

IN THE SENATE

SENATE BILL NO. 1345

BY STATE AFFAIRS COMMITTEE

AN ACT

1
2 RELATING TO INSURANCE PRODUCER LICENSING; AMENDING SECTION 41-1016, IDAHO
3 CODE, TO PROVIDE A CAUSE OR VIOLATION FOR THE DIRECTOR OF THE DEPARTMENT
4 OF INSURANCE TO SUSPEND, REVOKE OR REFUSE TO ISSUE OR CONTINUE A PRO-
5 DUCER LICENSE.

6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Section 41-1016, Idaho Code, be, and the same is hereby
8 amended to read as follows:

9 41-1016. ADMINISTRATIVE PENALTY -- SUSPENSION, REVOCATION, REFUSAL
10 OF LICENSE. (1) The director may impose an administrative penalty not to
11 exceed one thousand dollars (\$1,000), for deposit in the general fund of the
12 state of Idaho, and may suspend for not more than twelve (12) months or may
13 revoke or refuse to issue or continue any license issued under this chapter,
14 chapter 27, title 41, Idaho Code (title insurance), chapter 11, title 41,
15 Idaho Code (adjusters), or chapter 12, title 41, Idaho Code (surplus lines
16 brokers), if the director finds that as to the licensee or applicant any one
17 (1) or more of the following causes or violations exist:

18 (a) Providing incorrect, misleading, incomplete or materially untrue
19 information in the license application;

20 (b) Violating any provision of title 41, Idaho Code, department rule,
21 subpoena or order of the director or of another state's insurance direc-
22 tor;

23 (c) Obtaining or attempting to obtain a license through misrepresenta-
24 tion or fraud;

25 (d) Improperly withholding, misappropriating or converting any moneys
26 or properties received in the course of doing insurance business;

27 (e) Misrepresenting the terms of an actual or proposed insurance con-
28 tract or application for insurance or misrepresenting any fact material
29 to any insurance transaction or proposed transaction;

30 (f) Being convicted of or pleading guilty to any felony, or to a mis-
31 demeanor which evidences bad moral character, dishonesty, a lack of in-
32 tegrity and financial responsibility, or an unfitness and inability to
33 provide acceptable service to the consuming public;

34 (g) Admitting or being found to have committed any insurance unfair
35 trade practice or fraud;

36 (h) Using fraudulent, coercive or dishonest practices, or demonstrat-
37 ing incompetence, untrustworthiness or financial irresponsibility, or
38 being a source of injury and loss to the public or others, in the conduct
39 of business in this state or elsewhere;

40 (i) Having an insurance license denied, suspended or revoked in any
41 other state, province, district or territory;

1 (j) Forging another's name on an application for insurance or on any
2 document related to an insurance transaction;

3 (k) Improperly using notes or any other reference material to complete
4 an examination for an insurance license;

5 (l) Knowingly accepting insurance business from an individual who is
6 not licensed;

7 (m) Failing to comply with an administrative or court order imposing a
8 child support obligation, provided however, that nothing in this pro-
9 vision shall be deemed to abrogate or modify chapter 14, title 7, Idaho
10 Code; ~~or~~

11 (n) Failing to pay state income tax or to comply with any administrative
12 or court order directing payment of state income tax; or

13 (o) Compensating, employing or soliciting any person incarcerated in
14 any courthouse, jail or prison for the purpose of the incarcerated per-
15 son referring business to the licensee.

16 (2) The director shall, without hearing, suspend for not more than
17 twelve (12) months, or shall revoke or refuse to continue any license issued
18 under this chapter to a nonresident where the director has received a final
19 order of suspension, revocation or refusal to continue from the insurance
20 regulatory official or court of jurisdiction of the licensee's home state.
21 If cause under this provision exists after the expiration of the twelve (12)
22 months, successive suspensions may be imposed by the director without hear-
23 ing.

24 (3) The license of a business entity may be suspended, revoked or re-
25 fused if the director finds that the violation of an individual licensee,
26 who is registered to or acting on behalf of the business entity, was known
27 or should have been known by one (1) or more of the owners, officers or man-
28 agers acting on behalf of the business entity and that the violation was not
29 reported to the director and no corrective action was taken.

30 (4) In addition to or in lieu of any applicable denial, suspension or
31 revocation of a license, a person may, after hearing, be subject to a civil
32 fine or administrative penalty pursuant to subsection (1) of this section or
33 any other applicable section.

34 (5) The director shall retain the authority to enforce the provisions
35 of and impose any penalty or remedy authorized by title 41, Idaho Code,
36 against any person who is under investigation for or charged with a violation
37 of title 41, Idaho Code, or department rule, even if the person's license or
38 registration has been surrendered, has lapsed by operation of law, or if the
39 person has never been licensed.