

Laws for Life Insurance Candidates

Units 22, 23, & 38 are laws specific to Kentucky

Remember the best way to study the laws is to
memorize them.

(There is no video for the laws since they need to be memorized).

UNIT 22

(same as unit 36 in Health Laws)

KENTUCKY LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

Purpose of Subtitle

The purpose of this article is to protect policyowners, insureds, beneficiaries, annuitants, payees, and assignees of certain life insurance policies, health insurance policies, and annuity contracts, subject to certain limitations, against failure in the performance of contractual obligations due to the impairment or insolvency of the insurer issuing such policies or contracts. To provide this protection:

- An association of insurers is created
- Members of the association are subject to assessment to provide funds to carry out the purpose of this subtitle. [Sec. 304.42-020]

Creation of Association

There is created a nonprofit legal entity to be known as the Kentucky Life and Health Insurance Guaranty Association. All member insurers will be and remain members of the Association as a condition of their authority to transact insurance in this state. The Association will exercise its powers through a board of directors. For purposes of administration and assessment, the Association will maintain three accounts:

- The health insurance account;
- The life insurance account; and
- The annuity account.

[Sec. 304.42-060]

Scope of Coverage

There are many specific exclusions from coverage. Some of the exclusions include the following:

- Any portion of a policy or contract not guaranteed by the insurer, or under which the risk is borne by the policy or contract owner.

Also excluded is any obligation that does not arise under the express written terms of the policy or contract issued by the insurer to the contract owner or policyowner, such as:

- Claims based on marketing materials;
- Misrepresentations regarding policy benefits.

[Sec. 304.42-030.1 and 030.2]

Limitations on Association Obligations

The benefits the Association is obligated to cover are limited to the lesser of the contractual obligations for which the insurer is liable or would have been liable if it were not an impaired or insolvent insurer or the following for any one life, regardless of the number of policies or contracts:

- \$300,000 in life insurance death benefits, but no more than \$100,000 net cash surrender and net cash withdrawal values for life insurance;
- \$100,000 in health insurance benefits, including any net cash surrender and net cash withdrawal values;
- \$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values, except for each payee of a structured settlement annuity or beneficiary or beneficiaries of the payee if deceased. [Sec. 304.42-030.3 and 030.4]

In no event is the Association obligated to cover more than:

- A total of \$300,000 in benefits with respect to any one life.

CREDIT LIFE AND HEALTH INSURANCE

Policy Types and Benefits

The initial amount of credit life insurance must not exceed the total amount repayable under the contract of indebtedness. [Sec. 304.19-030 to 050; Reg. 806.19-010]

Joint Lives

When a husband and wife are insured under this provision, the premium rate charged must not exceed 150% of the rate permissible for a single life. [Reg. 806.19-060]

FRATERNAL BENEFIT SOCIETIES

Membership

If benefits are provided on the lives of children, the age requirement for adult membership may not be less than age 15, nor may it be greater than age 21. [Sec. 304.29-061]

UNIT 23

POLICY CLAUSES AND PROVISIONS

Premium Payments: Free-Look Provision

There will be a provision that will state in substance that the policy may be returned by the policyowner to the company, within a period of no less than 10 days after its receipt to the company or to the agent through whom it was purchased. [Sec. 304.15-050]

Grace Period Provisions

There will be a provision that a grace period of 30 days, or, at the option of the insurer, of one month of not less than 30 days, or of four weeks in the case of industrial life insurance policies. [Sec. 304.15-060]

Entire Contract Provision

There will be a provision that except as otherwise expressly provided by law, the policy and the application therefor, if a copy of such application is endorsed upon or attached to the policy when issued, will constitute the entire contract between the parties, and that all statements contained in the application will, in the absence of fraud, be deemed representations and not warranties. [Sec. 304.15-070]

Policy Loans Information

There will be a provision that after three full years' premiums have been paid and after the policy has cash surrender value.

