

3901-5-07

Regulation of agent prelicensing education.**(A) Purpose**

The purpose of this rule is to establish the criteria for agent prelicensing education and to establish certain examination requirements.

(B) Authority

This rule is promulgated pursuant to the authority vested in the superintendent under sections 3901.041, ~~3905.48~~ and 3905.486 of the Revised Code.

(C) Definitions

As used in this rule:

- (1) "Authorized provider official" means the person designated by a provider and approved by the superintendent as a person who is responsible for a provider's compliance with the prelicensing education regulations and who is responsible for a provider's integrity and operation.
- (2) "Authorized provider personnel" means any person identified by a provider as being authorized to certify a provider certification of course completion form, a certificate of prelicensing course completion form, a schedule of courses form, student registration forms and attendance forms.
- (3) "Board" means the "Insurance Agent Education Advisory Board."
- (4) "Class time" means the time a registered instructor spends in a classroom setting during an approved prelicensing course providing actual instruction. It may include a reasonable amount of testing but not the time a student spends studying, preparing for a course or receiving marketing or sales technique instruction.
- (5) "Course" means ~~forty~~ hours of instruction offered by a provider approved by the superintendent to offer insurance education in one of the following categories: (1) property and casualty insurance, (2) life, ~~insurance, sickness and accident and health~~ insurance and variable annuities; (3) personal lines~~sickness and accident~~ insurance and (4) surety bail bond insurance~~health maintenance organizations~~.
- (6) "Program of insurance education" means a provider's overall curriculum.

- (7) "Provider" means an organization or person approved by the superintendent to offer agent prelicensing courses.
- (8) "Superintendent" means the superintendent of insurance.

(D) Exemptions

- (1) Any person with a bachelor's or associate's degree in insurance from an accredited institution shall be exempt from agent prelicensing education requirements. Such person shall provide verification of the degree at the time a license application is filed with the superintendent.
- (2) Any person with the professional designation of "Chartered Property and Casualty Underwriter" ("CPCU") ~~or "Chartered Life Underwriter" ("CLU")~~ shall be exempt from agent prelicensing education requirements for property and casualty and for personal lines insurance lines of authority ~~and examination requirements~~. Such person shall provide verification of the designation at the time a license application is ~~submitted~~ filed with the superintendent.
- (3) Any person with the professional designation of "Chartered Life Underwriter" ("CLU") shall be exempt from agent prelicensing education requirements for life, accident and health insurance, and variable annuity lines of authority. Such person shall provide verification of the designation at the time a license application is submitted.
- (4) No person who has surrendered an insurance license or who has had an insurance license suspended or revoked may use the exemptions in paragraphs (D)(1), (D)(2), or (D)(3) of this rule.

(E) Program of insurance education approval

- (1) No person or organization shall offer any agent prelicensing education until an application is submitted to the superintendent and the superintendent issues a written approval of the program of insurance education.
- (2) An application for prelicensing provider approval shall be on forms prescribed by the superintendent and include an application for provider approval, registration for authorized provider official, registration for authorized provider personnel, a financial interest statement and registration form for each instructor. The application shall be ~~completed~~ certified by the authorized provider official. ~~The original signatures of the authorized provider official~~

~~and authorized provider personnel must accompany the application for approval.~~

- (3) If the superintendent determines that the applicant is suitable to offer a program of insurance education, the superintendent will issue a letter of approval and assign a prelicensing provider identification number to the provider.
- (4) The initial approval of a provider shall be from the date of approval through the thirty-first day of December of the same year in which the approval is granted except an initial approval which is granted after the thirty-first day of October shall continue through December 31 of the year following the year in which approval is granted.
- (5) The authorized provider official shall notify the superintendent, in writing, of any change to the provider application or renewal application, including but not limited to, the identity of the authorized provider official or authorized provider personnel, provider address, provider telephone number, or provider name. The notification shall be made within fifteen days of the effective date of the change. Any change in instructors, the types of courses to be offered and changes in the ownership or control of the provider require approval in accordance with paragraph (E)(2) of this rule.
- (6) Self-study or correspondence courses will not be approved.
- (7) Instructors must be qualified in accordance with paragraph (F) of this rule and may instruct only those categories of insurance for which they are registered and for which the provider is approved.
- (8) To be eligible to be the designated authorized provider official, a person shall be of good character and business repute and shall agree to be responsible for the provider's compliance with the laws and regulations relating to prelicensing insurance education programs. A person who has had an insurance license suspended, revoked or surrendered for cause in any state is not eligible to serve as an authorized provider official.
- (9) A provider's courses must be taught only by qualified and registered instructors.
- (10) No person may teach or hold himself out as qualified to teach prelicensing courses except as a registered instructor for an approved provider.

