

# DEPARTMENT OF REGULATORY AGENCIES DIVISION OF INSURANCE

## 3 CCR 702-1

### ADMINISTRATIVE PROCEDURES

#### Amended Regulation 1-2-4

#### CONTINUING EDUCATION REQUIREMENTS FOR LICENSED INSURANCE PRODUCERS, INCLUDING PUBLIC ADJUSTERS

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#### **Section 1 Authority**

This amended regulation is promulgated and adopted by the Commissioner of Insurance under the authority of §§ 10-1-109, 10-2-104, 10-2-301 and 10-19-113.7, C.R.S.

#### **Section 2 Scope and Purpose**

This regulation establishes continuing education requirements for persons licensed to sell certain types of insurance, including public adjusters. Additionally, this regulation establishes the procedures for filing course completion information by the course sponsors.

This regulation sets forth:

- A. The basic requirements for such training and the standards for the courses and programs that qualify for approval by the Commissioner;
- B. The procedures and standards that the Commissioner will use in approving the courses;
- C. The required record keeping and procedures for certification of satisfactory completion of the continuing education requirement; and
- D. The sanctions for noncompliance with this regulation.

#### **Section 3 Applicability**

This regulation shall apply to all individuals licensed as insurance producers, including public adjusters, in Colorado, with the exception of those individuals licensed to write only one or more of the following lines: travel insurance, title, limited lines credit insurance, and crop hail. This regulation shall also apply to all providers of continuing insurance education in Colorado.

The requirements of this regulation apply to any Colorado resident licensed to solicit and sell insurance in this state and to public adjusters. Pursuant to § 10-2-301(3)(b), C.R.S., this section shall not apply to any

person holding a limited or restricted license, if that license is in good standing with the Division of Insurance (Division) and no complaints have been filed against the licensee.

#### **Section 4      Definitions**

- A. "Approved course" means, for the purpose of this regulation, a course offered for continuing education credit that is approved by the Division of Insurance.
- B. "Credit hour" means, for the purpose of this regulation, a value assigned to an approved course.
- C. "Carryover credit hour" means, for the purpose of this regulation, a credit hour earned over and above the twenty-four (24) hours of continuing education required during the one hundred twenty (120) days before the licensing continuation date, which may be applied to the next continuing education period. If a producer chooses to complete continuing education courses in the period prior to their first continuation, these credits are not eligible for carry over.
- D. "Classroom course" means, for the purpose of this regulation, at least sixty (60) minutes of participation in an approved course in a classroom. Not more than ten (10) minutes of any sixty (60) minute period may be used for breaks, roll taking, or administrative instructions. Classroom course includes a course offered by live video conference or webcast if the technology allows for communication between and among the participants and instructor and the participant's attendance and participation is monitored.
- E. "Competency examination" means, for the purpose of this regulation, a closed book examination taken and passed by a producer without assistance and personally monitored by a disinterested third party.
- F. "Continuing Education Administrator" means, for the purpose of this regulation, Pearson VUE whose mailing address is 3131 South Vaughn Way, Suite 205, Aurora, Colorado 80014.
- G. "Disinterested third party" means, for the purpose of this regulation, someone who is not:
  - 1. A minor;
  - 2. A relative of the producer;
  - 3. The immediate supervisor of the producer; or
  - 4. A person with an economic or other interest in ensuring the successful outcome of a competency examination. Being employed by the same company or working for the same employer does not mean a person has an economic or other direct interest in ensuring the successful outcome of the examination. Co-employees or co-workers of a producer taking a competency examination may administer the examination so long as the other requirements of this paragraph are met and such co-employee or co-worker does not work on a regular basis with the producer in a marketing or sales capacity.
- H. "Division" shall mean, for the purpose of this regulation, the Colorado Division of Insurance.
- I. "Insurance producer" or "producer" shall have the same meaning as found at § 10-2-103(6), C.R.S.
- J. "Public adjuster" shall have the same meaning as found at § 10-2-103(8.5), C.R.S.
- K. "Qualified instructor" means, for the purpose of this regulation, a person who has demonstrated competency in the subject matter of an approved course through one of the following means:
  - 1. A college degree from an accredited institution of higher learning with a major in insurance;

2. A professional designation of CLU or CPCU or similar designation from an industry association; or
3. Three (3) or more years practical experience in the subject matter being taught or monitored.

