

**DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE AND SECURITIES REGULATION**

NOTICE OF PROPOSED RULEMAKING

The Commissioner of the Department of Insurance and Securities Regulation, pursuant to the authority set forth in section 4 of the Department of Insurance and Securities Regulation Establishment Act of 1996, effective May 21, 1997 (D.C. Law 11-268; D.C. Official Code § 31-103 (a)(1) (2001)) and section 21 of the Hospital and Medical Services Corporation Regulatory Act of 1996, effective April 9, 1997 (D.C. Law 11-245; D.C. Official Code § 31-3520 (2001)), hereby gives notice of the intent to adopt the following proposed rules to be included in Title 26, Chapter 45 of the District of Columbia Municipal Regulations (DCMR) in not less than 30 days from the date of publication of this notice in the D.C. Register. The rules would establish the oversight role and fiduciary obligations of each member of the board of directors of a hospital and medical services corporation.

26 DCMR is amended by adding a new Chapter 45, Oversight Role and Fiduciary Obligation of Members of the Board of Directors of a Hospital and Medical Services Corporation, to read as follows:

**CHAPTER 45 OVERSIGHT ROLE AND FIDUCIARY OBLIGATIONS OF
MEMBERS OF THE BOARD OF DIRECTORS OF A
HOSPITAL AND MEDICAL SERVICES CORPORATION**

4500	APPLICABILITY
4501	REQUIRED CODE OF CONDUCT FOR DIRECTORS, OFFICERS, AND EMPLOYEES OF THE CORPORATION
4502	MINIMUM REQUIREMENTS FOR CODE OF CONDUCT
4503	CODE OF CONDUCT COMPLIANCE PROGRAM
4504	FIDUCIARY OBLIGATIONS OF BOARD MEMBERS
4505-4598	RESERVED
4599	DEFINITIONS

4500 APPLICABILITY

4500.1 These rules shall apply to hospital and medical services corporations issued a certificate of authority pursuant to § 6 of the Hospital and Medical Services Corporation Regulatory Act of 1996, effective April 9, 1997 (D.C. Law 11-245; D.C. Official Code § 31-3505 (2001)).

4500.2 A corporation shall comply with the requirements of these rules within 30 days after they become effective.

4501 REQUIRED CODE OF CONDUCT FOR DIRECTORS, OFFICERS, AND EMPLOYEES OF THE CORPORATION

4501.1 The board of directors of the corporation shall adopt a code of conduct that governs the conduct of the corporation's directors, officers, and employees.

4501.2 The code of conduct shall be submitted to the Commissioner for approval prior to its adoption by the board of directors. The Commissioner will advise the corporation, in writing, within twenty (20) days after receipt, whether the code of conduct is approved. If the Commissioner disapproves the code of conduct, he or she will specify, in writing, which elements of the code of conduct are inadequate. Any subsequent revisions to the code of conduct also shall be submitted to the Commissioner for approval.

4501.3 The corporation's bylaws shall be amended to require the corporation's board of directors to adopt policies consistent with the provisions of the code of conduct and any compliance program rules adopted by the Commissioner.

4501.4 The corporation shall file with the Commissioner annually, on or before June 1, a copy of its bylaws, which shall require the corporation's board of directors to adopt policies consistent with the provisions of the code of conduct and the rules of this chapter.

4502 MINIMUM REQUIREMENTS FOR CODE OF CONDUCT

4502.1 The code of conduct adopted by the corporation pursuant to this chapter shall include all fiduciary obligations applicable to directors as set forth in this chapter. In addition, the code of conduct as applicable to directors, officers, and employees shall include provisions that:

- (a) Specify prohibited outside activities;
- (b) Specify prohibited uses of corporation funds;
- (c) Require proper accounting and audit procedures;
- (d) Protect the corporation's handling of confidential medical and financial information;
- (e) Require ethical subcontracting;

- (f) Prohibit the giving or receiving of gifts or gratuities under specific guidelines;
- (g) Regulate the purposes and expense of business travel;
- (h) Regulate the business relationships between officers and employees and agents, sales representatives, providers and consultants;
- (i) Prohibit payments to government employees;
- (j) Require cooperation with the investigation of any violation of the code of conduct, whether undertaken by the corporation or the Commissioner;
- (k) Regulate the retention of records;
- (l) Specify prohibited political activities;
- (m) Prohibit unsafe or unhealthy work place activities;
- (n) Prohibit unlawful work place discrimination or harassment;
- (o) Prohibit the use or possession of unlawful drugs on corporate property;
- (p) Require the reporting of any knowledge of a violation of the code of conduct to the compliance officer; and
- (q) Specify the penalties for violations of the code of conduct.

4502.2 The code of conduct may include other provisions consistent with the effective management of the corporation.

4503 CODE OF CONDUCT COMPLIANCE PROGRAM

4503.1 The corporation's board of directors shall appoint a code of conduct compliance officer who shall have the responsibility to investigate all reports of violations of the code of conduct.

4503.2 Violations of the code of conduct shall be reported to the compliance officer who shall then promptly investigate the report and prepare a written report of his findings to the board of directors. The board of directors shall ensure that the compliance officer has the authority and funding to retain independent experts if necessary to assist him or her in any investigations authorized under this section.

4503.3 The board of directors of the corporation shall make a written report to the Commissioner of all cases where a violation of the code of conduct has been reported by the compliance officer. The report shall set forth the facts upon which any violation of the code of conduct is predicated. The report shall also set forth any remedial action taken by the corporation in response to the finding that a violation has occurred. If the board of directors does not concur with the findings of the compliance officer, the board shall state in its report to the Commissioner the basis for its disagreement with the compliance officer's findings.

4503.4 The corporation shall cooperate with any investigation of a violation of these rules conducted by the Commissioner or other District of Columbia official.

4504 FIDUCIARY OBLIGATIONS OF BOARD MEMBERS

4504.1 Directors shall carry out the corporation's purposes as set forth in its charter. In fulfilling this obligation, directors shall:

(a) Annually review the corporation's charter, by-laws and District of Columbia and federal law governing the corporation's operations;

(b) Review the activities of the corporation's officers, employees, and agents to ensure that they comply with the provisions of the corporation's charter, by-laws and District of Columbia and federal law governing the corporation's operations;

(c) Promptly investigate any case where a director learns of a violation of the corporation's charter, by-laws or District of Columbia or federal law governing the corporation's operations by an officer or employee of the corporation;

(d) Review the use of the corporation's funds by its officers and employees; and

(e) Use professional legal and financial advisors to monitor changes in the law and to ensure the corporation's compliance with all legal requirements.

4504.2 Directors shall act in good faith, in a reasonably prudent manner, and in a manner reasonably believed to further the best interests of the corporation. In fulfilling this obligation, Directors shall:

(a) Exhibit fairness, openness, and honesty in all corporation business;

(b) Apply sound practical judgment when making decisions for the corporation;

(c) Be attentive to the operations of the corporation and alert to potential problems;

(d) Manage the financial affairs of the corporation carefully and responsibly;

(e) Comply with all regulatory requirements affecting the corporation;

(f) Secure independent professional advice regarding any proposals that may result in a financial benefit for officers of the corporation; and

(g) Secure independent professional advice for any matter beyond the expertise of the board or the board committee considering the issue.

