

PROPOSED RULES
NORTH DAKOTA ADMINISTRATIVE CODE
CHAPTER 45-02-04
CONTINUING EDUCATION AND PRELICENSURE EDUCATION

Section 45-02-04-02 – Definitions is amended as follows:

45-02-04-02. Definitions. As used in this chapter, unless the context or subject matter otherwise requires:

1. "Commissioner" means the insurance commissioner.
2. "Continuing education" means an accredited educational experience derived from participation in approved lectures, seminars, and correspondence courses in areas related to insurance. This education shall be designed to improve the professional skills of the participant and upgrade the standard of all insurance licensees to better serve the public.
3. "Coordinator" means an individual who is responsible for monitoring insurance education offerings and who serves as the liaison for students, instructors, and the commissioner.
4. "Instructor" means an individual who teaches, lectures, or otherwise instructs an insurance education offering.
5. "Insurance education" means prelicensure education and continuing education.
6. "Insurance lines" for insurance education purposes include life insurance, accident and health insurance, property insurance, and casualty insurance.
7. "Insurance producer or licensee" means a natural person licensed by this state for the type and kind of insurance being marketed and for which licensing examinations are required.
8. "License" means the authorization issued to an individual by the insurance commissioner to act as an insurance producer.
9. "License applicant" means a person not currently licensed or an insurance producer seeking a license for a line or lines of insurance for which the person is not currently licensed.

10. "National insurance education program" means a curriculum dedicated to the continuance of insurance education, leading to a nationally accepted insurance designation, such as a chartered property casualty underwriter (CPCU), a chartered life underwriter (CLU), or a registered health underwriter (RHU).
11. "Prelicensure education" means approved classroom education taken prior to sitting for the state licensing examination and completed within six months of filing the license application.
12. ~~"Sponsor"~~ "Provider" means a natural person, firm, institution, partnership, corporation, or association offering or providing insurance education.

History: Effective July 1, 1986; amended effective December 1, 2001;_____.

General Authority: NDCC 26.1-26-49

Law Implemented: NDCC 26.1-26-49

Section 45-02-04-03 – General rules is amended as follows:

45-02-04-03. General rules.

1. **Course requirements.** The continuing education course requirements include an educational presentation involving insurance fundamentals, policies, laws, risk management, or other courses which are offered in a process of instruction approved by the commissioner as expanding skills and developing knowledge to better serve the insurance buying public.
2. **Nonapproved courses.** The following course content will not qualify for continuing education credit:
 - a. Prelicensure training.
 - b. Prospecting.
 - c. Recruiting.
 - d. Sales skills and promotions.
 - e. Motivation.
 - f. Psychology.
 - g. Communication skills.
 - h. Supportive office and machine skills.

- i. Personnel management.

The above listing does not limit the commissioner's authority to disapprove any application which fails to meet the standards for course approval.

- 3. **Prelicensure course.** A prelicensure course means a classroom program consisting of at least eight credit hours, per line of insurance, with course content including:

- a. For property or casualty insurance, or both:

- (1) North Dakota laws, rules, and regulations relating to property and casualty insurance;
- (2) Insurance and insurance-related concepts;
- (3) Policy provisions;
- (4) Types of policies;
- (5) Perils, exclusions, deductibles, and liability;
- (6) Prospecting and evaluating needs;
- (7) Serving clients; and
- (8) Presentation and acceptance of the policy.

- b. For life and annuity or accident and health insurance, or both:

- (1) North Dakota laws, rules, and regulations relating to life and annuity or accident and health insurance;
- (2) Types of policies and coverages;
- (3) Policy provisions, options, and benefits;
- (4) Completing the application and delivering the policy;
- (5) Taxes, retirement, and other insurance concepts;
- (6) Group insurance; and
- (7) Other provisions affecting insurance benefits.

