

By: Representative Formby

To: Insurance

## HOUSE BILL NO. 1024

1 AN ACT TO CREATE A LIMITED LINES LICENSE FOR TERM LIFE  
2 INSURANCE; TO DEFINE "TERM LIFE INSURANCE" AND TO PROVIDE THE  
3 QUALIFICATIONS FOR SUCH LICENSE; TO REQUIRE PRELICENSE TRAINING,  
4 CONTINUING EDUCATION AND PAYMENT OF LICENSE FEE; TO AMEND SECTIONS  
5 83-17-39, 83-17-61 AND 83-17-63, MISSISSIPPI CODE OF 1972, TO  
6 EXEMPT TERM LIFE LICENSEES FROM THESE PROVISIONS; AND FOR RELATED  
7 PURPOSES.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 **SECTION 1. Limited licenses for term life insurance.** (1)

10 An individual who is at least eighteen (18) years of age and whom  
11 the Commissioner of Insurance considers to be competent,  
12 trustworthy and of good business reputation may obtain a limited  
13 lines producer license to transact only term life insurance as  
14 provided in this section. Term life insurance, for purposes of  
15 this section, means a life insurance policy that:

16 (a) Does not develop nonforfeiture values; and

17 (b) Is not convertible into an annuity or a life  
18 insurance policy that develops nonforfeiture values.

19 (2) A term life licensee shall not sell, solicit or  
20 negotiate any kind of insurance other than term life insurance  
21 unless expressly authorized to do so under a license issued by the  
22 commissioner.

23 (3) A term life licensee may not receive compensation unless  
24 the licensee introduces the prospective insured seeking  
25 replacement insurance to a licensed insurance producer.  
26 Replacement insurance, for purposes of this section, means any  
27 transaction in which new term life insurance will be purchased,  
28 and it is known or should be known to the term life licensee that

29 by reason of such transaction, existing life insurance has been or  
30 is to be:

31 (a) Lapsed, forfeited, surrendered or otherwise  
32 terminated;

33 (b) Converted to reduced paid-up insurance, continued  
34 as extended term insurance, or otherwise reduced in value by the  
35 use of nonforfeiture benefits or other policy values;

36 (c) Amended so as to effect either a reduction in  
37 benefits or in the term for which coverage would otherwise remain  
38 in force, or for which benefits would be paid;

39 (d) Reissued with any reduction in cash value; or

40 (e) Pledged as collateral or subjected to borrowing,  
41 whether in a single loan or under a schedule of borrowing over a  
42 period of time for amounts in the aggregate exceeding twenty-five  
43 percent (25%) of the loan value set forth in the policy.

44 (4) A term life license shall not be used by the term life  
45 licensee as a basis for obtaining a nonresident limited line  
46 license in any other state pursuant to any law of such other state  
47 that permits a person licensed as a limited lines producer in the  
48 person's home state to receive a nonresident limited lines  
49 producer license in the other state.

50 (5) The application for a term life license must be  
51 submitted on a form prescribed by the commissioner by a designee  
52 of the insurance company appointing the applicant. The appointing  
53 insurance company must certify that the applicant has completed at  
54 least ten (10) hours of prelicense training regarding term life  
55 insurance provided by the appointing insurance company and must  
56 pay the fee required by Sections 27-15-87 and 27-15-93.

57 (6) A term life licensee may represent more than one (1)  
58 insurance company.

59 (7) An applicant who has met the requirements of this  
60 section shall be issued a perpetual term life license.

61 (8) A term life license shall remain in effect as long as  
62 the appointing insurance company pays the respective fees required  
63 by Sections 27-15-87 and 27-15-93 prior to January 1 of each year,  
64 unless the license is revoked or suspended pursuant to Section  
65 83-17-71. Failure of the insurance company to pay the license fee  
66 or to submit the required documents shall cause immediate  
67 termination of the term life license with respect to which the  
68 failure occurs.

69 (a) Before each license renewal, a term life licensee  
70 shall satisfactorily complete at least ten (10) hours of  
71 continuing education approved by the commissioner. The insurance  
72 company shall retain a certification that the licensee has  
73 completed the required continuing education along with the renewal  
74 fee.

75 (b) A term life license automatically terminates when  
76 the term life licensee fails to meet successfully the requirements  
77 of paragraph (a) of this subsection.

78 (9) A term life license may be terminated by the insurance  
79 company or the licensee.

80 (10) A term life licensee is not subject to the requirements  
81 of Sections 83-17-39, 83-17-61 and 83-17-63.