4504.3 Directors shall give their complete and undivided loyalty to the corporation's mission as set forth in its charter. In fulfilling this obligation, Directors shall:

(a) Further the goals of the corporation and not their own interests;

(b) Ensure that any perquisites of their position are customary for directors of similar corporations;

(c) Ensure that they do not use their position or any information they receive in their official capacity to gain any personal advantage;

(d) Not receive excessive compensation or benefits;

(e) Not receive loans from the corporation; and

(f) Not use their positions to benefit third persons.

4504.4 Directors shall be entitled to rely upon information provided to them by officers and employees, but only to the extent that a reasonable person would believe such information to be reliable and competent.

4504.5 Directors shall be entitled to rely upon the advice of lawyers and accountants regarding a director's compliance with these rules, but only to the extent that a reasonable person would believe such advice to be reliable and competent. Directors shall obtain a second opinion whenever advice provided to them by lawyers and accountants does not reasonably appear to be reliable and competent.

4505-4598 **RESERVED**

4599 DEFINITIONS

4599.1 For the purposes of this chapter, the following terms shall have the meanings ascribed:

Commissioner – the Commissioner of the District of Columbia Department of Insurance and Securities Regulation.

Compliance officer – the person appointed pursuant to this chapter by the corporation's board of directors to investigate and report on reports of violations of the corporation's code of conduct for directors, officers, and employees.

Corporation – a hospital and medical services corporation issued a certificate of authority pursuant to § 6 of the Hospital and Medical Services Corporation Regulatory Act of 1996, effective April 9, 1997 (D.C. Law 11-245; D.C. Official Code § 31-3505 (2001)).

Director – a member of the corporation's board of directors or board of trustees.

All persons desiring to comment on the subject matter of this proposed rulemaking should file comments in writing not later than thirty (30) days after the date of publication of this notice in the D.C. Register. Comments should be filed with Leslie Johnson, Hearing Officer, 810 First Street, N.E., Suite 701, Washington, D.C. 20002. Copies of these rules may be obtained at the address stated above.

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SUITE 200, WEST TOWER
WASHINGTON, D.C. 20005

NOTICE OF PROPOSED RULEMAKING

TT 03-2, IN THE MATTER OF THE APPLICATION OF VERIZON,
WASHINGTON, D.C., INC. FOR AUTHORITY TO AMEND THE LOCAL
EXCHANGE TARIFF, P.S.C.—D.C. No. 202 AND THE GENERAL SERVICE
TARIFF, P.S.C.—D.C. No. 203.

1. The Public Service Commission of the District of Columbia ("Commission") hereby gives notice, pursuant to D.C. Code, 2001 Ed. § 2-505, of its intent to act upon the application of Verizon, Washington, D.C., Inc. ("Verizon DC") in the above-captioned matter in not less than thirty (30) days from the date of the publication of this Notice of Proposed Rulemaking in the *D.C. Register*.

2. On July 1, 2003, Verizon DC filed an application requesting authority to amend the following tariff pages:

LOCAL EXCHANGE TARIFF, P.S.C.—D.C. No. 202
Section 2, 3rd Revised Page 3

GENERAL SERVICES TARIFF, P.S.C.—D.C. No. 203
Section 9, 2nd Revised Page 2
Section 9C, 1st Revised Page 1
Section 9D, 2nd Revised Page 2
Section 9F, 2nd Revised Page 3
Section 20, 3rd Revised Page 2
Section 20A, 2nd Revised Page 1¹

3. This request would increase rates for Local Directory Assistance, Connect Request, various residential operator services, residential Extended Basic Referral Service, residential Call Mover Services, and residential message units. Verizon states that these rate increases are permitted under §§ 3(a)(1), 3 (a)(2), and 3(a)(3) of its 2002 Price Cap Plan, adopted by the Commission in Order No. 12368. These services are to be classified within the Basic and the Discretionary Service Baskets.²

¹ TT 03-2, *In the Matter of the Application of Verizon Washington, DC, Inc. for Authority to Amend the Local Exchange Service Tariff, P.S.C. No. 202 and the General Services Tariff, P.S.C.—D.C. No. 203*, letter from J. Henry Ambrose, Vice President, Regulatory Matters, Verizon Washington, D.C., Inc. to Sanford Speight, Acting Commission Secretary, Public Service Commission of the District of Columbia, filed July 1, 2003.

² *Id.*

4. Connect ReQuest Service will permit customers calling from a Touch-Tone phone to get a requested number automatically by dialing the Operator Service System. However, this Service will not be available to cellular, Charge-a-Call, hospital patient lines, hotel/motel guest lines, marine, or mobile telecommunications customers. Each completed call will be charged \$0.34. Verizon has expanded its residential Basic Referral Service to permit the service to continue past one year at a cost of \$5.75 per line, per month ("residential Extended Basic Referral Service.")

5. Verizon's Call Mover Service provides intercept arrangements that offer recorded announcement or transfers of calls for a specific time period, when the customer's line number is changed or the line is disconnected or suspended.

- Call Direct automatically transfers a call to the referral number without announcing the number, at a rate of \$9.35 per line, per month;
- Call Direct plus provides a recorded announcement of the line number or status before transferring the call to the referral number at a rate of \$10.92 per line, per month;
- Call Messenger uses an announcement to give the caller of a disconnected, suspended, or changed line, the customer's name, new address, and referral number, at a rate of \$23.00 per line, per month; and
- Call Messenger Plus gives a Call Messenger announcement before transferring the call to the referral number, at a rate of \$24.15 per line, per month.

Call Mover Service options must, however, be within the same Local Access Transport Area and transported over the telephone company's facilities.

6. For residential local exchange service, Verizon has set the message unit allowance at 75 calls. Each call over 75 will be charged \$0.055. Residential Directory Assistance Service will be charged \$0.42 per call. For each call, the customer is entitled to two requested telephone numbers.

7. The complete text of the tariff is on file with the Commission. Copies of the proposed tariff pages can be reviewed at the Office of the Commission Secretary, 1333 H St., NW, Suite 200 West Tower, Washington, D.C. 20005, between the hours of 9:00 a.m. and 5:30 p.m., Monday through Friday. Copies of the tariff pages are available upon request, at a per-page reproduction cost.

8. Comments on this tariff application, setting forth the specific grounds for each representation, should be made in writing to Sanford M. Speight, Acting Commission Secretary, at the above Commission's address, within thirty (30) days of the date of publication of this Notice in the *D.C. Register*. The Commission will take final action on Verizon D.C.'s Application after the comment period is completed.

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SUITE 200, WEST TOWER
WASHINGTON, DC 20005

NOTICE OF PROPOSED RULEMAKING

FORMAL CASE NO. TT03-3, IN THE MATTER OF THE APPLICATION
OF VERIZON WASHINGTON, DC, INC. FOR AUTHORITY TO AMEND THE
LOCAL EXCHANGE SERVICES TARIFF, P.S.C.-D.C.-NO. 202

1. The Public Service Commission of the District of Columbia ("Commission") hereby gives notice, pursuant to Section 2-505 of the District of Columbia Code,¹ of its intent to act upon the Application of Verizon Washington, DC Inc. ("Verizon DC")² in not less than 45 days from the date of publication of this Notice of Proposed Rulemaking ("NOPR") in the *D.C. Register*.

