

DISTRICT OF COLUMBIA
OFFICIAL CODE

TITLE 31.
INSURANCE AND SECURITIES.

CHAPTER 11A.
INSURANCE PRODUCERS.

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DISTRICT OF COLUMBIA OFFICIAL CODE
CHAPTER 11A. INSURANCE PRODUCERS.

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CHAPTER 11A. INSURANCE PRODUCERS.

§ 31-1131.01. SHORT TITLE.

This chapter may be cited as "the Producer Licensing Act of 2002."

(Mar. 27, 2003, D.C. Law 14-264, § 1, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

Law 14-264, the "Producer Licensing Act of 2002", was introduced in Council and assigned Bill No. 14-223, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on November 7, 2002, and December 3, 2002, respectively. Signed by the Mayor on December 23, 2002, it was assigned Act No. 14-561 and transmitted to both Houses of Congress for its review. D.C. Law 14-264 became effective on March 27, 2003.

§ 31-1131.02. DEFINITIONS.

For the purposes of this chapter, the term:

- (1) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.
- (2) "Commissioner" means the Commissioner of the Department of Insurance, Securities, and Banking.
- (2A) "Department" means the Department of Insurance, Securities, and Banking, established by § 31-102.
- (3) "District" means the District of Columbia.
- (4) "Home state" means the District or any state or territory of the United States in which an insurance producer:
 - (A) Maintains his or her principal place of residence or principal place of business; and
 - (B) Is licensed as a resident insurance producer.
- (4A) "Individual" means a natural person.
- (5) "Insurance" means any of the lines of authority enumerated in § 31-1131.07(a).
- (6) "Insurance producer" means a person required to be licensed in the District to sell, solicit, or negotiate insurance under this chapter.
- (7) "Insurer" means a company offering protection through the sale of an insurance policy to an insured.
- (8) "License" means a document issued by the Commissioner authorizing a person to act as an insurance producer for the lines of authority specified in the document.
- (9) Repealed.
- (10) Repealed.
- (11) "Limited line of insurance" means a line of insurance:
 - (A) Enumerated in § 31-1131.07(a)(10)(A), (B), (C), (D), or (E);
 - (B) Established by the Commissioner pursuant to § 31-1131.07(a)(10)(F); or
 - (C) Recognized by the Commissioner pursuant to § 31-1131.07(a)(10)(G).
- (12) "Limited lines insurance producer" means a person authorized by the Commissioner to sell, solicit, or negotiate a limited line of insurance.
- (13) "NAIC" means the National Association of Insurance Commissioners.
- (14) "Negotiate" means the act of conferring directly with, or offering advice directly to, a purchaser or

prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract; provided, that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

(14A) "Nonresident insurance producer" means an insurance producer whose home state is not the District.

(15) "Person" means an individual or a business entity.

(15A) "Resident insurance producer" means an insurance producer whose home state is the District.

(16) "Sell" means to sell or exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company.

(17) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company.

(18) "Terminate" means the cancellation of the relationship between an insurance producer and an insurer or the termination of a producer's authority to transact insurance.

(19) "Uniform Business Entity Application" means the current version of the NAIC Uniform Application for Business Entity Insurance License/Registration.

(20) "Uniform Individual Application" means the current version of the NAIC Uniform Application for Individual Insurance Producer License.

(Mar. 27, 2003, D.C. Law 14-264, § 2, 50 DCR 260; June 11, 2004, D.C. Law 15-166, § 4(g)(1), 51 DCR 2817; Apr. 13, 2005, D.C. Law 15-354, § 43, 52 DCR 2638; Mar. 2, 2007, D.C. Law 16-191, § 44(b), 53 DCR 6794; May 13, 2008, D.C. Law 17-155, § 2(a), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 15-166, in par. (2), substituted "Commissioner of the Department of Insurance, Securities, and Banking" for "Commissioner of Insurance and Securities".

D.C. Law 15-354, in par. (2), validated a previously made technical correction.

D.C. Law 16-191, in par. (2), validated a previously made technical correction.

D.C. Law 17-155 added pars. (2A), (4A), (14A), (15A); rewrote pars. (4), (5), (6), (11), (18), (19), and (20); and repealed pars. (9) and (10). Prior to amendment or repeal, pars. (4), (5), (6), (9), (10), (11), (18), (19), and (20) read as follows:

"(4) 'Home state' means the District of Columbia or any state or territory of the United States in which an insurance producer:

"(A) Maintains his or her principal place of residence or principal place of business; and

"(B) Is licensed as an insurance producer.

"(5) 'Insurance' means any of the lines of authority as enumerated in § 31- 1131.07.

"(6) 'Insurance producer' means a person required to be licensed in the District to sell, solicit, or negotiate insurance."

"(9) 'Limited line credit insurance' includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, or any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation and that the Commissioner determines should be designated as a form of limited line credit insurance.

"(10) 'Limited line credit insurance producer' means a person who sells, solicits, or negotiates one or more forms of limited line credit insurance coverage to individuals through a master, corporate, group, or individual policy.

"(11) 'Limited lines insurance' means those lines of insurance that the Commissioner considers necessary to recognize for the purposes of complying with § 31-1131.08(e)."

"(18) 'Terminate' means the cancellation of the relationship between an insurance producer and the insurer or the termination of a producer's authority to transact insurance.

"(19) 'Uniform Business Entity Application' means the current version of the NAIC Uniform Business Entity Application for resident and nonresident business entities.

"(20) 'Uniform Application' means the current version of the NAIC Uniform Application for resident and nonresident producer licensing."

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 4(g)(1) of Consolidation of Financial Services

Emergency Amendment Act of 2004 (D.C. Act 15-381, February 27, 2004, 51 DCR 2653).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 15-166, see notes following § 31-1004.

For Law 15-354, see notes following § 31-101.

Law 16-191, the "Technical Amendments Act of 2006", was introduced in Council and assigned Bill No. 16-760, which was referred to the Committee of the whole. The Bill was adopted on first and second readings on June 20, 2006, and July 11, 2006, respectively. Signed by the Mayor on July 31, 2006, it was assigned Act No. 16-475 and transmitted to both Houses of Congress for its review. D.C. Law 16-191 became effective on March 2, 2007.

Law 17-155 the "Producer Licensing Amendment Act of 2008", was introduced in Council and assigned Bill No. 17-252 which was referred to the Committee on Public Services and Consumer Affairs. The Bill was adopted on first and second readings on February 5, 2008, and March 4, 2008, respectively. Signed by the Mayor on March 19, 2008, it was assigned Act No. 17-327 and transmitted to both Houses of Congress for its review. D.C. Law 17-155 became effective on May 13, 2008.

§ 31-1131.03. LICENSE REQUIRED.

(a) A person shall not sell, solicit, or negotiate insurance in the District for any class of insurance unless the person is licensed for that line of authority in accordance with this chapter. The license itself shall not create any authority in the licensee to represent or commit an insurance carrier.

(b)(1) A person who maintains his or her principal place of residence and principal place of business in the District shall apply for a resident insurance producer license.

(2) A person who maintains his or her principal place of residence and principal place of business outside the District shall apply for a nonresident insurance producer license.

(3) A person who maintains either, but not both, his or her principal place of residence or principal place of business in the District shall apply for:

(A) A nonresident insurance producer license if the person is licensed as a resident insurance producer in another state; or

(B) A resident insurance producer license if the person is not licensed as a resident insurance producer in another state.