(F) Instructor qualifications

All instructors for agent prelicensing insurance education programs must meet the following criteria:

- (1) The individual must be of good character and business repute.
- (2) The individual has never had an insurance license revoked, suspended or surrendered for cause in any state.
- (3) If the individual is to instruct property and casualty insurance courses or personal lines insurance courses, the provider must demonstrate that the individual:
 - (a) Holds a valid designation of "Chartered Property and Casualty Underwriter" ("CPCU") or any other professional designation approved by the superintendent; or
 - (b) Has worked continuously in the property and casualty insurance industry for the preceding three years and currently has one of the following professional designations: "Accredited Advisor in Insurance" ("AAI"), "Certified Insurance Counselor" ("CIC") or any other professional designation approved by the superintendent; or
 - (c) Has worked continuously in the property and casualty insurance industry for the preceding five years.
- (4) If the individual is to instruct a life insurance, sickness and accident and health insurance, or variable annuity course ~~courses~~, the provider must demonstrate that the individual:
 - (a) Holds a valid designation of "Chartered Life Underwriter" ("CLU"), "Chartered Financial Consultant" ("CHFC"), "Fellow of the Life Management Institute" ("FLMI") or any other professional designation approved by the superintendent; or
 - (b) Has worked continuously in the life insurance, sickness and accident insurance or variable annuity industries for the preceding three years and holds a valid designation of "Life Underwriter Training Council Fellow" ("LUTCF") or any other professional designation approved by the superintendent; or
 - (c) Has worked continuously in the life insurance, ~~sickness and~~ accident and

health insurance or variable annuity industries for the preceding five years.

(5) If the individual is to instruct a surety bail bond insurance course ~~sickness and accident insurance/health maintenance organization (HMO) courses~~, the provider must demonstrate that the individual:

~~(a) Holds a valid designation of "Chartered Life Underwriter" ("CLU"), "Chartered Financial Consultant" ("ChFC"), "Fellow of the Life Management Institute" ("FLMI") or any other professional designation approved by the superintendent; or~~

~~(b)(a) Has been licensed as a surety bail bond agent worked continuously in the sickness and accident or HMO industry for the preceding three years ; and has a valid designation of LUTCF or any other professional designation approved by the superintendent.~~

~~(e)(b) Has worked continuously in the surety bail bond industry~~ sickness and accident insurance or HMO industries for the preceding five years.

(G) Provider Operations

(1) Class time shall not exceed eight hours per day.

(2) The minimum number of enrolled students shall be two ~~five~~ and the maximum number shall be fifty. A student is considered enrolled when a registration form, or a form which contains substantially the same information, is completed and signed by the student and authorized provider personnel. Only students who are taking a course for the purpose of complying with the prelicensing education requirements ~~in section 3905.48 of the Revised Code~~ shall be deemed enrolled for purposes of this section.

~~(3) A course must be limited to one of the three categories of insurance for which approval is granted.~~

~~(4) A section of one course cannot be taught simultaneously with a section of another course.~~

~~(5)~~(3) A provider shall provide the most recent edition of the Ohio department of insurance licensing information bulletin, and any supplements, to each student who attends any part of a course.

~~(6)~~(4) The instruction of any course shall be in accordance with the most recent

edition of the Ohio department of insurance licensing information bulletin and any supplements.

~~(7)~~(5) All classes must begin and end as scheduled and the required ~~a full forty~~ hours of class time shall be provided for each course.

~~(8)~~(6) A registration form, prescribed by the superintendent, must be completed and signed by the authorized provider official and each student prior to the beginning of a course. Such form is in addition to any other registration form or procedure which may be used by the provider.

~~(9)~~(7) The provider shall give each student a copy of the completed and signed registration form and shall retain the original registration form.

~~(10)~~(8) An attendance record shall be kept for each course. The attendance record must contain the full name of the provider, type of course, and commencement and ending dates of the course. Each student shall sign the attendance form upon arrival and upon departure from each session of the course and shall note the time of arrival and departure.

