

Nebraska Department of Insurance
Guidance Document
IGD - - D7

Title: Requirements for an Apprentice Insurance Producer License

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Notice: This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

The Nebraska Department of Insurance (NDOI) has recognized a need for apprenticeship opportunities for those interested in becoming a resident insurance producer. Under NEB. REV. STAT. § 44-4058, the Director may issue temporary insurance producer licenses when the Director deems that the public interest will best be served by the issuance of the license. The Director believes that such interest is served by issuing temporary licenses to apprentice insurance producers who have not yet achieved full licensure under the following conditions:

- The Director may issue a temporary producer license to an Apprentice Insurance Producer who meets the standards outlined in the Guidance Document. An applicant for an Apprentice Insurance Producer temporary license is not required to pass a written examination to obtain a temporary license; however, a temporary license may not be issued to a person who does not intend to apply for a full resident insurance producer license. The Apprentice Insurance Producer must have a sponsoring insurance producer. The sponsoring insurance producer must have held their license for at least one year.
- The Insurance Producer temporary license is only for those individuals who have never held an insurance license.
- The Director may deny an application for any violation of the insurance code and regulations.
- The Director may also suspend or revoke the supervision powers of a resident insurance producer if, after notice and opportunity for hearing, the Director determines that the sponsoring resident insurance producer or insurer abused the temporary appointment powers.
- A resident insurance producer may not supervise more than 10 Apprentice Insurance Producers during a calendar year but no more than 5 at a given time.
- The Director shall issue an Apprentice Insurance Producer license on receipt of a properly completed uniform application executed by the applicant in the form required by NEB. REV. STAT. § 44-4053 and accompanied by:

- the nonrefundable filing fee set by the NDOI;
- a form signed by the sponsoring insurance producer stating that:
 - the applicant is being considered for appointment by the insurance producer as its agent after successful licensure of the applicant as an insurance producer;
 - the sponsor desires that the applicant be issued a temporary license as an Apprentice Insurance Producer;
 - the sponsor will act as a suitable sponsor for the Apprentice Insurance Producer under NEB. REV. STAT. § 44-4058(2) and assumes responsibility for all acts of the Apprentice Insurance Producer;
 - the applicant will complete training under the supervision of the insurance producer;
 - the applicant intends to seek a license under the same lines of authority as the sponsor.
- An Apprentice Insurance Producer may not act as an agent of an insurer unless they become an appointed agent of that insurer under the requirements under NEB. REV. STAT. §44-4061.
- A temporary license as an Apprentice Insurance Producer is valid for 120 days after the date of issuance.
- An Apprentice Insurance Producer license may only be obtained once.
- If the sponsoring resident insurance producer is no longer licensed or chooses not to continue sponsoring for any reason, the Apprentice Insurance Producer has 10 days to obtain new sponsorship and notify NDOI, but may not sell, solicit, or negotiate insurance in that interim period. Notification must be provided to the NDOI.
- An Apprentice Insurance Producer may not obtain or generate a commission on a sale made to a person with a family, employment, or business relationship with the Apprentice Insurance Producer.
- An insurance producer or an insurer may not knowingly pay, directly or indirectly, to an Apprentice Insurance Producer, and an Apprentice Insurance Producer may not receive or accept a commission on the sale of a contract of insurance or membership covering:
 - the Apprentice Insurance Producer;
 - a person related to the Apprentice Insurance Producer by consanguinity or affinity;
 - a person who is or has been during the past six months Apprentice Insurance Producer's employer, either as an individual or as a member of a partnership, association, firm, or corporation; or

- a person who is or has been during the past six months an employee of the Apprentice Insurance Producer.
- An Apprentice Insurance Producer who is acting under the authority of that license may not:
 - engage in an insurance solicitation, sale, or other agency transaction that the Apprentice Insurance Producer knows or should know will result or is intended to result in:
 - the purchase of a new life insurance or annuity contract; and
 - any of the following actions regarding existing individual life insurance or annuity contract as a result of that purchase:
 - i. termination of the contract by lapse, forfeiture, surrender, or other means;
 - ii. conversion of the contract to reduced paid-up insurance, a continuation of the contract as extended term insurance, or reduction in the value of the contract using nonforfeiture benefits or other policy values;
 - iii. amendment of the contract to reduce: (a) benefits; or (b) the term for which coverage would otherwise remain in force or for which benefits would be paid;
 - iv. reissuance of the contract with a reduction in cash value; or
 - v. pledge of the contract as collateral or subjection of the contract to borrowing, whether in a single loan or under a schedule of borrowing, for amounts that in the aggregate exceed 25 percent of the loan value prescribed by the contract; or
 - directly or indirectly receive a commission or other compensation that results or may result from a solicitation, sale, or other agency transaction described above.
- A person who holds an insurance producer license may not circumvent or attempt to circumvent the intent of this guidance document by acting for or with an Apprentice Insurance Producer.
- A sponsor who supervises more than 5 apprentices per year shall ensure that at least 25 percent of their Apprentice Insurance Producers take the required licensing examination. If the rate is not obtained, the sponsor must make available to NDOI documentation regarding the rate and what good faith efforts were made towards compliance.
- A sponsor shall have been licensed as an insurance producer in good standing in Nebraska for at least one year immediately preceding the date of the sponsorship.
- Until an electronic application is available, all applications and forms for the Insurance Producer Apprentice license can be submitted to the Nebraska Department of Insurance at doi.licensing@nebraska.gov or mailed to PO Box 95087, Lincoln, NE 68509-5087.

This Guidance Document may be modified or withdrawn at the discretion of the Director.