4. **License applicant responsibility.** All license applicants shall present to the proctor, prior to sitting for insurance licensing examinations, a valid copy of the prelicensure report of compliance.
5. **Licensee responsibility.** Each licensee shall be responsible for maintaining original records of the licensee's continuing education certificates of attendance for a period of one year from the last reporting deadline. Such records shall be made available to the commissioner upon request.
6. **Licensee seeking additional lines.** Effective January 1, 1986, prelicensure education will be required of a current resident insurance producer or consultant seeking authority in a line of insurance for which the person is not currently licensed.
7. **Correspondence course credit.** Credit received by an insurance producer for a correspondence course must be based on successful completion of the course as prescribed by the ~~sponsor~~ provider and approved by the commissioner.
8. **Reciprocity.** The commissioner may approve credit for insurance-related courses approved by the North Dakota real estate commission and the North Dakota state bar association for continuing education purposes.
9. **Credit hour.** A credit hour means sixty minutes of time, of which at least fifty minutes must be instruction, with a maximum of ten minutes break.
 - a. Credit hours for insurance education will not be approved in increments of less than one-half hour.
 - b. Neither students nor instructors may earn credit for attending or instructing at any subsequent offering of a continuing education course more than once during a reporting period.
10. **Course audit.** The commissioner or an authorized representative reserves the right to audit insurance education offerings with or without notice to the ~~sponsor~~ provider.
- ~~11. **National insurance education independent study.** A licensee who passes a national examination by way of independent study may receive up to fifteen hours of continuing education credit, of which seven and one-half hours will be considered as classroom.~~
- ~~12.~~ 11. **Class attendance.**
 - a. No certificate of attendance will be issued to a continuing education participant who is absent for more than ten percent of the classroom hours.

- b. Prelicensure courses must be attended in their entirety.
13. 12. **Examinations.** Course examinations will not be required for insurance education courses, unless required by the ~~sponsor~~ provider.
14. 13. **Textbooks.** Textbooks are not required for continuing education courses. All course materials must contain accurate and current information relating to the subject matter being taught.
15. 14. **Approval of course offerings.** The commissioner requires ~~sponsors~~ providers of insurance education courses to provide the following:
- a. To the commissioner on a commissioner-approved form prior to course offerings:
- (1) An application for course approval of an insurance education course fifteen business days prior to course offering.
 - (2) A complete course outline designating individual topics and the amount of time devoted to each area being taught. (NOTE: Prelicensure course outlines must include a copy of all textbooks, handouts, etc., ~~excluding Pictorial, R R Newkirk, and Educational Training Systems, Inc., which are on file at the insurance department.~~)
 - (3) An application for coordinator approval.
 - ~~(4) An application for instructor approval.~~
 - ~~(5)~~ (4) A fifty dollar per course filing fee.
- b. A class roster to the commissioner ~~on a commissioner approved form using a method prescribed by the commissioner~~ fifteen days subsequent to completion of all insurance education courses. ~~This requirement may be waived for nationally designated independent study courses.~~
- c. To course participants subsequent to course offerings:
- (1) A course attendance certificate (10923) ~~and a summary report of compliance (10924)~~ to all students successfully completing an approved continuing education course.
 - (2) A prelicensure report of compliance (10925) to all students successfully completing an approved prelicensure course.

Upon review by the commissioner, ~~sponsors~~ providers will receive a copy of the course application indicating approval or denial, credit hours assigned, and a course certification number. Course certification numbers must be used on all insurance education certificates, correspondence, and advertisements.

16. 15. **Sponsor Provider management responsibility.** ~~Sponsors~~ Providers of insurance education courses are responsible for the actions of their respective instructors and coordinators.
17. 16. **Course approval after the fact.** Credit may be granted for a course after the fact provided such courses are properly submitted and approved by the commissioner. Subsequent approval depends on course content and is not automatic or guaranteed.
18. 17. **Advertising.** Courses may not be advertised in any manner unless approval has been granted, in writing, by the commissioner.
- a. All advertising relating to approved course offerings shall contain the following statement: "This course has been approved by the insurance commissioner for (insert hours) of insurance education credit."
 - b. Advertising must be truthful, clear, and not deceptive or misleading.
19. 18. **Approval of subsequent offerings.** After approval has been granted for the initial offering of a course, approval for subsequent offerings will be granted without the necessity of a new application if a notice of subsequent offering is filed with the commissioner at least fifteen days before the date the course is to be held.
20. 19. **Fees.** Fees for courses must be reasonable and clearly identifiable to students. If a course is canceled for any reason, all fees must be returned within thirty days of cancellation.
21. 20. **Adequate facility.** Each course of study must be conducted in a classroom or other facility which will adequately and comfortably accommodate the faculty and the number of students enrolled. The ~~sponsor~~ provider may limit the number of students enrolled in a course.

History: Effective July 1, 1986; amended effective January 1, 2000; December 1, 2001; _____.

