


NECESSITY, FUNCTION, AND CONFORMITY:. KRS 304.2-110(1) authorizes the Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010. KRS 304.9-295(6) and (8) authorize the commissioner to limit the number of continuing education hours carried forward to the subsequent biennium. KRS 304.14-642(5) requires the commissioner to promulgate an administrative regulation to implement the Kentucky Long-Term Care Partnership Program. KRS 304.15-720 requires the commissioner to promulgate administrative regulations to implement KRS 304.15-700 to 304.15-720, Kentucky's Life Settlement Law. Pub.L. 108-264 sec. 207 requires the Administrator of the Federal Emergency Management Agency to establish minimum training and education requirements for all insurance agents who sell flood insurance policies in cooperation with state insurance regulators. This administrative regulation establishes procedures for approval of agent and life settlement broker continuing education courses and obtaining credit for attending continuing education courses.

Section 1. Definitions. (1) "Commissioner" means the Commissioner of the Department of Insurance.

(2) "Department" means the Department of Insurance.

(3) "Provider" means the sponsor of a continuing education course.

Section 2. Continuing Education Course Requirements. (1) A continuing education course shall be offered by a provider approved by the commissioner, pursuant to this section:

(a) The application for approval of a provider shall be submitted on the "Provider Approval Application" form incorporated by reference, in 806 KAR 9:340; and

(b) The information shall show that the provider is qualified, through knowledge or experience, to provide prelicensing or continuing education courses and that the provider is properly authorized to charge a course fee, if any.

(2) (a) A continuing education course shall be filed with and approved by the commissioner at least sixty (60) days in advance of advertising unless the commissioner waives the sixty (60) day period.

(b) In determining whether to grant a waiver, the commissioner shall consider whether the failure to file and approve the continuing education course within the time period specified in paragraph (a) of this subsection was due to circumstances which would reasonably justify failure to comply.

(3) (a) 1. All applications for approval of a continuing education course shall be submitted on the "Course Approval Application" form incorporated by reference, in 806 KAR 9:340, which shall be accompanied by the "Filing Fee Submission Form" incorporated by reference, in 806 KAR 9:340, and a nonrefundable initial fee of ten (10) dollars.

2. Notwithstanding the requirements in paragraph (a)1 of this subsection, application for approval of a continuing education course being offered in more than one (1) state may be submitted on the National Association of Insurance Commissioners' "Uniform Continuing Education Reciprocity Course Filing Form" incorporated by reference in 806 KAR 9:340.

(b) After review and assignment of the number of credit hours, the commissioner shall notify
the provider of the additional fee of five (5) dollars per credit hour due pursuant to 806 KAR 4:010.

(c) A continuing education course shall not be approved until all fees are paid.

(4) The commissioner shall approve a continuing education course if it meets the following requirements:
   (a) The continuing education course shall contribute directly, at a professional level, to the competence of the licensee including the following subjects:
       1. Insurance, annuities, and risk management;
       2. Insurance laws and administrative regulations;
       3. Mathematics, statistics, and probability;
       4. Economics;
       5. Business law;
       6. Finance;
       7. Taxes;
       8. Agency management including all aspects of agency operations that support the long-term stability of the agency system and encourage the service and protection of customers, unless specifically excluded in subsection (5) of this section;
       9. Ethics; and
       10. Other topics approved by the commissioner which contribute directly at a professional level to the competence of the licensee; and
   (b) Course development and presentation:
       1. The continuing education course shall have substantial intellectual or practical content to enhance and improve the knowledge and professional competence of participants;
       2. The course shall be developed by persons who are qualified in the subject matter and instructional design;
       3. Material shall be current, relevant, accurate, and include valid reference materials, graphics, and interactivity;
       4. The course shall have clearly defined objectives and course completion criteria;
       5. Each course shall have a written outline and study materials or texts;
       6. Information shall show that the instructors are qualified, through training or experience, to instruct the continuing education course competently and shall be submitted on the "Instructor Approval Application" incorporated by reference, in 806 KAR 9:340, and shall be accompanied by the "Filing Fee Submission Form" incorporated by reference, as in 806 KAR 9:340;
       7. The number of participants and physical facilities shall be consistent with the teaching method specified; and
       8. All courses shall include some means of evaluating quality.
   (5) Continuing education credit shall not be provided for:
      (a) Any course used to prepare for taking an examination required pursuant to KRS Chapter 304;
      (b) Committee service of professional organizations;
      (c) Computer training to develop functional skills;
      (d) Motivational or sales training courses; and
      (e) Any course not in accordance with Section 2(4) of this administrative regulation.
   (6) Any material change in a continuing education course shall be filed with and approved by the commissioner prior to use. The material change shall not be approved until the filing fees are paid in accordance with subsection (3) of this section.
   (7) Biennially, providers shall renew approval of continuing education courses and instructors. Providers shall file applicable information with and pay the applicable fee specified in 806 KAR 4:010 to the commissioner prior to June 30 of even-numbered years.
Section 3. Measurement of Credit Hours. Continuing education courses shall be measured according to course type and calculated in the following manner:

(1) Classroom courses. Each credit hour of a continuing education course shall include at least fifty (50) minutes of continuous instruction or participation.