~~(11)~~(9) A course schedule shall be filed with the department no later than ten days before a course is scheduled to begin. Multiple courses may be included on a schedule as long as the schedule is filed at least ten days before the earliest course listed is scheduled to begin. Written notice must be given to the superintendent immediately upon the cancellation of a scheduled course.

~~(12)~~(10) Upon completion of a course, the authorized provider official shall submit~~certify~~ to the superintendent, on a form prescribed by the superintendent, the names of each student who completed the course. The provider official shall identify the number of hours completed by each student ~~if less than forty~~.

~~(13)~~(11) A provider cannot offer or conduct courses in a category of insurance for which the provider has not received approval from the superintendent.

(H) Certificates

(1) The authorized provider official shall provide a completed certificate of prelicensing course completion form to each student which certifies that the student completed the course. The certificate shall be on a form prescribed by the superintendent and shall be provided to each student within three days after the student completes the course. The certificate shall not be valid unless

it contains the original signatures of the instructor or authorized provider personnel and the student. The back of the certificate shall contain an evaluation form for the student to complete.

- (2) The certificate of prelicensing course completion is valid for one hundred eighty calendar days from the completion of the course. If the one hundred eighty day period expires before the student passes the licensing examination, the student will not be eligible to sit for another licensing examination for that type of license until the student completes another ~~forty hours of~~ approved prelicensing insurance education course for that license type.
- (3) At the time a student registers with the testing service designated by the superintendent, the student must provide the provider's identification number as it appears on the certificate of prelicensing course completion.
- (4) A student shall not be permitted to sit for a licensing examination unless the student has an original and valid certificate of prelicensing course completion form or a notice of waiver code from the superintendent.
- (5) The student shall submit two forms of identification, to the examination monitor, one of which shall be a photo identification.

(I) Provider renewal requirements

- (1) A provider shall file an annual renewal application on a form prescribed by the superintendent no later than November 30th of each year. No provider shall conduct prelicensing education courses until the provider's renewal application has been approved by the superintendent and the provider has received a renewal approval letter from the superintendent.
- (2) The renewal application shall contain:
 - ~~(i)~~(a) An application for provider renewal;
 - ~~(ii)~~(b) A registration for authorized provider official;
 - ~~(iii)~~(c) A registration for authorized provider personnel;
 - ~~(iv)~~(d) A financial interest statement;
 - ~~(v)~~(e) A registration for each instructor;

~~(vi)~~(f) A past twelve month provider activity form; and

~~(vii)~~(g) Any additional information requested by the superintendent.

(3) The superintendent shall not renew a provider ~~that~~ ~~which~~ fails to comply with any of the requirements of this rule.

~~(4) The superintendent may issue a letter of non-renewal to any provider who fails to comply with this rule.~~

~~(N)~~(J) Non-renewal

(1) A provider ~~that~~ ~~which~~ does not want to be renewed as an approved preclicensing provider shall ~~complete and~~ submit a non-renewal form to the superintendent ~~a non-renewal form~~.

(2) A provider ~~that~~ ~~which~~ does not want to renew approval of an instructor shall ~~complete and~~ submit a non-renewal form to the superintendent ~~a non-renewal form~~.

(3) A provider ~~that~~ ~~which~~ has received a non-renewal letter from the superintendent and ~~which~~ wants to be reapproved ~~the superintendent to re-approve that provider~~ shall file an application for provider approval with the superintendent.

(4) The non-renewal of a provider does not affect the validity of certificates of completion of preclicensing course ~~that the~~ ~~which~~ ~~such~~ provider issued prior to the non-renewal.

~~(O)~~(K) Audit and records retention

(1) A provider shall keep the original student registration forms for four years after completion of a course.

(2) A provider shall keep copies of all certificates of course completion for four years after completion of a course.

(3) A provider shall keep copies of all other records required by this rule for a minimum of four years.

(4) A provider's records are subject to inspection and audit by the superintendent at any time without prior notice.

(5) The superintendent may enter and observe a course at any time without prior notice.

~~(K)~~(L) Severability

If any section, term or provision of this rule is adjudged invalid for any reason, such judgment shall not affect, impair or invalidate any other paragraph, term or provision of this rule, and the remaining paragraphs, terms and provisions shall be and shall continue in full force and effect.

Effective: 09/22/2005

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CERTIFIED ELECTRONICALLY

Certification

09/12/2005

Date

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