

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 703
Committee Substitute Favorable 5/1/89
Committee Substitute #2 Favorable 5/15/89
Insurance Senate Committee Substitute Adopted 6/20/89
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Short Title: Insurance Agent Education.

(Public)

Sponsors:

Referred to:

March 20, 1989

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR A CONTINUING EDUCATION PROGRAM FOR
INSURANCE AGENTS, BROKERS, ADJUSTERS, AND MOTOR VEHICLE
DAMAGE APPRAISERS.

The General Assembly of North Carolina enacts:

Section 1. Article 45 of Chapter 58 of the General Statutes is amended by
adding two new sections to read:

"§ 58-635. Continuing education program for licensees.

(a) The Commissioner is authorized to promulgate rules to provide for a
program of continuing education requirements for the purpose of enhancing the
professional competence and professional responsibility of adjusters and motor vehicle
damage appraisers. Such rules may include criteria for:

- (1) The content of continuing education courses;
- (2) Accreditation of continuing education sponsors and programs;
- (3) Accreditation of videotape or other audiovisual programs;
- (4) Computation of credit;
- (5) Special cases and exemptions;
- (6) General compliance procedures; and
- (7) Sanctions for noncompliance.

1 (b) The Commissioner is authorized to adopt rules to provide for the continuing
2 professional education of all agents and brokers, including fraternal field marketers, but
3 excluding limited field representatives. In promulgating such rules, the Commissioner
4 may use the same criteria as specified in subsection (a) of this section.

5 (c) On and after January 1, 1992, any individual agent or broker desiring to
6 renew an appointment or license shall offer evidence satisfactory to the Commissioner
7 that he has complied with the continuing professional education requirements approved
8 by the Commissioner.

9 (d) Annual continuing professional education hour requirements shall be
10 determined by the Commissioner, but shall not be more than 12 credit hours.

11 (e) No more than seventy-five percent (75%) of the requirement relating to life or
12 health insurance agents or brokers may be met by taking courses offered by licensed life
13 or health insurance companies with which those agents or brokers have appointments.

14 (f) The Commissioner may adopt rules for waiving the requirements under this
15 section for cases of certified physical incapacity or illness or undue hardship.

16 (g) The Commissioner shall permit any licensee to carry over to a subsequent
17 calendar year up to seventy-five percent (75%) of the required annual hours of
18 continuing professional education.

19 (h) Any licensee who offers evidence satisfactory to the Commissioner on forms
20 supplied by the Commissioner that he has satisfactorily completed the required
21 continuing professional education courses shall be deemed to have complied with this
22 section.

23 (i) The Commissioner is authorized to approve continuing professional
24 education courses.

25 (j) The Commissioner is authorized to establish fees to be paid to the Commissioner
26 by licensees who are required to comply with this section or by course vendors for the
27 purpose of offsetting the cost of additional staff and resources to administer the program
28 authorized by this section.

29 **"§ 58-636. Continuing education advisory committee.**

30 (a) The Commissioner shall appoint, in accordance with G.S. 58-7.4, one
31 advisory committee for fire and casualty insurance licensees and one advisory
32 committee for life and health insurance licensees. The advisory committees shall
33 recommend reasonable rules to the Commissioner for promulgation under G.S. 58-635.
34 The Commissioner may adopt, reject, or modify such recommendations. After the
35 promulgation of rules under G.S. 58-635, the committees may from time to time make
36 further recommendations to the Commissioner for additional rules or changes in
37 existing rules.

38 (b) The fire and casualty advisory committee shall comprise:

39 (1) Two employees of the Department of Insurance;

40 (2) One representative from a list of two nominees submitted by the
41 Independent Insurance Agents of North Carolina;

42 (3) One representative from a list of two nominees submitted by the
43 Carolinas Association of Professional Insurance Agents (North
44 Carolina Division);

- 1 (4) One representative of a licensed property and casualty insurance
2 company writing business in this State that operates through an
3 exclusive agency force;
4 (5) One representative from a list of two nominees submitted by the North
5 Carolina Adjusters Association;
6 (6) One representative of fire and casualty insurers from a list of two
7 nominees submitted by the Association of North Carolina Property and
8 Casualty Insurance Companies; and
9 (7) One representative from a list of two nominees submitted by the
10 Department of Community Colleges.
11 (c) The life and health advisory committee shall comprise:
12 (1) Two employees of the Department of Insurance, which may be the
13 same persons appointed under subsection (b) of this section;
14 (2) One representative from a list of two nominees submitted by the North
15 Carolina Association of Life Underwriters;
16 (3) One representative of life and health insurers from a list of two
17 nominees submitted by the Association of North Carolina Life
18 Insurance Companies;
19 (4) One representative from a list of two nominees submitted by the
20 General Agents and Managers Conference;
21 (5) One representative from a licensed medical or hospital service
22 corporation;
23 (6) One licensed health insurance agent from a list of two nominees
24 submitted by the North Carolina Association of Health Underwriters;
25 (7) One representative of a licensed life or health insurer writing business
26 in this State that operates through an exclusive agency force;
27 (8) One representative from a list of two nominees submitted by the North
28 Carolina Fraternal Congress; and
29 (9) One representative from a list of two nominees submitted by the
30 Department of Community Colleges."

31 Sec. 1.1. G.S. 58-615(f)(1) reads as rewritten:

- 32 "(1) Bond. Prior to issuance of a license as a broker, the applicant shall file
33 with the Commissioner and thereafter, for as long as the license
34 remains in effect, shall keep in force a bond in favor of the State of
35 North Carolina for the use of aggrieved parties in the sum of not less
36 than fifteen thousand dollars (\$15,000), executed by an authorized
37 corporate surety approved by the Commissioner. The aggregate
38 liability of the surety for any and all claims on any such bond shall in
39 no event exceed the sum thereof. The bond shall be conditioned on the
40 accounting by the broker (i) to any person requesting the broker to
41 obtain insurance for moneys or premiums collected in connection
42 therewith, (ii) to any licensed insurer or agent who provides coverage
43 for such person with respect to any such moneys or premiums, and (iii)
44 to any premium finance company or to any association of insurers

1 under any plan or plans for the placement of insurance under the laws
2 of North Carolina which afforded coverage for such person with
3 respect to any such moneys or premiums. No such bond shall be
4 terminated unless at least 30 days' prior written notice thereof is given
5 by the surety to the licensee and the Commissioner. Upon termination
6 of the license for which the bond was in effect, the Commissioner shall
7 notify the surety within 10 business days."

8 Sec. 2. This act is effective upon ratification.