(Mar. 27, 2003, D.C. Law 14-264, § 3, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(b), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155 designated the existing text as subsec. (a); and added subsec. (b).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.04. EXCEPTIONS TO LICENSING.

(a) This chapter shall not require an insurer to obtain an insurance producer license. For the purposes of this section, the term "insurer" shall not include an insurer's officers, directors, employees, subsidiaries, or affiliates.

(b) The following persons shall not be required to be licensed as an insurance producer:

(1) An officer, director, or employee of an insurer or of an insurance producer; provided, that:

(A) The officer, director, or employee does not receive any commission on policies written or sold to insure risks residing, located, or to be performed in the District; and

(B)(i) The officer, director, or employee's activities are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance;

(ii) The officer, director, or employee's function relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or

(iii) The officer, director, or employee is acting in the capacity of a special agent or agency

supervisor assisting insurance producers, the person's activities are limited to providing technical advice and assistance to licensed insurance producers, and the person's activities do not include the sale, solicitation, or negotiation of insurance;

(2) If no commission is paid for the service, a person who:

(A) Secures and furnishes information for the purpose of:

(i) Selling group life insurance, group property and casualty insurance, group annuities, or group or blanket accident and health insurance;

(ii) Enrolling individuals under plans; or

(iii) Issuing certificates under plans or otherwise assisting in administering plans; or

(B) Performs administrative services related to mass-marketed property and casualty insurance;

(3) An employer or association, its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, directors, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer; provided, that the employers, associations, officers, directors, employees, or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts;

(4) Employees of insurers or organizations employed by insurers who are:

(A) Engaging in:

(i) The inspection, rating, or classification of risks; or

(ii) The supervision of the training of insurance producers; and

(B) Are not individually engaged in the sale, solicitation, or negotiation of insurance;

(5) A person whose activities in the District are limited to advertising, without the intent to solicit insurance in the District, through communications in printed publications or other forms of electronic mass media; provided, that the person does not sell, solicit, or negotiate insurance that would insure risks of persons residing in, located in, or activities to be performed in the District;

(6) A person who is not a resident of the District who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract; provided, that the person is otherwise licensed as an insurance producer to sell, solicit, or negotiate that insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state; or

(7) A salaried full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer; provided, that the employee does not sell or solicit insurance or receive a commission.

(Mar. 27, 2003, D.C. Law 14-264, § 4, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

§ 31-1131.05. EXAMINATION PRIOR TO LICENSURE.

(a) An individual applying for a resident insurance producer license shall pass a written examination unless the individual is:

(1) Applying for a limited lines insurance producer license or a license in the surplus lines line of authority; or

(2) Exempt from examination under § 31-1131.05b or § 31-1131.09.

(a-1) The examination required by subsection (a) of this section shall test the knowledge of the individual concerning the lines of authority for which application is made, the duties and responsibilities of an insurance producer, and the insurance laws and regulations of the District.

(b) The Commissioner may make arrangements, including contracting with an outside testing service, for administering examinations and collecting a nonrefundable fee for the examination.

(c) Each individual applying for an examination shall remit a nonrefundable fee for the examination as prescribed by the Commissioner.

(d) An individual who fails to appear for the examination as scheduled or fails to pass the examination may reapply for an examination. The individual shall remit all required fees and forms before being rescheduled

for another examination.

(Mar. 27, 2003, D.C. Law 14-264, § 5, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(c), 55 DCR 3683; Sept. 24, 2010, D.C. Law 18-223, § 2166(a), 57 DCR 6242.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155 rewrote the section name line which had read as follows: " Application for examination"; rewrote subsec. (a); added subsec. (a-1); and, in subsec. (d), substituted "may reapply for an examination. The individual shall remit" for "shall reapply for an examination and remit". Prior to amendment, subsec. (a) read as follows:

"(a) A resident individual applying for an insurance producer license shall pass a written examination unless exempt under § 31-1131.09. The examination shall test the knowledge of the individual concerning the lines of authority for which application is made, the duties and responsibilities of an insurance producer, and the insurance laws and regulations of the District. Examinations required by this section shall be developed and conducted under rules and regulations promulgated by the Commissioner."

D.C. Law 18-223 substituted "§ 31-1131.05b or § 31-1131.09" for "§ 31-1131.09".

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 2166(a) of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

For Law 18-223, see notes following § 31-101.

§ 31-1131.05A. PRE-LICENSING EDUCATION.

(a) The Commissioner may require, by rule, that an individual, other than an applicant for a title insurance producer license, complete a pre-licensing course of study before:

- (1) Taking the examination required by § 31-1131.05; or
- (2) Applying for an insurance producer license.

(b) An insurer that sells, solicits, or negotiates a limited line of insurance in the District shall provide to each individual whose duties will include selling, soliciting, or negotiating the insurer's limited line of insurance in the District a program of instruction that is approved by the Commissioner. The insurer shall provide the program of instruction to the individual prior to the individual's application for licensure as a limited lines insurance producer.

(Mar. 27, 2003, D.C. Law 14-264, § 5a, as added May 13, 2008, D.C. Law 17-155, § 2(d), 55 DCR 3683; Sept. 24, 2010, D.C. Law 18-223, § 2166(b), 57 DCR 6242.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 18-223, in subsec. (a), substituted "individual, other than an applicant for a title insurance producer license, complete" for "individual complete".

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 2166(b) of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

Legislative History of Laws

For Law 17-155, see notes following § 31-1131.02.

For Law 18-223, see notes following § 31-101.

§ 31-1131.05B. PRE-LICENSING EDUCATION FOR TITLE INSURERS.

(a) The Commissioner shall require, by rule, that an individual, not exempt under subsections (b), (c), or (d) of this section, complete a pre-licensing course of study before:

- (1) Taking the examination required by § 31-1131.05; or

(2) Applying for an insurance producer license.

(b) An attorney who holds a license to practice law in any state or the District of Columbia shall be exempt from pre-licensing course of study requirements and examination requirements.

(c) An title agent insurance applicant who provides certification from a title insurance insurer that the agent has had signing authority on policies or title insurance commitments for the past 3 years relating to properties located within the District of Columbia shall be exempt from the pre-licensing course of study requirements and the examination requirements; provided, that the certification is submitted to the Commissioner within one year after September 24, 2010.

(d) A full-time employee of a title insurer shall be exempt from the pre-licensing course of study requirement.

(e) The District of Columbia Land Title Association, or other organization designated by the Commissioner by rule, shall provide to each individual whose duties will include selling, soliciting, or negotiating a title insurer's limited line of title insurance in the District a program of instruction that is approved by the Commissioner. The insurer shall provide the program of instruction to the individual prior to the individual's application for licensure as a limited lines insurance producer.

(Mar. 27, 2003, D.C. Law 4-264, § 5b, as added Sept. 24, 2010, D.C. Law 18-223, § 2166(3), 57 DCR 6242.)

HISTORICAL AND STATUTORY NOTES

Emergency Act Amendments

For temporary (90 day) addition of section, see § 2166(3) of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

Legislative History of Laws

For Law 18-223, see notes following § 31-101.

§ 31-1131.06. APPLICATION FOR RESIDENT INSURANCE PRODUCER LICENSE.

