



South Carolina Department of Insurance

300 Arbor Lake Drive, Suite 1200
Columbia, South Carolina 29223


Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6160

MARK SANFORD
Governor

ERNST N CSISZAR
Director of Insurance

BULLETIN NUMBER 2003-03
(Issued upon January 17, 2003)

To: All Insurers Licensed to Transact Insurance Business within the State of South Carolina, All Resident and Nonresident Persons Qualified and/or Licensed as an Insurance Producer in the State of South Carolina, and All Other Interested Parties

From: Ernst N. Csiszar
Director 

Subject: Question and Answer Bulletin – Producer Model Law

I. PURPOSE

The purpose of this Bulletin is to provide guidance with respect to a number of recently asked industry questions concerning the implementation of the South Carolina Producer Model Law (H.B. 4096). The South Carolina Department of Insurance (the Department) may periodically issue updates to this Bulletin as additional questions are received. All interested parties are encouraged to submit their questions to: James Byrd, Senior Advisor to the Director, or Nancy Bourgoin, Supervisor, Individual licensing Division, South Carolina Department of Insurance, P.O. Box 100105, Columbia, South Carolina 29202-3105 or e-mail address AgntMail@doi.state.sc.us. All frequently asked questions will be answered by bulletin. All other questions will be individually responded to in writing by Department staff.

II. QUESTIONS AND ANSWERS BY SUBJECT AREA

TABLE OF CONTENTS

I.	Effective Date of New Law	Page 2
II.	New Producer Law	Page 2
III.	License – General	Page 4
IV.	Exemptions From Licensure	Page 5
V.	Applications For Licensure	Page 6
VI.	Residency – Home State	Page 7
VII.	Resident Producer Unlimited Lines Licensing	Page 8
VIII.	Non-Resident Unlimited Lines Producer Licensing	Page 9
IX.	Appointments and Terminations	Page 10
X.	Prelicensing Education	Page 13
XI.	Continuing Education	Page 13
XII.	Electronic Processing	Page 14
XIII.	Licensing Renewal Process	Page 15
XIV.	Fee Requirements	Page 15

I. Effective Date of New Law

Q1. When does the new producer licensing law become effective?

Response: The Producer Licensing Model Law becomes effective in South Carolina January 31, 2003.

II. New Producer Law

Q1. What is the difference between an unlimited lines producer and a limited lines producer?

Response: An unlimited lines producer is a person who is responsible for licensing him/herself for the following lines of authority:

Property	Casualty	Surety
Marine	Accident & Health	Life
Variable Contracts		

A limited lines producer is a person that is licensed and appointed, usually simultaneously, by an insurer. Effective February 1, 2003, the following types of insurance will qualify as a limited line authority:

*Credit health	*Any other credit insurance	** Industrial fire
*Credit property	** Auto physical damage	** Mortgage guaranty
*Credit life	**Automobile liability	** Title
*Travel baggage	** Crop hail	** Pre-need Burial

* No examination required, no CE requirements, and no prelicensing requirements

** Examination required, no CE requirements, and no prelicensing requirements.

Q2. When will producers who are licensed on January 31, 2003, receive their new license?

Response: Resident and nonresident producers licensed as of January 31, 2003 for unlimited lines of insurance will receive a permanent license once they have paid their \$35 administrative fee, completed the producer information data sheet, and submitted a self-addressed stamped envelope to the Department. Insurers remain responsible for licensing limited lines producers.

Q3. Are there new types of licenses available? If so, what are they?

Response: For unlimited lines licenses, yes, "Personal lines License". The Department of Insurance will issue a license to individuals completing 40 hours of prelicensing education and successfully passing the personal lines examination. The personal lines license will permit producers to sell, solicit, or negotiate property and casualty insurance coverages sold to individuals and families for primarily noncommercial purposes.

Q4. Currently, South Carolina issues one license for each company that a producer represents. Will the new producer licensing law change that structure? If so, how will it be changed?

Response: For unlimited lines producers, yes. Producers licensed for unlimited lines of authority will have one license independent of the insurer. That license will be issued for an indefinite period without the requirement for renewal. In order to maintain the license, the producer must comply with continuing education laws of his respective home state, and not be convicted of crimes involving moral turpitude or any other offense, which in the determination of the Director or his designee would be considered a detriment to the safety of the public. In order for the producer to act on behalf of an insurer, the insurer will be required to appoint the licensed producer for the line of authority it is licensed for in South Carolina. However, for limited lines producers, the licensing process will not change. Limited lines producers must continue to be licensed and appointed by the insurer.