82 (11) A term life license shall contain the name, address and  
83 personal identification number of the licensee, the date the  
84 license was issued, general conditions relative to the license  
85 expiration or termination, and any other information the  
86 commissioner considers proper. A term life license shall also  
87 contain the name and address of the appointing insurance company.

88 (12) A term life licensee must inform the commissioner by  
89 any means acceptable to the commissioner of a change of address  
90 within thirty (30) days after the change.

91 **SECTION 2.** Section 83-17-39, Mississippi Code of 1972, is  
92 amended as follows:

93           83-17-39. (1) Each applicant for a license to act as a  
94 producer within this state shall submit to a personal written  
95 examination to determine his competence to act as a producer and  
96 his familiarity with the pertinent provisions of the laws of this  
97 state, and shall pass the same to the satisfaction of the  
98 commissioner; except that no such written examination shall be  
99 required of:

100           (a) An applicant for a renewal license unless the  
101 commissioner determines that such examination is necessary to  
102 establish the competency of the applicant, or unless a license had  
103 not been effective as to such applicant within one (1) year  
104 preceding the date of filing the application;

105           (b) An applicant who is a ticket-selling agent of a  
106 railroad or steamship company, carrier by air, or public bus  
107 carrier who shall act as a producer or solicitor in the sale of  
108 accident insurance tickets to individuals;

109           (c) An applicant who shall be licensed to act only as a  
110 producer with respect to life, health and accident insurance on  
111 borrowers or debtors commonly known as credit life, health and  
112 accident insurance;

113           (d) In the discretion of the commissioner, an applicant  
114 whose license to do business or act as a producer in this state  
115 was suspended less than one (1) year prior to the date of  
116 application;

117           (e) An applicant who is an agent of a fraternal benefit  
118 society exclusively;

119           (f) An applicant who is exempt from examination under  
120 the provisions of Section 83-17-67; or

121           (g) An applicant who shall be licensed to act only as a  
122 producer with respect to term life insurance.

123           (2) The commissioner may establish rules and regulations  
124 with respect to the classification of applicants according to the  
125 type of insurance contracts to be effected by them if licensed as

126 producers, and with respect to the scope, type and conduct of  
127 written examinations to be given pursuant to this section, and the  
128 times and places within this state for the holding of such  
129 examinations. Such rules and regulations, if established, shall  
130 classify applicants for purposes of this section as follows:

131 (a) Those desiring to write life insurance;

132 (b) Those desiring to write accident and health  
133 insurance, other than industrial accident and health insurance;

134 (c) Those desiring to write industrial accident and  
135 health insurance;

136 (d) Those desiring to write any combination of two (2)  
137 or more of the above classifications; and

138 (e) Those of such other classification as, in the  
139 opinion of the commissioner, are necessary or appropriate.

140 Examination shall be prepared and given in those subjects  
141 only which pertain to the classification or classifications which  
142 the applicant desires to write, and no applicant shall be required  
143 to take an examination on a subject or subjects pertaining to any  
144 other classification.

145 The rules and regulations of the commissioner, if  
146 established, shall designate textbooks, manuals and other  
147 materials to be studied by applicants in preparation for  
148 examination in each classification designated by the commissioner  
149 pursuant to this section. Such textbooks, manuals or other  
150 materials may consist of matter available to applicants by  
151 purchase from the publisher, or may consist of matter prepared at  
152 the direction of the commissioner and distributed to applicants  
153 upon request therefor and payment of the reasonable cost thereof.  
154 If textbooks, manuals or other materials shall have been  
155 designated or prepared by the commissioner pursuant to this  
156 section, all examination questions shall be prepared from the  
157 contents of such textbooks, manuals or other materials.

158           **SECTION 3.** Section 83-17-61, Mississippi Code of 1972, is  
159 amended as follows:

160           83-17-61. (1) A person applying for a resident insurance  
161 producer license shall make application to the commissioner on the  
162 uniform application and declare under penalty of refusal,  
163 suspension or revocation of the license that the statements made  
164 in the application are true, correct and complete to the best of  
165 the individual's knowledge and belief. Before approving the  
166 application, the commissioner shall find that the individual:

167                   (a) Is at least eighteen (18) years of age;

168                   (b) Has not committed any act that is a ground for  
169 denial, suspension or revocation set forth in Section 83-17-71;

170                   (c) Where required by the commissioner, has completed a  
171 prelicensing course of study for the lines of authority for which  
172 the person has applied;

173                   (d) Has paid the fees set forth in Sections 27-15-87  
174 and 27-15-93; and

175                   (e) Has successfully passed the examinations for the  
176 liens of authority for which the person has applied.

