

**LIMITED LINES PRODUCER LICENSE
FOR CREDIT INSURANCE**

REGULATION I-2007-02

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Section 1. Authority

This Regulation is promulgated under the authority granted to the Commissioner of the Department of Banking, Insurance, Securities and Health Care Administration by 8 V.S.A. §§ 15 and 4813a(6).

Section 2. Purpose

The purpose of this Regulation is to establish a Limited Lines Producer License for the sale of Credit Insurance and to set forth requirements for the sale of Credit Insurance by a Limited Lines Credit Insurance Producer.

Section 3. Scope

This Regulation governs the sale, solicitation and negotiation of Credit Insurance by a Limited Lines Credit Insurance Producer.

Section 4. Definitions

As used in this Regulation:

A. "Credit Insurance" means credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage disability, guaranteed automobile protection (gap) insurance, which are hereby designated as forms of limited line Credit Insurance for purposes of this Regulation, and any other form of insurance offered to a consumer in connection with an extension of credit to such consumer that is limited to partially or wholly extinguishing such credit obligation and which the Commissioner designates as a form

of limited line Credit Insurance for purposes of this Regulation. For purposes of this Regulation, "Credit Insurance" shall not include Private Mortgage Insurance ("PMI").

B. "Limited Lines Credit Insurance Producer" means a natural person licensed pursuant to this Regulation to sell, solicit or negotiate Credit Insurance.

C. "Insurer" means any insurance company licensed to offer, sell or negotiate Credit Insurance in this state.

Capitalized terms not defined in this Regulation shall have the meaning set forth in 8 V.S.A. § 4813a.

Section 5. General Requirements

A. The Commissioner hereby determines that the solicitation, sale and negotiation of Credit Insurance in this state does not require the professional competency of a licensed Insurance Producer and that an individual involved in such activities shall be subject to the requirements of this Regulation except as provided in Section 5(D) of this Regulation.

B. A Limited Lines Credit Insurance Producer must be appointed by any Insurer with which Credit Insurance is sold, solicited or negotiated.

C. A Limited Lines Credit Insurance Producer shall not be subject to training or continuing education requirements with respect to the sale, solicitation or negotiation of Credit Insurance other than as set forth in this Regulation.

D. This Regulation shall not apply to a licensed Insurance Producer or to an individual operating under a Business Entity Limited Lines Producer License granted pursuant to Regulation I-2007-01.

Section 6. Licensing

To obtain a Limited Lines Credit Insurance Producer license, an individual must:

A. Submit to the Commissioner an application and fees for licensure as required under 8 V.S.A. Chapter 131;

B. Be appointed by an Insurer to act as its agent; and

C. Have read the provisions of this Regulation.

Section 7. Limited Lines Credit Insurance Producer Requirements

No Credit Insurance may be offered, sold, solicited or negotiated pursuant to this Regulation unless the Limited Lines Credit Insurance Producer:

A. Informs a consumer applying for Credit Insurance that the purchase of Credit Insurance is not required for a consumer to make a purchase or obtain financing;

B. Makes no representation to ~~inform~~ the consumer that Limited Line Credit Insurance Producer is ~~not~~ qualified to evaluate the adequacy of the consumer's existing insurance coverages, including but not limited to whether the consumer has coverage with respect to the purchase or financing transaction at issue;

C. Separately itemizes all costs for the Credit Insurance in any loan or purchase documents and agreements; and

D. Provides, at the time of application for Credit Insurance, in writing, the following information to a consumer:

1. The purpose of the proposed coverage;
2. Proposed coverage amounts;
3. Cost of coverage (which may be expressed in terms of the total cost of the proposed coverage or in terms of the unit cost of coverage relative to various dollar amounts of a loan or purchase) and the availability of refunds, if applicable;
4. Name of the Insurer;
5. Any limitations or exclusions of the proposed coverage;
6. Any underwriting requirements, including pre-existing condition limitations or eligibility requirements;
7. A statement whether an application is accepted and coverage is effective upon receipt of a completed application by the Limited Lines Credit Insurance Producer or, if not, when and how the consumer will be told whether an application is accepted and when coverage is effective;
8. A certificate of coverage or other evidence of coverage if available, or a copy of the application for insurance or other receipt if evidence of coverage is not available; and
9. A description of the process for filing a claim, including a toll-free number of the Insurer to report a claim.

If the consumer applies for Credit Insurance through a medium other than applying in writing, the foregoing information may be provided to the consumer in compliance with Title 9 V.S.A., Chapter 20.

Section 8. Trust Accounts

A. A Limited Lines Credit Insurance Producer shall establish trust accounts for moneys collected from applicants purchasing Credit Insurance in accordance with the requirements of Regulation 95-1, Trust Accounts.

B. Any money held in trust for an Insurer or a consumer shall be paid to such Insurer or consumer within thirty-five (35) business days of receipt.

C. This Section shall not apply to a Limited Lines Credit Insurance Producer with respect to the solicitation, sale or negotiation of Credit Insurance by a Business Entity licensed as a Business Entity Limited Lines Credit Insurance Producer pursuant to Regulation I-2007-01, where the Limited Lines Credit Insurance Producer is the Designated Responsible Licensed Producer for such Business Entity as defined in Regulation I-2007-01.

Section 9. Record Retention

A Limited Lines Credit Insurance Producer shall comply with all record retention requirements set forth in Regulation 99-1, Record Retention. Each licensee shall keep records of the transactions under the license granted pursuant to this Regulation. This Section shall not apply to a Limited Lines Credit Insurance Producer with respect to the solicitation, sale or negotiation of Credit Insurance by a Business Entity licensed as a Business Entity Limited Lines Credit Insurance Producer pursuant to Regulation I-2007-01, where the Limited Lines Credit Insurance Producer is the Designated Responsible Licensed Producer for such Business Entity as defined in Regulation I-2007-01.

Section 10. Effective Date

This Regulation shall take effect on May 1, 2008.

Paulette J. Thabault, Commissioner