



Mississippi Insurance Department Bulletin 2009-2

Frequently Asked Questions

May 7, 2009

GENERAL QUESTIONS

1.) Who does this new law affect?

These new changes will affect only those persons currently licensed with one of the following lines of authority:

Life, Accident and Health, Property and Casualty, Variable Life and Variable Annuity Products (Variable Contracts), Industrial Life Accident and Health, Industrial Fire, Credit Life, Credit Property, Title, Trip Accident and Baggage.

These new changes will also affect persons applying for a license on or after November 1, 2009 with one of the following lines of authority:

Life, Accident and Health, Property, Casualty, Variable Life and Variable Annuity Products, Personal Lines, Industrial Fire, Surety, Title, Trip Accident and Baggage, Industrial Life and Accident and Health, Car Rental, Crop Insurance, Travel and Credit.

2.) When does this new law go into effect?

November 1, 2009

The Mississippi Insurance Department will begin transitioning its licensees to these license types and license periods beginning with the 2009 Life, Accident and Health ("LAH") renewal process. All 2009 LAH license types expire by statute on December 31, 2009. Every license which is renewed during the 2009 LAH renewal cycle will be given an expiration date, upon renewal, that is the last day of the month of birth of the licensee in the second year of the license renewal, with a minimum term of thirteen months. Licensees who hold only a property and casualty ("P&C") license will begin their transition to this new license type beginning with the 2010 P&C renewal process.

For example, an individual born in June who renews his or her LAH license prior to the December 31, 2009 deadline will receive a new license that expires on June 30, 2011. Upon renewing this license prior to June 30, 2011, the new expiration date will be June 30, 2013.

If an individual currently holds a LAH license with an expiration date of December 31, 2009 and a P&C license with an expiration date of May 31, 2010, these licenses will be combined into one Insurance Producer license and must be renewed by December 31, 2009 in order to remain in effect. If an individual with dual licenses has previously declared his or her property and casualty license as their primary license for the purposes of continuing education, he or she will be allowed to renew their combined license prior to December 31, 2009 but must provide proof of twelve hours of continuing education to the Department no later than May 31, 2010 in order for the license to remain in effect.

Every surplus lines license issued or renewed after November 1, 2009 will be given an expiration date that is last day of the month of birth of the licensee in the second year of the license renewal, with a minimum term of thirteen months.

3.) When will I be able to go online to renew my license under the new law?

All Insurance Producer, Limited Line Insurance Producer and Limited Lines Credit Insurance Producer licenses may be renewed online generally sixty (60) days before the license expiration date.

4.) What new lines of authority were created by this new law?

The line of authority previously known as Property and Casualty has been divided into two separate lines (1) Property and (2) Casualty. In addition a new major line of insurance has been created called Personal Lines. Personal Lines is Property and Casualty insurance that is non-commercial in nature. The major line of authority previously known as “Variable Contracts” has been renamed “Variable Life and Variable Annuity Products”.

The following limited lines of authority were created: Surety, Crop Insurance, Travel, Car Rental, and Credit.

5.) Will my Insurance Producer, Limited Line Insurance Producer or Limited Line Credit Insurance Producer license expire on my birthday?

No. The Insurance Producer, Limited Line Insurance Producer and Limited Line Credit Insurance Producer licenses expire on the last day of the month you were born on a biennial basis, not on your actual birthday.

6.) If I get an Insurance Producer, Limited Line Insurance Producer or Limited Line Credit Insurance Producer license on November 1, 2009 will it expire on December 31, 2009?

No. All licenses issued on or after November 1, 2009 will have an expiration date that is the last day of the birth month of the licensee in the second year of licensure.

7.) If I want to amend my Insurance Producer, Limited Line Insurance Producer or Limited Line Credit Insurance Producer license and add a new line of authority what do I need to do?

