

## 1 SENATE BILL NO. 357

2 INTRODUCED BY T. FACEY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATING TO PREPAID LEGAL INSURANCE;  
5 PROVIDING A SEPARATE LICENSE EXAM FOR PREPAID LEGAL INSURANCE; PROVIDING THAT LICENSE  
6 EXAMS COVER ONLY THE KINDS OF INSURANCE FOR WHICH THE APPLICANT APPLIES TO BE  
7 LICENSED; REVISING CONTINUING EDUCATION REQUIREMENTS FOR INDIVIDUALS LICENSED SOLELY  
8 TO SELL PREPAID LEGAL INSURANCE; AMENDING SECTIONS 33-17-212 AND 33-17-1203, MCA."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 33-17-212, MCA, is amended to read:

13 **"33-17-212. Examination required -- exceptions -- fees.** (1) Except as provided in subsection (6), an  
14 individual applying for a license is required to pass a written examination. The examination must test the  
15 knowledge of the individual concerning each kind of insurance listed in subsection (5) for which application is  
16 made, the duties and responsibilities of an insurance producer, and the insurance laws and rules of this state.  
17 The examination must be developed and conducted under rules adopted by the commissioner.

18 (2) (a) The commissioner may conduct the examination or make arrangements, including contracting  
19 with an outside testing service, for administering the examination. The commissioner may arrange for the testing  
20 service to recover the cost of the examination from the applicant.

21 (b) The commissioner may not charge a fee for an applicant taking an examination pertaining to prepaid  
22 legal insurance. However, the commissioner may contract with an outside testing service for administering the  
23 examination, and the commissioner may arrange for the testing service to recover the cost of the examination  
24 from the applicant.

25 (3) An individual who fails to appear for the examination as scheduled or fails to pass the examination  
26 may reapply for an examination and shall remit all forms before being rescheduled for another examination.

27 (4) Except as provided in subsection (6), if the applicant is a business entity, each individual who is to  
28 be named in the license as having authority to act for the applicant in its insurance transactions under the license  
29 must meet the qualifications provided for in this section.

30 (5) Examination of an applicant for a license must cover ~~all of~~ only the kinds of insurance for which the

- 1 applicant has applied to be licensed, as constituted by any one or more of the following classifications:
- 2 (a) life insurance;
- 3 (b) disability insurance;
- 4 (c) property insurance, which for the purposes of this provision includes marine insurance;
- 5 (d) casualty insurance;
- 6 (e) surety insurance;
- 7 (f) limited lines credit insurance;
- 8 (g) title insurance;
- 9 (h) prepaid legal insurance as provided for in 33-1-215.
- 10 (6) This section does not apply to and an examination is not required of:
- 11 (a) an individual lawfully licensed as an insurance producer as to the kind or kinds of insurance to be
- 12 transacted as of or immediately prior to January 1, 1961, and who continues to be licensed;
- 13 (b) an applicant for a license covering the same kind or kinds of insurance as to which the applicant was
- 14 licensed in this state, other than under a temporary license, within the 12 months immediately preceding the date
- 15 of application unless the commissioner has suspended, revoked, or terminated the previous license;
- 16 (c) an applicant for a license as a nonresident insurance producer;
- 17 (d) transportation ticket agents of common carriers applying for a license to solicit and sell only:
- 18 (i) accident insurance ticket policies; or
- 19 (ii) insurance of personal effects while being carried as baggage on a common carrier, as incidental to
- 20 their duties as transportation ticket agents; or
- 21 (e) an association applying for a license under 33-17-211.
- 22 (7) (a) Subject to the provisions of subsection (7)(b), an individual who applies for a nonresident
- 23 insurance producer license in this state and who was previously licensed for the same lines of authority in another
- 24 state may not be required to complete any prelicensing education or examination.
- 25 (b) The exemption in subsection (7)(a) is available only if the individual is currently licensed in the other
- 26 state or the individual's application is received within 90 days of the cancellation of the individual's previous
- 27 license and if the other state issues a certification that, at the time of the cancellation, the individual was in good
- 28 standing in that state or the state's database records, maintained by the national association of insurance
- 29 commissioners or any of the association's affiliates or subsidiaries that the association oversees, indicate that
- 30 the insurance producer is or was licensed in good standing for the lines of authority requested."

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**Section 2.** Section 33-17-1203, MCA, is amended to read:

**"33-17-1203. Continuing education -- basic requirements -- exceptions.** (1) Unless exempt under subsection (3):

(a) an individual licensed to act as an insurance producer, adjuster, or consultant other than an individual licensed only for surety bail bonds or for limited lines credit insurance shall, during each 24-month period, complete at least 24 credit hours of approved continuing education, including at least 3 hours of ethics credits and at least 1 credit hour on changes in Montana insurance statutes and administrative rules;

(b) an individual licensed to act as an insurance producer only for surety bail bonds, prepaid legal insurance, or ~~for~~ limited lines credit insurance shall, during each biennium, complete 5 credit hours of approved continuing education, including at least 1 credit hour on changes in Montana insurance statutes and administrative rules and the remaining credit hours in the areas of insurance law, ethics, or topics specific to surety bail bonds, prepaid legal insurance, or limited lines credit insurance.

(2) The commissioner may, for good cause, grant an extension of time, not to exceed 1 year, during which the requirements imposed by subsection (1) may be completed.

(3) The minimum continuing education requirements do not apply to:

(a) an individual holding a temporary license issued under 33-17-216; or

(b) an insurance producer, adjuster, or consultant otherwise exempted by the commissioner."

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