

# SENATE MOTION

**MADAM PRESIDENT:**

**I move** that Engrossed House Bill 1015 be amended to read as follows:

- 1           Page 1, between the enacting clause and line 1, begin a new  
2 paragraph and insert:  
3           "SECTION 1. IC 27-1-15.6-7 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) Unless denied  
5 licensure under section 12 of this chapter, a person who has met the  
6 requirements of sections 5 and 6 of this chapter shall be issued an  
7 insurance producer license. An insurance producer may receive  
8 qualification for a license in one (1) or more of the following lines of  
9 authority:  
10           (1) Life — insurance coverage on human lives, including benefits  
11 of endowment and annuities, that may include benefits in the  
12 event of death or dismemberment by accident and benefits for  
13 disability income.  
14           (2) Accident and health or sickness — insurance coverage for  
15 sickness, bodily injury, or accidental death that may include  
16 benefits for disability income.  
17           (3) Property — insurance coverage for the direct or consequential  
18 loss of or damage to property of every kind.  
19           (4) Casualty — insurance coverage against legal liability,  
20 including liability for death, injury, or disability, or for damage to  
21 real or personal property.  
22           (5) Variable life and variable annuity products — insurance  
23 coverage provided under variable life insurance contracts and  
24 variable annuities.  
25           (6) Personal lines — property and casualty insurance coverage  
26 sold to individuals and families for primarily noncommercial  
27 purposes.  
28           (7) Credit — limited line credit insurance.  
29           (8) Title — insurance coverage against loss or damage on account  
30 of encumbrances on or defects in the title to real estate.

1 (9) Any other line of insurance permitted under Indiana laws or  
2 administrative rules.

3 (b) A person who requests ~~and receives~~ qualification under  
4 subsection (a)(5) for variable life and annuity products **must:**

5 (1) ~~is considered to have requested; and be licensed as an~~  
6 **insurance producer with a life qualification under subsection**  
7 **(a)(1);**

8 (2) ~~shall receive; be registered with FINRA; and~~

9 (3) **meet the broker-dealer registration requirements of:**

10 (A) **FINRA for a Series 6 limited representative license; or**

11 (B) **FINRA for a Series 7 general securities registered**  
12 **representative license.**

13 ~~a life qualification under subsection (a)(1).~~

14 (c) A resident insurance producer may not request separate  
15 qualifications for property insurance and casualty insurance under  
16 subsection (a).

17 (d) An insurance producer license remains in effect unless revoked  
18 or suspended, as long as the renewal fee set forth in section 32 of this  
19 chapter is paid and the educational requirements for resident individual  
20 producers are met by the due date.

21 (e) An individual insurance producer who:

22 (1) allows the individual insurance producer's license to lapse;  
23 and

24 (2) completed all required continuing education before the license  
25 expired;

26 may, not more than twelve (12) months after the expiration date of the  
27 license, reinstate the same license without the necessity of passing a  
28 written examination. A penalty in the amount of three (3) times the  
29 unpaid renewal fee shall be required for any renewal fee received after  
30 the expiration date of the license. However, the department of  
31 insurance may waive the penalty if the renewal fee is received not more  
32 than thirty (30) days after the expiration date of the license.

33 (f) A licensed insurance producer who is unable to comply with  
34 license renewal procedures due to military service or some other  
35 extenuating circumstance may request a waiver of the license renewal  
36 procedures. The producer may also request a waiver of any  
37 examination requirement or any other fine or sanction imposed for  
38 failure to comply with the license renewal procedures.

39 (g) An insurance producer license shall contain the licensee's name,  
40 address, personal identification number, date of issuance, lines of  
41 authority, expiration date, and any other information the commissioner  
42 considers necessary.

43 (h) A licensee shall inform the commissioner of a change of address  
44 not more than thirty (30) days after the change by any means  
45 acceptable to the commissioner. The failure of a licensee to timely  
46 inform the commissioner of a change in legal name or address shall

1 result in a penalty under section 12 of this chapter.

