

MAINE STATE LEGISLATURE

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1 (After Deadline)
2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 1532

8 S.P. 583

In Senate, May 17, 1985

9 Approved for introduction by a majority of the Legislative Council
10 pursuant to Joint Rule 27.

11 Reference to the Committee on Business and Commerce suggested and
ordered printed.

JOY J. O'BRIEN, Secretary of the Senate

12 Presented by Senator Bustin of Kennebec.

13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FIVE
17

18 AN ACT Defining the Authority of the Bureau
19 of Insurance in Testing, Licensing and
20 Continuing Education.
21

22 Be it enacted by the People of the State of Maine as
23 follows:

24 Sec. 1. 24-A MRSA §1515, as amended by PL 1973,
25 c. 585, §12, is further amended to read:

26 §1515. Licensing forms

27 The superintendent shall prescribe, consistent
28 with the applicable requirements of this chapter, and
29 furnish all printed forms required under this chapter
30 in connection with application for and issuance of
31 licenses, ~~examinations for licenses~~, and for ap-
32 pointment and termination of appointments of agents.
33 The superintendent or an independent testing service
34 designated by the superintendent shall prescribe and
35 furnish all printed forms required in connection with
36 examinations for license.

1 Sec. 2. 24-A MRSA §1520, sub-§1, as amended by
2 PL 1973, c. 585, §12, is further amended to read:

3 1. After the applicant's completion and filing
4 of application with the superintendent as required by
5 section 1518, the superintendent shall subject
6 require each applicant for license as agent, broker,
7 consultant or adjuster, unless exempted therefrom under
8 section 1521, to take a written examination as to
9 his competence to act as such agent, broker, consul-
10 tant or adjuster. The applicant shall appear at a
11 time and place designated by the superintendent and
12 take a written examination prepared and administered
13 by the superintendent, or an independent testing ser-
14 vice designated by the superintendent, under the di-
15 rection of the superintendent, who shall fix a pass-
16 ing grade, which in his judgment, indicates the ap-
17 plicant's ability to perform his duties in a satis-
18 factory manner under the license for which he has ap-
19 plied. The superintendent shall determine or approve
20 any charges to be paid by or on behalf of applicants
21 for the services of any independent testing service
22 designated by the superintendent.

23 Sec. 3. 24-A MRSA §1522, sub-§3, as amended by
24 PL 1973, c. 585, §12, is further amended to read:

25 3. The superintendent or his designee shall pre-
26 pare and make available to applicants printed infor-
27 mation as to the general scope of, and particular
28 subjects to be covered by, the examination for a par-
29 ticular license, together with information as to pub-
30 lished books and other reference sources which may be
31 studied by the applicant in preparation for the exam-
32 ination.

33 Sec. 4. 24-A MRSA §1523, sub-§§1, 4 and 6, as
34 amended by PL 1973, c. 585, §12, are further amended
35 to read:

36 1. All examinations of license applicants shall
37 be conducted by the superintendent, or his designee
38 using examinations prepared by him approved by the

39 4. The superintendent shall give, conduct and
40 grade all examinations ensure that all examinations
41 are given, conducted and graded in a fair and impar-

1 tial manner and without unfair discrimination as be-
2 tween individuals examined.

3 6. Within 30 days after the examination, the su-
4 perintendent or his designee shall inform the appli-
5 cant and the appointing insurer as to whether or not
6 he has passed.

7 Sec. 5. 24-A MRSA §1524, sub-§1, as enacted by
8 PL 1969, c. 132, §1, is amended to read:

9 1. An applicant who fails to take an examination
10 within 90 days after filing application therefor no-
11 tification to do so by the superintendent shall forfeit
12 both his application and the fee paid in connec-
13 tion therewith.

14 Sec. 6. 24-A MRSA §1524, sub-§2, as enacted by
15 PL 1969, c. 132, §1, is amended to read:

16 2. An applicant who has failed to pass the first
17 examination for the license applied for may take a
18 second examination after a one-week waiting period,
19 and without paying a new examination application fee
20 if the second examination is taken within 6 months
21 after the first examination waiting period of not
22 less than 30 days nor more than 6 months, without
23 paying a new examination application fee to the
24 superintendent. An examination fee may be charged
25 for each examination taken by an applicant.