Policy Reinstatement

There will be a provision that, unless the policy has been surrendered for its cash surrender value, or its cash surrender value has been exhausted, the policy will be reinstated at any time within three years from the date of premium default upon

written application therefor, the production of evidence of insurability satisfactory to the insurer, the payment of all premiums in arrears, and the payment or reinstatement of any other indebtedness to the insurer upon the policy, all which interest at the rate specified. [Sec. 304.15-130]

Definition of Industrial Life Insurance

Industrial life insurance is that form of life insurance written under policies of face amount of \$3,000 or less issued on the basis of an industrial mortality table, and under which premiums are payable monthly or more often. [Sec. 304.15-020]

LIFE INSURANCE REPLACEMENT

Replacements: Purpose of Regulations

A **replacement** is any transaction in which new life insurance is to be purchased and as a result of that transaction, existing life insurance has been or is to be:

- Lapsed, forfeited, surrendered, or otherwise terminated;
- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
- Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
- Reissued with any reduction in cash value; or
- **Pledged as collateral or subjected to borrowing**, whether in a single loan or under a schedule of borrowing over a period of time for amounts in the aggregate exceeding 25% of the loan value set forth in the policy. [Sec. 304.12-030.1]

The rules regulating life insurance replacements are designed to:

- **Regulate the activities of insurers and agents** with respect to the replacement of existing life insurance; and
- **Protect the interest of life insurance policyowners** by establishing procedures to be employed in the replacement or proposed replacement of existing life insurance. [Reg. 806.12-080.1]

Definitions

Existing insurer means the insurance company whose existing life insurance policy is or will be terminated or otherwise affected in a replacement transaction.

Replacing insurer means the insurance company that issues new life insurance in a replacement transaction.

Existing life insurance means any life insurance in force including life insurance under a binding or conditional receipt or a life insurance policy that is within an unconditional receipt or a life insurance policy that is within an unconditional refund period, but excluding life insurance obtained through the exercise of a dividend option. [Sec. 304.12-030.1]

Conservation means any attempt by the existing insurer or its agent to continue existing life insurance in force after the existing insurer has received a copy of the Notice Regarding Replacement of Life Insurance from a replacing insurer. A conservation effort does not include such routine administrative procedures as late payment reminders, late payment offers, or reinstatement offers. [Reg. 806.12-08032]

Exemptions

Unless otherwise specifically included, the following are not subject to the rules regulating life insurance replacements:

- Annuities;
- Individual credit life insurance;
- **Group life insurance**, group credit life insurance, and life insurance policies issued in connection with a pension, profit-sharing or other benefit plan qualifying for tax deductibility of premiums, except that as to any such plan, full and complete disclosure of all material facts must be given to the administrator of any plan to be replaced;
- **Variable life insurance** under which the death benefits and cash values vary in accordance with unit values on investments held in a separate account.

[Sec. 304.12-030.4]

Duties of Agents when Replacement is Involved

Each replacing agent must submit to the replacing insurer with or as part of each application for life insurance a statement signed by the applicant indicating whether the applicant has existing life insurance.

If replacement is involved, the replacing agent must present the applicant, no later than at the time of taking the application, a Notice Regarding Replacement of Life Insurance (Form A) or a substantially similar form with the prior approval of the Commissioner. The notice must be signed by and left with the applicant.

When replacement is involved, the agent must:

- Submit to the replacing insurer, with the application, a copy of the Notice Regarding Replacement of Life Insurance signed by the applicant and a copy of all soliciting material used for presentation to the applicant; and
- Leave with the applicant the original or a copy of all solicitation material used for presentation to the applicant. [Reg. 806.12-080.4]

Duties of Insurers (Other than Direct-Response Insurer)

When replacement is involved, the insurer must:

- Delay the issuance of its policy for 30 days after the notice of the proposed replacement is delivered to the existing insurer.
[Reg. 806.12-080.5]

Required Provisions in Replacement Policy

A replacing insurer may not issue any life insurance to replace existing life insurance unless the replacing insurer agrees in writing with the insured that:

- The new life insurance issued by the replacing insurer will not be contestable by it in the event of the insured's death to any greater extent than the existing life insurance would have been contestable by the existing insurer if the replacement had not taken place.
- The insured may voluntarily surrender the new life insurance issued by the replacing insurer at any time within 30 days after its delivery in exchange for a full refund of the premiums paid. [Sec. 304.12-030.3]

Twisting Prohibited

No person may make or issue any untrue statement of material fact, whether written or oral, or omit stating a material fact necessary to prevent a statement from being misleading, concerning the terms, conditions, or benefits contained in any policy, for the purpose of inducing or attempting to induce a policyholder to lapse, forfeit, borrow against, surrender, retain, exchange, modify, convert, or otherwise affect or dispose of an insurance policy. [Sec. 304.12-030.6]