2 (i) To assist in the performance of the commissioner's duties, the  
3 commissioner may contract with nongovernmental entities, including  
4 the National Association of Insurance Commissioners (NAIC), or any  
5 affiliates or subsidiaries that the NAIC oversees, to perform ministerial  
6 functions, including the collection of fees related to producer licensing,  
7 that the commissioner and the nongovernmental entity consider  
8 appropriate.

9 (j) The commissioner may participate, in whole or in part, with the  
10 NAIC or any affiliate or subsidiary of the NAIC in a centralized  
11 insurance producer license registry through which insurance producer  
12 licenses are centrally or simultaneously effected for states that require  
13 an insurance producer license and participate in the centralized  
14 insurance producer license registry. If the commissioner determines  
15 that participation in the centralized insurance producer license registry  
16 is in the public interest, the commissioner may adopt rules under  
17 IC 4-22-2 specifying uniform standards and procedures that are  
18 necessary for participation in the registry, including standards and  
19 procedures for centralized license fee collection.

20 SECTION 12. IC 27-1-15.6-19.5 IS ADDED TO THE INDIANA  
21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
22 [EFFECTIVE JULY 1, 2011]: **Sec. 19.5. (a) As used in this section,**  
23 **"annuity" means an annuity that is:**

24 (1) **an insurance product under Indiana law; and**  
25 (2) **solicited individually, regardless of whether the insurance**  
26 **product is classified as an individual annuity or a group**  
27 **annuity.**

28 (b) **A person may not sell, solicit, or negotiate an annuity unless**  
29 **the person meets the following requirements:**

30 (1) **The person is licensed as:**  
31 (A) **an insurance producer with a life qualification under**  
32 **section 7(a)(1) of this chapter; or**  
33 (B) **in the case of a variable annuity, an insurance producer**  
34 **with a variable annuity qualification under section 7(a)(5)**  
35 **of this chapter.**

36 (2) **The person has adequate knowledge of an annuity product**  
37 **to recommend the annuity product.**

38 (3) **The person complies with the insurer's training standards**  
39 **for annuity products.**

40 (4) **The person has completed a single four (4) hour annuity**  
41 **training course that is conducted through a structured setting**  
42 **or self-study method and approved by the department in**  
43 **accordance with the requirements for approval that apply to**  
44 **continuing education courses under IC 27-1-15.7.**

45 SECTION 3. IC 27-1-15.7-5 IS AMENDED TO READ AS  
46 FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 5. (a) To qualify as a**

1 certified prelicensing course of study for purposes of IC 27-1-15.6-6,  
 2 an insurance producer program of study must meet all of the following  
 3 criteria:

4 (1) Be conducted or developed by an:

5 (A) insurance trade association;

6 (B) accredited college or university;

7 (C) educational organization certified by the insurance  
 8 producer education and continuing education advisory council;

9 or

10 (D) insurance company licensed to do business in Indiana.

11 (2) Provide for self-study or instruction provided by an approved  
 12 instructor in a structured setting, as follows:

13 (A) For life insurance producers, not less than ~~twenty-four (24)~~  
 14 **twenty (20)** hours of instruction in a structured setting or  
 15 comparable self-study on:

16 (i) ethical practices in the marketing and selling of  
 17 insurance;

18 (ii) requirements of the insurance laws and administrative  
 19 rules of Indiana; and

20 (iii) principles of life insurance.

21 (B) For health insurance producers, not less than ~~twenty-four~~  
 22 ~~(24)~~ **twenty (20)** hours of instruction in a structured setting or  
 23 comparable self-study on:

24 (i) ethical practices in the marketing and selling of  
 25 insurance;

26 (ii) requirements of the insurance laws and administrative  
 27 rules of Indiana; and

28 (iii) principles of health insurance.

29 (C) For life and health insurance producers, not less than forty  
 30 (40) hours of instruction in a structured setting or comparable  
 31 self-study on:

32 (i) ethical practices in the marketing and selling of  
 33 insurance;

34 (ii) requirements of the insurance laws and administrative  
 35 rules of Indiana;

36 (iii) principles of life insurance; and

37 (iv) principles of health insurance.