General Authority: NDCC 26.1-26-49

Law Implemented: NDCC 26.1-26-49

Section 45-02-04-04 – General powers of commissioner is amended as follows:

45-02-04-04. General powers of commissioner. The commissioner may deny, censure, suspend, or revoke the approval of a ~~sponsor~~ provider, coordinator, instructor, or course if it is

determined not to be in compliance with the statute or rules governing the offering of insurance education courses. The commissioner may also refuse to approve courses conducted by specific ~~sponsors~~ providers if he determines that past offerings have not been in compliance with insurance education laws and rules.

History: Effective July 1, 1986; amended effective _____.

General Authority: NDCC 26.1-26-49

Law Implemented: NDCC 26.1-26-49

Section 45-02-04-05 – Course coordinator is amended as follows:

45-02-04-05. Course coordinator.

1. **General requirement.** Each course of study must have at least one coordinator, approved by the commissioner, who is responsible for supervising the program and assuring compliance with the statutes and rules governing the offering of insurance education courses.
2. **Qualifications.** Course coordinators shall possess at least one of the following qualifications:
 - a. A minimum of five years experience during the immediately preceding five-year period as an active licensed insurance agent; or
 - b. At least three years full-time experience during the immediately preceding five-year period in the administration of an education program; or
 - c. A degree in education plus at least two years insurance experience during the immediately preceding five-year period.
3. **Forms.** Applications for coordinator approval must be submitted on forms prescribed by the commissioner.
4. **Responsibilities.** Coordinators shall be responsible for, but not limited to, the following:
 - a. Assuring compliance with all laws and rules pertaining to insurance education.
 - b. Notifying the commissioner of any material change in ~~applications of course instructors or~~ course content.
 - c. Assuring that students are provided with current, accurate information, and classroom facilities conducive to a sound learning environment.

- d. Evaluation of courses and instructors. The commissioner may request written evaluations of courses and instructors either by students or coordinators.
- e. Investigating complaints relating to course offerings and instructors, and forwarding all written complaints to the insurance department.
- f. Maintaining accurate records relating to course offerings, instructors, and student attendance for a period of five years from the date the course was completed.
- g. Being available to instructors and students by providing the name of the coordinator and a telephone number at which the coordinator can be reached.
- h. Providing students with course attendance certificates on a form prescribed by the commissioner, within thirty days of course completion.
- i. Notifying the commissioner, fifteen days in advance, of any changes in course offering dates and subsequent offering dates of an approved course.

History: Effective July 1, 1986; amended effective _____.

General Authority: NDCC 26.1-26-49

Law Implemented: NDCC 26.1-26-49

Section 45-02-04-07 – Prohibited practices is amended as follows:

45-02-04-07. Prohibited practices. ~~Sponsors~~ Providers, coordinators, and instructors are prohibited from misrepresenting any material submitted to the commissioner.

History: Effective July 1, 1986; amended effective _____.

General Authority: NDCC 26.1-26-49

Law Implemented: NDCC 26.1-26-49

Section 45-02-04-09 – Licensee report of compliance is amended as follows:

45-02-04-09. Licensee report of compliance. Reports of compliance for continuing education credit must be submitted with a fee of twenty-five dollars at the end of each two-year period following licensure, except as provided below. All licensed resident insurance producers shall submit a compliance report and fee based on the following schedule. Licensed resident insurance producers with surnames beginning with:

1. A-K shall report ~~thirty~~ twenty-four hours or more of approved coursework of which three hours must be ethics for the previous two years within thirty days of January first of every odd-numbered year.
2. L-Z shall report ~~thirty~~ twenty-four hours or more of approved coursework of which three hours must be ethics for the previous two years within thirty days of January first of every even-numbered year.
3. A newly licensed resident insurance producer shall have the remainder of the calendar year in which initially licensed as a grace period. Beginning January first of the next calendar year, newly licensed resident insurance producers must comply with continuing education requirements, reporting the required continuing education credits for each calendar year according to the alphabetized schedule.
4. An insurance producer licensed exclusively for the sale of title insurance, travel or baggage insurance, surety, bail bonds, legal expense insurance, and credit is exempt from continuing education requirements.

History: Effective July 1, 1986; amended effective November 1, 1990; May 1, 1997; October 1, 1997; January 1, 2000; December 1, 2001;_____.

General Authority: NDCC 26.1-26-49

Law Implemented: NDCC 26.1-26-31.1(1), 26.1-26-31.1(2), 26.1-26-31.4