2. On August 4, 2003, Verizon DC filed an Application requesting authority to introduce the following tariff pages:

LOCAL EXCHANGE SERVICES TARIFF, P.S.C.-D.C. No. 202
Section 2, 3rd Revised Pages 2 and 3
Original Page 8

3. Verizon DC's Application proposes to increase the Business Message Unit rate by 8.97% and the monthly recurring rates by 9.92%.³ In addition, the proposed tariff introduces a 24-month term option for Business Message Rate customers that result in an increase of 1.65% over current rates.⁴ Because these services are classified as Basic Business Services under the Price Cap Plan 2002,⁵ the rate increases are limited to an annual rate of 10%.

4. This Application may be reviewed at the Office of the Commission Secretary, 1333 H Street, N.W., Second Floor, West Tower, Washington, D.C. 20005,

¹ D. C. Code, 2001 Ed. § 2-505.

² *Formal Case No. TT03-3, In the Matter of the Application of Verizon Washington, DC, Inc. For Authority to Amend the Local Exchange Services Tariff, P.S.C.-D.C.-No. 202*, Letter to Sanford M. Speight, Acting Commission Secretary, from J. Henry Ambrose, Vice President for Regulatory Matters of Verizon DC, re: Formal Case No. TT03-3, filed August 4, 2003 (hereinafter referred to as "Application").

³ Application at 1.

⁴ *Id.*

⁵ *Formal Case No. 1005, In the Matter of Verizon Washington, D.C. Inc.'s Price Cap Plan 2002 for the Provision of Local Telecommunications Services in the District of Columbia*, Order No. 12368, rel. April 1, 2003.

between the hours of 9:00 a.m. and 5:30 p.m., Monday through Friday. Copies of the tariff pages are available upon request, at a per-page reproduction cost.

5. Comments on the proposed tariff must be made in writing to Sanford M. Speight, Acting Commission Secretary, at the above address. All comments must be received within 45 days of the date of publication of this NOPR in the *D.C. Register*. Persons wishing to file reply comments may do so no later than 60 days of the date of publication of this NOPR in the *D.C. Register*. Once the comment and reply comment period has expired, the Commission will take final rulemaking action on Verizon DC's Application.

**DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE
AND SECURITIES REGULATION**

NOTICE OF EMERGENCY AND PROPOSED RULEMAKING

The Commissioner of the Department of Insurance and Securities Regulation ("Commissioner"), pursuant to the authority set forth in section 18 of the Producer Licensing Act of 2002, effective March 27, 2003, D.C. Law 14-264, 50 D.C.R. 260, hereby gives notice of his intent to adopt the following new chapter to Chapter 1 of Title 26 of the District of Columbia Municipal Regulations (DCMR) (Insurance), entitled Licensure As Insurance Producer, on an emergency basis. The Commissioner also gives notice of his intent to adopt this new chapter in not less than thirty (30) days from the date of publication of this notice in the *D.C. Register*. The purpose of the new chapter is to establish qualifications and procedures for the licensing of insurance producers. The new chapter is being promulgated on an emergency basis so as to provide for the effective and continuous regulation of producers in the District of Columbia, and preventing the possibility of having a gap in legal authority.

These emergency rules were effective on May 27, 2003, and will expire 120 days after their effective date, or upon publication of a Notice of Final Rulemaking in the *D.C. Register*, whichever occurs first.

**CHAPTER 1 OF TITLE 26 DCMR IS REPEALED AND REPLACED
WITH THE FOLLOWING NEW CHAPTER TO READ AS FOLLOWS:**

CHAPTER 1 - LICENSURE AS INSURANCE PRODUCER

100 GENERAL PROVISIONS

- 100.1 No person shall act as, or hold himself out as, an insurance producer unless the person has been issued a license in accordance with this chapter.
- 100.2 An applicant for a license as a producer may receive qualification in one or more of the following lines of insurance:
- (a) life;
 - (b) accident, health or sickness;
 - (c) property;
 - (d) casualty;
 - (e) variable life and variable annuity products;
 - (f) credit;
 - (g) bail bonds; and

(h) surplus lines.

- 100.3 An applicant for a license as a producer shall submit a properly completed application along with a certificate evidencing completion of the required course of prelicensing education or a certificate evidencing waiver of that requirement, and shall pay the required fee as provided in section 105 of this chapter.
- 100.4 An applicant who is a non-resident of the District shall submit a properly completed application accompanied by a certificate from the insurance licensing authority of the applicant's home state or country that the applicant holds a valid license issued by that state or country showing, which authorizes the applicant to transact insurance business in the lines of insurance for which application is made.
- 100.5 A corporation or partnership applying for a license as a producer shall submit proof that:
- (a) The corporation or partnership has also complied with the registration requirements of the Department of Consumer and Regulatory Affairs to do business in the District; and
 - (b) Every officer, director, and shareholder of the corporation, or every member of the partnership, who personally engages in soliciting or negotiating policies of insurance in the District is individually licensed as a producer pursuant to this chapter.
- 100.6 An applicant for licensure as a bail bonds and surplus lines producer shall satisfy the licensure requirements applicable to property and casualty producers.

101 PRELICENSURE EDUCATIONAL REQUIREMENTS

- 101.1 Each applicant for licensure as a producer shall furnish, at the time of filing, an application and evidence of having satisfactorily completed a prelicensing course of instruction consisting of at least forty (40) hours. Every applicant for licensure shall take the appropriate examination within one (1) year of completing a prelicensing course.
- 101.2 Each course of instruction shall meet the content requirements and time distribution requirements for each line of insurance the applicant proposes to transact as set forth in Appendices 1, 2, 3, or 4, whichever is applicable.

102 RENEWAL OF LICENSES

- 102.1 A license issued pursuant to this chapter shall expire on April 30th of each odd numbered year.

- 102.2 At least thirty (30) days prior to the expiration of a license the Commissioner shall send an application for renewal by first class mail to the license holder at the address of the license holder on file with the Commissioner. An applicant for renewal under this section shall file the application for renewal prior to the date of expiration and shall pay the required renewal fee as provided in section 105 of this chapter.
- 102.3 The license holder shall notify the Commissioner in writing of any change of home or business address within thirty (30) days of the change of address.
- 102.4 The failure of the license holder to receive the notice required under subsection 102.2 does not relieve the license holder of the responsibility for renewing the license.
- 102.5 A producer who fails to renew a license prior to the expiration date may renew the license within thirty (30) days after expiration upon paying the required late fee. Upon renewal, the producer shall be deemed to have possessed a valid license during the period between the expiration of the license and the renewal thereof.
- 102.6 If a producer fails to renew a license within thirty (30) days after expiration of the license, the license shall be considered to have lapsed on the date of expiration, and the license holder shall be required to apply for reinstatement pursuant to section 103 of this chapter.