(a) An individual applying for a resident insurance producer license shall make application to the Commissioner on the Uniform Individual Application and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the Commissioner shall find that the individual:

(1) Is at least 18 years of age;

(2) Has not committed any act that is a ground for denial, suspension, or revocation set forth in § 31-1131.12; provided, that if an applicant for a title insurance producer license has been convicted of any such act and 10 years have elapsed since the individual's conviction, and a title insurer submits written verification that the person has had authority from the title insurer to issue title insurance policies or commitments related to real or personal property within the District of Columbia for a period of not less than 3 years prior to the application for license, such act or conviction may be considered not to apply by the Commissioner;

(3) If required by the Commissioner, has completed a pre-licensing course of study for the lines of authority for which the person has applied;

(4) Has paid the fees prescribed by the Commissioner; and

(5) Unless exempt under § 31-1131.09, has successfully passed the examinations for the lines of authority for which the person has applied.

(b) A business entity applying for a resident business entity producer license shall make application to the Commissioner on the Uniform Business Entity Application. Before approving the application, the Commissioner shall find that the business entity has:

(1) Paid the fees prescribed by the Commissioner; and

(2) Designated a licensed individual producer responsible for the business entity's compliance with the insurance laws, rules, and regulations of the District.

(c) The Commissioner may require any documents reasonably necessary or appropriate to verify the information contained in an application.

(d) Repealed.

(Mar. 27, 2003, D.C. Law 14-264, § 6, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(e), 55 DCR 3683; Mar. 25, 2009, D.C. Law 17-353, § 234, 56 DCR 1117; Sept. 24, 2010, D.C. Law 18-223, § 2166(c), 57 DCR 6242.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155, in the section name line, substituted "resident insurance producer" for "for"; in subsec. (a), substituted "An individual applying for a resident insurance" for "A person applying for an insurance" , and substituted "Uniform Individual Application" for "Uniform Application"; in subsec. (b), substituted "applying for a resident business entity producer license shall make application to the Commissioner on" for "acting as an insurance producer shall obtain an insurance producer license. Application shall be made using"; and repealed subsec. (d), which had read as follows:

"(d) An insurer that sells, solicits, or negotiates any form of limited line credit insurance shall provide to each individual whose duties will include selling, soliciting, or negotiating limited line credit insurance a program of instruction that is approved by the Commissioner."

D.C. Law 17-353, in the section heading, inserted "for".

D.C. Law 18-223, in subsec. (a)(2), substituted "set forth in § 31-1131.12; provided, that if an applicant for a title insurance producer license has been convicted of any such act and 10 years have elapsed since the individual's conviction, and a title insurer submits written verification that the person has had authority from the title insurer to issue title insurance policies or commitments related to real or personal property within the District of Columbia for a period of not less than 3 years prior to the application for license, such act or conviction may be considered not to apply by the Commissioner" for "set forth in § 31-1131.12".

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 2166(c) of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

For Law 17-353, see notes following § 31-1131.06.

For Law 18-223, see notes following § 31-101.

§ 31-1131.06A. FINGERPRINTING.

(a) An individual applying for a resident insurance producer license under this chapter (except for an individual applying only for a limited lines insurance producer license) and each officer, director, partner of, and owner of a controlling interest in, a business entity applying for a resident insurance producer license under this chapter (except for a business entity applying only for a limited lines insurance producer license) shall submit to the Commissioner the individual's fingerprints along with the individual's name, address, and written consent to the performance of a criminal history record background check.

(b) The Commissioner may require, by rule, that an individual applying only for a resident limited lines insurance producer license and each officer, director, partner of, and owner of a controlling interest in, a business entity applying only for a resident limited lines insurance producer license, shall submit to the Commissioner his or her fingerprints along with his or her name, address, and written consent to the performance of a criminal history record background check.

(c) The Commissioner may exchange the fingerprints and other information with, and receive criminal history record information from, the Metropolitan Police Department and the Federal Bureau of Investigation for the purposes of facilitating determinations regarding eligibility for licensure under this chapter.

(d) The individual or business entity applying for licensure shall bear the cost of the criminal history record background check and all costs of administering and processing the background check.

(Mar. 27, 2003, D.C. Law 14-264, § 6a, as added May 13, 2008, D.C. Law 17-155, § 2(f), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.07. LICENSE.

(a) Unless denied licensure under § 31-1131.12, persons who have met the requirements of §§ 31-1131.05 and 31-1131.06 shall be issued a resident insurance producer license. An insurance producer

may receive qualification for a license in one or more of the following lines of insurance permitted under law or regulations:

- (1) Life, consisting of insurance coverage on human lives, including benefits of endowment and annuities, benefits in the event of death or dismemberment by accident, and benefits for disability income;
- (2) Accident and health or sickness, consisting of insurance coverage for sickness, bodily injury, or accidental death, including benefits for disability income;
- (3) Property, consisting of insurance coverage for the direct or consequential loss or damage to property of every kind;
- (4) Casualty, consisting of insurance coverage against legal liability, including that for death, injury, or disability, or damage to real or personal property;
- (5) Variable life and variable annuity, consisting of insurance coverage provided under variable life insurance contracts and variable annuities;
- (6) Personal lines, consisting of property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes;
- (7) Repealed;
- (8) Bail bonds, consisting of insuring or guaranteeing that a person will attend court when required, or will obey the orders or judgment of a court, as a condition to the release of the person from confinement;
- (9) Surplus lines, consisting of insurance coverage provided pursuant to § 31-2502.40(a) by a company not otherwise authorized to do business in the District; and
- (10) Any of the following limited lines of insurance:

- (A) Car rental;
- (B) Credit;
- (C) Crop;
- (D) Surety;
- (E) Travel;
- (F) A limited line of insurance established by the Commissioner by rule; and
- (G) A line of insurance the Commissioner recognizes as a limited line of insurance for the purposes of complying with § 31-1131.08(e).

(a-1) A person shall not be issued a license in the bail bonds or surplus lines line of insurance unless the person holds, or is simultaneously issued, a license in the property or casualty line of insurance.

(b) Repealed.

(c) Repealed.

(d) Repealed.

(e) The license shall contain the licensee's name, address, personal identification number, the date of issuance, the lines of authority, the expiration date, and any other information the Commissioner considers useful or necessary.

(f) Repealed.

(g) To assist in the performance of the Commissioner's duties, the Commissioner may contract with a third party, including the NAIC, or its affiliates or subsidiaries, to perform any ministerial functions, including the collection of fees, related to producer licensing that the Commissioner may consider appropriate.

(Mar. 27, 2003, D.C. Law 14-264, § 7, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(g), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155 rewrote the section which had read as follows:

"(a) Unless denied licensure under § 31-1131.12, persons who have met the requirements of §§ 31-1131.05 and 31-1131.06 shall be issued an insurance producer license. An insurance producer may receive qualification for a license in one or more of the following lines of insurance permitted under law or regulations:

"(1) Insurance coverage on human lives, including benefits of endowment and annuities, benefits in the event of death or dismemberment by accident, and benefits for disability income;

"(2) Insurance coverage for sickness, bodily injury, or accidental death, including benefits for disability income;

"(3) Insurance coverage for the direct or consequential loss or damage to property of every kind;

"(4) Insurance coverage against legal liability, including that for death, injury, or disability, or damage to real or personal property;

"(5) Insurance coverage provided under variable life insurance contracts and variable annuities;

"(6) Property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes; and

"(7) Limited line credit insurance.

"(b) An insurance producer license shall remain in effect unless revoked or suspended; provided, that all fees prescribed by the Commissioner are paid and the education requirements for resident individual producers are met.

"(c) An individual insurance producer who allows his or her license to lapse may, within one year from the due date of the renewal fee, reinstate the same license without the necessity of passing a written examination; provided, that a penalty in the amount of twice the unpaid renewal fee shall be required.

