

DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

3 CCR 702-1

ADMINISTRATIVE PROCEDURES

Regulation 1-2-10

CONCERNING THE REGULATION OF INSURANCE PRODUCERS BY THE COLORADO DIVISION OF INSURANCE: COLORADO PRODUCER LICENSING MODEL ACT

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	License Examination
Section 6	Insurance Producer License
Section 7	List of Contractually Authorized Producers
Section 8	Designation of Responsible Producer and Agency Registration of Producers
Section 9	Producer Registration of Assumed (Trade) Name
Section 10	Health Maintenance Organizations and Nonprofit Hospital, Medical-Surgical and Health Service Corporations
Section 11	Insurer Reporting Requirements Concerning Termination of Insurance Producer by an Insurer for Cause
Section 12	Producer Reporting Requirements for Administrative and Criminal Prosecutions
Section 13	Fees
Section 14	Enforcement
Section 15	Severability
Section 16	Effective Date
Section 17	History

Section 1 Authority

This regulation is promulgated under the authority of §§10-1-109, 10-2-104, 10-2-407, 10-2-413, 10-16-414, and 12-7-102(3), C.R.S.

Section 2 Scope and Purpose

This regulation sets forth the terms and conditions for licensing insurance producers and insurance agencies. This regulation also establishes the fees required by §10-2-413, C.R.S.

Nothing in this regulation shall change or modify any provisions of a Colorado motor vehicle insurance plan as may be adopted by the Commissioner under the authority of §10-4-412, C.R.S.

Section 3 Applicability

This regulation shall apply to all resident and nonresident producers and agencies licensed to sell insurance in the state of Colorado.

Section 4 Definitions

- A. "Credit" means credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, or any form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation and this is designated by the insurance commissioner as limited line credit insurance.
- B. "Crop insurance" is insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease or other yield-reducing conditions or periods provided by the private insurance market, or that is subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance.
- C. "Insurance agency" or "business entity" shall have the same meaning as defined in §10-2-103(5), C.R.S.
- D. "Insurance producer" or "producer", shall have the same meaning as defined in §10-2-103(6), C.R.S.
- E. "Person" shall have the same meaning as defined in §10-2-103(8), C.R.S.
- F. "Travel" means insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.

Section 5 License Examination

- A. Applicants shall pass the examination as approved by the Commissioner for each authority that is subject to an examination requirement. Procedures for registering for the examination shall be published in the Candidate Handbook available from the test administrator or the Division of Insurance, 1560 Broadway, Suite 850, Denver, Colorado 80202. The candidate shall pay a fee to the test administrator for administering the examination, plus the license fee shown in Section 13 of this regulation.
- B. Except where supporting documentation requires further review by the Division of Insurance (the Division), an applicant may apply for a temporary license at the assessment center. To be eligible for a temporary license the applicant must make a reservation within the appropriate lead time period, pass the examination, meet the minimum licensing requirements as set forth in the Candidate Handbook and pay the appropriate fees.
- C. Nonresident producers may not be subject to examination pursuant to §10-2-403, C.R.S.
- D. Resident producers applying for, renewing, or continuing the Variable Life and Variable Annuity Products line of authority, in addition to holding the life authority, must furnish evidence that they are currently registered with a Financial Industry Regulatory Authority (FINRA) member firm, broker or dealer with a FINRA membership and has passed the tests to be so registered. Nonresident producers applying for, renewing or continuing the Variable Life and Variable Annuity Producers line of authority must meet the requirements of their resident state and have a current registration with a FINRA member firm, broker or dealer with a FINRA membership.