Q5. With the passing of HB 4096, South Carolina's licensing laws have changed. Prior to this law an insurance agency was required to comply with Reg. 69-23, which states an agency must report the names and license numbers of any licensed agents acting on behalf of the agency.

Is this still a requirement?

Response: Yes. The agency licensing application requires identification of all licensed producers associated with the agency. The only change to agency licensure requirement is that in order to obtain an agency license there must be at least one producer associated with the agency that holds a South Carolina resident or nonresident license for an unlimited or limited line of insurance.

Q6. Who is required to be licensed?

Response: Section 38-43-10 and 38-43-20 outlines licensing requirements and applicable exemptions. Basically, no person or business entity shall sell, solicit or negotiate insurance in the state of South Carolina for any class or classes of insurance unless that person is licensed for that line of authority in accordance with South Carolina law. If the person or business entity represents the insurer or acts as an agent of the insurer, they must also hold a valid appointment with that insurer.

Q7. Does South Carolina require insurance consultants to be licensed?

Response: South Carolina does not license insurance consultants. However, a person performing any of the requirements for licensure as required under Section 38-43-10 must be licensed.

Q8. How do I cancel my producer license?

Response: Any licensed producer for an unlimited line of authority may submit a written request for cancellation to the Department of Insurance at any time to cancel his or her license. Cancellation of a license does not relieve a producer from any administrative action for violations of law that occurred while that person held a license. Contacting the Department of Insurance to request cancellation of license may be accomplished by US Mail.

Q9. What is the difference between a Letter of Certification and a Letter of Clearance?

Response: A "Letter of Clearance" is used when a producer is changing residence or principal place of business from one state to another. When requesting a Letter of Clearance, the current home state license will cancel in favor of the new state license.

A "Letter of Certification" is used to show that a producer is in good standing with requirements of the producer's home state. It is used for nonresident licensing requests and does not cause the license to be canceled when requested. No producer may hold a home state producer license in more than one state.

III. License - General

Q1. If a producer is licensed for life, accident and health authority and property and casualty authority with ten separate insurers, how many licenses will the producer receive?

Response: The producer will receive one license. The lines of authority will be listed on the license. Appointments held will not be reflected on the license. However, producers can check the Department's website to confirm the active appointments held. The website address is www.doi.state.sc.us.

Q2. Probation is a new term added under the new law. Will a producer placed on probation be allowed to continue conducting business?

Response: The determination of whether or not a producer on probation will be allowed to continue conducting business will depend upon the circumstances of the act committed.

Q3. Will South Carolina replace the title "agent" with "producer" to be in accordance with Producer Licensing Model Law?

Response: Yes.

Q4. Will South Carolina continue to issue a temporary license to agents?

Response: Under certain conditions, a temporary license may be issued to an applicant. South Carolina Code Section 38-43-102 outlines the criteria for temporary licensure. Effective January 31, 2003, a temporary license may now be issued for a period not to exceed one hundred and eighty (180) days.

IV. Exemptions From Licensure

Q1. Section 38-43-20(D)(3) requires the licensure of an association or a trust and perhaps some of its personnel as insurance producers for the administration of its member insurance plan if the association or trust receives any compensation directly or indirectly from the insurer. However, Section 38-43-200 (D) indicates that an IRC Section 501(c) entity can receive such fees even if it is not licensed as an insurance producer.

Is Section 38-43-20(D)(3) intended to apply only to entrepreneurial-type trusts and/or associations, so that Section 501(c) can receive such fees even directly or indirectly from an insurer without the requirement of licensure as an insurance producer?

Response: Yes.

Q2. Does South Carolina prohibit payment of commission to unlicensed individuals/entities who refer insurance business to a licensed individual/entity?