You will need to complete a license amendment (“add qualification”) application and pay \$25.00 to amend your license. You may add a qualification to your license electronically at www.sircon.com/mississippi

8.) If I need a duplicate license what do I need to do?

You will need to complete a duplicate license form and pay \$25.00 for a new license.

9.) How much will temporary licenses cost?

A temporary license will cost the same as a biennial license of the same license type.

10.) Is there still a license penalty of 50% of the license fee for renewing late?

Yes. All Insurance Producer, Limited Line Insurance Producers and Limited Line Credit Insurance Producer types have a fifty (50%) penalty for failing to renew your license by the expiration date.

11.) How much will an individual Insurance Producer, Limited Line Insurance Producer or Limited Line Credit Insurance Producer license cost?

One Hundred Dollars (\$100.00) for each initial license and biennial renewal.

Currently most property and casualty agents pay fifty dollars (\$50.00) annually to renew their licenses. The license fee was increased to one hundred dollars (\$100.00) by the Legislature to reflect the change from an annual license to a biennial license. Insurance Producers with a life and/or accident and health line of authority will see a slight increase in their license fee from forty dollars (\$40.00) every two years to one hundred dollars (\$100.00) every two years. However, individuals with property, casualty, life and accident and health lines of authority will see a reduction in their license fee from one hundred and forty dollars (\$140.00) every two years to just one hundred dollars (\$100.00) every two years.

12.) How much will a business entity have to pay for a license to act as an Insurance Producer, Limited Line Insurance Producer or Limited Line Credit Insurance Producer?

Two Hundred Dollars (\$200.00) for each initial license and biennial renewal.

13.) Will licensed business entities be able to declare two executive officers as no-tax officers anymore?

No. Every individual acting as an Insurance Producer, Limited Line Insurance Producer, Limited Line Credit Insurance Producer, Supervising General Agent or Managing General Agent for a business entity shall meet all requirements set forth in Title 83 of the Mississippi Code and shall not be exempt from the privilege tax prescribed by Miss. Code Ann. § 27-15-85. Therefore, there is no longer a privilege tax exemption for two executive officers of a business entity.

14.) If I receive less than \$3,000 in commissions do I still receive a reduction in my license renewal fee?

No. All license renewal fees will be the same regardless of how much commission income was received by the licensee in the previous year.

15.) Will licensed entities located in Class 5, 6, and 7 Municipalities still be able to pay a reduced license fee?

No. All initial license and renewal fees will be the same regardless of where the business entity is located.

16.) Will initial property and casualty license fees be less than the renewal fee?

No. All license fees will be the same regardless of whether they are the initial license fee or a renewal license fee.

LICENSE SPECIFIC QUESTIONS

17.) How do I calculate how long my license has been in effect?

Every time a license is renewed a new license period begins for the licensee. The first day of the new license period is the day after the previous license's expiration date.

For example: All licenses with an expiration date of 12-31-2009 which are renewed before the expiration date will have a new license period which begins 01-01-2010.

When calculating the number of months your license will be in effect, you count each month during the license period except for the last month of the license period.

For example: A license with begin date of January 1, 2010 and expiration date of July 31, 2011 is an eighteen (18) month license.

(January, February, March, April, May, June, July, August, September, October, November, December, January, February, March, April, May, June)

If this is your first license period (you have never renewed) then the issue date on the license is the date from which you begin your calculation.

18.) Which lines of authority may be included in an Insurance Producer license?

Life, Accident and Health, Property, Casualty, Variable Life and Variable Annuity products, and Personal Lines

Please note prelicensing education and license examinations must be successfully completed for the following lines of authority: Life, Accident and Health, Property, Casualty and Personal Lines

19.) Which lines of authority may be included in a Limited Line Insurance Producer license?

Industrial Fire, Surety, Title, Trip Accident and Baggage, Industrial Life and Accident & Health, Car Rental, Crop Insurance and Travel.

20.) Which lines of authority may be included in a Limited Line Credit Insurance Producer license?