103 REINSTATEMENT OF AN EXPIRED LICENSE

- 103.1 This section shall apply to an applicant for reinstatement of an expired license issued under this chapter.
- 103.2 An applicant for reinstatement under this section shall file an application with the Department on the prescribed form and shall pay the required reinstatement fee as provided in section 105 of this chapter.
- 103.3 An applicant for reinstatement under this section shall demonstrate fitness to resume practice by submitting evidence satisfactory to the Commissioner that the applicant has the competency and knowledge of District law necessary to resume transacting insurance business and that such resumption will not be detrimental to the public interest or the integrity of the insurance profession.
- 103.4 In making a determination pursuant to subsection 103.3, the Commissioner shall consider the following:
- (a) The length of time that the applicant has transacted insurance business in the District or in another state or country;

- (b) The length of time after expiration of the applicant's license that the applicant was not transacting insurance business either in the District or in another state or country;
 - (c) The violation of any laws by the applicant;
 - (d) The applicant's present character; and
 - (e) The applicant's present qualifications and competency to transact insurance business.
- 103.5 The Commissioner may require an applicant to complete certain educational or training requirements, in addition to any continuing education requirements, prior to or after reinstatement, to ensure that the applicant is competent to transact insurance business.
- 103.6 The Commissioner shall not reinstate the license of a producer who fails to apply for reinstatement of a license within one (1) year after the license expires. The person may become licensed by meeting the requirements then in existence for obtaining an initial license.

104 REINSTATEMENT AFTER SUSPENSION OR REVOCATION

- 104.1 A person whose license to do business as a producer has been revoked, or whose application for reinstatement has been denied shall be ineligible to apply for reinstatement for a period of three (3) years from the date of the revocation or denial unless otherwise provided in the Commissioner's order of revocation or denial.
- 104.2 An applicant for reinstatement under this section shall file an application with the Department on the prescribed form and shall pay the required reinstatement fee.
- 104.3 An applicant for reinstatement shall demonstrate fitness to transact insurance business by submitting evidence satisfactory to the Commissioner that the applicant has the moral qualifications, competency, and knowledge of District law necessary to resume practice, and will not be detrimental to the public interest or the integrity of the insurance profession.
- 104.4 In making a determination pursuant to this section, the Commissioner may consider, among other factors, the following:
- (a) The nature and circumstances of the conduct for which the applicant's license was suspended or revoked;
 - (b) The applicant's recognition of the seriousness of any misconduct;

(c) The applicant's conduct since the suspension or revocation, including steps taken by the applicant to remedy prior misconduct and prevent future misconduct;

(d) The applicant's present character;

(e) The applicant's present qualifications and competency to practice in the insurance profession; and

(f) Whether the applicant has paid all fines.

104.5 The Commissioner may require an applicant to complete specific educational or training requirements, in addition to any continuing education requirement, prior to or after reinstatement, to ensure that the applicant is competent to transact insurance business.

105 PRODUCER LICENSING FEES

105.1 The following fees shall apply to Producer initial applications, renewal applications, and reinstatement applications:

(a) One Hundred dollars (\$100) for qualifications in one or more of the following lines of insurance as described in D.C. Official Code § 31-1031.8(a):

- (1) life;
- (2) accident and health and sickness;
- (3) variable life and variable annuity products; and
- (4) credit;

(b) One Hundred dollars (\$100) for qualifications in one or more of the following lines of insurance as described in D.C. Official Code § 31-1031.8(a):

- (1) property;
- (2) casualty;
- (3) personal lines;
- (4) credit; and
- (5) bail bonds;

(c) Two-Hundred dollars (\$200) for qualification as a surplus lines producer;

(d) The renewal fee is the same as the initial license fee; and if applicable, a late fee is double the initial fee; and

(e) The reinstatement fee of each license is double the initial fee.

106 CONTINUING EDUCATION

- 106.1 Except as otherwise provided in this section, a producer seeking to renew a license shall certify to the Commissioner that he or she has successfully completed at least sixteen (16) credit hours of approved continuing education within the two (2) year calendar period preceding the expiration of the license.
- 106.2 A producer seeking to renew a license for more than one (1) line of authority shall complete at least twenty-four (24) credit hours of approved continuing education within the two (2) calendar year period preceding the expiration of the license, including at least six (6) credit hours for each line of authority, and two (2) hours of ethics.
- 106.3 An applicant for the renewal of a license as a producer shall complete all continuing education requirements by December 31 of each even numbered year.
- 106.4 This section shall not apply to an applicant seeking the first renewal of a license granted by examination, or an applicant who has been granted a license during the second year of the two (2) year period preceding the date the license expires.
- 106.5 Not less than sixty (60) days prior to the date set forth in subsection 106.3, the Commissioner shall notify each licensee who has not obtained the number of continuing education credit hours needed to comply with this section. Such notice shall be mailed to the licensee at the last known address for the licensee that is on file with the Commissioner.
- 106.6 An applicant for the renewal of a license as a producer shall prove the completion of the required continuing education credits by submitting, on a form prescribed by the Commissioner, the following:
- (a) The name and address of the sponsor of the program;
 - (b) The course title, and place where the course was taught;
 - (c) The name of the instructor;
 - (d) The dates on which the applicant attended the program;
 - (e) The hours of credit claimed; and
 - (f) Verification of completion by signature or stamp of the sponsor.
- 106.7 The Commissioner shall issue a decision approving or denying approval of a course not later than thirty (30) days following the receipt of the application for approval.

- 106.8 The Commissioner shall approve only courses, which impart substantive and procedural knowledge relating to the insurance field. The following courses may not be approved:
- (a) A course approved for prelicensing education;
 - (b) A course designed to prepare a person for a license examination;
 - (c) A course in mechanical, office or business skills, including typing, speed reading, or the use of calculators or other machines or equipment;
 - (d) A course in sales promotion;
 - (e) A course in motivation, salesmanship, stress management, time management, psychology, communication, or writing; or
 - (f) A course relating to office management, client relations, or improving the operation of the licensee's business.
- 106.9 The Commissioner shall determine the number of credit hours to be assigned to each course. In general, one credit hour shall be assigned for each fifty (50) minutes of classroom instruction. The number of approved credit hours shall not include time spent on meals, breaks, or other unrelated activities.
- 106.10 Courses necessary to obtain the following nationally recognized designations shall count as sixteen (16) credit hours upon successful completion of the national examination for each part:
- (a) Accredited Advisor in Insurance (AAI);
 - (b) Associate in Claims (AIC);
 - (c) Associate in Loss Control Management (ALCM);
 - (d) Associate in Risk Management (ARM);
 - (e) Associate in Underwriting (AU);
 - (f) Certified Employee Benefits Specialist (CEBS);
 - (g) Certified Insurance Counselor (CIC);
 - (h) Chartered Financial Consultant (ChFC);
 - (i) Chartered Life Underwriter (CLU);

- (j) Chartered Property Casualty Underwriter (CPCU)
- (k) Fellow Life Management Institute (FLMI)
- (l) General Insurance (INS);
- (m) Life Underwriter Training Fellow, 26 weeks (LUTCF); and
- (n) Other designations approved by the Commissioner.