Response: Section 38-43-200 (A) states in part that a licensed producer representing an insurer may not pay, directly or indirectly, any commission, brokerage, or other valuable consideration on account of any policy of insurance on any risk in South Carolina to any nonresident or resident not duly licensed to act as a producer or broker for the type of insurance involved. However, subsection (D) does permit the payment of a fee to a trade or professional association exempt from income tax under Section 501(c) of the Internal Revenue Code. Subsection (E) further provides that a licensed insurance producer may rebate any portion of his commission collected on automobile insurance premiums to the insured upon that automobile insurance policy.

Q3. Regarding Section 38-43-20(C), my company, XYZ Financial Services, Inc., employees offer credit life, accident & health, credit property and credit involuntary unemployment insurance coverage to its loan customers. Each of these products is offered to loan customers through a group master policy issued to XYZ Financial Services, Inc. If the customer opts to purchase insurance coverage, a certificate for the desired type(s) of coverage is issued to the debtor by the XYZ Financial Services, Inc., office. None of the employees receives any commission or other compensation directly related to enrollment of debtors under the group master policies. Does the new law require these employees to be licensed?

Response: Yes. Based on the description of duties described, Section 38-43-20(C) only excludes an Insurer from licensure as a producer. Officers, directors, employees, subsidiaries, or affiliates are not to be construed as insurers.

V. Applications For Licensure

Q1. How does an individual obtain an application for licensure?

Response: A license application may be obtained by accessing the Department's website at: www.doi.state.sc.us and clicking on the AGENT icon. Applications may also be obtained by submitting a written request along with a stamped self-addressed envelope to the Department.

Q2. Will South Carolina accept the NAIC's Uniform Applications?

Response: Yes.

Q3. Will South Carolina accept electronic license applications?

Response: The Department's computer system is being enhanced to allow insurers the ability to process licenses and appointments online. We hope to be accepting electronic applications by late 2003, if not earlier.

Q4. Will a producer for an unlimited line of authority (life, health, property, casualty) be required to send his licensing application to a sponsoring insurer, who may appoint him later on?

Response: No. License applications and fees must be submitted directly to the Department at: South Carolina Department of Insurance, Producer Licensing Division, 300 Arbor Lake Drive, Suite 1200, Columbia, South Carolina 29223 or mailed to P.O. Box 100105, Columbia, S.C. 29202-3105. It is no longer necessary to have an appointment in place prior to becoming licensed. New appointments are obtained subsequent to licensing and must be in place within 15 days from the date the producer signs a contract to represent an insurer or within 15 days of the date the producer submits an application for insurance to the insurer.

Q5. How much is the unlimited lines producer license application fee?

Response: The resident and nonresident unlimited lines producer license application fee is \$20.00 and is not refundable. The check must be made payable to the South Carolina Department of Insurance. This fee must be submitted by the producer along with the licensing application request.

Q6. What is South Carolina's turnaround time on new license application requests?

Response: The Department can process a new application within three business days.

VI. Residency – Home State

Q1. Do I need to actually reside in South Carolina in order to hold a Resident Producer License?

Response: No. A producer can reside in another state but primarily work in South Carolina and hold a home state producer license. Section 38-1-20 defines home state as the District of Columbia and any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or principal place of business and is licensed to act as an insurance producer. For example, if you live in the state of Georgia, but your principal place of business is in North Augusta, South Carolina, your home state will be in the state of South Carolina. This provision does not apply to Bail Bonds. Bail Bond persons must reside in South Carolina in order to conduct bail-bonding business.

Q2. If I move from South Carolina to another state, how do I obtain a non-resident producer license from South Carolina?

Response: The producer for an unlimited lines license must obtain a Letter of Certification from the new home state, file an application for nonresident licensure, and submit a licensing fee of \$20.00 to the South Carolina Department of Insurance.

Q3. If I move to South Carolina and have been licensed in another state, do I need to take the insurance exams and complete the 40-hour prelicensing course?

Response: No. Reciprocal provisions of South Carolina's insurance laws provide that if a producer moves to South Carolina and has previously held a license in another state and applied for a license in South Carolina within 90 days of the date he/she terminated their license in the previous state, South Carolina will waive the requirements for the 40 hours prelicensing education and exam requirements, provided the applicant is licensed for the same lines of authority held in the previous home state of licensure. If the producer wishes to become licensed in additional lines of insurance, he may be required to take an exam and complete prelicensing educational requirements.

Q4. If I move to South Carolina, but have not been licensed within 90 days from the date my license was terminated in my home state, will I be required to take prelicensing education and pass the state examination for licensure?