"(d) An insurance producer who is unable to comply with license renewal procedures due to military service or some other extenuating circumstance may request a waiver of those procedures. The insurance producer may also request a waiver of any examination requirement or any other fine or sanction imposed for failure to comply with renewal procedures.

"(e) The license shall contain the licensee's name, address, personal identification number, the date of issuance, the lines of authority, the expiration date, and any other information the Commissioner considers necessary.

"(f) A licensee shall inform the Commissioner by any means acceptable to the Commissioner of a change of address within 30 days of the change of address. Failure to timely inform the Commissioner of a change in legal name or address shall result in a fine as prescribed by the Commissioner.

"(g) To assist in the performance of the Commissioner's duties, the Commissioner may contract with a third party, including the NAIC, or its affiliates or subsidiaries, to perform any ministerial functions, including the collection of fees, related to producer licensing that the Commissioner may consider appropriate."

Legislative History of Laws

For Law 14-264, see notes following § 31-1031.02.

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.07A. TERM OF LICENSE; RENEWAL.

(a) An initial individual insurance producer license issued after May 13, 2008, and the first renewal after May 13, 2008, of an individual insurance producer license initially issued before May 13, 2008, shall expire on the last day of the birth month of the producer that falls not less than 18 months and not more than 29 months after the effective date of the license.

(b) An initial business entity insurance producer license issued after May 13, 2008, and the first renewal after May 13, 2008, of a business entity insurance producer license initially issued before May 13, 2008, shall expire on the May 31 that falls not less than 18 months and not more than 29 months after the effective date of the license.

(c) A renewal of an existing license shall expire 2 years after the expiration date of the license period; provided, that the first renewal after May 13, 2008, of a license initially issued before May 13, 2008, shall be governed by subsections (a) and (b) of this section.

(d) A person shall apply for or request renewal of a license on a form, or through such means, as may be prescribed by the Commissioner.

(e) The Commissioner shall renew an insurance producer license if:

(1) The producer applies for or requests license renewal on the form, or through such means, prescribed by the Commissioner;

(2) All fees prescribed by the Commissioner are paid;

(3) If the producer is a resident insurance producer:

(A) The continuing education requirements, if any, have been met;

(B) The license is not subject to non-renewal under § 31-1131.12; and

(C) The person has submitted a full set of fingerprints, if required by law or rule; and

(4) If the producer is a nonresident producer, he or she continues to be licensed as a resident producer, in good standing, in his or her home state.

(f) An individual insurance producer who allows his or her license to lapse may, within one year after the expiration date of the license, reinstate the same license without the necessity of passing a written

examination; provided, that the producer shall pay a penalty in the amount of twice the unpaid renewal fee.

(g) An insurance producer who is unable to comply with the license renewal procedures due to military service or some other extenuating circumstance may request a waiver of those procedures. The insurance producer may also request a waiver of any examination requirement or any other penalty or sanction imposed for failure to comply with renewal procedures.

(Mar. 27, 2003, D.C. Law 14-264, § 7a, as added May 13, 2008, D.C. Law 17-155, § 2(h), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.07B. CONTINUING EDUCATION.

(a) A title insurance producer shall fulfill the following continuing education requirements:

(1) Eight hours per year, of which not more than 4 hours may be completed by computer or video-based education; or

(2) If the title insurance producer is an attorney, 4 hours per year in courses related to real estate and continuing education courses approved by the Commissioner by rule.

(b) The Commissioner may establish continuing education requirements for resident insurance producers.

(Mar. 27, 2003, D.C. Law 14-264, § 7b, as added May 13, 2008, D.C. Law 17-155, § 2(h), 55 DCR 3683; Sept. 24, 2010, D.C. Law 18-223, § 2166(d), 57 DCR 6242.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 18-223 rewrote the section, which had read as follows:

"The Commissioner may establish continuing education requirements for resident insurance producers."

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 2166(d) of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

Legislative History of Laws

For Law 17-155, see notes following § 31-1131.02.

For Law 18-223, see notes following § 31-101.

§ 31-1131.08. NONRESIDENT LICENSING.

(a) A person may request a nonresident license if the person is licensed as a resident insurance producer in another state.

(a-1) A person requesting a nonresident insurance producer license shall make his or her request on a form, or through such means, prescribed by the Commissioner.

(a-2) Unless denied licensure under § 31-1131.12 or granted a resident insurance producer license by meeting the requirements of §§ 31-1131.05 and 31-1131.06, a nonresident person shall receive a nonresident insurance producer license if:

(1) The person is currently licensed as a resident and in good standing in his or her home state;

(2) The person has submitted the proper request for a nonresident insurance producer license and has paid the fees as prescribed by the Commissioner; and

(3) The person has submitted or transmitted to the Commissioner a completed NAIC Uniform Application or the application for licensure that the person submitted to his or her home state.

(b) The Commissioner may verify the insurance producer's licensing status through the producer database maintained by the NAIC, its affiliates, or subsidiaries.

(c) Repealed.

(d) Notwithstanding any other provision of this chapter, a person licensed as a surplus lines producer in his or her home state shall receive a nonresident surplus lines producer license under subsection (a) of this section. Except as provided in subsection (a) of this section, this section shall not amend or supersede any provision of §§ 31-2502.39 and 31-2502.40.

(e) Notwithstanding any other provision of this chapter, a person licensed as a limited line insurance producer in his or her home state shall receive a nonresident limited lines insurance producer license under subsection (a) of this section granting the same scope of authority as granted under the license issued by the producer's home state. For the purposes of this subsection, the term "limited line insurance" means any authority granted by the home state which restricts the authority of the license to less than the total authority prescribed in the associated major lines under § 31-1131.07(a)(1) through (6).

(f) An applicant may qualify for a license under this chapter as a nonresident only if the applicant holds an equivalent license in the applicant's home state. A license issued to a nonresident of the District shall grant the same rights and privileges as a resident licensee.

(g) A nonresident title insurance producer shall have a registered agent in the District of Columbia at the time of application for a title insurance producer license and shall maintain a registered agent in the District of Columbia as a condition of licensing under this section.

(Mar. 27, 2003, D.C. Law 14-264, § 8, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(i), 55 DCR 3683; Sept. 24, 2010, D.C. Law 18-223, § 2166(e), 57 DCR 6242.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155 rewrote subsec. (a); added subsecs. (a-1), (a-2), and (f); repealed subsec. (c); and, in subsec. (e), substituted "limited lines insurance" for "limited line credit insurance or other type of limited lines" and substituted "nonresident limited lines insurance" for "nonresident limited lines". Prior to amendment or repeal, subsecs. (a) and (c) read as follows:

"(a) Unless denied licensure under § 31-1131.12 or granted licensure under the requirements of §§ 31-1131.05 and 31-1131.06, a nonresident person shall receive a nonresident insurance producer license if:

"(1) The person is currently licensed as a resident and in good standing in his or her home state;

"(2) The person has submitted the proper request for licensure and has paid the fees as prescribed by the Commissioner.

"(3) The person has submitted or transmitted to the Commissioner the application for licensure that the person submitted to his or her home state or, in lieu of the same, a completed Uniform Application; and

"(4) The person's home state awards nonresident producer licenses to residents of the District on the same basis."

"(c) A nonresident insurance producer who moves from one state to another state or a resident insurance producer who moves from the District of Columbia to another state shall file a change of address and provide certification from the new resident state within 30 days of the change of legal residence. No fee or license application shall be required."