- 106.11 The Commissioner may grant approval for courses approved by the insurance regulatory agency in another state provided the course meets the requirement of subsection 106.8, or the state accords reciprocity in accordance with the Midwest Zone Declaration Regarding Continuing Education Course Approval.
- 106.12 A license holder shall attend a course in order to receive credit. A licensee shall receive credit for the number of hours approved for a course only upon the successful completion of an approved course.
- 106.13 Instructors shall earn one (1) hour of continuing education credit for each one (1) approved hour of instruction of an approved course.
- 106.14 Licensees and instructors may not earn credit for attending or instructing at a subsequent offering of the same course for each biennium after attending or teaching the course.
- 106.15 Excess credit hours accumulated during any biennium may not be carried forward to the next biennium.
- 106.16 A licensee shall receive full certification credit for passing a recognized national insurance examination.
- 106.17 Except as provided in subsection 106.18, course examinations are not required for continuing education credit, unless the sponsor requires an examination.
- 106.18 A program of independent study shall qualify for continuing education credit only if there is a sponsor supervised examination. Each program of independent study shall be assigned credit hours, which shall be awarded upon the passing of the supervised examination.
- 106.19 A licensee may not satisfy more than one half (1/2) of his or her continuing education requirement for a particular licensure period with a course or courses sponsored by an insurance company.
- 106.20 An applicant for the renewal of a license as a producer may request an exemption from the continuing education requirement if the applicant is:

- (a) 65 years of age or older;
- (b) Has been continuously licensed for at least twenty-five (25) years; and
- (c) The applicant either:
 - (1) Holds one of the designations listed in subsection 106.10; or
 - (2) Is the majority shareholder of a corporation or the partner of a partnership, which holds a license as a producer, and neither solicits insurance products nor actively participates in the day-to-day operations of the corporation or partnership.
- (d) The requirements of paragraph (c) of this subsection may be waived at the discretion of the Commissioner.

106.21 An applicant for the renewal of a producer's license who fails to complete the continuing education requirements before the expiration date of the license may renew the license within thirty (30) days after expiration by submitting proof pursuant to either subsection 106.1 or subsection 106.2 and paying the required late fee.

106.22 An applicant for reinstatement of a suspended or revoked producer's license which was suspended or revoked on or after the effective date of these regulations shall submit proof pursuant to either subsection 106.1 or subsection 106.2 of having completed all continuing education credits that the applicant would have been required to take per licensing cycle if the applicant's license had not been revoked or suspended.

106.23 Upon submitting proof and paying the additional late fee, the applicant shall be deemed to have possessed a valid license during the period between the expiration of the license and the submission of the required documentation and payment of the late fee.

106.24 Textbooks are not required for continuing education credit. If textbooks are not provided, students shall be provided with a syllabus containing the following:

- (a) Course title;
- (b) Times and dates of the course offering;
- (c) Names and addresses or telephone numbers of the course coordinator;
- (d) A detailed outline of the subject matter being covered; and

(e) Any other information the sponsor feels may benefit the students.

106.25 Sponsors, course coordinators, and instructors shall ensure that textbooks and syllabi contain accurate and current information relating to the subject matter being taught.

106.26 The requirements of this section may be waived by the Commissioner for good cause shown. "Good cause" includes a long-term illness or incapacity, active duty in the armed services of the United States outside of the Washington Metropolitan Area, or any other emergency deemed sufficient by the Commissioner. Requests for a waiver shall be made in writing and shall be submitted to the Commissioner not later than ninety (90) days prior to the end of the license period. The Commissioner shall grant or deny a request for a waiver within thirty (30) days of the receipt of the request. A waiver granted pursuant to this subsection shall be effective only for that particular license period.

107 APPROVAL OF INSURANCE EDUCATION PROGRAMS AND PROVIDERS

107.1 Professional or proprietary schools, insurance companies and other organizations that establish programs for the teaching of insurance courses to satisfy the prelicensing or continuing education requirements under this chapter shall, prior to conducting such courses, obtain approval in accordance with this section.

107.2 Except as provided in subsection 106.4, an applicant for approval of an insurance education program shall, on a form prescribed by the Commissioner, furnish the following information:

(a) The name of the program and the address of the permanent program office;

(b) The name and address of the sponsoring organization if any;

(c) The name of the program director or directors, and all professional licenses held by each individual;

(d) Whether the program will teach prelicensing education courses, continuing education courses, or both;

(e) The address of any permanent classroom or classrooms to be used by the program; and

(f) Any other information that may be required by the Commissioner to determine whether the program meets the requirements for approval.

107.3 An applicant for approval of an insurance education program shall:

(a) Comply with all federal and District laws, including laws regarding discrimination based on sex, race, religion, age, physical disability, sexual orientation, or national origin; and

(b) Certify that all instructors are experienced and qualified for the courses being taught, and satisfy at least one of the following:

(1) Have been engaged in the insurance business, or has served as an insurance education instructor, for at least three (3) years;

(2) Have been licensed as a producer for the past five (5) years and has sufficient knowledge of the subject matter, which he or she will be teaching;

(3) Are a member of the bar of any state or the District, and is engaged in an area of the law related to insurance; or

(4) Are a certified public accountant licensed in any state or the District, and is engaged in a practice related to insurance.

107.4 An accredited institution of higher education such as a college, university, community or junior college, seeking initial approval or re-approval of insurance courses to satisfy the requirements for prelicensing or continuing education set forth in this chapter shall submit its application for approval on a form prescribed by the Commissioner. The institution shall provide the following information:

(a) Name of the department within the institution, which is offering the courses;

(b) Course numbers and titles;

(c) Method of instruction for each course;

(d) A detailed outline for each course, with the specific number of classroom hours allocated for each topic described in Appendices 1, 2, 3, and 4;

(e) A current class catalog for the institution; and

(f) Any other information that may be required by the Commissioner to determine whether the courses meet the requirements for approval.

107.5 An inspection of the program office and any permanent classroom facility, or an investigation of the program provider and its instructors, may be conducted, with or without advance notice, by the Commissioner or his or her representative. Such inspection or investigation shall be at the expense of the program provider, and may be based on any of the following:

- (a) Information obtained from state, federal or international agencies, and other interested parties;
 - (b) Information obtained as the result of a public hearing held by the Commissioner;
 - (c) Information furnished by an applicant seeking licensure as a producer; or
 - (d) Any information the Commissioner deems relevant and sufficient to warrant such inspection or investigation.
- 107.6 If the application is in proper form and the applicable requirements of this section are met, the Commissioner shall issue a certificate of approval, which shall contain:
- (a) An indication as to whether the programs or courses are approved for prelicensing education, continuing education or both; and
 - (b) The effective date and expiration date of the approval.
- 107.7 The Commissioner shall issue a decision regarding the approval, or denial of approval, of an insurance education program within sixty (60) days of the receipt of a completed application. An approval granted pursuant to this section shall expire two (2) years from the date of issuance.
- 107.8 Within ten (10) days of a change to an approved course, an insurance education provider shall notify the Commissioner of such change.
- 107.9 Each approved insurance education program shall use knowledgeable and competent instructors to teach all courses. An instructor shall not have had his or her District insurance license revoked and shall, in the opinion of the Commissioner, be otherwise of good character and reputation.
- 107.10 An approved insurance education program shall issue to each student who has successfully completed a prelicensing education course a certificate consistent with the form contained in Appendix 5.
- 107.11 Each approved insurance education program shall maintain the following items for three (3) years:
- (a) The records of each student, including the name (s) of the course or courses taken;
 - (b) Proof that the final examination for the course, if required, was passed; and

(c) Copies of all final examinations administered, and education certificates issued to students completing the program.