Response: Yes. South Carolina Code Section 38-43-101 (A) provides, in part, that an individual who applies for an insurance producer license in South Carolina who was not previously licensed for the same lines of insurance in another state within 90 days of making application is required to complete prelicensing education and pass the applicable examination. The exemption is only available if the person is currently licensed in his/her home state, as defined in Section 38-1-20 (18.5), or if the application is received within ninety days of the termination of the applicant's previous license and if the prior state issues a certification that, at the time of termination, the applicant was in good standing in that state or the state's Producer Database records, maintained by the National Association of Insurance Commissioners, its affiliates or subsidiaries, indicate that the producer is or was licensed in good standing for the line of insurance requested.

Q5. If I live in one state (e.g., New Jersey) but work primarily out of another state (e.g., New York), will South Carolina license me as a nonresident who holds licenses only where my business/agency is located (New York)?

Response: Yes. South Carolina Code Section 38-2-10 defines “Home State” as any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or principal place of business and is licensed to act as an insurance producer.”

VII. Resident Producer Unlimited Lines Licensing

Q1. How does an individual become licensed as a new resident South Carolina Unlimited Lines Insurance Producer?

Response: The process to become licensed as a resident or nonresident insurance producer in the state of South Carolina can be found on the Department’s website at: www.doi.state.sc.us. Once there, click on the AGENT icon and scroll down the selection list. However, if an applicant has not previously held a producer license in

this state or any other state, including the District of Columbia, and U.S. territories, and depending on the line of insurance, the producer must first complete 40 hours of prelicensing education. The applicant will need to take and pass an insurance exam for the line of authority he expects to sell in this state. A resident producer must also submit to the Department a properly completed license application along with an application fee of \$20.00, and an original copy of the SLED report. The producer can download the SLED application from SLED’s website by clicking on the following link: (<http://www.sled.state.sc.us>). License exam information and bulletins may be obtained from the Department’s exam provider by calling Experior Assessments at 1-800-490-6548 or their website at www.experioronline.com/scinsurance.htm.

Q2. Are applicants for an unlimited lines producer licensure required to complete 40 hours of pre-licensing education before becoming licensed?

Response: Yes. See South Carolina Code Section 38-43-100.

Q3. How are insurance licensing exams scheduled?

Response: By contacting the exam provider, Experior Assessments, at either 1-800-490-6548 or <http://www.experioronline.com> to obtain an exam bulletin and exam schedule.

VIII. Non-Resident Unlimited Lines Producer Licensing

Q1. How does an individual qualify for a non-resident Producer License?

Response: A nonresident applicant must first be licensed and in good standing in his or her home state as a resident producer. The applicant will need to complete the NAIC Uniform Individual Non-Resident Producer License application which the producer can obtain from South Carolina's website by clicking on the following link: <http://www.doi.state.sc.us/>. The applicant must submit to the Department a properly completed application, a license application fee of \$20.00 and a Letter of Certification. The producer must send the application package directly to the Department and not to a sponsoring insurance company.

Q2. Will nonresident licensed insurance brokers be required to provide a bond effective January 31, 2003, as a condition for licensure?

Response: No. Nonresident property and casualty insurance brokers will not be required to post a bond after January 30, 2003. However, resident brokers must continue to provide compliance as provided under Section 38-45-20. Section 38-45-30 continues the requirement that all nonresident risk placements be made through a resident South Carolina broker. Reciprocity agreements among states and the District of Columbia will allow South Carolina resident brokers to be licensed without the requirement for posting a bond.

Q3. Does a producer need to provide a Home State Certification?

Response: No. South Carolina will require nonresident producers to provide Home State Certification if licensing information cannot be obtained from NAIC's Producer Database.

Q4. How much is the non-resident producer license application fee?

Response: The non-resident producer's license application fee is \$20.00. This fee is non-refundable.

Q5. Are non-resident producers required to complete continuing education requirements for South Carolina?

Response: Non-resident producers must pay the continuing education biennial education fees every even numbered year. Nonresident producers must also comply with continuing education requirements in his or her Home State. Continuing Education Fees and a Letter of Certification must be sent to the CE Administrator, Experior Assessments, by 5:00 P.M. May 1 of even numbered years.