Section 6 Insurance Producer License

A. Initial Application

1. Each applicant for a producer license shall make application for the license on a form prescribed by the Commissioner and pay the fee specified in Section 13. Procedures for filing the application for license shall be outlined in the Candidate Handbook. The Commissioner may verify that the individual is a resident of Colorado and has complied with the requirements in §10-2-404, C.R.S., or is a resident of another state and has met the requirements in §10-2-502, C.R.S. Approval of an application does not assure that the applicant has met the requirements §10-2-404 or §10-2-502, C.R.S. If it is later determined that an applicant has failed to meet the requirements in §10-2-404 or §10-2-502, C.R.S. this will be considered grounds for discipline.
2. Each applicant for a resident insurance producer license with bail bonding authority shall make application for a license on a form prescribed by the Commissioner and pay the fee specified in Section 13. Procedures for filing the application for license shall be outlined in the Bail Bonding Agent Candidate Handbook. No firm, partnership, association, or corporation shall be licensed as an insurance producer with bail bonding authority.
3. Except for bail bonds, the requirements for a nonresident applicant with a valid license from his or her home state will be waived, except as specified in §10-2-502, C.R.S., if the applicant's home state awards licenses to residents of Colorado on the same basis. This regulation does not authorize the licensure of nonresident bail bonding agents.
4. Any person holding a Colorado resident or nonresident surplus lines license, or the equivalent issued by another state or territory that offers Colorado surplus lines producers a nonresident license on a reciprocal basis can be licensed as a surplus lines producer so long as the resident producer conducts business in accordance with the provisions of Colorado's statutes and the resident or nonresident surplus lines producer promptly remits the taxes required by §10-5-111, C.R.S.
5. All initial applications must be complete, including prelicensing education classes taken, appropriate tests passed for the applied lines of authority, all questions answered truthfully and completely, supporting information provided, and the appropriate fees paid in full.

B. Continuation of Producer License

1. Insurance producer licenses shall be perpetual licenses that are subject to payment of a continuation fee by the last day of the producer's birth month during the second year after issuance of the license and then by the last day of the producer's birth month every other year thereafter. Ninety (90) days prior to the month the license is due to be continued, the Commissioner shall notify the producer of the procedure to continue their license, how to check continuation education completions and the procedure to electronically renew their license at the last known address on file with the Commissioner.
2. The year-round continuation will not apply to bail bonds. Resident insurance producer licenses with bail bonding authority shall expire biennially on January 1. Such licenses may be renewed by submitting an electronic renewal application form prescribed by the Commissioner, meeting the requirements for renewal, and electronically paying the fee specified in Section 13.

C. Reinstatement Due To Failure to Continue License

1. Producers who fail to continue/renew their license by the expiration date will be required to reinstate their licenses at the normal fee. Access to continuation/renewal applications will be denied after the expiration date, and the producer must then apply for reinstatement of the license using an electronic application prescribed by the Commissioner and payment of the initial insurance producer license fee, electronically, specified in Section 13.
2. The producer may reinstate the license within one year from the expiration date of the license following the non-continuance/renewal. Failure to reinstate the license within that year will result in the additional requirement of completing a new preclicensing education course (if required for the line of authority) and re-examination for the authorities being applied for.

D. Amending Licenses

1. Lines of Authority

- a. Adding Lines of Authority: A producer may add to line(s) of authority shown on the license by completing the minimum requirements necessary for the additional authorities and by submitting documentation on a form prescribed by the Commissioner along with the payment of the appropriate fee specified in Section 13. The procedures for meeting the minimum qualifications are outlined in the Candidate Handbook available from the test administrator or the Division of Insurance.
- b. Deleting Lines of Authority: A producer may delete lines of authority by completing the forms prescribed by the Commissioner and returning the license for amendment.

2. All Other Changes

Any request for change to the permanent license must be submitted in writing to the Commissioner or designee.

E. Letter of Certification

1. A producer may request a letter of certification electronically, by using the Division of Insurance website or the Division of Insurance authorized vendor's electronic system.
2. If a letter of certification from another state for a nonresident license in Colorado is submitted, it must be dated no more than ninety (90) days prior to the date of receipt by the Division of Insurance or the Division of Insurance authorized vendor.
3. The commissioner may verify the producer's licensing status through the producer database maintained by the National Association of Insurance Commissioners.

F. Letter of Clearance

1. A producer may request a letter of clearance by submitting a written request to the Commissioner or designee. Prior to issuance of the letter of clearance, the producer must surrender the license for cancellation. In the event that the producer does not have the license, the producer must certify in writing that it has been lost or destroyed.
2. A producer moving to Colorado from another state must provide a letter of clearance from the previous state if the license has been expired for less than one year, and must make

application within ninety (90) days of the cancellation of their previous license. Failure to make application within ninety (90) days of the cancellation of his or her previous license will require the producer to complete a new prelicensing education course, and take and pass the Colorado exam for the lines of authority for which he or she is applying.