(2) Self-Study Courses. Each credit hour of a continuing education course completed online or by correspondence shall be calculated in accordance with the National Association of Insurance Commissioners' "Recommended Guidelines for Online Courses."

(3) A continuing education course, regardless of whether it is offered as a classroom course, online course, by correspondence, or self-study, shall not be credited for continuing education by a licensee more than once per continuing education biennium.

Section 4. Reasons for Withdrawal. The commissioner may withdraw approval of a continuing education course, provider, or instructor for any of the following reasons:

(1) The continuing education course teaching methods or course content:
   (a) No longer meet the requirements of:
      1. KRS 304.9-295; or
      2. Sections 2 and 3 of this administrative regulation; or
   (b) The course has been materially changed without being filed with and approved by the commissioner, in accordance with Section 2 of this administrative regulation;

(2) The continuing education course provider has certified to the commissioner that a licensee has satisfactorily completed the course when, in fact, the licensee has not done so;

(3) The continuing education course provider fails to certify to the commissioner that a licensee has satisfactorily completed the course when, in fact, the licensee has done so; or

(4) Unethical conduct of a provider or instructor.

Section 5. Product Specific Continuing Education and Training Requirements. (1) Any resident licensee selling, soliciting, or negotiating insurance products that qualify under the Long-Term Care Partnership Insurance Program, as described in KRS 304.14-462, shall complete eight (8) hours of initial long-term care training, and four (4) hours of additional training for each biennial continuing education compliance period.

(2) Any resident licensee licensed with Property and Casualty lines of authority selling federal flood insurance shall complete three (3) hours of training in accordance with the Flood Insurance Reform Act of 2004, as set forth in Pub.L. 108-264, Section 207.

(3)(a) Any individual licensee selling, soliciting, or negotiating the sale of an annuity, as defined in KRS 304.5-030, shall successfully complete four (4) hours of initial training that shall include information on the following topics:
   1. The types of annuities and various classifications of annuities;
   2. Identification of the parties to an annuity;
   3. The manner in which fixed, variable, and indexed annuity contract provisions affect consumers;
   4. The application of income taxation of qualified and non-qualified annuities;
   5. The primary uses of annuities; and
   6. Appropriate sales practices, replacement, and disclosure requirements.
(b) The training required by subsection (3)(a) of this section shall not include:
   1. Marketing information;
   2. Sales techniques; or
   3. Specific information about a particular insurer's product.
(c) An individual licensee who holds a life line of authority on the effective date of this ad-
ministrative regulation shall complete the training requirements set forth in subsection (3)(a) of this section within six (6) months after the effective date of these training requirements.

(d) An individual licensee who obtains a life line of authority on or after the effective date of this administrative regulation shall complete the training requirements set forth in subsection (3)(a) of this section prior to selling, soliciting, or negotiating the sale of an annuity.

(e) The training required by subsection (3)(a) of this section shall be filed and approved in accordance with Section 2 of this administrative regulation.

(f) The satisfaction of the training requirements of another state that are substantially similar to the provisions of subsection (3)(a) of this section shall satisfy the training requirements in this section.

(g) The training requirements in this subsection shall be effective on January 1, 2012.

(4) The training requirements in subsections (1), (2) and (3) of this section may apply toward fulfillment of a licensee’s continuing education requirement as set forth in KRS 304.2-295 and 304.15-700(3), if the training has been approved as a continuing education course in accordance with Section 2 of this administrative regulation and proof of completion is made in accordance with Section 6 of this administrative regulation.

Section 6. Proof of Completion. (1)(a) Within thirty (30) days of completion of a continuing education course, the provider shall certify to the commissioner the names of all licensees who satisfactorily completed the continuing education course.

(b) The provider shall maintain the "Continuing Education Course Attendance Roster" form, incorporated by reference in 806 KAR 9:340, for at least five (5) years and shall be subject to random audits to ensure compliance with this requirement.

(c) The certification of completion required by this section for a classroom course shall be submitted electronically on the "Continuing Education Course Attendance Roster" form, incorporated by reference in 806 KAR 9:340, through the Department of Insurance Web site, https://insurance.ky.gov/eservices/default.aspx.

(d) 1. The certification of completion required by this section for a self-study course shall be submitted on the "Continuing Education Certificate of Completion" Form, incorporated by reference in 806 KAR 9:340.

   2. The provider shall:
      a. Forward the form to the licensee for signature; and
      b. Instruct the licensee to file the form with the commissioner.

3. In addition, the information may be submitted electronically by the provider to the commissioner through the Department of Insurance Web site, https://insurance.ky.gov/eservices/default.aspx.

