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**NOTICE**

TO: Education Providers
DATE: October 28, 2013
SUBJECT: Ethics Training Requirement

Background

Currently, most licensed agents and brokers are required to complete 4 hours of ethics training every two-year license term. Specifically, individuals licensed for property, casualty, life, health or any combination of these lines are subject to this training requirement, which is a part of, and not in addition to, the 24-hour continuing education (CE) requirement that agents and brokers must complete every license term.

In addition, individuals licensed to transact only personal lines or automobile insurance are currently required to complete 2 hours of ethics training every two-year license term. This training is also a part of, and not in addition to, these licensees' 24-hour CE requirement.

Meanwhile, the current standard adopted by the National Association of Insurance Commissioners (NAIC) is 3 hours of ethics training every two-year license term for all insurance agents and brokers regardless of the lines of insurance the individuals are licensed.

Change in Number of Ethics Training Hours

To comply with the NAIC standard and to promote consistency among the different types of agent and broker licenses, the number of ethics training hours to be completed by all insurance agents and brokers will be changed to 3 hours beginning on January 1, 2014.

Assembly Bill 1391 (Chapter 321, Statutes of 2013), amended several sections in the California Insurance Code to specify that the ethics requirement is 3 hours every license term for individuals licensed to transact any of the following lines of insurance: property, casualty, life, health, personal lines, and automobile insurance.

What this means is beginning on January 31, 2014, individuals who hold a property and/or casualty, a life and/or accident/health agent license will have their ethics training requirement reduced from 4 hours to 3 hours. In contrast, individuals who hold a personal lines or limited lines automobile insurance license will have their ethics training requirement increased from 2 hours to 3 hours.

How the Change Affects Education Providers

When courses are scheduled to be renewed, education providers who have CDI approved two-hour and/or four-hour ethics training courses will need to adjust their curriculum to meet the three-hour ethics training curriculum requirement. In addition, CDI's *Two-Hour and Four-Hour Ethics Training Course Development and Review Guidelines* (<http://www.insurance.ca.gov/0200-industry/0100-education-provider/upload/2and4HourEthicsTrain.pdf>) will be edited to reflect the three-hour ethics curriculum. The course content and percentage breakdown of the subject matter will not change, only the number of ethics curriculum hours will be changed.

If you have any questions regarding this notice, please e-mail the Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call the CDI's Producer Licensing Bureau's Education Section at (916) 492-3064. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with the CDI.