26 Sec. 7. 24-A MRSA §1524, sub-§3, as amended by
27 PL 1973, c. 585, §12, is further amended to read:

28 3. An applicant who has failed to pass ~~the first~~
29 2 examinations for the license applied for within the
30 2-year period immediately prior to application for
31 examination shall not be permitted by the superin-
32 tendent to take a 3rd or subsequent examination until
33 expiration of 6 months after the last previous exami-
34 nation. Except as provided in subsection 2, the ap-
35 plicant shall pay a new examination application fee
36 with respect to each examination after the first ex-
37 amination for the license applied for.

38 Sec. 8. 24-A MRSA §1525, sub-§1, as amended by
39 PL 1983, c. 812, §149, is further amended to read:

1 1. The superintendent shall appoint 2 advisory
2 boards, as authorized and established by Title 5,
3 section 12004, subsection 10, to make recommendations
4 to him with respect to the scope, type and conduct of
5 written examinations for license, the times and
6 places within the State where examinations shall be
7 held, the approval of continuing insurance education
8 programs and with respect to the other matters re-
9 ferred to in this section and in section 1526. He
10 shall appoint one board with respect to general lines
11 agent licensing, to be referred to as the "General
12 Lines Agent Examination Advisory Board;" he shall ap-
13 point the other such board with respect to life agent
14 licensing, to be referred to as the "Life Agent Exam-
15 ination Advisory Board."

16 Sec. 9. 24-A MRSA §1532-A, sub-§§5, 7 and 8, as
17 enacted by PL 1983, c. 419, §8, are amended to read:

18 5. Any broker, consultant or adjuster may apply
19 to renew a license issued under this chapter by writ-
20 ten request and payment to the superintendent of the
21 applicable renewal fee as stated in section 601. As
22 a condition of or in connection with the renewal of
23 any broker, consultant or adjuster license, the su-
24 perintendent may require the licensee to file with
25 him information as for application for the license or
26 as to the use made of the license during the current
27 or next preceding license year. The superintendent
28 may also require any broker to produce evidence of
29 satisfactory completion of continuing education re-
30 quirements established pursuant to section 1543.

31 Upon the filing of the information required by this
32 subsection, the superintendent shall issue a renewal
33 license for the ensuing biennium, unless, following
34 a hearing, the superintendent determines that any
35 reason or condition exists which is specified in sec-
36 tion 1539 for the suspension or revocation of a li-
37 cense.

38 7. An agent license, other than an initial li-
39 cense, shall continue in force until 12:01 a.m. on
40 April 1st next following issuance of the biennium for
41 which it was issued, unless prior thereto it has been
42 suspended, revoked or otherwise terminated, while
43 there is in effect as to the license, as shown by the

1 superintendent's records, an appointment or appoint-
2 ments as agent of authorized insurers covering col-
3 lectively all the kinds of insurance included in the
4 agent's license. Upon termination of all the
5 licensee's agency appointments, as to a particular
6 kind of insurance, and failure to replace those ap-
7 pointments within 60 days thereafter, the license
8 shall thereupon expire and terminates as to those
9 kinds of insurance and the licensee shall promptly
10 deliver his license to the superintendent for reissu-
11 ance, without fee or charge as to these kinds of in-
12 surance, if any, covered by the remaining agency ap-
13 pointments. Upon termination of all the licensee's
14 agent appointments, the license shall immediately
15 terminate.

16 8. Each Subject to satisfactory completion of
17 the continuing education requirements established
18 pursuant to section 1543, each agent license, other
19 than an initial license, issued under this Title
20 which terminates on its expiry date, shall be auto-
21 matically renewed for a further ~~one-year~~ 2-year peri-
22 od, unless, following a hearing, the superintendent
23 determines that any reason or condition exists which
24 is specified in section 1539 for the suspension or
25 revocation of a license.

26 Sec. 10. 24-A MRSA §1532-A, last ¶, as enacted
27 by PL 1983, c. 419, §8, is amended to read:

28 As a ~~condition~~ conditions of or in connection
29 with the renewal of any agent license, the superin-
30 tendent may require the licensee to provide evidence
31 of satisfactory completion of the continuing educa-
32 tion requirements established pursuant to section
33 1543 and to file with him information as for applica-
34 tion for the license, or as to the use made of the
35 license during the current or next preceding license
36 year term. The superintendent shall forward to each
37 licensee, whose agents license is automatically re-
38 newed, a notice of renewal.