107.12 The director of an approved education program shall provide the Commissioner with information regarding the date, time, and place of any scheduled prelicensing or continuing education course to permit class to be monitored by the Commissioner or his or her representative.

107.13 A sponsor may not advertise a course as having been approved unless the Commissioner has approved the course in writing. A sponsor shall prominently display the number of hours for which a course has been approved on any advertisements for the course. If an advertisement is published before course approval, or the course being sponsored is not eligible for approval, a statement to that effect shall be included in the advertisement.

107.14 Advertising may not be deceptive or misleading. Upon written request by a sponsor, the Commissioner shall grant permission to the sponsor to use the term "approval pending" if the:

(a) Term "approval pending" is clearly visible in any advertisement of the course; and

(b) Course has been submitted to the Commissioner for approval in accordance with section 107.

107.15 Sponsors shall provide that fees for courses are reasonable and clearly identified in any advertisement for the course. If a course is cancelled for any reason, the sponsor shall refund all fees within thirty (30) days of the cancellation, or, at the request of the license holder, shall transfer the fee to another course offered by the sponsor. A sponsor shall have a refund policy, which addresses a license holder's cancellation or failure to complete a course.

108 REVOCATION OR SUSPENSION OF APPROVAL OF AN INSURANCE EDUCATION PROGRAM

108.1 Any insurance education program or sponsor of a program may be denied approval for failure to meet the requirements in this section.

108.2 Any denial of program approval, or any proposal to revoke or suspend approval, shall be in writing, and shall advise the applicant of his or her right to a hearing. Nothing in this section shall prohibit the rejection and return of applications for correction of ministerial errors.

108.3 The Commissioner may suspend or revoke the approval of an insurance education program for any of the following reasons:

- (a) The failure to maintain any requirement set forth in this section;
- (b) The failure to advise the Department promptly of any change in information initially submitted in the application during the period of approval including, but not limited to, change of director, school address, place or time of scheduled classes and instructors;
- (c) Obtaining an approval by fraud or misrepresentation;
- (d) The failure to conduct any classes for a period of 12 months; or
- (e) For continuing education programs only, the failure to report to the Department the students' continuing education credits.

108.4 Any school whose approval has been suspended or revoked shall turn over its education certificates to the Commissioner within fourteen (14) days.

108.5 As an alternative to suspension or revocation of approval, the Commissioner may place any program on probation with appropriate conditions or impose monetary penalties not to exceed \$ 1,000 for the first violation and \$ 2,000 for each succeeding violation.

108.6 No insurance education program or director whose approval has been revoked may reapply for approval for a period of five years.

APPENDIX 1 - CASUALTY INSURANCE COURSE REQUIREMENTS

SECTION A

I. PRINCIPLES OF INSURANCE -- 2 Hours

- A. Nature of risk
- B. Risk management
- C. Insurable and noninsurable risk
- D. Pooling concept-- law of large numbers
- E. Government as insurer
- F. Forms of ownership
- G. Marketing systems
- H. Competition in the industry
- I. Functions of insurers
- J. Reinsurance

II. General District of Columbia Laws -- 3 Hours

- A. Broad powers and duties of the Commissioner of Insurance
- B. Knowledge of administrative action process, including hearings and penalties

- C. Purpose of licensing, including procedures and who must be licensed
- D. Record keeping and changes in agent status, including change of address
- E. Agent license expiration, revocation, suspension, and limitation
- F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
- G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
- H. Unfair claims methods and practices--timely payment of claims
- I. Fair rating practices
- J. Home solicitation requirements
- K. Written disclosure of fees other than commissions

III. Ethics -- 3 Hours

- A. Fiduciary duties, and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of product client
- F. Social responsibility of an insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise
- I. Education of policyholders
- J. Understanding of client needs

SECTION B

IV. Policies, Terms, and Concepts -- 6 Hours

- A. Types of policies, bonds, and related terms
 - 1. General liability
 - a. Owners, landlords, and tenants liability
 - b. Manufacturers and contractors liability
 - c. Products and completed operations liability
 - d. Contractual liability
 - e. Commercial general liability
 - f. Premises/operations liability
 - g. Owners and contractors protective liability
 - 2. Automobile Insurance - personal & family auto and business & commercial auto
 - a. Physical damage (collision and comprehensive)
 - b. Uninsured motorists
 - c. Underinsured motorists
 - d. Named insureds
 - e. Insureds
 - f. Owned automobile
 - g. Nonowned automobile
 - h. Temporary substitute auto

3. Workers' compensation
4. Professional liability
5. Umbrella/excess liability

B. Insurance terms and related concepts

1. Risks
2. Hazards
3. Indemnity
4. Insurable interest
5. Actual cash value
6. Negligence
7. Liability
8. Accident
9. Occurrence
10. Burglary
11. Robbery
12. Theft
13. Mysterious disappearance
14. Fidelity (employee dishonesty)
15. Warranties
16. Representations
17. Concealment
18. Bodily injury liability
19. Property damage liability
20. Personal injury liability
21. Limits of liability
22. Deductibles
23. Incidental contracts
24. Binders

C. Policy provisions

1. Declarations
2. Insuring Agreement
3. Conditions
4. Exclusions
5. Definition of the Insured
6. Duties of the Insured
7. Cancellation and Nonrenewal Provisions
8. Supplementary Payment (Additional Coverages)
9. Proof of Loss
10. Notice of Claim
11. Arbitration
12. Pro Rata Liability (Other Insurance)
13. Subrogation
14. Compliance with Provisions of Fair Credit Reporting Act
15. Claims Made Policy Form

16. Salvage
17. Consent to Settle a Loss
18. Limitations

V. District of Columbia Insurance Law -- 6 Hours

- A. General rate standards
- B. Prohibited classifications of risks
- C. Surplus lines
 1. Definition
 2. Prohibitions and restrictions
 3. Responsibilities of agents and brokers
- D. Oral contracts
- E. Automobile liability
 1. Financial responsibility
 - a. Definitions
 - b. Persons required to show proof
 2. Required coverages and prohibited exclusions Uninsured motorist
 3. Cancellation or nonrenewal
 4. Responsibility for minors operating motor vehicles
 5. District of Columbia Automobile Insurance Plan (DCAIP)
- F. Worker's compensation
 1. Purpose
 2. Definitions

