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**3901-5-07 Regulation of agent pre-licensing education.**

(A) Purpose

The purpose of this rule is to establish the criteria for agent pre-licensing education and to establish certain examination requirements.

(B) Authority

This rule is promulgated pursuant to the authority vested in the superintendent under sections 3901.041 and 3905.486 of the Revised Code.

(C) Definitions

As used in this rule:

(1) "Authorized provider official" means a person designated by a provider and approved by the superintendent as the person who is responsible for a provider's compliance with the pre-licensing education regulations and who is responsible for a provider's integrity and operation. This includes the responsibility for obtaining pre-license education provider, course and instructor approvals.

(2) "Authorized provider personnel" means any person identified by a provider's authorized provider official as being authorized to certify a provider certification of course completion form, a certificate of pre-licensing course completion form, a schedule of courses form, attendance forms, and any other forms required by the superintendent.

~~(3)~~ "Board" means the "Insurance Agent Education Advisory Board."

~~(4)~~ (3) "Classroom" means any pre-licensing course method that is delivered or presented by a registered instructor in which the student and instructor are in the same physical location.

~~(5)~~ (4) "Course" means instruction offered by a provider approved by the superintendent to offer insurance education in one of the following subject matter categories:

- (a) Property insurance;
- (b) Casualty insurance;
- (c) Life insurance;
- (d) Accident and health insurance;
- (e) Personal lines insurance; and
- (f) Surety bail bond insurance.

~~(6)~~ (5) "Course hour" means the time spent providing instruction for preparation for a state insurance license examination. For purposes of this rule a course hour must

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provide for no less than sixty minutes of instruction. A course hour may include a reasonable amount of time testing, but not the time a student spends studying, preparing for a course, breaks, introductions, lunches, announcements, receiving marketing or sales technique instruction or other non-instruction time.

~~(7)~~(6) "Program of insurance education" means a provider's overall curriculum.

~~(8)~~(7) "Provider" means an organization or person approved by the superintendent to offer agent pre-licensing courses.

~~(9)~~(8) "Registered student" means any person who has given an approved pre-license education provider a written intention and payment to take their program of insurance education. Only students who are taking a course for the purpose of complying with the pre-licensing education requirements shall be deemed enrolled for purposes of this rule.

~~(10)~~(9) "~~Self study~~" "Self-study" means any pre-licensing course method that does not require that a student attend organized classes, is completed by individual study, and ends with a proctored final examination offered by the approved pre-licensing provider.

~~(11)~~(10) "~~Self study~~ Self-study proctor" means a person who is an impartial and disinterested third party with no family or financial relationship to the student. The proctor shall verify the student's identity and complete an affidavit supplied by the approved provider certifying that the student received no outside assistance. Membership in a professional insurance association or organization does not constitute a financial relationship.

~~(12)~~(11) "~~Self study~~ Self-study with prep course" means any pre-licensing course method that is offered as ~~self study~~ self-study but includes some organized classroom time prior to the offering of a proctored final examination.

~~(13)~~(12) "Superintendent" means the superintendent of insurance.

### (D) Pre-license education exemptions

(1) Any person with a bachelor's or associate's degree in insurance from an accredited institution shall be exempt from agent pre-licensing education requirements for all major lines of authority.

(2) Any person with one or more of the following professional designations shall be exempt from agent pre-licensing education requirements for personal lines or for property and casualty lines of authority.

(a) "Chartered Property and Casualty Underwriter" (CPCU);

(b) "Accredited Advisor in Insurance" (AAI);