Q6. Is a non-resident license required to enroll employees in a group benefit plan?

Response: Section 38-43-20 outlines the exemption requirements for licensure in the state of South Carolina. Specifically, no person is required to be licensed as a producer if the activities are limited to securing and furnishing information for the purpose of group life insurance, group annuities, group or blanket accident and health insurance, or for the purpose of enrolling individuals under such plans or administering such plans. This exemption is only applicable for true group insurance plans in which an employer sponsors such plan and employees are provided the option of enrolling in that plan. If you sell, solicit or negotiate insurance coverage in addition to the group benefits offered by the employer, a producer license is required.

Q7. Is a non-resident license required to extend coverage to a multi-state commercial property/casualty risk?

Response: See Section 38-43-20(6). No producer license is required of a person who is not a resident of this state that 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, if that person is otherwise licensed as an insurance producer in the state where the insured maintains its principal place of business.

IX. Appointments and Terminations

Q1. Can you clarify the conflict between Sections 38-43-40 and 38-43-50, regarding the appointment process?

Response: It is the position of the Department that Section 38-43-50 controls. Changes are being sought legislatively to correct this conflict.

Q2. Under the new producer law effective, January 31, 2003, when an insurance company terminates a producer's appointment, what are the notification requirements?

Response: When the contract of a producer is canceled by the insurer, the insurer is required to notify the Department within 30 days of the effective date of the termination. Section 38-43-55 outlines several other requirements for notification by the insurer when the termination is based on violations of Section 38-43-130 or other acts in violation of states' insurance laws. However, Section 38-43-55 (E) (1) requires insurers to notify producers within 15 days of the producer's termination if the termination was for any of the reasons contained in Section 38-43-130.

Q3. How will producers know the status of licenses, appointments and terminations under the new law?

Response: Confirmation of appointments will not be mailed by the Department. However, producers will receive a license from the Department once they have met the requirements for licensure. Producers and insurers will be able to check the licensing, appointment, and termination statuses by visiting the Department's "search database" website. See Section 38-43-55.

Q4. Can appointment requests be submitted with initial license application requests?

Response: Yes, for limited lines licensing requests only. Producers holding unlimited lines of authority must be appointed separately from the licensing process.

Q5. Is there a separate appointment process for limited and unlimited lines producers?

Response: Yes. The producer license and appointment process are two separate functions. Individuals applying for an unlimited lines producer license are responsible for obtaining his/her license independent of the insurer. Once licensed, the insurer is responsible for completing the appointment process. Individuals seeking limited lines licenses must continue to be licensed and appointed by the insurer.

Q6. Are appointments required in South Carolina?

Response: Yes. Appointments must be made by an insurer representative authorized to make appointments in South Carolina. Appointment forms are available on the Department's website: <http://www.doi.state.sc.us>. To appoint a producer as its agent, the appointing insurer shall file a notice of appointment on form number 3505 within fifteen days from the date the agency/agent contract is executed or the first insurance application is submitted to the insurer.

Q7. The new law requires that before appointing an applicant, the insurer must attest to the fact that they have duly investigated the character and record of the applicant and has satisfied itself that the applicant is trustworthy and qualified to act as its producer. If a producer already holds a license, would a Personal & Employer background check be enough to determine if the applicant is competent & trustworthy?

Response: The insurer will be held accountable for the applicants submitted for appointment. The insurer must exercise every reasonable means of checking the background of its appointed producers.

Q8. Who is an agent of the insurer?

Response: Subject to the exceptions identified in South Carolina Code Section 38-43-20, an agent of the insurer is any insurance producer who is compensated directly or indirectly by an insurer and sells, solicits or negotiates any insurance product of that insurer. An agent of the insurer must hold an appointment with that insurer. Section 38-43-10 outlines the basic requirements of a producer.

Q9. Can an insurance producer broker property/casualty insurance with only a producer license?

Response: No. The producer must first be licensed as a broker under the authority of Chapter 45 of Title 38. By definition, an insurance broker is an individual licensed by the director or his designee to represent citizens of this State in placing their insurance. An insurance broker may place that insurance either with an eligible surplus lines insurer or with a licensed insurance producer of an insurance carrier licensed in this State.

Q10. If I lose my last appointment will my license be canceled?

