PUBLIC PROTECTION CABINET
Department of Insurance
Licensing Division
(Amended at ARRS Committee)

806 KAR 9:025. Licensing process.

RELATES TO: KRS 12.357, 165A.330, 304.4-010, 304.9-030, 304.9-105, 304.9-130, 304.9-150, 304.9-160, 304.9-170, 304.9-230, 304.9-260, 304.9-270, 304.9-280, 304.9-295, 304.9-320, 304.9-430, 304.14-642, Pub. L. 108-264, Sect. 207

STATUTORY AUTHORITY: KRS 304.2-110, 304.9-080, 304.9-105, 304.9-160, 304.9-170, 304.9-230, 304.9-270, 304.9-280, 304.9-295

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the Commissioner of the Department of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provisions of the Kentucky Insurance Code, KRS Chapter 304. KRS 304.9-080 requires the commissioner to prescribe and furnish all forms required for licenses and appointments under Subtitle 9 of the Kentucky Insurance Code. KRS 304.9-105 requires the commissioner to promulgate administrative regulations to establish requirements for a prelicensing course of study for all agents, except for a variable life and variable annuities line of authority and limited lines of authority. KRS 304.9-230 requires the commissioner to promulgate administrative regulations establish requirements for a prelicensing course of study for limited lines of authority. KRS 304.9-160 requires the commissioner to establish the examination process. KRS 304.9-270 requires the commissioner to prescribe a form for appointment of individual and business entity agents. KRS 304.9-230 and 304.9-295 require the commissioner to establish forms and standards for the approval of prelicensing and continuing education course providers, instructors, and courses. This administrative regulation establishes the guidelines for individual agents, business entities, consultants, and adjusters to become licensed, obtain appointments, as required, in Kentucky, maintain their licenses through the completion of continuing education, and surrender their license voluntarily or have their appointment terminated by an insurer.

Section 1. Prelicensing Course Requirements.

(1) An individual applying for an agent license shall complete a prelicensing course of study approved by the commissioner for a minimum of forty (40) hours for life and health insurance, forty (40) hours for property and casualty insurance, or twenty (20) hours for each line of authority, as applicable, for the lines of authority included in the application, unless the applicant is:

(a) Seeking a variable life and variable annuity products line of authority or a limited line of authority under KRS 304.9-230; or

(b) Exempt pursuant to KRS 304.9-170.

(2)

(a) All prelicensing courses, providers, and instructors shall be approved by the commissioner prior to offering a course.

(b) A prelicensing course provider shall submit either in writing or electronically through the department's Web site, http://insurance.ky.gov:

1. A Form KYP-01, Provider Approval Application, submitted once to become an approved course provider;

2. A Form CE/PL-100, Course Approval Application, for each course the approved provider wants to offer;

3. A Form CE/PL-200, Instructor Approval Application, for each course instructor;

4. The fee, as applicable, established for provider, instructor, and course approval in 806 KAR 4:010; and

5. An outline of the content of the course of study.

(c) In approving a prelicensing course of study, the commissioner or the commissioner's designee shall consider whether the course of study covers the subject matter included in the department's current study outlines or their equivalent.

(d) A prelicensing course of study approved by the commissioner shall be renewed biennially.

(e) For renewals, the provider and instructor approval applications shall not be required to be submitted with each course.

(3) A prelicensing course of study shall be valid for one (1) year from the date of completion.

(4) The prelicensing provider shall submit proof of completion of a course of study to the department and the applicant on Form CPL-01, Certificate of Prelicensing Course Completion or electronically through the department's Web site, http://insurance.ky.gov, for each applicant.

Section 2. Agent Licensing.

(1) Except as otherwise provided in this chapter, an applicant for an individual agent license shall file with the department:

(a) A completed Form 8301, NAIC Individual Insurance License Application;

(b) Documentation demonstrating successful completion of any required prelicensing course;

(c) If the applicant is designating Kentucky as his or her home state, a completed background check through the Kentucky Administrative Office of the Courts; and

(d) Except as provided in KRS 12.357, payment of the fees applicable to the license and lines of authority sought in accordance with KRS 304.4-010 and 806 KAR 4:010.

(2) If an examination is required, the documents and fees required in subsection (1) of this section shall be submitted prior to scheduling an examination.

(3) An individual applying for a line of authority identified in KRS 304.9-030(2) shall successfully complete an examination as follows:

(a) For a life line of authority, a life examination;

(b) For a health line of authority, a health examination;

(c) For a property line of authority, a property examination;

(d) For a casualty line of authority, a casualty examination;

(e) For a personal lines line of authority, a property and casualty personal lines examination;

(f) For a line of authority identified in accordance with KRS 304.9-030(2)(h), an examination appropriate for the kind of insurance; and

(g) For a variable life and variable annuity products line of authority, an examination shall not be required.