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- (c) "Associate in Risk Management" (ARM); or
  - (d) "Certified Insurance Counselor" (CIC).
- (3) Any person with one or more of the following professional designations shall be exempt from agent pre-licensing education requirements for life lines of authority:
- (a) "Chartered Life Underwriter" (CLU);
  - (b) "Certified Employee Benefit Specialist" (CEBS);
  - (c) "Chartered Financial Consultant" (ChFC);
  - (d) "Certified Insurance Counselor" (CIC);
  - (e) "Certified Financial Planner" (CFP);
  - (f) "Fellow of the Life Management Institute" (FLMI); or
  - (g) "Life Underwriter Training Council Fellow" (LUTCF).
- (4) Any person with one or more of the following professional designations shall be exempt from agent pre-licensing education requirements for accident and health line of authority:
- (a) "Registered Health Underwriter" (RHU);
  - (b) "Certified Employee Benefit Specialist" (CEBS);
  - (c) "Registered Employee Benefits Consultant" (REBC); or
  - (d) "Health Insurance Associate" (HIA).
- (5) Any person requesting exemption of the pre-licensing education requirement under this section shall provide verification of the degree in insurance or professional designation prior to registering for the examination in order to receive a pre-licensing education waiver from the superintendent. A separate education waiver must be requested and obtained for each subject matter category.
- (6) A pre-licensing education waiver issued using the exemptions in paragraph (D)(1), (D)(2), (D)(3) or (D)(4) of this rule are valid for one hundred eighty days from the date the waiver was issued by the superintendent.
- (7) No person who has been issued a pre-licensing education waiver from the superintendent under the exemptions in paragraph (D)(1), (D)(2), (D)(3) or (D)(4) of this rule may be issued more than one exemption for each major line of authority.
- (8) Any person who has received an education waiver under the exemptions in paragraph (D)(1), (D)(2), (D)(3) or (D)(4) of this rule and has not passed the corresponding examination prior to the expiration of the waiver shall complete any required education according to section 3905.04 of the Revised Code before the agent is

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eligible to sit for such examination.

- (9) No person who has surrendered an insurance license or who has had an insurance license suspended, inactivated, cancelled for non-renewal or revoked may use the exemptions in paragraph (D)(1), (D)(2), (D)(3) or (D)(4) of this rule.

## (E) Program of insurance education application requirements

- (1) An application for pre-licensing provider, course, and instructor approval shall be on forms prescribed by the superintendent. An application for provider approval must include an application for at least one course approval and, if offering classroom or self-study with prep instruction, at least one instructor application. ~~Application's~~ Applications shall be completed by the authorized provider official.

- (a) To be eligible to be the designated authorized provider official, a person shall be of good character and business repute and shall agree to be responsible for the provider's compliance with the laws and regulations relating to pre-licensing insurance education programs. A person who has had an insurance suspended, revoked or surrendered for cause in any state is not eligible to serve as an authorized provider official.

- (b) For the purposes of this rule, a course method type is defined as classroom, self-study or self-study with prep course. An application for pre-licensing course approval shall only include one course method type per course application. Multiple course applications will be required if more than one course method type is requested.

A request for one or multiple subject matter categories as referenced in paragraph ~~(E)(5)-(C)(4)~~ of this rule shall be requested on each pre-license course application. The appropriate fee shall be submitted for each subject matter category requested on the application.

- (c) For the purposes of this rule, an instructor application must be submitted for each subject matter category as referenced in paragraph ~~(E)(5)-(C)(4)~~ of this rule when a provider is requesting approval for any self-study with prep course or classroom method type.

The approval of an instructor qualifies that instructor to provide classroom instruction under the authority of that provider for any subject matter category in which the instructor was approved.

- (2) If the applicant or provider submits an initial or renewal application that is incomplete or if the application lacks information deemed necessary by the superintendent, the application will be returned with a letter indicating areas which must be addressed before the review process will continue. If the superintendent does not receive the requested information by the requested response date, the filing will be considered

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abandoned. Initial and renewal application fees are non-refundable and non-transferable.

- (a) If a provider, course or instructor application(s) are approved or renewed, the provider will be notified in writing of this approval. The superintendent will assign provider and course identification numbers for initial approvals.
  - (b) The initial approval of a provider, course or instructor shall be valid from the date of approval through the thirty-first day of December of the same year in which the approval was granted.
  - (c) No person or organization shall offer any agent pre-licensing education until the superintendent issues a written approval for the program of insurance education.
- (3) A provider shall submit any provider, course or instructor renewal applications annually no later than November thirtieth on forms prescribed by the superintendent. The superintendent shall have thirty days to review initial and renewal applications.
- (a) Any provider whose renewal has not been processed and approved before the expiration date will automatically expire as of December thirty-first of that renewal year. All active courses and registered instructors connected with a provider that is not renewed will automatically expire as of December thirty-first of the same year.
  - (b) Any course or instructor renewal that has not been processed and approved before the expiration date will automatically expire as of December thirty-first of that renewal year.
  - (c) Any provider whose authority has expired must reapply as a new provider before offering or holding any courses.
  - (d) No provider shall conduct pre-licensing education courses until the provider's renewal application, course applications and any necessary instructor applications have been approved by the superintendent and the provider has received a renewal approval letter from the superintendent.
  - (e) The non-renewal of a provider, course(s) or instructor(s) does not affect the validity of certificates of completion of pre-licensing course that the provider issued prior to the non-renewal.