D.C. Law 18-223 added subsec. (g).

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 2166(e) of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

For Law 18-223, see notes following § 31-101.

§ 31-1131.08A. CHANGES OF NAME, RESIDENCY, OR ADDRESS.

(a) A licensee shall inform the Commissioner of a change of the licensee's residential or business address within 30 days of the change of address. A nonresident insurance producer who moves from one state to another state or a resident insurance producer who moves from the District to another state shall file a change of address and provide certification from the new resident state within 30 days after the change of residence. No fee or license application shall be required.

(b) A licensee shall inform the Commissioner of a change of the licensee's legal or corporate name within 30 days after the change of name.

(c) Failure to timely inform the Commissioner of a change in legal name or address shall result in a penalty as prescribed by the Commissioner.

(d) A person licensed as an insurance producer in another state who moves to the District shall make application within 90 days of establishing legal residence to become a resident licensee under § 31-1131.06 unless the person maintains his principal place of business in another state and the person has a

resident insurance producer license in that state.

(Mar. 27, 2003, D.C. Law 14-264, § 8a, as added May 13, 2008, D.C. Law 17-155, § 2(j), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.09. EXEMPTION FROM EXAMINATION AND PRELICENSING EDUCATION.

(a) An individual who applies for a resident insurance producer license in the District shall not be required to complete any prelicensing education (if prelicensing education is required by the Commissioner pursuant to § 31-1131.05a) or examination if:

(1) The individual is currently licensed for the same line of authority in another state; or

(2)(A) The application is received within 90 days of the cancellation of the applicant's previous license for the same lines of authority in another state; and

(B)(i) The prior state issues a certification that, at the time of cancellation, the person was in good standing in that state; or

(ii) The state's producer database records, maintained by the NAIC, its affiliates, or subsidiaries, indicate that the producer is or was licensed in good standing for the line of authority requested.

(b) Repealed.

(c) Repealed.

(d) Repealed.

(e) Repealed.

(Mar. 27, 2003, D.C. Law 14-264, § 9, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(k), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155 rewrote the section which had read as follows:

"(a) An individual who applies for an insurance producer license in the District shall not be required to complete any prelicensing education or examination if:

"(1) The person is currently licensed for the same line of authority in another state; or

"(2)(A) The application is received within 90 days of the cancellation of the applicant's previous license for the same lines of authority in another state; and

"(B)(i) The prior state issues a certification that, at the time of cancellation, the person was in good standing in that state; or

"(ii) The state's producer database records, maintained by the NAIC, its affiliates, or subsidiaries, indicate that the producer is or was licensed in good standing for the line of authority requested.

"(b) A person licensed as an insurance producer in another state who moves to the District shall make application within 90 days of establishing legal residence to become a resident licensee under 31-1131.06. No prelicensing education or examination shall be required of that person to obtain any line of authority previously held in the prior state unless the Commissioner determines otherwise by regulation.

"(c) An applicant may apply to the Commissioner to take the examination for a license without any required prelicensing education if the applicant submits proof in a form acceptable to the Commissioner that the individual has attained equivalent knowledge through employment experience. If the Commissioner determines that the employment experience involved the performance of responsible insurance duties in connection with the kind of insurance for which the applicant has applied for a license, the Commissioner may waive such requirement. The applicant shall register for and attain a passing grade on the examination within one year of completion of the required employment experience.

"(d) The Commissioner may waive the written examination if the applicant for a license as a property and casualty agent and broker furnishes proof to the satisfaction of the Commissioner that the applicant has successfully completed:

"(1) All of the examinations prescribed by the Society of Chartered Property and Casualty Underwriters, Incorporated, and has satisfied all other requirements leading to the degree of a Chartered Property and Casualty Underwriter; or

"(2) Other private examinations for special competency in property and casualty insurance which the Commissioner determines, by rule, have equivalent requirements and standards.

"(e) The Commissioner may waive the written examination if the applicant for a license as a life insurance agent or broker furnishes proof to the satisfaction of the Commissioner that the applicant has successfully completed:

"(1) All of the examinations prescribed by the Society of Chartered Life Underwriters of the American College of Life Underwriters, and has satisfied all other requirements leading to the degree of Chartered life Underwriter; or

"(2) Other private examinations for special competency in life insurance which the Commissioner determines, by rule, to have equivalent requirements and standards."

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.10. ASSUMED NAMES.

An insurance producer doing business under any name other than the producer's legal name shall notify the Commissioner prior to using the assumed name.

(Mar. 27, 2003, D.C. Law 14-264, § 10, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

§ 31-1131.11. TEMPORARY LICENSING.

(a) The Commissioner may issue a temporary insurance producer license for a period not to exceed 180 days without requiring an examination if the Commissioner determines that the temporary license shall be necessary for the servicing of an insurance business for:

(1) The surviving spouse or court-appointed personal representative of a licensed insurance producer who dies or acquires a mental or physical disability to allow adequate time for the sale of the insurance business owned by the producer or for the recovery or return of the producer to the business or to provide for the training and licensing of new personnel to operate the producer's business;

(2) A member or employee of a business entity licensed as an insurance producer upon the death or disability of an individual designated in the business entity application or the license;

(3) The designee of a licensed insurance producer entering active service in the armed forces of the United States of America; or

(4) Any other circumstance that the Commissioner determines that the public interest will best be served by the issuance of the license.

(b) The Commissioner may, by order, limit the authority of a temporary licensee in any way which the Commissioner considers to be necessary to protect insureds and the public. The Commissioner may require the temporary licensee to have a suitable sponsor who is a licensed insurance producer or insurer and who assumes responsibility for all acts of the temporary licensee and may impose other similar requirements designed to protect insureds and the public. The Commissioner may, by order, revoke a temporary license if the interests of the insureds or the public are endangered. A temporary license shall not continue after the owner or the personal representative disposes of the business.

(Mar. 27, 2003, D.C. Law 14-264, § 11, 50 DCR 260; Apr. 24, 2007, D.C. Law 16-305, § 40, 53 DCR 6198.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 16-305, in subsec. (a)(1), substituted "acquires a mental or physical disability" for "becomes mentally or physically disabled".

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

Law 16-305, the "People First Respectful Language Modernization Act of 2006", was introduced in Council and assigned Bill No. 16-664, which was referred to Committee on the Whole. The Bill was adopted on first and second readings on June 20, 2006, and July 11, 2006, respectively. Signed by the Mayor on July 17,

2006, it was assigned Act No. 16-437 and transmitted to both Houses of Congress for its review. D.C. Law 16-305 became effective on April 24, 2007.

§ 31-1131.12. LICENSE DENIAL, NONRENEWAL, SUSPENSION, OR REVOCATION.