(4) An examination shall only be required for individual applicants applying for the following limited lines of authority identified in KRS 304.9-230:

(a) For a crop limited line of authority, a crop examination; and

(b) For a rental vehicle limited line of authority, a rental vehicle examination shall be administered or monitored by a rental vehicle agent pursuant to 806 KAR 9:265.

(5) Every applicant for a license for which an examination is required shall answer correctly seventy (70) percent of the questions to pass the examination.

(6) To retake an examination, an applicant shall submit to the department:

(a) Form 8304, Examination Retake Form; and

(b) The applicable examination fee established in 806 KAR 4:010.

Section 3. Adjuster Licensing.

(1) An applicant for an adjuster license shall file with the department:

(a) A completed Form 8301, NAIC Individual Insurance License Application;

(b) If the applicant is designating Kentucky as his or her home state, a completed background check through the Kentucky Administrative Office of the Courts; and

(c) Except as provided in KRS 12.357, the applicable fees established in 806 KAR 4:010.

(2) The documents and fees required under subsection (1) of this section shall be submitted prior to scheduling an examination.

(3) An individual applying for an adjuster line of authority identified in KRS 304.9-430(7) shall:

(a) For a property and casualty line of authority, successfully complete a property and casualty adjuster examination;

(b) For a workers' compensation line of authority, successfully complete a workers' compensation adjuster examination; and

(c) For a crop line of authority, either:

1. Successfully complete a crop adjuster examination; or

2. Demonstrate certification through the Crop Adjuster Proficiency Program, by providing to the department a copy of a Crop Adjuster Proficiency Program certification identification card with an active status issued by the federal Risk Management Agency, an agency within the U.S. Department of Agriculture, which specifies the applicant has passed a proficiency examination to adjust multi-peril crop claims.

(4) Every applicant for a license for which an examination is required shall answer correctly seventy (70) percent of the questions to pass the examination.

(5) To retake an examination, an applicant shall submit to the department:

(a) Form 8304, Examination Retake Form; and

(b) The applicable examination fee established in 806 KAR 4:010.

Section 4. Consultant Licensing.

(1) An applicant for a consultant license shall:

(a) File with the department:

1. A completed Form 8301, NAIC Individual Insurance License Application;

2. If the applicant is designating Kentucky as his or her home state, a completed background check through the Kentucky Administrative Office of the Courts; and

3. Except as provided in KRS 12.357, payment of the fees applicable to the license in accordance with KRS 304.4-010 and 806 KAR 4:010; and

(b) Successfully complete the consultant examination.

(2) The documents and fees required under subsection (1)(a) of this section shall be submitted prior to scheduling an examination.

(3) An applicant for a consultant license shall answer correctly seventy (70) percent of the questions to pass the consultant examination.

(4) To retake an examination, an applicant shall submit to the department:

(a) Form 8304, Examination Retake Form; and

(b) The applicable examination fee established in 806 KAR 4:010.

Section 5. Continuing Education.

(1)

(a) Continuing education providers, instructors, and courses shall be approved by the commissioner unless specifically exempted by KRS 304.9-295.

(b) To apply for approval as a continuing education provider, an applicant shall submit to the department:

1. A completed Form KYP-01, Provider Approval Application; and

2. For proprietary schools, documentation of licensure by the Kentucky Commission on Proprietary Education.

(c) To apply for approval as a continuing education instructor, an approved continuing education provider shall submit to the department:

1. A completed Form CE/PL-200, Instructor Approval Application; and
2. The applicable fee established in 806 KAR 4:010.

(d)

1. To apply for approval of a continuing education course, an approved continuing education provider shall submit to the department Form CE/PL-100, Course Approval Application at least sixty (60) days in advance of advertising the course, unless good cause is demonstrated by the provider for the failure to timely submit the form. If the course is offered in multiple states, the provider may, in lieu of Form CE/PL-100, submit the NAIC Uniform Continuing Education Reciprocity Course Filing Form.
2. After approval of the continuing education course and the determination of the number of credit hours assigned to the course, the continuing education provider shall pay to the department the applicable fee established in 806 KAR 4:010.

(e) The commissioner shall consider the following in determining approval of a continuing education course:

1. Once the total credit hours are determined, whether the applicant has remitted all fees due pursuant to 806 KAR 4:010; and
2. Whether the continuing education course contributes directly, at a professional level, to the competence of the licensee with respect to the following subjects:
   a. Insurance, annuities, and risk management;
   b. Insurance laws and administrative regulations;
   c. Mathematics, statistics, and probability;
   d. Economics;
   e. Business law;
   f. Finance;
   g. Taxes;
   h. 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;
   i. Ethics; and
   j. Other topics approved by the commissioner which contribute directly at a professional level to the competence of the licensee.

