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Governor

BOYD K. RUTHERFORD
Lt. Governor

AL REDMER, JR.
Commissioner



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December 31, 2019

The Honorable Delores Kelley
Chair, Senate Finance Committee
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Derrick Davis
Chair, House Economic Matters Committee
231 House Office Building
6 Bladen Street
Annapolis, MD 21401

Re: Adequacy and Effectiveness of Course Offerings for Insurance Producer Continuing Education Report (MSAR #12151)

Chair Kelley and Chair Davis:

On behalf of the Maryland Insurance Administration (MIA), I am pleased to submit the Adequacy and Effectiveness of Course Offerings for Insurance Producer Continuing Education Report. In accordance with Senate Bill 29, Chapter 102, Acts 2019, the MIA in consultation with the Independent Insurance Agents of Maryland, Insurance Agents and Brokers of Maryland, the Maryland Association of Health Underwriters, and the National Association of Insurance and Financial Advisor of Maryland, has reviewed and reported on the adequacy and effectiveness of course offerings for insurance producer continuing education (CE) in the State, including an examination of the role of organizations of insurance producers in providing and reviewing such course offerings.

Five printed copies of this report have also been mailed to the DLS Library for their records.

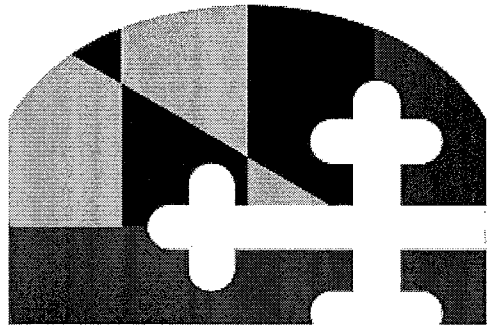
Don't hesitate to reach out should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be "A. Redmer, Jr.", written in a cursive style.

Alfred W. Redmer, Jr.
Insurance Commissioner

cc: Sarah Albert, Department of Legislative Services (5 copies)



Maryland

INSURANCE ADMINISTRATION

**Adequacy and Effectiveness of Course Offerings
for Insurance Producer Continuing Education
Report**

MSAR # 12151

**Al Redmer, Jr.
Commissioner
December 31, 2019**

For further information concerning this document contact:

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This document is available in alternative format upon request
from a qualified individual with a disability.
TTY 1-800-735-2258

The Administration's website address is: www.insurance.maryland.gov

In accordance with Senate Bill 29, Chapter 102, Acts 2019, the Maryland Insurance Commissioner, in consultation with the Independent Insurance Agents of Maryland, Insurance Agents and Brokers of Maryland, the Maryland Association of Health Underwriters, and the National Association of Insurance and Financial Advisor of Maryland, (collectively, Producer Associations) shall study and report to the Senate Finance Committee and the House Economic Matters Committee, in accordance with § 2-1246 of the State Government Article, on the adequacy and effectiveness of course offerings for insurance producer continuing education (CE) in the State, including an examination of the role of organizations of insurance producers in providing and reviewing such course offerings.

In furtherance of this requirement, the Maryland Insurance Commissioner organized a Continuing Education Workgroup (Workgroup) and scheduled two public meetings on September 13, 2019 and October 10, 2019¹. Additionally, the Producer Associations proposed changes to the Insurance Article or the Code of Maryland Regulations, governing the content and delivery of insurance producer continuing education courses. As detailed below, the industry meetings offered the Administration a valuable opportunity to hear about concerns with the delivery modalities and the adequacy of existing course offerings. Further, the Administration provided more information to Producer Associations concerning existing regulations governing continuing education requirements, the Administration's procedures to review course offerings, and regulations addressing non-compliant course offerings.

A. Adequacy and effectiveness of course offerings for insurance producer continuing education

For the first Workgroup meeting on September 13, 2019, the Administration provided a detailed summary of its review process for CE providers and courses. Generally, for CE courses that are delivered online, the review process entails working with a vendor to ensure that the course is for an approved insurance topic; the materials must be current, relevant, and accurate; the course objectives must be clearly defined; specific instructions must be provided to complete the course; technical support must be provided; there must be a clear method for measuring successful course completion; and there must be a process for requesting and receiving a CE course-completion certificate.