38 (D) For property and casualty insurance producers, not less  
 39 than forty (40) hours of instruction in a structured setting or  
 40 comparable self-study on:

41 (i) ethical practices in the marketing and selling of  
 42 insurance;

43 (ii) requirements of the insurance laws and administrative  
 44 rules of Indiana;

45 (iii) principles of property insurance; and

46 (iv) principles of liability insurance.

- 1 (E) For personal lines producers, a minimum of ~~twenty-four~~  
 2 **(24) twenty (20)** hours of instruction in a structured setting or  
 3 comparable self-study on:
- 4 (i) ethical practices in the marketing and selling of  
 5 insurance;
  - 6 (ii) requirements of the insurance laws and administrative  
 7 rules of Indiana; and
  - 8 (iii) principles of property and liability insurance applicable  
 9 to coverages sold to individuals and families for primarily  
 10 noncommercial purposes.
- 11 (F) For title insurance producers, not less than ten (10) hours  
 12 of instruction in a structured setting or comparable self-study  
 13 on:
- 14 (i) ethical practices in the marketing and selling of title  
 15 insurance;
  - 16 (ii) requirements of the insurance laws and administrative  
 17 rules of Indiana;
  - 18 (iii) principles of title insurance, including underwriting and  
 19 escrow issues; and
  - 20 (iv) principles of the federal Real Estate Settlement  
 21 Procedures Act (12 U.S.C. 2608).
- 22 **(G) For annuity product producers, not less than four (4)**  
 23 **hours of instruction in a structured setting or comparable**  
 24 **self-study on:**
- 25 **(i) types and classifications of annuities;**
  - 26 **(ii) identification of the parties to an annuity;**
  - 27 **(iii) the manner in which fixed, variable, and indexed**  
 28 **annuity contract provisions affect consumers;**
  - 29 **(iv) income taxation of qualified and nonqualified**  
 30 **annuities;**
  - 31 **(v) primary uses of annuities; and**
  - 32 **(vi) appropriate sales practices, replacement, and**  
 33 **disclosure requirements.**
- 34 (3) Instruction provided in a structured setting must be provided  
 35 only by individuals who meet the qualifications established by the  
 36 commissioner under subsection (b).
- 37 (b) The commissioner, after consulting with the insurance producer  
 38 education and continuing education advisory council, shall adopt rules  
 39 under IC 4-22-2 prescribing the criteria that a person must meet to  
 40 render instruction in a certified prelicensing course of study.
- 41 (c) The commissioner shall adopt rules under IC 4-22-2 prescribing  
 42 the subject matter that an insurance producer program of study must  
 43 cover to qualify for certification as a certified prelicensing course of  
 44 study under this section.
- 45 (d) The commissioner may make recommendations that the  
 46 commissioner considers necessary for improvements in course

1 materials.

2 (e) The commissioner shall designate a program of study that meets  
3 the requirements of this section as a certified prelicensing course of  
4 study for purposes of IC 27-1-15.6-6.

5 (f) The commissioner may, after notice and opportunity for a  
6 hearing, withdraw the certification of a course of study that does not  
7 maintain reasonable standards, as determined by the commissioner for  
8 the protection of the public.

9 (g) Current course materials for a prelicensing course of study that  
10 is certified under this section must be submitted to the commissioner  
11 upon request, but not less frequently than once every three (3) years."

12 Page 2, after line 11, begin a new paragraph and insert:

13 "SECTION 5. [EFFECTIVE JULY 1, 2011] **(a) IC 27-1-15.7-5, as**  
14 **amended by this act, applies to insurance producer prelicensing**  
15 **self-study or instruction provided after December 31, 2011.**

16 **(b) This SECTION expires December 31, 2013."**

17 Renumber all SECTIONS consecutively.

(Reference is to EHB 1015 as printed March 25, 2011.)

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Senator HOLDMAN