Credit

21.) If I currently hold a Property and Casualty license and a Life, Accident and Health license with different expiration dates when do I renew them?

Individuals and Entities which currently hold a Property and Casualty license and a Life, Accident and Health license will have their licenses merged on November 1, 2009 into one license called an Insurance Producer license with an expiration date of December 31, 2009. You will need to renew this license by December 31, 2009 for it to remain in effect.

22.) When will business entity Insurance Producer, Limited Line Insurance Producer and Limited Line Credit Insurance Producer licenses expire?

All Insurance Producer, Limited Line Insurance Producer and Limited Line Credit Insurance Producer licenses held by business entities will expire on May 31 in the second year following issuance or renewal of the license, with a minimum term of thirteen (13) months.

23.) If a business entity currently holds a LAH Entity license and a P&C Entity license with different expiration dates when will they need to renew?

Entities which currently hold a Property and Casualty license and a Life, Accident and Health license will have their licenses merged on November 1, 2009 into one license called an Insurance Producer license with an expiration date of December 31, 2009. Upon renewal of this license, the new expiration date will be May 31, 2011.

24.) Do I need to take an examination for a Limited Line Insurance Producer license?

The only limited lines of authority that require successfully completing an examination are industrial fire and industrial life.

25.) What type of insurance can I sell with a Travel line of authority?

Limited line insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.

26.) What type of insurance can I sell with a Car Rental line of authority?

Limited line insurance offered, sold or solicited in connection with and incidental to the rental of rental cars, whether at the rental office or pre-selection of coverage in master, corporate or individual agreements that is non-transferrable, applies only to the rental car that is subject of the rental agreement and is limited to the following kinds of insurance:

- (i) personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment, and for medical expenses resulting from an accident that occurs with the rental car during the rental period;
- (ii) liability insurance that provides protection to the renters and other authorized drivers of a rental car for liability arising from the operation or use of the rental car during the rental period;
- (iii) personal effects insurance that provides coverage to renters and other vehicle occupants for loss of, or damage to, personal effects in the rental car during the rental period;
- (iv) roadside assistance and emergency sickness protection insurance; or
- (v) any other coverage designated by the Commissioner of Insurance.

27.) What type of insurance can I sell with a Surety line of authority?

Limited line insurance or bond that covers obligations to pay the debts of, or answer for the default of another, including faithlessness in a position of public or private trust. For purpose of limited line licensing, Surety does not include Surety Bail Bonds.

28.) What type of insurance can I sell with a Crop Insurance line of authority?

Limited line insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease or other yield-reducing conditions or perils provided by the private insurance market, or that is subsidized by the Federal Crop Insurance Corporation, including Multi-Peril Crop Insurance.

29.) If I currently hold a Credit Life license and a Credit Property license with different expiration dates when do I renew them?

Individuals who currently hold a credit life and credit property license will have their licenses merged on November 1, 2009 into one license called a Limited Line Credit Insurance Producer license with an expiration date of December 31, 2009. You will need to renew this license by December 31, 2009 for it to remain in effect.

30.) What is the difference in the Trip, Accident and Baggage line of authority and the Travel line of authority?

The Travel line of authority is limited line insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.

Trip, Accident and Baggage is coverage protecting the insured against risk resulting from accidental death; loss or damage to personal effects carried as a baggage in connection with transportation provided by a common carrier.

PRELICENSING AND CONTINUING EDUCATION QUESTIONS

31.) How many hours of CE will I need to renew my current license (licenses which require CE and will expire on or before May 31, 2010)?

All persons renewing their LAH Insurance Producer license on or before December 31, 2009 will be required to complete twelve (12) hours of continuing education, if LAH is their primary line of authority.

All persons renewing their P&C license on or before May 31, 2010 will be required to complete twelve (12) hours of continuing education, if P&C is their primary line of authority.