In addressing enforcement concerns raised by the Producer Associations, the Administration explained its authority and duty to investigate prohibited practices under COMAR 31.03.02.14. Specifically, the following practices by a provider, course coordinator, or instructor are prohibited: A. Offering or teaching a course that is not approved or that is not in substantial conformity with the course completion package submitted to and approved by the Commissioner. Additionally, the Administration advised the Producer Associations that it has authority to audit both online and in-person CE courses. The Producer Associations raised legitimate concerns about the possibility that producers might complete on-line courses in less

¹ General Information concerning the Workgroup, the agendas for both meetings, the meeting schedule, and proposed regulations in furtherance of SB29, Ch. 102, Acts 2019, were made available on the Maryland Insurance Administration website for public comments at https://insurance.maryland.gov/Consumer/Pages/Continuing_Education_Workgroup.aspx

time than is required. To this point, the Producer Associations suggested that more auditing of on-line courses is needed based on specific instances of on-line courses failing to satisfy the minimum number of hours advertised and required for completion.

Additionally, the Producer Associations raised concerns that CE is advertised for marketing purposes, in order to advertise new products, or by offering producers items of value. The Administration advised that instances of noncompliant CE courses and practices should be reported to the Administration for investigation. As a result of the above concerns, the Producer Associations recommended that some classroom requirements should be reintroduced to ensure that the required minimum hours of CE are completed and that the course offerings are compliant. This recommendation would require a statutory change because § 10-116(d)(2) and (d-1)(1) authorize on-line courses.

B. Examination of the role of organizations of insurance producers in providing and reviewing such course offerings

The Workgroup discussions provided a valuable opportunity to hear about concerns from the Producer Associations. The Administration also advised the Producer Associations that Section 10-110 of the Insurance Article, Annotated Code of Maryland, provides that the Commissioner may appoint an advisory board for life and health insurance and an advisory board for property and casualty insurance to assist the Commissioner in reviewing continuing education courses, examinations, and other matters relating to the education and qualification of insurance producers. The Producer Advisory Board meets with the Administration four times each year and advises that Administration on an array of topics related to education and qualifications of insurance producers in Maryland².

In addition to discussing the issues described above, the Producer Associations also submitted the below proposals to the Administration for consideration, which were discussed at length during the second Workgroup meeting on October 10, 2019:

1. A participant assessment of each course should be required:

The MIA, together with producer associations and other interested parties, shall develop a standard form that is required to be completed by each participant in a CE course. A copy of each assessment shall be submitted to the MIA by the course provider. The MIA shall review a random sample of course assessments to determine compliance with statutory requirements, and may sanction a provider, up to and including revocation of its approval as a provider, for deficiencies found in assessments.

2. A robust analytics requirement shall be required of each online course:

² The current Producer Advisory Board members, the minutes of prior meetings, and the agenda for any upcoming meetings are available at <https://insurance.maryland.gov/Producer/Pages/advisoryboards.aspx>

Each online course provider shall provide evidence satisfactory to the MIA that a participant is participating in the course at all times while the course is being delivered.

3. Audit procedures should be changed from a percentage of courses offered to a percentage of providers.

This is necessary to avoid a concentration of repeated audits by MIA auditors on certain providers.

4. Certain CE courses must be provided on an in-person basis only.

Today, all CE courses may be taken online. In addition, there are certain subjects that have specific statutory requirements. Courses that are the subject of these statutory requirements, would under our proposal, have to be provided only in person. They include ethics, flood, long-term care, and the Senior Prescription Drug Assistance Program. In addition, the Commissioner should be authorized to reasonably determine that other subjects may also be required to be delivered only in person. In-person CE promotes greater accountability and provides greater scrutiny by permitting the regulator to physically audit each course, thus assuring a higher level of protection for Maryland insurance consumers.

5. Additional general prohibitions should be added to the CE statute.

First, there should be a prohibition on marketing products or services by a provider or related party while a course is being delivered. This prohibition shall not apply to marketing activities before or after course delivery. In addition, a provider engaged in marketing products or services in conjunction with CE shall so advise the MIA and/or its vendor at the time of submittal for course approval. Second, there should be a prohibition on representations by providers, or course design, intended to permit a producer to obtain CE credits in less than the statutorily required timeframe.

6. The CE statute should permit the rollover of excess CE credits from one producer licensing period to another if those credits are in pursuit of a professional designation approved by the Commissioner.

Certain professional designations, if approved by the Commissioner, are generally recognized to heighten the skill, knowledge and performance of an insurance producer, thus benefiting Maryland insurance consumers.

C. Next steps

The Administration welcomes continued and constructive dialog with the Producer Associations and all other interested parties to ensure that CE course offerings are adequate and that CE providers comply with Maryland law.