

SUMMARY OF INDIANA LEGISLATIVE CHANGES MADE IN 2011



February 2, 2012

The purpose of this article is to clarify the Legislative changes made to producer licensing and continuing education that became effective July 1, 2011 and January 1, 2012. Many of these changes were made in preparation for Indiana to comply with the Producer Licensing Model Act, the NAIC uniformity standards, and procedures for suitability in annuity transactions between states as coordinated by the NAIC. The sections of the law affected were specifically IC 27-1-15.6 and IC 27-1-15.7 and the introduction of IC 27-1-28.

1. **Independent Adjuster Licensing:** Indiana adopted IC 27-1-28 governing Independent Adjuster Licensing with an effective date of July 1, 2011. The new code follows the NAIC independent adjuster model and includes the qualifications and procedures for the licensing of independent adjusters. Detailed licensing procedures can be found on the Department's website for resident and non-resident individuals, business entities, and a 90 day temporary emergency license in the event of a catastrophe. See www.in.gov/idoj, and click on "Adjusters". Directions are also provided for pre-licensing education and examination through Adjuster Pro. The lines of authority granted are Property & Casualty and Workers Compensation. Indiana will accept requests for home state designation.
2. **Variable Life and Annuity License:**
 - a. The Department began issuing the Variable Life and Annuity license to persons requesting qualification to sell, solicit, or negotiate variable life and annuity products on July 1, 2011. Following are the only requirements to obtain the Variable Life and Annuity License:
 - (1) be licensed as an insurance producer with a Life qualification;
 - (2) be registered with FINRA; and
 - (3) meet the broker-dealer registration requirements of:
 - (A) FINRA for a Series 6 limited representative license; or
 - (B) FINRA for a Series 7 general securities registered representative license.
 - b. **Annuity insurance producer qualifications and training:** Indiana followed the NAIC suitability in annuities model for producers that proposed a person may not sell, solicit, or negotiate an annuity product unless the person meets the following requirements. This found in IC 27-1-15.6-9.5:
 - (1) The person is licensed as either:
 - (A) in the case of a fixed annuity (emphasis added), an insurance producer with a life qualification, or
 - (B) in the case of a variable annuity, an insurance producer with a variable annuity qualification
 - (2) The person has adequate knowledge of an annuity product to recommend the

annuity product

- (3) The person complies with the insurer's training standards for annuity products
- (4) The person has completed a single four (4) hour annuity training course that is conducted through a structured setting or self-study method and approved by the department

- c. Resident producers** desiring to add the variable life and annuity qualification to their licenses were given until January 1, 2012, to apply for the qualification. After January 1, 2012, producers would have to cease selling, soliciting, or negotiating variable life and annuity products until they add the qualification to their license. Resident producers can apply electronically to add the license qualification by going to www.sircon.com/indiana and clicking on “Apply for a License”. The fee to add a new qualification to the license is \$40.00. There is also an electronic processing fee of \$12.50. The CRD Number is required with the application.
- d. Non-resident producers** who currently sell, solicit, or negotiate variable life and annuity products, and held a variable life and annuity qualification in their home state prior to July 1, 2011, have until January 1, 2012, to request this qualification in Indiana for a \$10.00 fee. The CRD Number is required with the application. After January 1, 2012, the regular fee for adding a license qualification will be charged. Non resident producers can apply electronically at www.sircon.com/indiana and clicking on “Apply for a License”.
- e. The four-hour training requirement** applies to all producers, whether resident or non-resident. The Department is allowing a six-month grace period to comply with the training requirements. This gives existing life producers until July 1, 2012, to complete the four-hour annuity training course. However, non-resident producers whose resident licenses are from states with annuity licensing requirements substantially similar to Indiana’s do not have to take an additional four-hour course to sell, solicit, or negotiate annuities in Indiana. See Indiana Bulletin 184 dated June 30, 2011.

Courses approved in Indiana can be found at www.in.gov/idoi/2611.htm and clicking on “Continuing Education Information for Agents” and then “Approved Courses Inquiry”. Titles of approved courses in Indiana will have key words such as NAIC Suitability, Suitability in Annuities Training, or Four-Hour Annuity Training. Before taking an annuity course without these key words it is suggested producers confirm with the provider that their course complies with Indiana requirements.

- 3. Applicants with nationally recognized designations** and applicants with a **bachelor’s degree in insurance** were provided pre-licensing education exemptions (effective July 1, 2011, IC 27-1-15.6-9). Applicants will be required to provide documentation of the degree or designation and successfully complete an examination covering only the Indiana insurance laws and rules for their respective designation. After completing the examination an application for a license can be made electronically at

www.sircon.com/indiana and clicking on “Apply for a License”. The license fee for residents is \$40.00 and an electronic processing fee is \$12.50.

4. Individuals who will be 70 years old with 20 years experience after July 1, 2011 will no longer be eligible for a continuing education exemption. Individuals who requested and were granted the exemption when the law was in effect will continue to receive the exemption. They will continue to pay the renewal fee. IC 27-1-15.7-2(c).
5. The **continuing education requirement for resident renewals** has changed from 20 hours to 24 hours. Producers who last renewed in 2010 and 2011 will be required to obtain 20 hours before they renew in either 2012 or 2013. Going forward the change then becomes effective for renewal periods starting in 2012 or 2013. For example, if your renewal comes due December 31, 2012, you should have completed 20 before that date. Going forward you will need to complete 24 hours by the next renewal date of December 31, 2014. An insurance producer with qualifications in more than one line of authority will not be required to complete more than 24 hours of credit to renew the license. IC 27-1-15.7-2(a) and (e).
6. **Limited Lines CE:** Renewals made for limited lines after January 1, 2012, will no longer be required to complete the 5 hours of continuing education. Example: A limited lines license was renewed in December 2011. During the renewal period that ends December 2013, 5 hours will be required. No continuing education will be required for limited lines after December 2013.
7. Effective January 1, 2012, the **Pre-licensing Education requirements** for a single qualification will be reduced from 24 hours to 20 hours. Pre-Licensing Education for multiple qualifications such as Life, Accident and Health or Property and Casualty will remain at 40 hours. IC 27-1-15.7
8. **Retaliatory License Fees:** Effective September, 2011, Indiana began charging Illinois non-resident producers a retaliatory license fee of \$250.00, the same amount Indiana residents are charged as non-resident producers in Illinois. Reinstatement fees will continue to be three times the renewal fee plus the renewal fee.

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