   (2) (a) The provider of the continuing education course shall furnish to the licensee attending the course a certificate and the licensee shall retain the certificate for at least five (5) years.

   (b) The certification required by this subsection shall be on the "Continuing Education Certificate of Completion" Form, incorporated by reference in 806 KAR 9:340.

   (c) The provider of the continuing education course shall retain a copy of the certificate for at least five (5) years.

   (d) Providers of continuing education courses and licensees shall make available to the commissioner’s designee copies of these certificates upon the request of the commissioner.

   (3) Pursuant to KRS 304.9-295(2) and (9), every licensed individual required to complete continuing education shall be responsible for ensuring that his or her continuing education certificates of completion are timely filed with the department even if the provider does not fulfill its responsibilities under this administrative regulation.
(4) (a) At least six (6) hours of total credit earned per biennium shall be directly related to any one (1) or more of the lines of authority for which the agent is actively licensed.
(b) At least three (3) hours of total credit earned per biennium shall be in ethics.
(c) Hours may be classroom, self-study, or a combination of both.
(5) Each self-study course shall require successful completion of a written examination or the submission of a statement by the licensee made under oath that the course was completed within the biennium.
(6) Licensees may carry forward up to twelve (12) excess credit hours to the subsequent continuing education biennium.

Section 7. Cancellation and Reinstatement of Licenses. (1) Proof of fulfillment of a resident licensee's continuing education requirement shall be received in conjunction with license renewal in accordance with KRS 304.9-260 and 304.9-295.
(2) If the department does not receive proof of the fulfillment of a licensee’s continuing education requirements on or before the deadline, pursuant to KRS 304.9-295, the commissioner shall:
(a) Make information of the deficiency available to the licensee; and
(b) Terminate the license if proof of completion of the deficient hours on the "Continuing Education Course Attendance Roster" Form incorporated by reference, in 806 KAR 9:340, or the "Continuing Education Certificate of Completion" Form incorporated by reference, in 806 KAR 9:340, is not received by the department on or before the deadline in accordance with KRS 304.9-295.
(3) Within twelve (12) months after a license is terminated for failing to submit certification of continuing education, the license may be reissued if the licensee:
(a) Satisfies the delinquent continuing education requirements;
(b) Submits a new application with required attachments for a license; and
(c) Submits the applicable fees.
(4) If the continuing education delinquency remains unsatisfied for twelve (12) months or longer, the former licensee shall satisfy all of the licensing requirements specified in KRS Chapter 304, Subtitle 9.

Section 8. Requests for an Extension of Time for Continuing Education. (1) An agent exempted from continuing education requirements on the basis of a supporting affidavit that the agent license is maintained for the sole purpose of receiving renewals or deferred commissions may withdraw the continuing education exemption and may have all restrictions against selling, soliciting, and negotiating insurance removed from the agent license by:
(a) Completing the continuing education requirements for the immediate preceding continuing education biennium;
(b) Providing a certification of completion of those continuing education requirements; and
(c) Providing a signed, written statement withdrawing the affidavit.
(2) Use of a supporting affidavit that the agent license is maintained for the sole purpose of receiving renewals or deferred commissions for any reason, including an extension for completion of continuing education requirements for a continuing education biennium, shall be a violation of KRS 304.9-295 and shall subject the affiant to suspension or revocation of the agent license.
(3) Members of the Armed Forces who have been mobilized or deployed in support of their duties may:
(a) Request an extension of time for completion of continuing education requirements, in accordance with KRS 304.9-260(3), by filing with the department form, "Request for Waiver of
Renewal Procedures or Exemption from Examination or Extension for Continuing Education Due to Active Military Service Deployment," incorporated by reference in 806 KAR 9:340; or

(b) Request a waiver for continuing education requirements in accordance with KRS 304.9-260(3).

Section 9. Limited lines of authority as identified in KRS 304.9-230 shall be exempt from all continuing education requirements.

Section 10. Incorporation by Reference. (1) "Recommended Guidelines for Online Courses", 2005 National Association of Insurance Commissioners, is incorporated by reference.

(2) This material may be inspected, copied or obtained, subject to applicable copyright law, at the Kentucky Department of Insurance, 215 West Main Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (17 Ky.R. 803; eff. 10-14-1990; 18 Ky.R. 803; eff. 11-8-1991; 21 Ky.R. 2797; 22 Ky.R. 58; reprinted 675; eff. 7-6-1995; 27 Ky.R. 1594; 2254; eff. 2-15-2001; 29 Ky.R. 2358; 2689; eff. 5-13-2003; 32 Ky.R. 318; 906; 1619; eff. 3-31-2006; 35 Ky.R. 1023; 1468; eff. 1-5-2009; 37 Ky.R. 1554; eff. 3-4-2011; 37 Ky.R. 1554; 38 Ky.R. 124; 599; eff. 10-7-2011.)