Qualified instructors shall not have been subject to any order of revocation, suspension or other formal disciplinary action in any state.

- L. "Self-study course" means, for the purpose of this regulation, a course that involves book study, video study, computer based training or other means of training and education where a qualified instructor is not present. Self-study courses must include an examination and the examination is subject to the requirements of a competency examination.
- M. "Sponsor" means, for the purpose of this regulation, the person or entity primarily responsible for conducting the course and maintaining records of successful course completion. A sponsor may be an institution, organization or instructor.

## **Section 5 Rules**

### **A. Required Hours/Certification**

Every producer who is licensed in Colorado and not otherwise specifically exempted in this regulation shall complete twenty-four (24) credit hours of approved courses biennially after the producer's initial renewal. At least eighteen (18) of the twenty-four (24) credit hours shall be in approved courses for the type of license for which the producer is licensed. At least three (3) of the twenty-four (24) hours of continuing education shall be for courses in ethics. All producers licensed to sell property or personal lines insurance must complete three (3) hours of continuing education on homeowner's insurance coverage. A maximum of six (6) of the twenty-four (24) credit hours shall be in approved courses on subjects designated by the Commissioner whenever the Commissioner determines that continuing education in such subjects is needed to protect insurance consumers. Those individuals licensed as reinsurance intermediary brokers must complete the required continuing education through professional seminars or curriculum within the reinsurance field. Producers may accumulate no more than twelve (12) carryover credit hours during the one hundred twenty (120) days before the licensing continuation date, which may be applied to the next continuing education period.

In meeting the requirements, producers must comply with the following:

1. In determining the number of credit hours to be counted toward meeting the required hours, the instructor shall qualify for the same number of hours of continuing education as the person attending and successfully completing the course or program. A qualified instructor may not count instruction hours for the same course more than once during a twenty-four (24) month period.
2. A producer who successfully completes an approved course may not repeat the course within a two (2) year period and count it toward the required hours, except for courses dealing with statutory updates.
3. If a nonresident producer has satisfied the continuing education requirements of his or her home state, this will constitute satisfaction of Colorado's continuing education requirements provided the nonresident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from Colorado on the same basis. A nonresident producer whose home state does not recognize satisfaction of Colorado's continuing education requirement must comply with the Colorado continuing insurance education requirements.

4. If a producer works for a company with a qualified home office located in Colorado and that company provides a course of study for its producers, this will satisfy the continuing education requirement. The company must produce a certification letter attesting to successful completion of the company's course of study. This certification letter must be signed by the producer and endorsed by the company's licensing official.
- B. Health Maintenance Organization and Nonprofit Hospital Medical-Surgical and Health Service Corporation Producers Continuing Education Requirement
- No new licenses will be issued for these lines of insurance. All producers who currently hold the health maintenance organization and/or nonprofit hospital medical-surgical and health service producer licenses will not be required to complete twenty-four (24) hours of continuing education.
- C. Approved Courses
1. Guidelines for Course Approval

In determining which insurance-related courses qualify for approval, the Commissioner will consider such factors as:

    - a. Course Content: Approved courses may include information on specific insurance products approved for sale in Colorado, relevant state or national laws, insurance taxation, insurance practices, ethics, and claims-or underwriting procedures. Approved courses must be insurance related and must not include courses or portions of courses on personal enrichment, sales training or sales information. Courses on the following topics may not be approved:
      - (1) Any course used to prepare for taking an insurance license exam;
      - (2) Computer science and automation courses;
      - (3) Motivational, sales training, or psychology courses;
      - (4) Communication or relationship building;
      - (5) Prospecting, marketing or planning;
      - (6) Courses which are primarily intended to impart knowledge of office procedures, administrative matters or personnel issues;
      - (7) Courses related to service standards or service vendors;
      - (8) Investment and other courses which do not show a direct connection to insurance;
      - (9) Time management; or
      - (10). Courses on FINRA/SEC compliance (NASD/SEC).
    - b. Qualifications of the instructor: A qualified instructor must teach the approved courses and/or examinations.
    - c. Location: Both classroom courses and self-study courses will be considered for approval.
    - d. Competency Examinations/Designation of Disinterested Third Party: Designation of the disinterested third party authorized to administer competency examinations

is the responsibility of the course sponsor. The disinterested third party must provide an affidavit attesting under oath or affirmation that:

- (1) The paper or electronic course examination was proctored;
- (2) The examination was provided in a manner specified by the Sponsor;
- (3) He or she is not part of or aware of any efforts to circumvent the requirements of the examination; and
- (4) No attendee was permitted to use study materials or have assistance during the examination.

Affidavits must be submitted the day of the examination. Sponsors must clearly identify the time frame required for submission and provide the affidavit form prior to testing. The test completion date is the date the individual took and successfully passed the examination, providing the affidavit is received by the sponsor and the sponsor was paid.

- e. Accreditation: Courses that are provided by accredited institutions of higher education or that lead to nationally recognized professional insurance and insurance related designations shall be considered for automatic qualification based upon relevancy of content. Qualification will only be granted after an application is filed with the Division, a qualified instructor is established and a course number is assigned.

## 2. Application for Course Approval by Sponsor

- a. Courses must be presented to the Commissioner for approval at least sixty (60) days prior to the first date the course will be offered. Any program of continuing education that is operated by an insurance company with a qualified home office located in Colorado is not subject to course review and approval by the Commissioner as long as the course does not contain information related to personal enrichment, sales training or sales information. The insurance company will be required to establish the number of credit hours for the course and obtain a course number from the Division prior to offering the course.
- b. Applications must be filed on a paper form prescribed by the Commissioner, or electronically via Compliance Express at <http://www.sircon.com/index/html>. Electronic submissions are preferred, but not required. All applications must include the following:
  - (1) An outline of the course;
  - (2) A copy of the table of contents of any textbooks used;
  - (3) A sample competency examination, for self-study courses;
  - (4) A non-refundable filing fee in the amount of \$20.00 for each course, except for insurers paying one or more of the fees prescribed under § 10-3-207, C.R.S.;
  - (5) The number of hours proposed for the course;
  - (6) The qualifications of the instructor(s);
  - (7) The date of course initiation, if known;

- (8) A postage paid, self-addressed envelope, if application is filed in paper form:
- (9) Applications for self-study courses must include a certification report on the number of pages in any textbook, excluding glossaries, indexes, tables of contents, and appendices. For internet, webinar or other electronically delivered courses, a screen count is also required. If the required materials or information is not included, the course may be disapproved.
- c. No course shall be offered or advertised as approved until the sponsor has received written notification of its approval. Notification of the approval or disapproval of a course will be sent to the sponsor electronically, or for paper applications, in the return envelope provided as required in Section 5.C.2.b. 8 of this regulation.
- d. An approved course may be offered until the expiration date without additional notice to the Division or the Continuing Education Administrator, providing the course content is materially unchanged. All courses approved during January through June shall expire on March 31 of the third year after the approval date. All courses approved during July through December shall expire on September 30 of the third year after the approval date. The course approval must be renewed in the manner prescribed by the Commissioner and payment of a \$20.00 renewal fee.