APPENDIX 2 - PROPERTY INSURANCE COURSE REQUIREMENTS**SECTION A****I. Principles of Insurance -- 2 Hours**

- A. Nature of risk
- B. Risk management
- C. Insurance and noninsurable risk
- D. Pooling concept--law of large numbers
- E. Government as insurer
- F. Forms of ownership
- G. Marketing systems
- H. Competition in the industry
- I. Functions of insurers
- J. Reinsurance

II. General District of Columbia Insurance Laws -- 3 Hours

- A. Duties and powers of Insurance Commissioner--statutory and rule-making
- B. Knowledge of administrative action process, including hearings and penalties
- C. Purpose of licensing, including procedures and who must be licensed
- D. Record keeping and changes in agent status, including change of address

- E. Agent license expiration, revocation, suspension, and limitation
- F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
- G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims
- H. Unfair claims methods and practices--timely payment of claims
- I. Fair rating practices

III. Ethics -- 3 Hours

- A. Fiduciary duties, and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of product to client
- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise
- I. Education of policyholders
- J. Understanding of client needs

SECTION B

IV. Policies, Terms, and Concepts -- 6 Hours

- A. Types of policies
 - 1. Standard fire
 - 2. Personal lines
 - a. Dwelling and contents
 - b. CPL (comprehensive personal liability)
 - c. Homeowners
 - 3. Commercial
 - a. General property
 - b. Special multi-peril
 - c. Business owner policy
 - d. Business interruption
 - (i) Gross earnings
 - (ii) Earnings
 - (iii) Extra expense
 - 4. Inland marine
 - a. Personal floaters
 - b. Commercial floaters
 - 5. Others
 - a. Flood
 - b. Watercraft
- B. Insurance terms and related concepts
 - 1. Insurance
 - 2. Insurable interest

3. Risk
 4. Hazard
 5. Peril
 - a. Specified (named) perils
 - (i) Standard fire
 - (ii) Extended coverage
 - (iii) Broad form
 - b. All-risk
 6. Loss
 - a. Direct
 - b. Indirect
 7. Proximate cause
 8. Deductible
 9. Indemnity
 10. Actual cash value
 11. Replacement cost
 12. Limits of liability
 13. Coinsurance
 14. Pair and set clause
 15. Extensions of coverage
 16. Additional coverages
 17. Accident
 18. Occurrence
 19. Cancellation
 20. Nonrenewal
 21. Vacancy and unoccupancy
 22. Right of Salvage
 23. Abandonment
 24. Liability
 25. Negligence
- C. Policy provisions and contract law
1. Declarations
 2. Insuring agreement
 3. Conditions
 4. Exclusions
 5. Definition of the insured
 6. Duties of the insured
 7. Obligations of the insurance company
 8. Mortgagee rights
 9. Proof of loss
 10. Notice of claim
 11. Appraisal
 12. Pro rata liability (other insurance)
 13. Assignment
 14. Subrogation
 15. Arbitration

16. Elements of a contract
17. Warranties, representations, and concealment
18. Binders
19. Sources of insurability information
20. Fair Credit Reporting Act

V. District of Columbia Insurance Law -- 6 Hours

- A. General rate standards - use and file provisions
- B. Prohibited classification of risks
- C. Surplus lines
 1. Definitions
 2. Prohibitions and restrictions
 3. Responsibilities of agents and brokers
- D. Oral contracts
- E. Content of forms
- F. Definition of loss
- G. Insurance Placement Facility/Fair Plan

APPENDIX 3 - LIFE INSURANCE COURSE REQUIREMENTS**SECTION A****I. Principles of Insurance -- 2 Hours**

- A. Nature of risk
- B. Risk management
- C. Insurable and noninsurable risk
- D. Pooling concept--law of large numbers
- E. Government as insurer
- F. Forms of ownership
- G. Marketing systems
- H. Competition in the industry
- I. Functions of insurers
- J. Reinsurance

II. General District of Columbia Insurance Laws -- 3 Hours

- A. Duties and powers of Insurance Commissioner--statutory and rule-making
- B. Knowledge of administrative action process, including hearings and penalties
- C. Purpose of licensing, including procedures and who must be licensed
- D. Record keeping and changes in agent status, including change of address
- E. Agent license expiration, revocation, suspension, and limitation
- F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
- G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, payment of claims
- H. Unfair claims methods and practices--timely payment of claims
- I. Fair rating practices

III. Ethics -- 3 Hours

- A. Fiduciary duties, and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of life products to clients including sales to the elderly
- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate insurance expertise
- I. Education of policyholders
- J. Understanding of client needs

SECTION B**IV. Policies, Terms and Concepts -- 6 Hours**

- A. Types of policies
 - 1. Traditional whole life products
 - a. Ordinary (straight) life
 - b. Limited-pay and single-premium life
 - c. Modified and graded premium whole life
 - d. Adjustable life
 - 2. Interest-sensitive whole life products
 - a. Universal like
 - b. Variable whole life
 - c. Variable universal life
 - 3. Term life
 - a. Level, decreasing, and increasing term
 - b. Renewal term
 - c. Convertible term
 - 4. Annuities
 - a. Single, level, and flexible premium
 - b. Immediate and deferred
 - c. Fixed and variable--requirement of security license
 - 5. Endowment
 - 6. Combination plans
 - a. Family policy
 - b. Family income policy
 - c. Family maintenance policy
- B. Policy riders, provisions, options, and exclusions
 - 1. Policy riders
 - a. Waiver of premium
 - b. Guaranteed insurability
 - c. Payor benefit
 - d. Accidental death and/or accidental death and dismemberment
 - e. Term riders

- f. Other insureds (e.g., spouse, children, nonfamily)
 - 2. Policy provisions and options
 - a. Entire contract
 - b. Insuring clause
 - c. Free look
 - d. Consideration clause
 - e. Owner's rights
 - f. Primary and contingent beneficiaries
 - g. Revocable and irrevocable beneficiaries
 - h. Change of beneficiary
 - i. Modes of premium payment
 - j. Grace period
 - k. Automatic premium loan
 - l. Reinstatement
 - m. Policy loan
 - n. Nonforfeiture options
 - o. Dividends and dividend options
 - p. Incontestability
 - q. Assignment
 - r. Suicide
 - s. Misstatement of age
 - t. Settlement options
 - u. Conversion options (individual policy)
 - 3. Policy exclusions
- C. Completing the application, underwriting, and delivering the policy
 - 1. Completing the application
 - a. Requiring signatures
 - b. Changes in the application
 - c. Consequences of incomplete applications
 - d. Warranties and representations
 - e. Collecting the initial premium and issuing the receipt
 - 2. Underwriting
 - a. Insurable interest
 - b. Medical; information and consumer reports
 - c. Fair Credit Reporting Act
 - d. Risk classification
 - 3. Delivering the policy
 - a. When coverage begins
 - b. Obtaining a statement of good health
 - c. Explaining the policy and its provisions, riders, exclusions, and ratings
- D. Taxes, Retirement, and Other Insurance Concepts
 - 1. Third-party ownership
 - 2. Group life insurance
 - 3. Retirement plans
 - 4. Business insurance (e.g., key employee, buy sell agreement, split-dollar, etc.)
 - 5. Social security benefits and taxes