(a) The Commissioner may refuse to issue an insurance producer license; place an insurance producer on probation; suspend, revoke, or refuse to renew an insurance producer's license; levy a civil penalty in accordance with subsection (d) of this section; issue subpoenas and administer oaths; or take any combination of these actions if an insurance producer or an applicant for an insurance producer license:

- (1) Provides incorrect, misleading, incomplete, or materially untrue information in the license application;
- (2) Violates any insurance laws or any regulation, subpoena, or order of the Commissioner or of another state's insurance commissioner;
- (3) Obtains, or attempts to obtain, a license through misrepresentation or fraud;
- (4) Improperly withholds, misappropriates, or converts any monies or properties received in the course of doing insurance business;
- (5) Intentionally misrepresents the terms of an actual or proposed insurance contract or application for insurance;
- (6) Is convicted of a felony;
- (7) Admits committing, or is found to have committed, any insurance unfair trade practice or fraud;
- (8) Uses fraudulent, coercive, or dishonest practices, or demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in the District or elsewhere;
- (9) Has an insurance producer license, or its equivalent, denied, suspended, or revoked in any state or territory of the United States, province of Canada, or other foreign country;
- (10) Forges another's name to an application for insurance or to any document related to an insurance transaction;
- (11) Improperly uses notes or any other reference material to complete, or otherwise cheats on, an examination for an insurance license;
- (12) Knowingly accepts insurance business from an individual who is not licensed;
- (13) Fails to comply with an administrative or court order imposing a child support obligation;
- (14) Fails to pay District income tax or comply with any administrative or court order directing payment of District income tax;
- (15) Repealed; or
- (16) Is found to have misrepresented satisfactory completion of, or improperly used notes or other reference material to complete, or otherwise cheats on, an examination in a precicensure or continuing education course.

(a-1) In addition to the reasons set forth in subsection (a) of this section, the Commissioner may place a business entity insurance producer on probation; suspend, revoke, or refuse to renew a business entity insurance producer's license; or levy a civil penalty against a business entity insurance producer if:

- (1) One or more of the partners, officers, or managers acting on behalf of the business entity knew or should have known of the occurrence of a license violation;
- (2) The violation was not reported to the Commissioner; and
- (3) Corrective action was not taken.

(b)(1) Except as provided in paragraph (2) of this subsection, the Commissioner shall not place an insurance producer on probation; suspend, revoke, or refuse to renew an insurance producer's license; or levy a civil penalty against an insurance producer without first providing the following notice and opportunity for hearing to the applicant or licensee. The Commissioner shall notify the applicant or licensee, in writing, of the proposed action and the reason for the proposed action. The Commissioner shall also inform the applicant or licensee, in writing, that the applicant or licensee may, within 30 days after the date of the Commissioner's notice, request a hearing to determine whether the proposed action should be taken. If a hearing is requested, the Commissioner, or a designee of the Commissioner, shall hold the hearing within 30 days after the date of receipt by the Commissioner of the written request, and the Commissioner shall not, except as provided in paragraph (2) of this subsection, take the proposed action before the close of the hearing.

- (2)(A) If the Commissioner determines that further transaction of business by a producer would be hazardous to the public or the policyholders or creditors of the producer, the Commissioner may

revoke or suspend the license of the producer without giving notice or prior opportunity for a hearing; provided, that the Commissioner shall provide to the producer the opportunity for a hearing within 30 days after the effective date of the order of the revocation or suspension.

(B) The Commissioner may refuse to issue an initial insurance producer license without giving notice or prior opportunity for a hearing; provided, that the Commissioner shall provide to the applicant the opportunity for a hearing within 30 days after the date of the denial.

(3) In a hearing under this subsection, the Commissioner may administer oaths to witnesses and issue subpoenas for witnesses and documents. A witness testifying falsely under oath shall be subject to the penalties of perjury. The Commissioner's authority to issue subpoenas shall not be limited to hearings if the Commissioner determines that the issuance of a subpoena is useful or necessary to protect the public interest. If a person refuses to obey a subpoena issued by the Commissioner, the Commissioner may petition the Superior Court of the District of Columbia ("Superior Court") to enforce the subpoena, and the Superior Court may issue an order requiring the person to appear and testify before the Commissioner or produce documents. A person failing to obey the Superior Court's order may be held in contempt of court.

(c) Repealed.

(d) In addition to or in lieu of any applicable denial of renewal, suspension, or revocation of a license, the Commissioner may, after a hearing, take any of the following actions:

(1) Impose a civil penalty not to exceed \$5,000; or

(2) Require restitution to any person who has suffered financial injury or damage as a result of the violation of the license.

(d-1) A person affected or aggrieved by an order, ruling, proceeding, or action of the Commissioner, or any person acting on behalf of the Commissioner, under this section may contest the validity of the same in any court of competent jurisdiction by appeal or through any other appropriate proceedings. In any proceeding or appeal, the Commissioner shall not be:

(1) Taxed with any costs;

(2) Required to give any supersedeas bond or security for costs or damages;

(3) Subject to suit or action or liable for any judgment or decree for any damages, loss, or injury claimed by any person on any appeal taken; or

(4) Required to make any deposit for costs or pay for any service to the clerks of any court or to any marshal of the United States, except as may be inconsistent with law.

(e) Notwithstanding the revocation, surrender, or lapse of a license, the Commissioner may enforce the provisions of, and impose any penalty or remedy authorized by, this chapter or any other District law relating to insurance against any person who is under investigation for or charged with a violation of this chapter or any other District law relating to insurance.

(Mar. 27, 2003, D.C. Law 14-264, § 12, 50 DCR 260; Mar. 8, 2006, D.C. Law 16-55, § 2, 53 DCR 7; May 13, 2008, D.C. Law 17-155, § 2(l), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 16-55, in the section name line, inserted ", suspension,"; rewrote the lead-in language of subsec. (a); designated the existing text of subsec. (b)(1) as subsec. (b)(1)(A); added subsec. (b)(1)(B); and added subsec. (c). Prior to amendment, the lead-in language of subsec. (a) read as follows:

"(a) The Commissioner may place an insurance producer on probation; suspend, revoke, or refuse to issue or renew an insurance producer's license; may levy a civil penalty in accordance with subsection (f) of this section; or take any combination of these actions if an insurance producer:".

D.C. Law 17-155 rewrote the section which had read as follows:

(a) The Commissioner may place an insurance individual or business entity producer on probation; suspend, revoke, or refuse to issue or renew an insurance producer's license; may levy a civil penalty in accordance with subsection (d) of this section; may issue subpoenas and administer oaths; or take any combination of these actions if an insurance producer:

"(1) Provides incorrect, misleading, incomplete, or materially untrue information in the license application;

"(2) Violates any insurance laws or any regulation, subpoena, or order of the Commissioner or of another state's insurance commissioner;

"(3) Obtains, or attempts to obtain, a license through misrepresentation or fraud;

"(4) Improperly withholds, misappropriates, or converts any monies or properties received in the course of doing insurance business;

"(5) Intentionally misrepresents the terms of an actual or proposed insurance contract or application for insurance;

"(6) Is convicted of a felony;

"(7) Admits committing, or is found to have committed, any insurance unfair trade practice or fraud;

"(8) Uses fraudulent, coercive, or dishonest practices, or demonstrates incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in the District or elsewhere;

"(9) Has an insurance producer license, or its equivalent, denied, suspended, or revoked in any state or territory of the United States, province of Canada, or other foreign country;

"(10) Forges another's name to an application for insurance or to any document related to an insurance transaction;

"(11) Improperly uses notes or any other reference material to complete an examination for an insurance license;

"(12) Knowingly accepts insurance business from an individual who is not licensed;

"(13) Fails to comply with an administrative or court order imposing a child support obligation;

"(14) Fails to pay state income tax or comply with any administrative or court order directing payment of state income tax; or

"(15) Is found to have been cheating on an examination for an insurance license.

"(b)(1)(A) If, under subsection (a) of this section, the Commissioner refuses to renew or denies an application for a license, the Commissioner shall notify the applicant or licensee and advise, in writing, the applicant or licensee of the reason for the nonrenewal of the license or the denial of the application. The applicant or licensee may make written demand upon the Commissioner within a reasonable time for a hearing before the Commissioner or his or her designee to determine the reasonableness of the Commissioner's action. The hearing shall be held within 30 days from the date of receipt of the Commissioner of the written demand by the applicant.

