

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. Rule 482-1-147-.08

Rule Title: Temporary Producer License.

New Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

Does the proposed rule have an economic impact? N/A*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer Jim L. Kidling
Jim L. Kidling
Commissioner of Insurance

Date: August 14, 2014

*Note: *The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.*

REC'D & FILED

AUG 14 2014

LEGISLATIVE REF SERVICE

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Rule 482-1-147-.08: Temporary Producer License.

INTENDED ACTION: Amend rule.

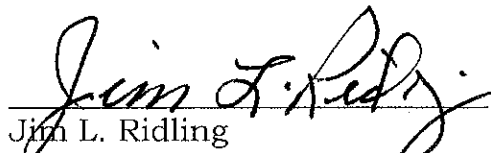
SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to make various minor changes to the rule to incorporate the provisions of Bulletin 2012-01 regarding the use of a licensee disclosure statement and prompt notice of cancellation of temporary producer appointments.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to the date stated below to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, August 6, 2014.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

October 16, 2014

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel


Jim L. Ridling
Commissioner of Insurance

1 **482-1-147-.08 Temporary Producer License.**

2 (1) Temporary License - Pending Examination.

3 (a) An individual otherwise qualified as an insurance
4 producer except as to having taken and passed the written
5 examination may apply for a temporary producer license
6 according to the requirements set forth in this rule for the
7 following lines of insurance:

8 1. Life.

9 2. Health.

10 3. Property.

11 4. Casualty.

12 5. Personal Lines.

13 (b) The applicant for a temporary producer license must
14 be actively engaged in a prelicensing course for the line or
15 lines of authority under the supervision of the appointing
16 insurer or insurers. Evidence of enrollment in a course by an
17 approved prelicense course provider will be required during
18 the on-line licensing process.

19 (c) The applicant shall complete the Department's on-line
20 licensing process to become licensed as a temporary producer

1 for a particular line or lines of insurance. Instructions for
2 the on-line licensing process, as they may change from time to
3 time, will be provided on the Department's Web page.

4 (d) A temporary producer license is valid for a maximum
5 of six months, during which time the temporary licensee must
6 complete the prelicensing education and examination
7 requirements to convert the temporary license to a regular
8 producer license.

9 (e)1. An individual may only have one temporary producer
10 license for a particular line of authority in a lifetime,
11 except when the prior license was canceled before expiration,
12 in which case the remaining time may be applied to a
13 subsequent temporary producer license.

14 2. The Department will rely on its license and
15 appointment records to determine the length of time an
16 individual held a temporary license in a line of authority for
17 purposes of the six month limitation. The Department will not
18 accept or act upon insurer representations that a producer's
19 part appointment terminated earlier than as shown in the
20 Department's records or that the producer did not earn
21 commissions while appointed, or other similar claims which are

1 not established or capable of being established in the
2 Department's records.

3 (f)1. A temporary producer must be appointed by at least
4 one insurer for each line of authority, but may be appointed
5 to represent more than one insurer only by affiliated
6 companies.

7 2. Each insurer using temporary producers shall have
8 prospective temporary producer licensees sign a disclosure
9 statement before application is made for the license, whether
10 a new applicant or an applicant using the balance of an unused
11 prior six-month license. The Department will provide a copy
12 of the disclosure form on its Web site. A copy of the signed
13 disclosure shall be provided to the applicant and the original
14 signed disclosure shall be retained by the insurer and made
15 available to the Department upon request.

16 3. An insurer shall terminate a temporary producer's
17 appointment through the Department within five (5) business
18 days after the date on which the temporary producer's
19 employment with the insurer terminated, whether voluntarily by
20 the producer's decision or involuntarily by the insurer's
21 decision.

1 (g) The fees for a temporary producer license are the
2 same as for an individual producer license as set forth below:

- 3 1. Application fee, Ala. Code § 27-4-2(a)(5)a.1.
4 (1975) \$20.00
5 2. License fee, Ala. Code § 27-4-2(a)(5)a.2.
6 (1975) \$40.00
7 3. Appointment fee, Ala. Code § 27-4-2(a)(6)
8 (1975) \$30.00

9 (2) Temporary License - Death, Disability or Military
10 Service of Licensed Producer (Type 2).

11 (a) An individual otherwise qualified as an insurance
12 producer except as to having taken and passed the written
13 examination may apply for a temporary producer license, herein
14 referred to as a "Type 2" temporary license, for any line of
15 insurance according to the requirements set forth in this rule
16 under the following circumstances:

17 1. The individual is the surviving spouse or court-
18 appointed personal representative of a licensed producer who
19 dies or becomes mentally or physically disabled.

20 2. The individual is a member or employee of a business
21 entity which is a licensed insurance producer, upon the death

1 or disability of the licensed individual producer designated
2 by the business entity to be responsible for the business
3 entity's compliance with all applicable laws, rules, and
4 regulations.

5 3. The individual is the designee of a licensed producer
6 entering active service in the Armed Forces of the United
7 States of America.

8 4. Another circumstance determined by the Commissioner
9 on a case by case basis which best serves the public interest.

10 (b) The applicant shall submit or transmit the forms
11 provided by the Department to become licensed as a Type 2
12 temporary insurance producer under this paragraph.

13 Instructions for the licensing process, as they may change
14 from time to time, will be provided by the Department.

15 (c) The applicant must be sponsored by a licensed
16 insurance producer or insurer who will assume responsibility
17 for all acts of the Type 2 temporary producer.

18 (c) A Type 2 temporary producer license is valid for a
19 period not to exceed six months, except a Type 2 temporary
20 license issued under circumstances of disabling or confining
21 illness or injury of the producer may be renewed for one
22 additional six month term.

1 (d) The Type 2 temporary licensee may complete the
2 prelicensing education and examination requirements and
3 convert the Type 2 temporary license to an ordinary producer
4 license.

5 (e) In the event an individual is unable to serve for the
6 duration of the temporary license, a substitute individual may
7 be licensed under the same requirements and conditions;
8 however, the expiration date of the substitute licensee will
9 be adjusted to conform to the time period indicated above in
10 paragraph (c).

11 (f) A Type 2 temporary producer licensed under this
12 paragraph may be appointed by more than one insurer.

13 (g) The fees for a Type 2 temporary producer license are
14 the same as for an individual producer as set forth below:

- 15 1. Application fee, Ala. Code § 27-4-2(a)(5)a.1.
16 (1975) \$20.00
- 17 2. License fee, Ala. Code § 27-4-2(a)(5)a.2.
18 (1975) \$40.00
- 19 3. Appointment fee, Ala. Code § 27-4-2(a)(6)
20 (1975) \$30.00

1 (3) (a) Upon successful completion of the required
2 insurance producer examination, an unexpired temporary
3 producer license under either paragraph (1) or (2) will be
4 automatically converted to an individual insurance producer
5 license for the same line of authority covered by the
6 examination. No additional fees are required at that time and
7 the new individual insurance producer license will be
8 considered to have been first issued on the date of the
9 conversion from the temporary license for purposes of
10 determining renewal and continuing education requirements.

11 (b) If the temporary insurance producer license expires
12 prior to successful completion of the require examination, the
13 individual must complete the application process for
14 individual insurance producer license to become licensed.

15 **Author:** Commissioner of Insurance

16 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-5, 27-7-23,
17 27-7-24 & 27-7-43 (1975)

18 **History:** New October 18, 2012, effective January 1, 2013;
19 Revised _____, 2014, effective _____, 2014