

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2617

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 (h) 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 Senate Bill No. 2617,
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 Senate Bill No. 2617, 2005 Regular
262 Session.

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