(f) The continuing education course shall:

1. Include current, relevant, accurate, and valid reference materials, graphics, and interactivity;
2. Have clearly defined objectives and course completion criteria;
3. Have a written outline and study materials or texts; and
4. Include a means for evaluation.

(g) A self-study course shall require successful completion of an examination.

(h) Continuing education credit shall not be provided for:

1. Any course used to prepare for taking an examination required pursuant to KRS Chapter 304;
2. Committee service for professional organizations;
3. Computer training to develop functional skills; and
4. Motivational or self-help courses.

(i) The commissioner shall measure continuing education course credit hours by the following:

1. Each credit hour for live instruction courses, completed in a classroom, by video, teleconference, or computer, shall include at least fifty (50) minutes of continuous instruction or participation; and

2. Each credit hour for recorded self-study courses, completed online or by correspondence, shall be calculated in accordance with the Recommended Guidelines for Online Courses.

(j) Any material change in a previously approved continuing education course shall be filed with and approved by the commissioner prior to use.

(k) Biennially, a continuing education provider shall request renewal of a continuing education course and a continuing education instructor by submitting the information required by subsection (1)(c) and (d) of this section and the fee established in 806 KAR 4:010 to the department on or before June 30 of even-numbered years.

(2)

(a) A resident individual agent selling, soliciting, or negotiating insurance products that qualify under the Long-Term Care Partnership Insurance Program, as described in KRS 304.14-642, shall complete eight (8) hours of initial long-term care insurance training, and four (4) hours of additional training for each biennial continuing education compliance period.

(b) A resident individual agent who holds a property and casualty line of authority selling flood insurance under the National Flood Insurance Program 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.

(c)

1. An individual agent who holds a life line of authority shall successfully complete four (4) hours of initial training, prior to the sale, solicitation, or negotiation of annuities, unless the agent has documented the completion of substantially similar training in another state, that shall include at a minimum information on the following topics:

a. The types of annuities and various classifications of annuities;

b. Identification of the parties to an annuity;

c. How product specific annuity contract features affect consumers;

d. The application of income taxation of qualified and non-qualified annuities;

e. The primary uses of annuities; and

f. Appropriate standard of conduct, sales practices, replacement, and disclosure requirements.

2. The training required by subparagraph 1. of this paragraph shall not include:

a. Marketing information;

b. Training on sales techniques; or

c. Specific information about a particular insurer's products.

3. Except as provided in subparagraph 4. of this paragraph, an agent who has completed an annuity training course approved by the department prior to January 1, 2022 shall, within six (6) months after January 1, 2022, complete either:

a. A new four (4) credit hour training course approved by the Department of Insurance and provided by a Department of Insurance-approved education provider; or

b. An additional one-time one (1) credit hour training course approved by the Department of Insurance and provided by a Department of Insurance-approved education provider on appropriate sales practices and replacement and disclosure requirements under 806 KAR 12:120.

4. A non-resident agent who has completed a training course that is substantially similar to the training course required in subparagraph 3. of this paragraph shall meet the requirements of subparagraph 3. of this paragraph.

(3) A continuing education provider shall:

(a) Within thirty (30) days of completion of a continuing education course, submit electronically through the department's Web site, http://insurance.ky.gov, the Continuing Education Certificate of Completion forms and attendance roster for all licensees who satisfactorily completed the course;

(b) Issue Form CE-301, Approved Continuing Education Certificate of Completion to the licensee that successfully completed the course; and

(c) Maintain all attendance rosters and course completion certificates in hard copy or electronic format for at least five (5) years for review, as necessary, by the commissioner.

(4) A licensee shall be responsible for verifying that a continuing education provider has submitted a continuing education certificate of completion form to the department for a continuing education course that the licensee has successfully completed. If the continuing education provider has not submitted a continuing education certificate of completion form in accordance with subsection (3) of this section, the licensee shall submit the continuing education certificate of completion to the department within the timeframes established in KRS 304.9-260 and 304.9-295.

(5) A licensee may carry forward up to twelve (12) excess credit hours to the subsequent continuing education biennium.

(6)

(a) If the department does not receive proof of compliance with a licensee's continuing education requirement on or before the deadline established in KRS 304.9-260 and 304.9-295, the commissioner shall:

1. Make information of the deficiency available to the licensee; and

2. Terminate the license if proof of completion of the deficient hours is not received as prescribed by KRS 304.9-295.

(b) A licensee whose license is terminated pursuant to paragraph (a) of this subsection shall:

1. Have the license reissued within twelve (12) months of the license termination if the licensee:

a. Satisfies the delinquent continuing education requirements;

b. Submits a new application with required attachments included within Section 2(1) or Section 3(1) of this administrative regulation for a license; and

c. Submits the applicable fees established in 806 KAR 4:010; or

2. Complete all licensing requirements specified in KRS Chapter 304, Subtitle 9 and this administrative regulation if the continuing education delinquency remains unsatisfied for twelve (12) months or longer.