177           (2) A business entity acting as an insurance producer is  
178 required to obtain an insurance producer license. Application  
179 shall be made using the uniform business entity application.  
180 Before approving the application, the commissioner shall find  
181 that:

182                   (a) The business entity has paid the fees set forth in  
183 Sections 27-15-85 and 27-15-93; and

184                   (b) The business entity has designated a licensed  
185 producer responsible for the business entity's compliance with the  
186 insurance laws, rules and regulations of this state.

187           (3) The commissioner may require any documents reasonably  
188 necessary to verify the information contained in an application.

189           (4) Each insurer that sells, solicits or negotiates any form  
190 of limited line credit insurance shall provide to each individual

191 whose duties include selling, soliciting or negotiating limited  
192 line credit insurance a program of instruction that may be  
193 approved by the commissioner.

194 (5) This section shall not apply to applicants who shall be  
195 licensed to act only as a producer with respect to term life  
196 insurance in accordance with Section 1 of House Bill No. 1024,  
197 2005 Regular Session.

198 **SECTION 4.** Section 83-17-63, Mississippi Code of 1972, is  
199 amended as follows:

200 83-17-63. (1) Unless denied licensure under Section  
201 83-17-71, persons who have met the requirements of Sections  
202 83-17-59 and 83-17-61, shall be issued an insurance producer  
203 license. An insurance producer may receive qualification for a  
204 license in one or more of the following lines of authority:

205 (a) Life: insurance coverage on human lives including  
206 benefits of endowment and annuities and may include benefits in  
207 the event of death or dismemberment by accident and benefits for  
208 disability income.

209 (b) Accident and health or sickness: insurance  
210 coverage for sickness, bodily injury or accidental death and may  
211 include benefits for disability income.

212 (c) Property: insurance coverage for the direct or  
213 consequential loss or damage to property of every kind.

214 (d) Casualty: insurance coverage against legal  
215 liability, including that for death, injury or disability or  
216 damage to real or personal property.

217 (e) Variable life and variable annuity products:  
218 insurance coverage provided under variable life insurance  
219 contracts and variable annuities.

220 (f) Personal lines: property and casualty insurance  
221 coverage sold to individuals and families for primarily  
222 noncommercial purposes.

223 (g) Credit: limited line credit insurance.

224 (h) Any other line of insurance permitted under state  
225 laws or regulations.

226 (2) An insurance producer license shall remain in effect  
227 unless revoked or suspended as long as the fee set forth in  
228 Sections 27-15-87 and 27-15-93 is paid and education requirements  
229 for resident individual producers are met by the due date.

230 (3) An individual insurance producer who allows his or her  
231 license to lapse may, within twelve (12) months from the due date  
232 of the renewal fee, reinstate the same license without the  
233 necessity of passing a written examination. The penalty for such  
234 late renewal shall be in compliance with Section 27-15-215.

235 (4) A licensed insurance producer who is unable to comply  
236 with license renewal procedures due to military service or some  
237 other extenuating circumstances, including, but not limited to, a  
238 long-term medical disability may request a waiver of those  
239 procedures. The producer may also request a waiver of any  
240 examination requirement or any other fine or sanction imposed for  
241 failure to comply with renewal procedures.

242 (5) The license shall contain the licensee's name, address,  
243 personal identification number and the date of issuance, the lines  
244 of authority, the expiration date and any other information the  
245 commissioner deems necessary.

246 (6) Licensees shall inform the commissioner by any means  
247 acceptable to the commissioner of a change of address within  
248 thirty (30) days of the change. Failure to timely inform the  
249 commissioner of a change in legal name or address shall result in  
250 a penalty under Section 83-17-71.

251 (7) In order to assist in the performance of the  
252 commissioner's duties, the commissioner may contract with  
253 nongovernmental entities, including the National Association of  
254 Insurance Commissioners (NAIC) or any affiliates or subsidiaries  
255 that the NAIC oversees, to perform any ministerial functions,  
256 including the collection of fees, related to producer licensing



257 that the commissioner and the nongovernmental entity may deem  
258 appropriate.

259 (8) This section shall not apply to persons licensed to act  
260 only as a producer with respect to term life insurance in  
261 accordance with Section 1 of House Bill No. 1024, 2005 Regular  
262 Session.

263 **SECTION 5.** This act shall take effect and be in force from  
264 and after July 1, 2005.