Section 7 List of Contractually Authorized Producers

Carriers are reminded that they must comply with the provisions of §10-2-416.5, C.R.S., which requires them to maintain a current list of producers contractually authorized to accept applications on behalf of the insurer. Additionally, bail bond insurers must comply with §§ 10-2-415.5 and 10-2-415.7, C.R.S. and Division of Insurance Regulation 1-2-16.

Section 8 Designation of Responsible Producer and Agency Registration of Producers

- A. Pursuant to §10-2-404(2) (a) through (f), C.R.S., each agency must designate and register the following:
1. Responsible Producer - Each insurance agency must designate and register a licensed producer who is an officer, partner, or director and who will be responsible for the insurance agency's or business entity's compliance with the laws and rules of Colorado.
 2. All Licensed Officers, Directors, Partners, or Owners - Each agency is also required to register each person who, as an officer, director, partner, owner, or member of the agency or business entity is acting and is licensed as an insurance producer. In addition, agencies are also required to disclose all officers, partners, and directors, whether or not they are licensed as insurance producers.
 3. Registration of Producer for Each Line of Authority Held by the Agency- Each agency or business entity must register at least one individual who holds a valid insurance producer license for the line or lines of authority for which the insurance agency or business entity is licensed.
 4. Employees - Agencies must also register with the Division the name of each employee that is acting as and is licensed as an insurance producer with the agency.
- B. The insurance agency or business entity shall, within ten (10) days, notify the commissioner of any change relative to the insurance agency or business entity name, officers, directors, partners, or owners; to report a merger; or that the insurance agency or business entity has ceased doing business in Colorado. The procedures for reporting this information shall be included in the Candidate Handbook.

Section 9 Producer Registration of Assumed (Trade) Name

Each producer shall register with the Commissioner in writing the use of any assumed or fictitious name under which the producer conducts business prior to using the assumed name. The commissioner will not accept registration of any name that is similar or identical to the name of any producer whose license was suspended or revoked. Producers are reminded that they must provide written notice to the commissioner of any change in or discontinuance of the use of any name.

Section 10 Health Maintenance Organizations and Nonprofit Hospital, Medical-Surgical and Health Service Corporations

- A. Qualification to Transact Insurance Business for an HMO or a Nonprofit Hospital, Medical-Surgical and Health Service Corporation

Any person who engages in solicitation or enrollment of membership in a health maintenance organization or nonprofit hospital, medical-surgical and health service corporation is considered a producer and must be licensed by the Commissioner of Insurance. A person, who only performs administrative or clerical services by securing information for the purposes of group coverage, or of enrolling individuals under group coverage, or of issuing evidence of such coverage on behalf of the HMO or nonprofit hospital, medical-surgical and health service corporation, is not considered a producer and is not required to be licensed.

B. HMO and Nonprofit Authority

1. An insurance producer license issued on or before January 1, 2002 for health maintenance organizations (HMO) or nonprofit (NP) may be renewed or continued until the licensee fails to meet the continuation requirements. No new licenses for these lines of authority will be issued after January 1, 2002, pursuant to section 10-2-402(11), C.R.S.
2. Continuation of Authority. The producer is responsible for paying the continuation fee associated with the authority. All terms and conditions of the license and appointment shall be the same as other licenses and appointments. If the insurance producer fails to meet these continuation requirements, their license shall be cancelled. He or she will have the opportunity to reinstate their license within one year after cancellation. If the producer fails to reinstate their license during that time period, the producer will be required to obtain the major authority line of accident and health. No new license will be issued for HMO or nonprofit.