32.) Who needs to complete twenty-four (24) hours (including three (3) hours of ethics) of continuing education to renew their license?

Individual Insurance Producers who hold a license in one or more of the following lines of authority: Life, Accident and Health, Property or Casualty, for a license period of more than eighteen (18) months, need twenty-four (24) hours of continuing education (including three (3) hours of ethics) in order to renew their license.

Individual Insurance Producers who hold a license in one or more of the following lines of authority: Life, Accident and Health, Property or Casualty, for a license period of eighteen (18) months or less, need only twelve (12) hours of continuing education (without an ethics requirement) to renew their license.

For information on how to calculate your license period, please see question #17.

33.) On or after November 1, 2009 how many hours of Pre-licensing Education will I need for an Insurance Producer license?

The prelicensing course shall consist of twenty (20) hours of approved prelicensing education courses per line of authority.

For example, an applicant for an Insurance Producer license with a life line of authority only must complete twenty (20) hours of prelicensing education. An applicant for an Insurance Producer license with life and accident and health lines must complete forty (40) hours of prelicensing education. An applicant for an insurance producer license with life, accident and health, property, and casualty lines of authority must complete eighty (80) hours of prelicensing education.

34.) Are Limited Line Insurance Producers and Limited Line Credit Insurance Producers still exempt from prelicensing and continuing education?

Limited Line Insurance Producers and Limited Lines Credit Insurance Producers remain exempt from prelicensing and continuing education requirements.

35.) Do I need twenty-four (24) hours of continuing education, including three (3) hours of ethics, to renew my license that expires on December 31, 2009 or May 31, 2010?

No. Please see question #32 and #17 for more information

36.) If Property and Casualty is my primary line of insurance and I am currently duly licensed for LAH and P&C, do I need to have twelve (12) hours of continuing education by December 31, 2009 to renew my newly merged Insurance Producer license?

No. Individuals who are duly licensed as Property and Casualty agents and Life, Accident and Health agents will have their licenses merged into an Insurance Producer license with lines of authority for life, accident and health, property, and casualty on November 1, 2009. This license will expire December 31, 2009 and must be renewed to remain in effect. However, if a duly licensed individual has previously declared property and casualty as their primary line of insurance, he or she will be allowed to renew their newly combined license before December 31, 2009 without having to furnish proof of twelve (12) hours of continuing education until May 31, 2010.

37.) If I have an Insurance Producer license with property, casualty, life and accident and health lines of authority do I need to take continuing education in a primary line?

You are permitted to take approved continuing education courses for any line of authority for which you are licensed, and in any combination of hours you desire. You just have to complete the total numbers of hours required to renew your license.

38.) Where can I find out how many hours of continuing education I have completed and how many hours are required for me to complete to renew my license?

Go to www.sircon.com/mississippi and click on "Look up Education Courses/Credits" and complete the information requested to receive a free CE transcript for your insurance producer license.

39.) Will an Insurance Producer be exempt from continuing education during their first license year or license period?

No.

40.) Do I need to take continuing education for a Limited Line Insurance Producer license?

No.

41.) If I receive a LAH license for the first time between January 1, 2009 and October 31, 2009 do I need continuing education credits to renew the license?

No.

42.) If I receive a P&C license for the first time between June 1, 2009 and October 31, 2009 do I need continuing education credits to renew the license?

No.

43.) If I hold a newly merged Insurance Producer license for the lines of authority of life, accident and health, property, and casualty and previously my primary line of insurance has been life, accident and health and I fail to complete 12 hours of CE prior to December 31, 2009 to renew my license, will I lose my property and casualty authority along with my life, accident and health lines of authority if I fail to submit CE's and therefore cannot renew my insurance producer license?

Yes, unless you notify the department prior to November 1, 2009 that you wish to surrender your life, accident and health lines of authority or change your primary line of authority to P&C, at which time you will be given an extension until May 31, 2010 to provide twelve (12) hours of continuing education.