

DEPARTMENT OF INSURANCE

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**NOTICE**

TO: All Education Providers and Interested Persons

DATE: December 1, 2006

SUBJECT: Online Prelicensing Courses and Prelicensing Certificates of Completion

Assembly Bill 2387 (Vargas, Chapter 590, Statutes of 2006) was signed into law on September 28, 2006 and will take effect on January 1, 2007. This law amends Section 1749 of the California Insurance Code to remove the word "classroom" from the prelicensing requirement and will add Section 1749 (g) to ensure that safeguards are in place to maintain the integrity of prelicensing education. As a result of this change, prelicensing education providers approved by the California Department of Insurance (CDI) can now submit online prelicensing education courses to the Commissioner for approval.

Although regulations will be required to implement this legislative change, the CDI will review these courses prior to the Office of Administrative Law's approval of the regulations. Courses approved by the CDI will be given "provisional approval," which means that the course may be offered immediately as with the case of any CDI approved course. However, these courses are subject to further review once the regulations are approved which could potentially result in required changes to the course.

Until such time as the California Code of Regulations can be amended to reflect the change in the statute, the reviews of online prelicensing education courses will be accomplished by ensuring that they meet the requirements set forth in Section 1749 of the California Insurance Code. Section 1749 states, in part, the following:

- Applicants for a license as a fire and casualty broker-agent, life agent, and personal lines broker-agent are to complete the minimum prelicensing education hours required (i.e. 20 or 40 hours of product training, whichever is applicable, and 12 hours of code and ethics training);
- Review and approval of prelicensing courses not conducted in a classroom shall include an evaluation of the safeguards that are in place to ensure that the student completing the course is the person enrolled in the course; methods used to monitor the students' attendance are adequate; methods for the student to interact with the entity providing the training exist; and, the methods used to record the times spent completing the course are adequate.

Assembly Bill 2387 also added Section 1749 (h) which will become effective on January 1, 2007. This section states that all prelicensing certificates of completion will now expire three years after the completion of the prelicensing course, whether or not a license is issued to the student.

If you have any questions or concerns with this Notice, please contact the Education Section at (916) 492-3064.