Section 11 Insurer Reporting Requirements Concerning Termination of Insurance Producer by an Insurer for Cause

- A. Section 10-2-416, C.R.S. imposes penalties including revocation of the certificate of authority if:
1. The insurer or authorized representative of the insurer terminates employment, a contract, or other insurance business relationship with a producer if the reason for termination is one of the reasons set forth in Article 2 or Article 3 of Title 10 and fails to notify the Division within thirty (30) days following the effective date of the termination; or
 2. The insurer has knowledge the producer was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the activities in Article 2 or Article 3 of Title 10, C.R.S. Please see §10-2-416, C.R.S., for the duties and ongoing notification requirements of the insurer.
- B. The information required to be reported to the Commissioner may be communicated by letter, addressed to the Investigations Section of the Division. In the caption section of the letter refer to "Section 10-2-416, C.R.S. NOTIFICATION." Also include in the letter the date of termination, the name of the producer and the reason for termination and any documents that were used to support the action.
- C. For notifications involving information the insurer has regarding knowledge the producer was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the prohibited activities in Article 2 or Article 3 of Title 10, C.R.S., provide any documents or information pertaining to those activities.

Section 12 Producer Reporting Requirements for Administrative and Criminal Prosecutions

- A. Pursuant to §10-2-801(3) and (4), C.R.S., it is the responsibility of the producer or business entity to report to the commissioner any administrative action taken in another jurisdiction or by another

governmental agency in this state within thirty (30) days after the final disposition of the matter. This report must include a copy of the order, consent to order, or other relevant documents.

- B. In the event of criminal prosecution in any jurisdiction, the producer or business entity must report this to the commissioner within thirty (30) days after the initial pre-trial hearing. The report to the commissioner must include a copy of the initial complaint, the order resulting from the hearing, and any other relevant documents.

Section 13 Fees

Standard fees shall be as follows. During the period where licenses are being phased into the year-round continuation cycle, fees will be prorated. Applicants can contact the Division of Insurance or the Division of Insurance's authorized vendor with questions about prorated fees.

	Fee	Penalty for Noncompliance or Late Filing
Examination Fees		
License Examination	\$73.00	N/A
License Fees		
Initial Insurance Producer License (Including Public Insurance Adjusters)		
Resident (Per authority applied for on the same application)	\$71.00 per authority	N/A
Nonresident (Per authority applied for on the same application)	\$112.00 per authority	N/A
Initial Surplus Lines Producer		
Resident	\$288.00	
Nonresident	\$428.00	
Initial Bail Bonding Agent Producer	\$267.00	
Professional Cash Bail Agent		
Bond Writing Change Authority	\$49.00	
Continuation of Producer/Public Insurance Adjuster License		
Resident (Per authority)	\$32.00 per authority	
Nonresident (Per authority)	\$60.00 per authority	
Renewal Of Surplus Lines		
Resident	\$288 per Authority	
Nonresident	\$428 per Authority	
Renewal of Bail Bonding Agent	\$267.00	
Appointment Renewal of Bond Agent	\$24.00	

All fees paid pursuant to this regulation are non-refundable. Fees are payable by electronic cash or credit card.

If fees are paid electronically, and the check is refused by the bank for any reason, or if the credit card is declined for any reason, the producer's license will not be valid.

Section 14 Enforcement

Noncompliance with this regulation may result, after proper notice and hearing, in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance or other laws which include the imposition of fines, issuance of cease and desist orders, and/or suspensions or revocation of license. Among others, the penalties provided for in §10-3-1108, C.R.S. may be applied

Section 15 Severability

If any provision of this regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the Regulation shall not be affected.

Section 16 Effective Date

This regulation shall be effective January 1, 2010

Section 17 History

Original Regulation 1-2-10, effective January 1, 1995.
Emergency Regulation 96-E-2, effective July 1, 1996.
Emergency Regulation 96 E 3, effective September 29, 1996.
Amended Regulation 1-2-10, effective December 30, 1996.
Amended Regulation 1-2-10, effective November 11, 1997.
Amended Regulation 1-2-10, effective January 1, 2000.
Amended Regulation 1-2-10, effective January 1, 2001.
Emergency Regulation 1-2-10, effective January 1, 2002.
Amended Regulation 1-2-10, effective April 1, 2002.
Amended Regulation 1-2-10, effective February 1, 2003.
Amended Emergency Regulation 05-E-2, effective June 1, 2005.
Amended Regulation 1-2-10, effective December 1, 2005.
Amended Regulation 1-2-10, effective July 1, 2008.
Amended Regulation 1-2-10, effective February 1, 2009.
Amended Regulation 1-2-10, effective July 1, 2009
Amended Regulation 1-2-10, effective January 1, 2010