6. Tax treatment of insurance premiums, and proceeds

V. District of Columbia Insurance Law -- 6 Hours

- A. Policy provisions
 1. Grace period
 2. Separate benefits
 3. Incontestability
 4. Misstatement of age
 5. Assignment of rights
 6. Designation of beneficiaries
 7. Variable contracts
- B. Marketing practices
 1. Bonuses
 2. Replacement of policies
 3. Disclosure requirements
 4. Suitability
 5. Combination sales
 6. Record keeping

APPENDIX 4 - ACCIDENT AND HEALTH INSURANCE COURSE REQUIREMENTS**SECTION A****I. Principles of Insurance -- 2 Hours**

- A. Nature of risk
- B. Risk management
- C. Insurable and noninsurable risk
- D. Pooling concept--law of large numbers
- E. Government as insurer
- F. Forms of ownership
- G. Marketing systems
- H. Competition in the industry
- I. Functions of insurers
- J. Reinsurance

II. General District of Columbia Insurance Law -- 3 Hours

- A. Duties and powers of Insurance Commissioner--statutory and rule-making
- B. Knowledge of administrative action process, including hearings and penalties
- C. Purpose of licensing, including procedures and who must be licensed
- D. Record keeping and changes in agent status, including change of address
- E. Agent license expiration, revocation, suspension, and limitation
- F. General regulations regarding misrepresentation, knowledge of acts of agent, rebating
- G. Regulation of specific insurance contract changes regarding cancellation, nonrenewal, notice of proof of loss, and payment of claims

- H. Unfair claims methods and practices--timely payment of claims
- I. Fair rating practices

III. Ethics -- 3 Hours

- A. Fiduciary duties, and responsibilities
- B. Conflict of interest
- C. Ethical marketing practices, including fair and ethical treatment of policyholders
- D. Appropriate claims practices
- E. Suitability of accident and health products to clients including specifically sales to the elderly
- F. Social responsibility of insurance agent
- G. Agent/company relationships
- H. Maintaining appropriate Insurance expertise
- I. Education of policyholders
- J. Understanding of client needs

SECTION B

IV. Policies, Terms, and Concepts -- 6 Hours

- A. Types of policies
 - 1. Disability income
 - a. Individual disability income policy
 - b. Business overhead expense policy
 - c. Business health insurance
 - 2. Accidental death and dismemberment
 - 3. Medical expense insurance
 - a. Basic hospital, medical, and surgical policies
 - b. Major medical policies
 - c. Comprehensive major medical policies
 - d. Health Maintenance Organizations (HMO)
 - e. Multiple Employer Trusts (MET)
 - f. Service organizations (Blue Plans)
 - 4. Medicare supplement policies
 - 5. Group insurance
 - a. Group conversion
 - b. Differences between individual and group contracts
 - c. General concepts
- B. Policy provisions, clauses, and riders
 - 1. Mandatory provisions
 - a. Entire contract
 - b. Time limit on certain defenses (incontestable)
 - c. Grace period
 - d. Reinstatement
 - e. Notice of claim
 - f. Claim forms

- g. Proof of loss
- h. Time of payment of claims
- i. Payment of claims
- j. Physical examination and autopsy
- k. Legal actions
- l. Change of beneficiary
- 2. Optional provisions
 - a. Change of occupation
 - b. Misstatement of age
 - c. Illegal occupation
- 3. Other provisions and clauses
 - a. Insuring clause
 - b. Free look (10-day, 20-day, etc.)
 - c. Consideration clause
 - d. Probationary (waiting) period
 - e. Elimination (waiting) period
 - f. Waiver of premium
 - g. Exclusions
 - h. Pre-existing conditions
 - i. Recurrent disability
 - j. Coinsurance
 - k. Deductibles
- 4. Riders
 - a. Impairment rider
 - b. Guaranteed insurability rider
 - c. Multiple indemnity rider (double, triple)
- 5. Rights of renewability
 - a. Noncancellable
 - b. Cancelable
 - c. Guaranteed renewable
 - d. Conditionally renewable
 - e. Optionally renewable
 - f. Period of time
- C. Social insurance
 - 1. Medicare
 - 2. Medicaid
 - 3. Social security benefits
- D. Other insurance concepts
 - 1. Total, partial, and residual disability
 - 2. Owner's rights
 - 3. Dependent children benefits
 - 4. Primary and contingent beneficiaries
 - 5. Modes of premium payments (annually, semiannual, etc.)
 - 6. Nonduplication and coordination of benefits (e.g., primary vs. excess)
 - 7. Occupational vs. Nonoccupational

8. Tax treatment of premiums and proceeds of insurance contracts (e.g., disability income, and medical expense, etc...)

E. Field underwriting procedures

1. Completing application and obtaining necessary signatures
2. Explaining sources of insurability information (e.g., MIB Report, Fair Credit Reporting Act, etc.)
3. Upon payment of initial premium, giving prospect conditional receipt, and explaining the effect of that receipt (e.g., medical exam, etc...)
4. Submitting application and initial premium to company for underwriting
5. Assuring delivery of policy to client
6. Explaining policy and its provisions, riders, exclusions, and ratings to clients
7. In cases where initial premium did not accompany application, obtaining signed statement of continued good health, and obtaining premium for transmittal
8. Contract law
 - a. Requirements of a contract
 - b. Insurable interest
 - c. Warranties and representations

V. District of Columbia Insurance Law -- 6 Hours

A. General policy provisions

1. Right of return
2. Right of insurer to contest
3. Pre-existing conditions
4. Application process
5. Grace periods

B. Mandated benefits

1. Handicapped children
2. Newborn children
3. Chiropractors services
4. Alcoholism, drug abuse, and mental and nervous disorders
5. Home health care
6. Skilled nursing care
7. Kidney disease treatment
8. Diabetes
9. Maternity benefits

C. Riders and endorsements

D. Marketing methods and practices

1. Advertising
2. Suitability
3. Outline of coverage
4. Replacement
5. Medicare supplement policies
6. Nursing home policies
7. Continuation and conversion
8. Cancer insurance and other dread disease

E. Health Insurance Risk-Sharing Plan

Appendix 5

CERTIFICATE OF PRELICENSING EDUCATION

I hereby certify that ___ has completed a prelicensing educational course which complies with the requirements in Chapter 1 of Title 26 of the DCMR for the insurance lines of (life & health) (property & casualty). The last day of class/studies for section B of this particular course was (date). I have verified the identification of this applicant by using:

- ___ District of Columbia driver's license;
- ___ District of Columbia identification card; or
- ___ Other (please describe) ___

Authorized Representative

Name of Program

Date

Persons desiring to comment on the emergency and proposed rulemaking may submit their comments in writing not later than thirty (30) days after the date of publication of this notice in the *D.C. Register*. Comments should be addressed to Leslie Johnson, Hearing Officer, Department of Insurance and Securities Regulation, 810 First Street, N.E., Room 701, Washington, DC 20002. Copies of the proposed rules may be obtained from the Department at the above address.