounts of total hours which an insurance producer is required to take are listed as follows:

<u>Lines of Insurance</u>	<u>Number of Hours</u>
Life	20
Accident and Health	20
Property	20
Casualty	20
Personal	30

- (4) The applicant shall certify to the Commissioner in or with the application for insurance producer license that such applicant has completed a pre-licensing course of study approved by the Commissioner for each line of insurance for which an insurance

producer license is requested.

Authority: 2002 Tenn. Pub. Acts ch. 798, § 25.

Rule 0780-1-74-.02 Examination Requirements.

- (1) All applicants for an insurance producer license, unless otherwise exempted by law, are required to pass a written examination in order to test the applicant's knowledge as to the line of insurance for which a license is applied, the duties and responsibilities of an insurance producer, and the insurance laws and rules of this state. There shall be a separate examination for each line of insurance in which an insurance producer may be licensed. Applicants wishing to be licensed as an insurance producer in more than one line of insurance shall take each applicable examination.
- (2) Each examination for a license shall be approved for use by the Commissioner. Examinations for licensing shall be at such reasonable times and places accessible to the applicants as are designated by the Commissioner.
- (3) An individual taking an examination pursuant to this rule shall pay a non-refundable fee in order to take such examination. An individual who takes an examination more than once shall pay the examination fee for each subsequent taking of the examination, regardless of the reason for the subsequent examinations.
- (4) The minimum score that will be considered as a passing score for any examination given hereunder is seventy percent (70%). Any score on an exam below seventy percent (70%) shall be considered a failing score.
 - (a) An individual who has failed to pass an examination for a license applied for may take another examination following the expiration of thirty (30) days from the date of the applicant's last unsuccessful examination upon submission of the examination fee.
 - (b) An individual who has received a failing score on three (3) successive attempts of taking an examination for a license applied for will not be permitted to take a subsequent examination until the expiration of one (1) year from the date of the taking of the individual's last unsuccessful examination. After the one (1) year period, the individual may retake the examination upon completing all pre-licensing education requirements enumerated in Rule 0780-1-74-.01. The individual shall also be required to file a new application accompanied by the appropriate filing and examination fees.
- (5) The Commissioner may enter into a contract with a testing organization for the examination of applicants for license as an insurance producer. Notwithstanding any other provisions of this chapter, such contract may provide that the testing organization shall:
 - (a) Assume responsibility for administration and grading of the examination; and
 - (b) Charge and collect reasonable non-refundable examination fees, subject to the approval of the Commissioner.
- (6) No individual taking an examination for an insurance producer license shall possess or examine the examination questions and/or answers prior to the time of examination, nor shall any such individual use improper notes or other reference materials during the examination. Furthermore, no person shall have such questions or answers reproduced and/or disseminated for the purposes of assisting an insurance producer in passing an

examination.

Authority: 2002 Tenn. Pub. Acts ch. 798, § 25.

0780-1-74-.03 Agents for Health Maintenance Organizations.

All agents of health maintenance organizations, as that term is defined in Tenn. Code Ann. § 56-32-214(a), must obtain an insurance producer license in the line of accident and health insurance prior to acting as an agent. Such persons are required to meet all requirements for licensure, to include, but not necessarily be limited to, the requirements under Tenn. Code Ann. Title 56, Chapter 6, as well as any other rules or regulations promulgated by the Commissioner, such as any pre-licensing and continuing education requirements, examination requirements.

Authority: Tenn. Code Ann. § 56-32-214.

Chapter 0780-1-16

Written Examination for Agents

Repeal

Chapter 0780-1-16 Written Examination for Agents is repealed.

Authority: Tenn. Code Ann. § 56-6-127 and Tenn. Pub. Acts 2002, ch. 798, § 25.

Chapter 0780-1-42

Relating to Educational Requirements for Life, Accident and Health Insurance Agents

Repeal

Chapter 0780-1-42 Relating to Educational Requirements for Life, Accident and Health Insurance Agents is repealed.

Authority: Tenn. Code Ann. §§ 56-6-105 and 56-6-107 and Tenn. Pub. Acts 2002, ch. 798, § 25.

Chapter 0780-1-55

Insurance Agent and Limited Insurance Representative Licensing

Repeal

Chapter 0780-1-55 Insurance Agent and Limited Insurance Representative Licensing is repealed.

Authority: Tenn. Code Ann. §§ 56-6-160, 56-6-136 through 56-6-138, 56-6-142 through 56-6-143 and Tenn. Pub. Acts 2002, ch. 798, § 25.

Chapter 0780-1-56

Educational Requirements

Amendments

Chapter 0780-1-56 Educational Requirements is amended by deleting the abbreviation "T.C.A." and the term "Tennessee Code Annotated" wherever they may appear and substituting instead the abbreviation "Tenn. Code Ann."

Rule 0780-1-56-.01 Purpose is amended by deleting the rule in its entirety and substituting the following language so that, as amended, the rule shall read:

Rule 0780-1-56-.01 Purpose.

The purpose of this chapter is to prescribe the continuing education requirements for insurance producers and agents of health maintenance organizations, as well as to establish standards by which continuing education courses will be evaluated for awarding of credit, and to ensure compliance of these requirements by establishing periodic reporting requirements.

Authority: Tenn. Code Ann. §§ 56-6-160(a)(2) and 56-32-214.

Rule 0780-1-56-.02 Basic Requirements is amended by deleting the rule in its entirety and substituting the following language so that, as amended, the rule shall read:

Rule 0780-1-56-.02 Basic Continuing Education Requirements.

- (1) Every individual seeking annual renewal of a license issued pursuant to Tenn. Code Ann. Title 56, Chapter 6, Part 1, must satisfactorily complete twelve (12) hours of study in approved courses, programs of instruction or seminars each year following the date of issuance of the original license. Certificates of completion for courses previously submitted and approved for credit may be repeated after three (3) years and submitted for credit.
- (2) Any individual who became or becomes licensed as an insurance agent or insurance producer after January 1, 1997, shall comply with the continuing education requirements of this chapter.
- (3) Any individual who became licensed prior to January 1, 1997 may elect to comply with continuing education requirements by filing with the Department of Commerce and Insurance a form prescribed by the Commissioner. Any individual making an election shall then comply with all the continuing education requirements of this chapter.

Authority: Tenn. Code Ann. §§ 56-6-160(a)(2) and 56-32-214.

Legal Contact and/ or party who will approve final copy for publication:

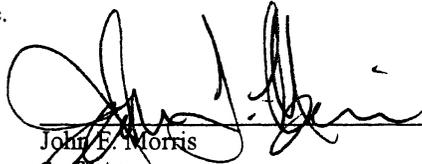
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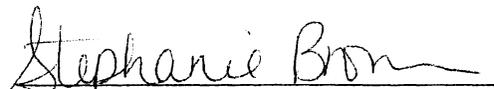
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615-741-2199

I certify that this is an accurate and complete representation of the intent and scope of rulemaking proposed by the Commissioner of Commerce and Insurance.



John E. Morris
Staff Attorney

Subscribed and sworn to before me this the 30 day of September, 2002.



Stephanie Bron
Notary Public

My commission expires on the 28 day of January, 2006.

The notice of rulemaking set out herein was properly filed in the Department of State on the 30th day of September, 2002.



Riley C. Darnell
Secretary of State

BY: Shawna Gw_____

RECEIVED
SEP 30 2002
DEPARTMENT OF COMMERCE AND INSURANCE
NASHVILLE, TENNESSEE