"(B) The Commissioner shall not revoke or suspend the license of any such producer until the Commissioner has given the producer not less than 30 days notice of the proposed revocation or suspension and of the grounds alleged thereof, and has afforded the producer an opportunity for a full hearing; provided, that if the Commissioner shall find upon examination that the further transaction of business by the producer would be hazardous to the public or to the policyholders or creditors of the producer in the District, the Commissioner may suspend the authority without giving notice as herein required, subject to a hearing within 30 days of the effective date of the order of suspension.

"(2) In a hearing under this subsection, the Commissioner may administer oaths to witnesses and issue subpoenas. A witness testifying falsely under oath shall be subject to the penalties of perjury. The Commissioner's authority to issue subpoenas shall not be limited to the context of a hearing if the Commissioner shall find upon examination that the issuance of a subpoena is necessary to protect the public interest.

"(3) A person affected by an order, ruling, proceeding, or action of the Commissioner, or any person acting on his behalf and at his instance, may contest the validity of the same in any court of competent jurisdiction by appeal or through any other appropriate proceedings. In any proceeding or appeal, the Commissioner shall not:

"(A) Be taxed with any costs;

"(B) Be required to give any supersedeas bond or security for costs or damages;

"(C) Be liable to suit or action or for any judgment or decree for any damages, loss, or injury claimed by any person on any appeal taken; or

"(D) Be required to make any deposit for costs or pay for any service to the clerks of any court or to any marshal of the United States, except as may be inconsistent with law.

"(c)(1) The license of a business entity may be suspended, revoked, or denied renewal if the Commissioner finds, after a hearing as provided in paragraph (2) of this subsection, that:

"(A) The occurrence of a license violation was known or should have been known by one or more of the partners, officers, or managers acting on behalf of the business entity;

"(B) The violation was not reported to the Commissioner; and

"(C) Corrective action was not taken.

"(2) The Commissioner shall not suspend, revoke, or deny renewal of the license of a business entity until the Commissioner has given the producer not less than 30 days notice of the proposed suspension, revocation, or denial and of the grounds alleged therefor, and has afforded the producer an opportunity for a full hearing; provided, that if the Commissioner shall find upon examination that the further transaction of business by the producer would be hazardous to the public or to the policyholders or creditors of the producer in the District,

the Commissioner may suspend the authority without giving notice as herein required, subject to a hearing within 30 days of the effective date of the order of suspension.

"(3) The Commissioner shall notify all insurance companies that have appointed the producer or business entity of the revocation or suspension within three business days.

"(d) In addition to or in lieu of any applicable denial of renewal, suspension, or revocation of a license, the Commissioner may, after a hearing, take any of the following actions:

"(1) Impose a civil penalty not to exceed \$5,000; or

"(2) Require restitution to any person who has suffered financial injury or damage as a result of the violation of the license.

"(e) After the revocation, surrender, or lapse of a license registration, the Commissioner may enforce the provisions of, and impose any penalty or remedy authorized by, this chapter or any other District law relating to insurance against any person who is under investigation for or charged with a violation of this chapter or any other District law relating to insurance."

Temporary Amendments of Section

For temporary (225 day) amendment of section, see § 2 of Producer Summary Suspension Temporary Amendment Act of 2004 (D.C. Law 15-259, March 17, 2009, law notification 52 DCR 4371).

For temporary (225 day) amendment of section, see § 2 of Producer Summary Suspension Temporary Amendment Act of 2005 (D.C. Law 16-47, February 9, 2006, law notification 53 DCR 1455).

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 2 of Producer Summary Suspension Emergency Amendment Act of 2004 (D.C. Act 15-548, October 26, 2004, 51 DCR 10332).

For temporary (90 day) amendment of section, see § 2 of Producer Summary Suspension Congressional Review Emergency Amendment Act of 2005 (D.C. Act 16- 18, February 17, 2005, 52 DCR 2962).

For temporary (90 day) amendment of section, see § 2 of Producer Summary Suspension Emergency Amendment Act of 2005 (D.C. Act 16-192, October 28, 2005, 52 DCR 10029).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

Law 16-55, the "Producer Summary Suspension Amendment Act of 2005", was introduced in Council and assigned Bill No. 16-202 which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on November 1, 2005, and December 6, 2005, respectively. Signed by the Mayor on December 22, 2005, it was assigned Act No. 16-217 and transmitted to both Houses of Congress for its review. D.C. Law 16-55 became effective on March 8, 2006.

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.13. COMMISSIONS.

(a) An insurer or insurance producer shall not pay a commission, service fee, brokerage fee, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in the District if that person is required to be licensed under this chapter and is not licensed.

(b) A person shall not accept a commission, service fee, brokerage fee, or other valuable consideration for selling, soliciting, or negotiating insurance in the District if that person is required to be licensed under this chapter and is not licensed.

(c) Renewal or other deferred commissions may be paid to a person for selling, soliciting, or negotiating insurance in the District if the person was required to be licensed under this chapter at the time of the sale, solicitation, or negotiation and was licensed at that time.

(d) An insurer or insurance producer may pay or assign commissions, service fees, brokerage fees, or other valuable consideration to an insurance agency or to persons who do not sell, solicit, or negotiate insurance in the District unless the payment would violate this chapter or any other District law relating to insurance.

(Mar. 27, 2003, D.C. Law 14-264, § 13, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

§ 31-1131.14. APPOINTMENTS.

(a) An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer shall not be required to become appointed.

(b) To appoint an insurance producer as its agent, the appointing insurer shall file, on a form prescribed by the Commissioner, a notice of appointment within 30 days from the date that the agency contract is executed or the first insurance application is submitted.

(c) Upon receipt of the notice of appointment, the Commissioner shall verify, within 10 days, that the insurance producer is eligible for appointment. If the insurance producer is determined to be ineligible for appointment, the Commissioner shall notify the insurer within 5 days of the determination.

(d) An insurer shall pay an appointment fee, in the amount and on or before the date prescribed by the Commissioner, for each insurance producer appointed by the insurer.

(e) An insurer shall pay a renewal appointment fee in the amount and on or before the date prescribed by the Commissioner.

(Mar. 27, 2003, D.C. Law 14-264, § 14, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

§ 31-1131.15. NOTIFICATION TO COMMISSIONER OF TERMINATION.

(a) An insurer, or authorized representative of the insurer, that terminates the appointment, employment, contract, or other insurance business relationship with an insurance producer shall notify the Commissioner within 30 days after the effective date of the termination, on a form prescribed by the Commissioner, if the reason for termination is set forth in § 31-1131.12 or the insurer has knowledge that the producer was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the activities in set forth in § 31-1131.12. Upon the written request of the Commissioner, the insurer shall provide additional information, documents, records, or other data pertaining to the termination or activity of the insurance producer.

(b) An insurer, or authorized representative of the insurer, that terminates the appointment, employment, or contract with an insurance producer for any reason not set forth in § 31-1131.12, shall notify the Commissioner within 30 days after the effective date of the termination on a form prescribed by the Commissioner. Upon written request of the Commissioner, the insurer shall provide additional information, documents, records, or other data pertaining to the termination.

(c) The insurer, or the authorized representative of the insurer, shall promptly notify the Commissioner, on a form prescribed by the Commissioner, if, upon further review or investigation, the insurer discovers additional information that would have been reported to the Commissioner in accordance with subsection (a) of this section.