39 Sec. 11. 24-A MRSA §1543 is enacted to read:

40 §1543. Continuing insurance education

1 1. During each biennial licensing period, insur-
2 ance agents and brokers shall satisfactorily complete
3 those insurance oriented educational requirements as
4 are established by the superintendent. Only insur-
5 ance oriented educational programs approved by the
6 superintendent may be utilized to meet the require-
7 ments of this section.

8 2. Upon receipt of an application for approval
9 as a continuing educational program, the superintend-
10 ent shall consider the apparent ability of the pro-
11 gram to improve the licensee's knowledge of the in-
12 surance business and to assist the licensee in keep-
13 ing abreast of changing laws, regulations or insur-
14 ance practices which will affect the interests of the
15 insurance buying public. The superintendent shall
16 approve programs which will meaningfully contribute
17 to improving the licensee's ability to meet the needs
18 of his client.

19 3. Approved continuing education programs may
20 include classes, video tapes and telelecture presen-
21 tations, correspondence courses and other formats,
22 subject to approval of course content by the superin-
23 tendent.

24 4. The superintendent shall collect the pre-
25 scribed application fee. The superintendent may
26 promulgate rules necessary for implementation and en-
27 forcement of this section, shall maintain a current
28 list of programs receiving approval under this sec-
29 tion and may prescribe application fees for continu-
30 ing educational courses seeking approval.

31 Sec. 12. 24-A MRSA §1606, sub-§2, as amended by
32 PL 1973, c. 585, §12, is further amended to read:

33 2. The bond shall remain in force until released
34 by the superintendent, or until cancelled by the
35 surety. Without prejudice to liability previously in-
36 curring thereunder, the surety may cancel the bond
37 upon 30 days' advance written notice to both the bro-
38 ker and the superintendent. Upon cancellation by the
39 surety and failure of the broker to procure a satis-
40 factory replacement bond prior to cancellation, the
41 broker's license shall terminate.

1 Sec. 13. 24-A MRSA §1805, sub-§3, as repealed
2 and replaced by PL 1979, c. 341, is amended to read:

3 3. The bond shall remain in force until released
4 by the superintendent or until cancelled by the sure-
5 ty. Without prejudice to any liability previously in-
6 curred thereunder, the surety may cancel the bond
7 upon 30 days advance written notice to the licensee
8 and the superintendent. Upon cancellation by the
9 surety and failure to procure a satisfactory replace-
10 ment bond prior to cancellation, the consultant's li-
11 cence shall terminate.

12 Sec. 14. 24-A MRSA §1854, sub-§3, as amended by
13 PL 1973, c. 585, §12, is further amended to read:

14 3. The bond shall remain in force until the
15 surety is released from liability by the superintend-
16 ent or until cancelled by the surety. Without preju-
17 dice to any prior liability accrued, the surety may
18 cancel the bond upon 30 days' advance written notice
19 to the licensee and the superintendent. Upon cancel-
20 lation by the surety and failure of the adjuster to
21 procure a satisfactory replacement bond prior to can-
22 cellation, the adjuster's license shall terminate.

1 STATEMENT OF FACT

2 This bill amends several aspects of Maine law re-
3 relating to the licensing of insurance agents, brokers,
4 consultants and adjusters.

5 The bill provides the Superintendent of Insurance
6 the flexibility to utilize the services of a private
7 testing service to prepare and administer the insur-
8 ance agents licensing examination in lieu of the cur-
9 rently required bureau preparation and administration
10 of examinations.

11 The bill provides for the establishment of con-
12 tinuing education requirements for insurance agents
13 and brokers in order to generally increase the knowl-
14 edge and competence of insurance sales personnel.

15 The bill also extends the term of an insurance
16 agents license from one to 2 years to reduce ex-
17 penses.

18 Finally, the bill provides for automatic and im-
19 mediate termination of an insurance broker's, adjust-
20 er's or consultant's license if the bond required as
21 a condition of license is terminated and not replaced
22 prior to cancellation.

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