
Addendum: for use with District of Columbia Life and Health online ExamFX courses and study guides versions 27491en and 27493en, per exam content outline updates effective 9/1/2023.

The following are **content additions** or **revisions**, as indicated, to supplement your existing text.

LIFE & HEALTH

District of Columbia Laws, Rules & Regulations for All Lines

A. Insurers – General Definitions

3. Certificate of Authority – additions to the existing text

Prior to the revocation or suspension of a Certificate of Authority, the Commissioner must provide an insurer with a **30-day notice** and an opportunity for a full hearing. If the Commissioner determines that further transactions on the part of an insurer would be hazardous to the public, insureds, or creditors, the Commissioner may revoke or suspend a Certificate of Authority without notice.

In addition to revocation or suspension of a Certificate of Authority, the Commissioner may impose a penalty of no more than **\$10,000** for violating state regulations or **\$25,000** for intentional violations.

B. Commissioner of Insurance, Securities and Banking

3. Notice of Hearings – addition to the existing text

Upon receiving a cease and desist notice from the Commissioner, a person may request a hearing to determine the legitimacy of the notice. If the person does not request a hearing within **15 days** of the notice, the cease and desist order will remain in effect.

If the Commissioner determines after a hearing that a person has violated the Insurance Code, or if a hearing is waived, the Commissioner may:

- Issue a cease and desist;
- Prohibit the guilty party from engaging in the business of insurance;
- Impose a fine of no more than **\$10,000** per day of violation or twice the amount of money received by reason of violation;
- Require paying restitution and any other losses or damages incurred by another person; and/or
- Require paying for costs resulting from the hearing and any related investigations.

The Commissioner may request the Office of the Attorney General to seek judicial enforcement of the Commissioner's orders.

C. Licensing Requirements

1. Producer

Exemptions from Licensing – *new subtopic*

A license is not required of any officer, director or employee of an insurer or organizations employed by insurers, provided they are not directly or indirectly involved with the actual sale of an insurance contract and **do not** receive any commission.

The following individuals are NOT required to hold licenses as insurance producers:

- A director or employee of an insurer, provided that the person does not receive any commission on policies written, or whose activities are limited to executive, administrative, managerial, or clerical;
- The director or employee of a special agent assisting insurance producers by providing technical advice and assistance to licensed insurance producers;
- A person who secures and furnishes information for group insurance or performs administrative services related to mass-marketed property and casualty insurance;

- An employer or association engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees;
- Employees of insurers or organizations engaging in the inspection, rating or classification of risks, or in the supervision of the training of insurance producers and who are not individually engaged in the sale of insurance;
- A person whose activities in this state are limited to advertising without the intent to solicit insurance;
- A nonresident who sells, solicits or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract; or
- A salaried full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or subsidiaries.

D. Unfair Trade Practices

3. Rebating – *updated dollar amount*

Note that educational materials, promotional materials, or articles of merchandise that cost less than **\$75** are not considered "valuable consideration," and therefore, are allowed.

F. AIDS Law – *addition to the existing text*

The Commissioner may revoke or suspend the license or Certificate of Authority of any insurer, agent, broker, or employee of an insurer who violates AIDS, ARC, or HIV regulations. Additionally, the Commissioner may impose a civil penalty of no less than **\$500** or more than **\$5,000** per violation. Any person injured as a result of a violation may bring legal action for civil damages against the violator, without having to first pursue administrative remedies.

LIFE

District of Columbia Laws, Rules, and Regulations for Life Only

D. Variable Annuities

1. Company Regulations – *addition to the existing text*

Insurers must maintain one or more separate bank accounts to which all variable contract premiums must be deposited.

Any person serving as an elected or appointed officer, manager, director, or trustee is prohibited from receiving any commission from the insurer's business transactions.

HEALTH

District of Columbia Laws, Rules & Regs for Accident & Health Only

A. Required Coverages and Provisions

1. Newborns – *addition to the existing text*

Notification of the birth of the newborn child and payment of the required premium must be furnished to the insurance company within **31 days** after the date of birth in order for coverage to continue beyond the initial 31-day period.

3. Grace Period – *section revised as follows*

All accident and health policies delivered in the District of Columbia are required to include a grace period of **not less than 31 days**, during which the policy remains in force.

The grace period will be granted for the payment of each premium falling due after the first premium.

B. Medicare Supplements

3. Disclosure Requirements – *section revised as follows*

In order to provide for full and fair disclosure in the sale of Medicare supplement policies, no individual Medicare supplement policy or certificate will be delivered or issued for delivery in this District of Columbia unless the **outline of coverage** is delivered to the applicant at the time of application. The outline of coverage must follow the format and content prescribed by the Mayor.

The outline of coverage must include the following:

- A description of the principal benefits and coverage provided in the policy;
- A statement of the renewal provisions, including any reservation by the insurer of a right to change premiums;
- A disclosure of the existence of automatic renewal premium increases based on the insured's age; and
- A statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions.

In addition to the outline of coverage, producers must also deliver an informational brochure, also referred to as a **buyer's guide**, prior to the application process. This guide covers differences between policies, coverages provided under policies, and steps for purchasing coverage

C. Long-Term Care

2. Standards for LTC – *addition to the existing text*

An **outline of coverage** must be provided to applicants for long-term care insurance at the time of initial solicitation, and before presenting an application or enrollment form. The outline of coverage must include:

- A description of the benefits and coverage provided;
- Exclusions, reductions, and limitations contained in the policy;
- Terms under which the policy may be discontinued;

- A description of the relationship of cost of care and benefits; and
- A statement that the outline is a summary only.

Additionally, a **policy summary** must be delivered for an individual life insurance policy which provides long-term care benefits within the policy or by rider. In the case of group long-term care policies, the information described in the policy summary must be contained in other enrollment materials.

The policy contract or certificate of insurance must be delivered to the applicant within **30 days** of approval.

Long-term care policies offered in the District of Columbia must include a nonforfeiture benefit option, which may be offered as a rider attached to the policy. If the policyholder declines the nonforfeiture benefit, the insurer must provide a contingent benefit upon lapse for a specified period of time following a substantial increase in premium rates.

Under group long-term care policies, a nonforfeiture benefit option must be offered to the group policyholder and to each proposed certificate holder.