(d)(1) Within 15 days after making the notification required by subsections (a), (b), and (c) of this section, the insurer shall mail a copy of the notification to the insurance producer at his or her last known address. If the insurance producer is terminated for cause for any of the reasons set forth in § 31-1131.12, the insurer shall provide a copy of the notification to the producer at his or her last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier.

(2) Within 30 days after the insurance producer has received the original or additional notification, the insurance producer may file written comments concerning the substance of the notification with the Commissioner. The insurance producer shall, by the same means, simultaneously send a copy of the comments to the reporting insurer. The comments shall become a part of the Commissioner's file and accompany every copy of a report distributed or disclosed for any reason about the insurance producer as permitted under subsection (f) of this section.

(e)(1) In the absence of actual malice, an insurer, the authorized representative of the insurer, an insurance producer, the Commissioner, an organization of which the Commissioner is a member and that compiles the information and makes it available to other insurance commissioners or regulatory or law enforcement agencies, or their agents or employees shall not be subject to civil liability as a result of:

(A) A statement or information required by or provided under this section or any information relating to any statement that may be requested in writing by the Commissioner from an insurer or an insurance producer; or

(B) A statement by a terminating insurer or insurance producer to an insurer or insurance producer limited solely and exclusively to whether a termination for cause under subsection (a) of this section was reported to the Commissioner; provided, that the propriety of a termination for cause under

subsection (a) of this section is certified in writing by an officer or authorized representative of the insurer or insurance producer terminating the relationship.

(2) In an action brought against a person that may have immunity under paragraph (1) of this section for making any statement required by this section or providing any information relating to any statement that may be requested by the Commissioner, the party bringing the action shall prove actual malice with particularity.

(3) Paragraph (1) or (2) of this section shall not abrogate or modify any existing statutory or common law privileges or immunities.

(f)(1) Any documents, materials, or other information in the control or possession of the Department of Insurance, Securities, and Banking that is furnished by an insurer, an insurance producer, or an employee or agent thereof acting on behalf of the insurer or producer or obtained by the Commissioner in an investigation pursuant to this section shall be confidential and privileged, shall not be subject to subchapter II of Chapter 5 of Title 2, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in a private civil action; provided, that the Commissioner may use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the Commissioner's duties.

(2) The Commissioner or any person who received documents, materials, or other information while acting under the authority of the Commissioner shall not testify in a private civil action concerning any confidential documents, materials, or information subject to paragraph (1) of this section.

(3) To assist in the performance of the Commissioner's duties under this chapter, the Commissioner:

(A) May share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to paragraph (1) of this subsection, with other state, federal, and international regulatory agencies, with the NAIC, its affiliates, or subsidiaries, or with state, federal, and international law enforcement authorities; provided, that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information;

(B) May receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the NAIC, its affiliates, or subsidiaries or from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(C) May enter into agreements governing sharing and use of information consistent with this subsection.

(4) No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the Commissioner under this section or as a result of sharing as authorized in paragraph (3) of this subsection.

(5) This chapter shall not prohibit the Commissioner from releasing final, adjudicated actions, including terminations for cause that are open to public inspection under subchapter II of Chapter 5 of Title 2 to a database or other clearinghouse service maintained by the NAIC, its affiliates, or subsidiaries.

(g) An insurer, the authorized representative of the insurer, or producer that fails to report as required under the provisions of this section or that is found to have reported with actual malice by a court of competent jurisdiction may, after notice and hearing, have its license or certificate of authority suspended or revoked and may be fined in accordance with § 31-1131.12(d).

(Mar. 27, 2003, D.C. Law 14-264, § 15, 50 DCR 260; June 11, 2004, D.C. Law 15-166, § 4(g)(2), 51 DCR 2817.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 15-166, in par. (1) of subsec. (f), substituted "Department of Insurance, Securities, and Banking" for "Department of Insurance and Securities Regulation".

Emergency Act Amendments

For temporary (90 day) amendment of section, see § 4(g)(2) of Consolidation of Financial Services Emergency Amendment Act of 2004 (D.C. Act 15-381, February 27, 2004, 51 DCR 2653).

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 15-166, see notes following § 31-1004.

§ 31-1131.16. RECIPROCITY.

(a) Except for the requirements imposed by § 31-1131.08, the Commissioner shall waive any requirements for a nonresident license applicant with a valid license from his or her home state, if the applicant's home state awards nonresident licenses to residents of the District on the same basis. The Commissioner may waive any requirements, except for those imposed by § 31-1131.08, for a nonresident license applicant with a valid license from the applicant's home state if the applicant's home state does not award nonresident licenses to residents of the District on the same basis.

(b) A nonresident insurance producer's satisfaction of his or her home state's continuing education requirements for licensed insurance producers shall constitute satisfaction of the District's continuing education requirements if the nonresident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon insurance producers from the District on the same basis. The Commissioner may determine that a nonresident insurance producer's satisfaction of his or her home state's continuing education requirements for licensed insurance producers constitutes satisfaction of the District's continuing education requirements if the nonresident producer's home state does not recognize the satisfaction of its continuing education requirements imposed upon insurance producers from the District on the same basis.

(c) A license issued to a nonresident of the District shall grant the same rights and privileges as a resident licensee.

(Mar. 27, 2003, D.C. Law 14-264, § 16, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(m), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155, in subsec. (a), inserted: "The Commissioner may waive any requirements, except for those imposed by § 31-1131.08, for a nonresident license applicant with a valid license from the applicant's home state if the applicant's home state does not award nonresident licenses to residents of the District on the same basis."; in subsec. (b), inserted "The Commissioner may determine that a nonresident insurance producer's satisfaction of his or her home state's continuing education requirements for licensed insurance producers constitutes satisfaction of the District's continuing education requirements if the nonresident producer's home state does not recognize the satisfaction of its continuing education requirements imposed upon insurance producers from the District on the same basis."; and, in subsec. (c) deleted: "An applicant may qualify for a license under this chapter as a nonresident only if the applicant holds an equivalent license in his or her home state."

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.17. REPORTING OF ACTIONS.

(a) An insurance producer shall report to the Commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in the District within 30 days of the final disposition of the matter. The report shall include a copy of the order, consent to order, or other relevant legal documents.

(b) Within 30 days of the initial pretrial hearing date, an insurance producer shall report to the Commissioner any criminal prosecution of the insurance producer taken in any jurisdiction. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents.

(Mar. 27, 2003, D.C. Law 14-264, § 17, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

§ 31-1131.18. REGULATIONS.

The Commissioner may promulgate rules and regulations necessary or appropriate to implement the provisions of this chapter.

(Mar. 27, 2003, D.C. Law 14-264, § 18, 50 DCR 260; May 13, 2008, D.C. Law 17-155, § 2(n), 55 DCR 3683.)

HISTORICAL AND STATUTORY NOTES

Effect of Amendments

D.C. Law 17-155 substituted "necessary or appropriate" for "necessary".

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.

For Law 17-155, see notes following § 31-1131.02.

§ 31-1131.19. TRANSITION.

(a) A license to do business as an insurance agent or broker in the District issued prior to March 27, 2003, shall be valid.

(b) This chapter shall not apply to any action, prosecution, or proceeding which is pending or may be initiated on the basis of facts and circumstances occurring before March 27, 2003.

(Mar. 27, 2003, D.C. Law 14-264, § 19, 50 DCR 260.)

HISTORICAL AND STATUTORY NOTES

Legislative History of Laws

For Law 14-264, see notes following § 31-1131.01.