

DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

3 CCR 702-1

ADMINISTRATIVE PROCEDURES

Proposed Amended Regulation 1-2-10

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

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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 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 ~~broker-dealer through FINRA~~ (“Financial Industry Regulatory Authority”) **member firm, broker or dealer with a FINRA membership., and they have passed the series 6, 63, or 7 exam(s); 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 **to include training and licensure** and have a current registration with a ~~broker-dealer through FINRA; FINRA member firm, broker or dealer with a FINRA membership. (passing a series 6, 63 or 7 exam);~~

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 **e.g. which includes** prelicensing **education** taken, appropriate tests passed for the applied lines of authority, all questions answered truthfully and completely, supporting information provided, **be signed** 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 prelicensing 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 ~~s of~~ **Insurance website** or **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 date of receipt by the Division **of Insurance** or **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 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 ~~they are applying for.~~ **for which he or she is applying.**

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 Division **of Insurance** or the **Division of Insurance authorized licensing** 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 1415 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 1516 Effective Date

This regulation shall be effective ~~July 1, 2009~~ January 1, 2010

Section 1617 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.