### (F) Course requirements

#### (1) Classroom

- (a) The minimum number of registered students shall be two and the maximum number shall be fifty.
- (b) All courses must be held for a minimum of twenty course hours and must begin and end as scheduled.

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- (c) Providers must monitor attendance at each course. An attendance record shall be kept for each course. The attendance record must contain the full name of the provider, subject matter category of the course, and beginning and ending date of the course. Each student shall sign the attendance form upon arrival and upon departure from each session of the course and shall note the time of arrival and departure.
  - (d) A course schedule shall be filed with the superintendent no later than ten days before a course is scheduled to begin. Multiple courses may be included on a schedule as long as the schedule is filed at least ten days before the earliest course listed is scheduled to begin. Written notice must be given to the superintendent immediately upon cancellation or any change to a scheduled course.
  - (e) A student's completion of a course shall be satisfied when the student has attended the minimum number of hours required pursuant to section 3905.04 of the Revised Code and has received instruction on the content outlines for the topics and subtopics listed in the most recent edition of the Ohio superintendent of insurance licensing information bulletin at the time the course was taken.
  - (f) Upon conclusion of a classroom course, the authorized provider official shall submit to the superintendent, on a form prescribed by the superintendent, the names of each student who attended the course. The provider official shall identify the number of hours attended by each student and whether a course completion certificate was issued to the student.
- (2) ~~Self-study~~Self-study
- (a) A student's completion of a self-study course shall be satisfied when the student has completed an equivalent to twenty course hours through self-study course instruction and has received a grade of seventy per cent or greater on a proctored final examination given by the ~~approval~~approved pre-licensing provider.
  - (b) A provider's ~~self-study~~self-study examination shall be administered only upon completion of a ~~self-study~~self-study course and shall be supervised by a self-study proctor authorized by the provider. The self-study proctor shall sign an affidavit provided by the approved provider stating that the proctor is qualified to proctor the examination and that the student completed the examination without assistance.
  - (c) Each student shall sign an affidavit provided by the approved provider stating that the student completed the examination without assistance.
  - (d) The following are minimum requirements for final examinations:
    - (i) Multiple choice items must have a minimum of four options;

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- (ii) Multiple choice items must have only one correct response;
  - (iii) Multiple choice answers must be grammatically consistent and parallel in form to eliminate obviously wrong answers;
  - (iv) No correct answer to one question shall provide a clue to the correct answer to any other questions in the chapter/section or examination;
  - (v) Questions shall be clearly written;
  - (vi) Questions shall adequately cover the course material; and
  - (vii) Answers to the questions shall not be in a discernable pattern.
- (e) Upon the conclusion of a course, the authorized provider official shall submit to the superintendent, on a form prescribed by the superintendent, the names of each student who satisfactorily completed the ~~self-study~~self-study course.
- (3) Self-study with prep course.
- (a) A course schedule shall be filed with the superintendent not later than ten days before a prep course is scheduled to begin. Multiple prep courses may be included on a schedule as long as the schedule is filed at least ten days before the earliest prep course listed is scheduled to begin. Written notice must be given to the superintendent immediately upon cancellation or any change to a scheduled prep course.
  - (b) An attendance record shall be kept for each prep course. The attendance record must contain the full name of the provider, subject matter category of the course, and beginning and ending date of the prep course. Each student shall sign the attendance form upon arrival and upon departure from each session of the prep course and shall note the time of arrival and departure.
  - (c) A provider's ~~self-study~~self-study examination shall be administered only upon completion of a ~~self-study~~self-study prep course and shall be supervised by a self-study proctor authorized by the provider. The self-study proctor shall sign an affidavit provided by the approved provider stating that they are qualified to proctor the examination and that the student completed the examination without assistance.
  - (d) Each student shall sign an affidavit provided by the approved provider stating that the student completed the examination without assistance.
  - (e) The following are minimum requirements for final examinations:
    - (i) Multiple choice items must have a minimum of four options;
    - (ii) Multiple choice items must have only one correct response;

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- (iii) Multiple choice answers must be grammatically consistent and parallel in form to eliminate obviously wrong answers;
  - (iv) No correct answer to one question shall provide a clue to the correct answer to any other questions in the chapter/section or examination;
  - (v) Questions shall be clearly written;
  - (vi) Questions shall adequately cover the course material; and
  - (vii) Answers to the questions shall not be in a discernable pattern.
- (f) A student's completion of a self-study with prep course shall be satisfied when the student has completed an equivalent to a twenty course hours through a combination of self-study and classroom instruction and has received a grade of seventy per cent or greater on a proctored final examination given by the approved pre-licensing provider.
- (g) Upon the conclusion of a self-study with prep course, the authorized provider official shall submit to the superintendent, on a form prescribed by the superintendent, the names of each student who satisfactorily completed the course.