D. Record Keeping

1. Sponsors

- a. Sponsors must maintain adequate records to verify the attendance and successful course completion for all producers enrolled in a course.
- b. Attendance and completion records must be retained for a five-year period following the date of completion of the course. These records must be available for audit by the Division and/or the Continuing Education Administrator.
- c. The sponsor shall file attendance and completion records with the Continuing Education Administrator on at least a monthly basis. This includes companies with a qualified home office in Colorado that provides a course of study for their licensed producers. These records must be filed electronically via Sircon at <http://www.sircon.com/index.html>.
- d. The sponsor responsible for the approved course must provide documentation of course completion to each producer who successfully completed the course within seven (7) days after the course is completed or the competency examination is scored. This includes companies with a qualified home office in Colorado that provides a course of study for their licensed producers.
- e. Failure to comply as required in a. through d. above shall result in immediate termination of course approval.

2. Producers

- a. It is the responsibility of the producer to maintain records sufficient to document successful completion of twenty-four (24) credit hours on a biennial basis.
- b. Supporting documentation must be:

- (1) Maintained by the producer for five (5) years following license continuation; and
  - (2) Available for audit by the Division or the Continuing Education Administrator.
- c. In no instance, may a producer count as part of the twenty-four (24) hours, a course taught by an immediate supervisor or employee of the producer acting in the capacity of supervisor or employee.
- d. Accuracy of the documentation of the course taken from the sponsoring organization remains the responsibility of the producer.

**E. Advertisement of Qualified Courses**

1. No course may be advertised or described as an approved course until written confirmation of course approval has been received from the Division or until the course is approved by the Division in Sircon.
2. Announcements, advertisements, and information about courses designated as approved courses by the Division in writing, shall contain the statement, "This course is approved by the Colorado Division of Insurance for Continuing Insurance Education Credit," followed by a statement of the number of credit hours. Courses approved electronically by the Division in Sircon contain an "Active" designation in the Provider Course Status field.
3. If the course offered contains material that is not approved, the announcement, advertisement or information must clearly state the amount of course time which is not approved for continuing insurance education credits. Courses denied electronically by the Division in Sircon contain a "Denied" designation in the Provider Course Status field.
4. Announcements, advertisements or information about approved courses shall contain clear and concise statements about the cost of the course, cancellation procedures, and tuition refund policies.

**Section 6 Severability**

If any provision of this regulation or its application to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

**Section 7 Enforcement**

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

**Section 8 Effective Date**

This regulation is effective November 15, 2015.

**Section 9 History**

New November 2, 1992; Effective January 1, 1993.

Amended October 15, 1994; Effective January 1, 1995: Sections amended 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12.

Amended April 3, 1998; Effective June 2, 1998. Sections added: 6. Sections amended: 1, 2, 3, 4, 5, 7, 8, 10, and 13.

Amended November 1, 2000. Effective January 1, 2001. Sections amended 2, 5, and 7. Section 10 deleted. Subsequent sections renumbered.

Emergency Regulation effective January 1, 2002. Sections amended 1, 2, 3, 4, 5, 6, 7, 8, 12, and 13.

Amended Regulation effective April 1, 2002. Sections amended 1, 2, 3, 4, 5, 6, 7, 8, 12, and 13.

Amended Regulation effective February 1, 2003. Sections Amended 1, 3, 5, 8, 12 and 13.

Amended Regulation effective September 30, 2004. Sections Amended 2 and 5.

Amended Regulation effective February 1, 2005. Sections 5, 7,10 and 12.

Amended Regulation effective January 1, 2006. Sections 5.b., 7.B., 12, and 13.

Amended Regulation effective January 1, 2007. Sections 4E, 5A(2), 5C1(c), 5C1(d), 5C1(e), 5C1(e), 5C2(b)(iii), 5C2(b)(iiiv), 5C2(b)(ix), 8.

Emergency Regulation 12-E-01 effective July 1, 2012.

Amended Regulation effective October 15, 2012. Sections 1, 2, 3, 4, 5, and 7.

Amended Regulation effective January 1, 2014.

Amended Regulation effective November 15, 2015.