Response: No. The producer's license is independent of the appointment. The producer may not act as an agent of an insurer until he or she is appointed by a licensed insurer See Section 38-43-50.

Q11. When do appointments become effective?

Response: The appointment is effective upon the day the applicant signs a contract with the insurer or at the time the first insurance application is submitted to the insurer. Verification can be obtained from the Department's website.

Q12. How often are appointments renewed?

Response: In South Carolina all appointments are renewed on a biennial basis. Appointment renewals are processed during even-numbered years.

Q13. How much are appointment fees for an unlimited lines producer?

Response: New and renewal appointment fees are \$40.00 for resident and non-resident producers.

Q14. Are appointment fees retaliatory?

Response: Under reciprocal provisions, producer appointment and license fees are no longer retaliatory as of January 31, 2003.

Q15. How does an insurance company terminate an appointment?

Response: Appointments may be terminated by use of Form Number 3505. The Department's form may be obtained by clicking on the Agent Icon located on the Department's website: www.doi.state.sc.us.

X. Prelicensing Education

Q1 Who can offer prelicensing education programs of instruction?

Response: Any authorized insurer, insurance trade association or independent entity that has been approved by the Department of Insurance.

Q2 If I take a self-study prelicensing course will I be required to take and pass an examination offered by the sponsor before being given a certificate of completion of the education requirement? If so, will I need to have the examination proctored?

Response: Yes. A state approved proctor must monitor the examination.

Q3 How can I become a state approved proctor for prelicensing education courses? Is there a fee required?

Response: Submit a properly completed prelicensing/continuing education proctor application (Form 3615) with all attachments to the Department of Insurance for approval. The application may be obtained from the Department's website at www.doi.state.sc.us. Yes, a \$100 filing fee is required.

Q4 How can I obtain a list of prelicensing education proctors?

Response: A list of proctors may be obtained from the Department's website at www.doi.state.sc.us. Click on the AGENT icon and then on Prelicensing proctors.

Q5 Are there any penalties for anyone falsely representing that he or another person has met the prelicensing education requirements?

Response: Yes. The penalties are set forth in South Carolina Code Ann Section 38-2-10.

XI. Continuing Education

Q1. Who is required to comply with CE requirements?

Response: All producers who hold unlimited lines of authority are required to comply with South Carolina's CE requirements.

South Carolina resident producers are required to complete 24 hours of CE with at least 8 hours in each line of authority held, and pay continuing education fees by May 1 of even numbered years.

Nonresident producers are required to provide a Letter of Certification from their home state to verify they have met the continuing education requirements of their home state, and pay their CE fees to the South Carolina CE Administrator by May 1 of even numbered years. Resident producers are exempt from continuing education as follows:

- 55 years of age and have had at least 20 years of continuous licensure.
- 60 years of age and have had at least 20 years of active licensure.

Q2. How does the new law changes affect the CE process? Will the compliance date remain the same?

Response: The CE process remains unchanged. The compliance date for CE remains May 1, of even numbered year.

XII. Electronic Processing

Q1. Will South Carolina continue to require certification letters or will it rely on the Producer Database?

Response: No. South Carolina will rely on the Producer Database and will only require certification letters if licensing information cannot be found on the Producer Database.

Q2. Will South Carolina have electronic applications for residents and nonresidents?

Response: Yes. The Department is currently in the process of updating its systems requirements and will have online services available for licensing, appointments, terminations, cancellations and renewals. The effective date will be communicated under separate notice.

Q3. Will South Carolina allow e-signatures?

Response: Yes. The Department's computer system enhancements will allow for these functions. The requirements are addressed under Chapter 5 of Title 26 of the South Carolina Code of Laws. The availability of this function will be announced at a later date.

Q4. Will South Carolina have a true repository for individual licensing information?

Response: Yes. This information is currently available on the Department's website.

Q5. Will South Carolina's new licensing system accept credit cards for application fee, renewal, and appointment fee payments?

Response: Yes. This feature will be added with other changes currently being made.

XIII. Licensing Renewal Process

Q1. If a resident limited lines or resident special producer cancels his/her licenses and appointments, will the producer's qualification remain active for two years?

Response: Yes.

Q2. Will a producer licensed for personal lines insurance be required to complete twenty-four hours of continuing education?