(G) Instructor qualifications

- (1) No person may teach or hold himself out as qualified to teach pre-licensing education courses except as an approved instructor for an approved provider. All instructors for agent pre-licensing insurance education programs must meet the following criteria:
- The individual must be of good character and business repute and has never had a professional license or registration revoked, suspended or surrendered for cause in any state.
- (2) The provider must demonstrate that an individual applying to instruct property and casualty insurance courses or personal lines insurance courses has met at least one of the following criteria:
- (a) Received a bachelor's or associate's degree in insurance from an accredited institution;
  - (b) Holds a current and valid designation of "Chartered Property and Casualty Underwriter" (CPCU);
  - (c) Has worked continuously in the property and casualty insurance industry for the preceding three years and currently has one of the following professional designations:
    - (i) "Accredited Advisor in Insurance" (AAI);

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- (ii) "Associate in Risk Management" (ARM);
  - (iii) "Certified Insurance Counselor" (CIC); or
  - (d) Has worked continuously in the property and casualty insurance industry for the preceding five years.
- (3) The provider must demonstrate that an individual applying to instruct life insurance courses has met at least one of the following criteria:
- (a) Received a bachelor's or associate's degree in insurance from an accredited institution;
  - (b) Holds a current and valid designation of "Chartered Life Underwriter" (CLU);
  - (c) Has worked continuously in the life insurance industry for the preceding three years and currently holds one of the following designations:
    - (i) "Chartered Financial Consultant" (ChFC);
    - (ii) "Fellow of the Life Management Institute" (FLMI);
    - (iii) "Life Underwriter Training Council Fellow" (LUTCF);
    - (iv) "Certified Insurance Counselor" (CIC);
    - (v) "Certified Financial Planner" (CFP); or
  - (d) Has worked continuously in the life insurance industry for the preceding five years.
- (4) The provider must demonstrate that an individual applying to instruct accident and health insurance courses has met at least one of the following criteria:
- (a) Received a bachelor's or associate's degree in insurance from an accredited institution;
  - (b) Has worked continuously in the accident and health insurance industry for the preceding three years and holds one of the following designations:
    - (i) "Registered Health Underwriter" (RHC);
    - (ii) "Certified Employee Benefit Specialist" (CEBS);
    - (iii) "Registered Employee Benefits Consultant" (REBC);
    - (iv) "Health Insurance Associate" (HIA); or
  - (c) Has worked continuously in the accident and health insurance industry for the preceding five years.
- (5) The provider must demonstrate that an individual applying to instruct surety bail bond

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insurance courses has met at least one of the following criteria:

- (a) Received a bachelor's or associate's degree in insurance from an accredited institution;
- (b) Has been licensed as a surety bail bond agent continuously for the preceding four years; or
- (c) Has worked in the surety bail bond industry continuously for the preceding five years.

(H) Provider operations

- (1) Course instruction shall be based on the content outlines for the topics and subtopics listed in the most recent edition of the Ohio superintendent of insurance licensing information bulletin or any supplements at the time the course was held.
- (2) A provider shall provide each registered student with the following information and documentation prior to course attendance:
  - (a) The most recent edition of the Ohio superintendent of insurance licensing information bulletin, and any supplements;
  - (b) Course method and subject matter category the student is registered to take;
  - (c) Location of the course or examination and any relevant information pertaining to the date and time of the course or examination as well as ~~he~~the name of any scheduled instructors;
  - (d) For courses that have a classroom component, each student shall receive the name, author, and edition of all textbooks used;
  - (e) For self-study courses, each student shall receive information as to what date the study material was purchased and the provider's exam delivery method;
  - (f) Any fees charged by the provider and an explanation of what those fees cover;
  - (g) The provider's refund policy; and
  - (h) Written receipt of payment for the course.
- (3) A provider must obtain written verification from each registered student that they have received and understand the information required pursuant to paragraph (H)(2) of this rule.
- (4) A provider cannot advertise, offer, or conduct courses in a method or subject matter category for which the provider has not received written approval from the superintendent.
- (5) The authorized provider official shall notify the superintendent, in writing, of any

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change to the provider application or renewal application, including but not limited to, the identity of the authorized provider official or authorized provider personnel, provider address, provider telephone number, provider name, or changes in the ownership or control of the provider. The notification shall be made within fifteen days of the effective date of the change. Any change to instructor qualifications, the types of course subject matter categories or course methods to be offered and require approval in accordance with paragraph (E)(2) of this rule.