(7)

(a) A licensee may seek an exemption from continuing education requirements under KRS 304.9-295(3)(d) by completing a Form CE AFF 304, Affidavit for Exemption from Continuing Education.

(b) An agent exempted from continuing education requirements in accordance with paragraph (a) of this subsection may withdraw the continuing education exemption and may have all restrictions against selling, soliciting, and negotiating insurance removed from the agent license by:

1. Completing the continuing education requirements for the immediate preceding continuing education biennium;

2. Providing a certification of completion of those continuing education requirements; and

3. Providing a signed, written statement withdrawing the affidavit.

(c) The false use of Form CE AFF 304, Affidavit for Exemption from Continuing Education for any reason, including for the purpose of obtaining 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.

(8) Members of the Armed Forces who have been mobilized or deployed in support of their duties may request an extension of time for completion, or a waiver, of continuing education requirements, in accordance with KRS 304.9-260(3), by filing with the department the Form MLW-01, Request for Waiver of Renewal Procedures or Exemption from Examination or Extension for Continuing Education Due to Active Military Service Deployment.

Section 6. Business Entity Agent Application and Designation.

(1) Except as otherwise provided in this chapter, a business entity applying for a license in accordance with KRS Chapter 304 Subtitle 9 or Subtitle 10 shall submit to the department:

(a) Form 8301-BE, NAIC Business Entity Insurance License Application; and

(b) The applicable fee established in 806 KAR 4:010.

(2) A business entity shall submit Form 8305, Business Entity Designation or Termination of Designation Form, to designate or terminate individuals authorized to act under the business entity's license or appointments.

Section 7. Agent Appointment.

(1) Each insurer shall appoint each agent acting on the insurer's behalf within fifteen (15) days of the agent contract's execution or the date on which the agent submits their first application to the insurer, whichever is earlier, in accordance with KRS 304.9-270.

(2) An insurer seeking approval of an agent's appointment shall submit to the department:

(a) Form 8302-AP, Producer Appointment; and

(b) The applicable filing fee established in 806 KAR 4:010.

(3) An insurer terminating an appointment pursuant to KRS 304.9-280 shall submit Form 8302-TE, Termination of Producer Appointment within thirty (30) days following the effective date of an agent's termination.

(4) The requirements of this section shall apply to both individual and business entity agent appointments.

Section 8. Record Correction. A licensee shall submit Form 8303, Record Correction Form to the department to make a change or update the licensee's:

(1) Name;

(2) Address;

(3) Phone number;

(4) Email address; and

(5) Name in which the licensee is doing business.

Section 9. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) Form CPL-01, "Certificate of Prelicensing Course Completion," (8/2019);

(b) Form 8301, "NAIC Individual Insurance License Application," (6/2022);

(c) Form 8301-BE, "NAIC Business Entity Insurance License Application," (9/2021);

(d) Form 8302-AP, "Producer Appointment," (9/2021);

(e) Form 8302-TE, "Termination of Producer Appointment," (9/2021);

(f) Form 8305, "Business Entity Designation or Termination of Designation Form," (9/2021);

(g) Form 8304, "Examination Retake Form," (9/2021);

(h) Form KYP-01, "Provider Approval Application," (9/2021);

(i) Form CE/PL-100, "Course Approval Application," (8/2019);

(j) Form CE/PL-200, "Instructor Approval Application," (8/2019);

(k) Form CE-301, "Approved Continuing Education Certificate of Completion," (9/2021);

(l) Form CE AFF 304, "Affidavit for Exemption from Continuing Education," (9/2021);

(m) Form 8303, "Record Correction Form," (9/2021);

(n) Form MLW-01, "Request for Waiver of Renewal Procedures or Exemption from Examination or Extension for Continuing Education Due to Active Military Service Deployment," (9/2021);

(o) "NAIC Uniform Continuing Education Reciprocity Course Filing Form," (8/2019); and

(p) "Recommended Guidelines for Online Courses", National Association of Insurance Commissioners, 3/2015.

(2) This material may be inspected, copied or obtained, subject to applicable copyright law, at the Kentucky Department of Insurance, Mayo-Underwood Building, 500 Mero Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the Department's Web site at https://insurance.ky.gov/ppc/CHAPTER.aspx.

(46 Ky.R. 1866; eff. 3-3-2020; 47 Ky.R. 806, 1600; 48 Ky.R. 1141; eff. 1-4-2022; 49 Ky.R. 99, 810; eff. 1-3-2023.)

FILED WITH LRC: September 13, 2022

CONTACT PERSON: Abigail Gall, Executive Advisor, 500 Mero Street, Frankfort, Kentucky 40601, phone +1 (502) 564-6026, fax +1 (502) 564-1453, email abigail.gall@ky.gov.