Response: Yes.

Q3. Will Personal Lines insurance be a limited or an unlimited line of insurance?

Response: Unlimited.

Q4. How does the new law affect the license renewal process? Currently, all licenses are renewed September 1 of even years. Will that method and timing remain in effect?

Response: The renewal process will no longer involve renewing the producer's license for unlimited lines. Rather, insurers will renew the producer's appointment(s). The biennial renewal date for producer appointments will continue to be September 1 of even numbered year. Limited lines license renewals will remain unchanged.

XIV. Fee Requirements

Q1. Are there any related forms or fees changes with the producer licensing bill?

Response: Yes. The new fees for a producer can be found under South Carolina Code Section 38-43-80. New producer licensing applications can be found on the Department's website effective January 15, 2003.

Q2. Will preneed producers be required to pay the thirty-five dollar administrative assessment fee?

Response: No.

Q3. Will producers holding qualifications for unlimited lines of authority on January 31, 2003, be required to pay the thirty-five dollars administrative fee?

Response: Yes. Producers holding unlimited qualifications on January 31, 2003 will receive a producer's license. However, in order to receive a producer license, the producer must timely submit the \$35 administrative fee and the personal data information sheet.

Q4. How will producers know if they are required to pay the \$35 administrative fee and complete the personal information data sheet?

Response: During the week of February 10, 2003, the Department will mail to all unlimited lines producers a notice for payment of the \$35 administrative fee and completion of the personal information data sheet. If a producer does not receive a notice during this mailing period, he/she will need to check the Department's website and print off a blank copy of the personal information data sheet and fee notice. The producer can then submit the \$35 and the information sheet.

It is important to note that the \$35 administrative fee must be accompanied by the personal information data sheet. Receipt of the \$35 fee without the personal information data sheet and vice versa will delay the processing of the licenses. Please do not mail cash.

Q5. How will an insurer know if a producer has complied with the fee and personal information notice requirement?

Response: Insurers will be able to view the "search data base on the Department's website at <http://www.doi.state.sc.us/>. The license and appointment status of those producers who have not complied by the deadline (to be established in the producer notification) will reflect a **suspended status** on the screen.

Q6. Are producers licensed for limited lines required to pay the thirty-five dollars administrative fee?

Response: No. Examples of limited lines insurance include: credit life, credit property, title, auto physical damage, rental car, etc.

Q7. When is the fee required to be paid?

Response: The thirty-five dollars administrative fee and personal information data sheet must be submitted to the Department by 5:00 P.M. on April 15, 2003.

Q8. What happens if the producer does not pay the thirty-five dollars administrative fee and submit the personal information data sheet by the deadline?

Response: Producers that have not complied by the deadline will have their license and appointments suspended.

Q9. How does a producer reinstate his suspended license and appointment (s)?

Response: A producer's license and appointment can be reinstated by paying the \$35.00 administrative fee, submitting the personal information data sheet, and paying a \$250 penalty. Within three business days after receipt of the required information, the license and appointment (s) will be reactivated.

Q10. Can Insurers pay the thirty-five dollars administrative fee and complete the personal information data sheet for its producers?

Response: No. Some producers are licensed for as many as 5 to 100 companies. To allow insurers to pay on behalf of its producers would cause duplicate payments to be made. Therefore, checks must be submitted by the producer or by his/her licensed insurance agency. However, if one check is written by the agency for all unlimited lines producers, then a copy of each producer's personal information data sheet must accompany the one check written on behalf of all producers. Failure to submit the fee payment and/or the personal information data sheet will be considered noncompliant. The producer is ultimately responsible for payment of the fee.

Q11. What happens if an insurer accepts business from a producer whose license has been suspended?

Response: The insurer will be considered conducting business with an unlicensed individual and administrative action will be taken in accordance with the authority as outlined under Section 38-2-10.

Q12. If a producer is licensed for more than one insurance company, will he have to pay \$35 for each company that he represents?

Response: No. An unlimited lines producer will only pay \$35. He will be issued one license from the Department. The license is the property of the producer and not of the insurer. Each insurer the producer represents must submit an appointment to the Department authorizing the producer to act on its behalf.

Q13. What is the licensing fee for a limited lines license?

Response: The initial and renewal licensing fee is \$40.