- (6) Instructors must be qualified in accordance with paragraph (F) of this rule and may instruct only those subject matter categories of insurance for which they are approved and for which the provider is approved.
- (7) A course must be in session on the date(s) scheduled, during the specified hours and at the designated location unless cancelled or notification of any change is provided to the superintendent.
- (8) If a course is cancelled, or if a student cancels in advance of the date of the course, the provider must refund all fees in full within forty-five days of the cancellation unless a different refund policy has been provided to the student.
- (9) A provider must issue written notification to all individuals who are scheduled to attend a course of any change in the course location, date, time, or refund policy prior to the course offering or examination. If a course is postponed to a later date or moved to a location that is different and is more than ten miles from the original course location, the provider must offer each student who is scheduled to attend the class or take the provider's self-study examination the option of a full refund in lieu of attending the class or taking the examination.
- (10) A provider must comply with the Equal Employment Opportunity Act and the Americans with Disabilities Act.
- (11) Facilities must be large enough to comfortably accommodate all attendees and instructors and must be conducive to the education process.
- (12) The authorized provider official must supply and maintain an accurate email address which will be used as the primary source of communication with the provider.
- (13) Providers shall submit all applications, schedules and rosters electronically, using a system prescribed by the superintendent, unless the superintendent has authorized other submission methods.
- (14) A provider shall not offer any guarantee or represent that there is any guarantee that a student will pass any required examination offered by the provider.
- (15) A provider shall not offer any guarantee to a student that the completion of their program of insurance education guarantees the student will pass the state insurance license examination.
- (16) Providers shall not permit any of their instructors to take a state insurance license

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examination for any license type or line of authority if the instructor holds an active license for that license type or line of authority.

- (17) In advertising or promoting itself or any of its courses, a provider shall not make any representation or statement, or cause or permit another to make any representation or statement which is false, deceptive or misleading.

### (I) Certificates of course completion

- (1) The authorized provider official shall provide a completed certificate of pre-licensing course completion form to each student that certifies that the student completed the course. A provider shall issue a certificate of course completion only after a student has met the minimum completion requirements pursuant to paragraph (F)(1)(e), (F)(2)(a), or (F)(3)(f) of this rule.
- (2) The certificate shall be on a form prescribed by the superintendent and shall be provided to each student within three days after the student completes the course. The certificate shall not be valid unless it contains the original signatures of the instructor or authorized provider personnel and the student. The back of the certificate shall contain an evaluation form for the student to complete.
- (3) The certificate of pre-licensing course completion is valid for one hundred eighty calendar days from the completion of the course or passing of provider's ~~self-study~~ self-study proctored examination. If the one hundred eighty day period expires before the student passes the licensing examination, the student will not be eligible to sit for another licensing examination for that type of license until the student completes another approved pre-licensing insurance education course for that license type.
- (4) At the time a student registers with the testing service designated by the superintendent, the student must provide the provider's identification number as it appears on the certificate of pre-licensing course completion.
- (5) A student shall not be permitted to sit for a licensing examination unless the student has an original and valid certificate of pre-licensing course completion form or a notice of pre-license education waiver from the superintendent.
- (6) The student shall submit two forms of identification, to the examination monitor, one of which shall be a photo identification.

### (J) Audit and records retention

- (1) A provider shall maintain proof that each registered student received all documents required pursuant to paragraph (H)(3) of this rule for four years after completion of a course.
- (2) A provider shall keep copies of all certificates of course completion for four years after completion of a course.

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- (3) A provider shall keep a copy of all proctored ~~self-study~~self-study exams for four years after completion of a course.
  - (4) A provider shall keep a copy of the affidavits signed by the self-study proctors and students for four years after the completion of a course.
  - (5) A provider shall keep a copy of the rosters submitted to the superintendent for four years after completion of a course.
  - (6) A provider shall keep copies of all other records required by this rule for a minimum of four years.
  - (7) A provider's records are subject to inspection and audit by the superintendent at any time without prior notice.
  - (8) The superintendent may enter and observe a course at any time without prior notice.
- (K) Severability

If any paragraph, term or provision of this rule is adjudged invalid for any reason, the judgment shall not affect, impair or invalidate any other paragraph, term or provision of this rule, ~~and~~but the remaining paragraphs, terms and provisions shall be and ~~shall~~ continue in full force and effect.