

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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Columbia
Official Code*

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To amend the Producer Licensing Act of 2002 to clarify the due process rights afforded to producers under the suspension and revocation provisions of the act; and to provide the Commissioner of the Department of Insurance, Securities, and Banking with summary suspension authority to suspend the certificate of authority of an individual or firm producer without giving notice if the Commissioner finds upon examination that the further transaction of business by the producer would be hazardous to the public or to the policyholders or to the creditors of the producer in the District.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Producer Summary Suspension Amendment Act of 2005”.

Sec. 2. Section 12 of the Producer Licensing Act of 2002, effective March 27, 2003 (D.C. Law 14-264; D.C. Official Code § 31-1131.12), is amended as follows:

Amend
§ 31-1131.12

(a) The section heading is amended to read as follows:

“Sec. 12. License denial, nonrenewal, suspension, or revocation.”

(b) The lead-in text of subsection (a) is amended to read as follows:

“(a) The Commissioner may place an insurance individual or business entity producer on probation; suspend, revoke, or refuse to issue or renew an insurance producer’s license; may levy a civil penalty in accordance with subsection (d) of this section; may issue subpoenas and administer oaths; or take any combination of these actions if an insurance producer:”

(c) Paragraph (b) is amended as follows:

(1) Paragraph (1) is amended as follows:

(A) Designate the existing text as subparagraph (A).

(B) A new subparagraph (B) is added to read as follows:

“(B) The Commissioner shall not revoke or suspend the license of any such producer until the Commissioner has given the producer not less than 30 days notice of the proposed revocation or suspension and of the grounds alleged thereof, and has afforded the producer an opportunity for a full hearing; provided, that if the Commissioner shall find upon examination that the further transaction of business by the producer would be hazardous to the

public or to the policyholders or creditors of the producer in the District, the Commissioner may suspend the authority without giving notice as herein required, subject to a hearing within 30 days of the effective date of the order of suspension.”.

(2) Paragraph (2) is amended to read as follows:

“(2) In a hearing under this subsection, the Commissioner may administer oaths to witnesses and issue subpoenas. A witness testifying falsely under oath shall be subject to the penalties of perjury. The Commissioner’s authority to issue subpoenas shall not be limited to the context of a hearing if the Commissioner shall find upon examination that the issuance of a subpoena is necessary to protect the public interest.”.

(d) Subsection (c) is amended to read as follows:

“(c)(1) The license of a business entity may be suspended, revoked, or denied renewal if the Commissioner finds, after a hearing as provided in paragraph (2) of this subsection, that:

“(A) The occurrence of a license violation was known or should have been known by one or more of the partners, officers, or managers acting on behalf of the business entity;

“(B) The violation was not reported to the Commissioner; and

“(C) Corrective action was not taken.

“(2) The Commissioner shall not suspend, revoke, or deny renewal of the license of a business entity until the Commissioner has given the producer not less than 30 days notice of the proposed suspension, revocation, or denial and of the grounds alleged therefor, and has afforded the producer an opportunity for a full hearing; provided, that if the Commissioner shall find upon examination that the further transaction of business by the producer would be hazardous to the public or to the policyholders or creditors of the producer in the District, the Commissioner may suspend the authority without giving notice as herein required, subject to a hearing within 30 days of the effective date of the order of suspension.

“(3) The Commissioner shall notify all insurance companies that have appointed the producer or business entity of the revocation or suspension within three business days.”.

Sec. 3. The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3).

Sec. 4. This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved

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December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

Chairman
Council of the District of Columbia

Mayor
District of Columbia