GROUP LIFE

Conversion of Policy on Termination of Eligibility

Application for the individual policy must be made and the first premium paid to the insurer within 31 days after the termination of eligibility. [Sec. 304.16-190]

UNIT 38

DEFINITIONS

General Terms

Commissioner: the Commissioner of Insurance of Kentucky

Department: the Department of Insurance of Kentucky (unless context indicates otherwise)

Person: includes an individual, insurer, company, association, organization, Lloyd's insurer, society, reciprocal insurer or inter-insurance exchange, partnership, syndicate, business trust or corporation, and every other related legal entity [Secs. 304.1-020, 050]

Types of Insurer Authority

Domestic insurer: an insurer formed under the laws of Kentucky

Foreign insurer: an insurer formed under the laws of any state other than Kentucky

Alien insurer: an insurer formed under the laws of any country other than a state of the United States [Sec. 304.1-070]

Classifications of Insurers and Licensees

Certificate of authority: a certificate issued by the Commissioner evidencing the authority of an insurer to transact insurance in Kentucky

License: the certificate granted by the Commissioner according to the Kentucky insurance code authorizing the licensee to engage in a business or operation of insurance in Kentucky other than as an insurer

Authorized (admitted) insurer: an insurer that holds a current certificate of authority issued by the Commissioner. Any insurer without such an authorization is known as an **unauthorized (non-admitted) insurer** [Secs. 304.1-100, 110]

Kinds of Insurers

A **stock insurer** is an incorporated issuer with its capital divided into shares and owned by its shareholders.

Kinds of Insurance

Reinsurance: a contract under which an originating insurer (called the ceding insurer) procures insurance for itself in another insurer (called the assuming insurer or the reinsurer) with respect to part or all of an insurance risk of the originating insurer [Secs. 304.5-020-100; 304.5-130]

INSURANCE COMMISSIONER

The Commissioner is the head of the Kentucky Department of Insurance. The Commissioner is **appointed** by the **Governor** with the consent of the Senate, for a term not to exceed **four (4) years** on the basis of his merit and fitness to perform the duties of the office. [Sec. 304.2-020]

Address Change

Licensees must inform the Commissioner in writing of any changes in addresses or legal name within 30 days of the change. (Subject to up to \$1,000 fine). [Sec. 304.2-120]

Penalties for Code Violations

Any person who willfully violates any rule, regulation, subpoena, or order of the Commissioner or any provision of the Insurance Code is subject to suspension or revocation of certificate of authority or license, an administrative fine, or both. (Cannot imprison). [Sec. 304.2-140]

AGENTS, PRODUCERS, AND LINES OF AUTHORITY

Definitions

An **agent** is an individual or business entity appointed by an insurer to sell or solicit applications for insurance or annuity contracts or to negotiate insurance or annuity contracts on its behalf.

An **insurance producer** is an individual or business entity required to be licensed under Kentucky law to sell, solicit, or negotiate insurance or annuity contracts. [Sec. 304.9-020]

Qualifications for Agent License

- Is at least 18 years of age;
- **Has fulfilled the residence requirements** or is a nonresident who is not eligible for a nonresident license based on reciprocity;
- Has not committed any act that is a ground for denial, suspension, or revocation;
- **Is trustworthy, reliable, and of good reputation**, evidence of which will be determined through an investigation by the Commissioner;
- Is competent to exercise the license and has:
 - **Completed a 20-hour prelicensing course** of study for the lines of authority for which the individual has applied;
 - Successfully passed the examinations required by the Commissioner for the lines of authority for which the individual has applied; and
 - Paid the fees;
- Is financially responsible to exercise the license and has:
 - Filed with the Commissioner the certificate of an insurer authorized to write legal liability insurance in this state, that the insurer has and will keep in effect on behalf of the person a policy of insurance covering the legal liability of the licensed person as the result of erroneous acts or failure to act in his capacity as an insurance agent, **and enduring to the benefit of any aggrieved party as the result of any single occurrence in the sum of not less than \$20,000 and \$100,000 in the aggregate for all occurrences within one (1) year**, and that the policy may not be

terminated unless at least 30 days' prior written notice will have been given to the Commissioner; or

- **Deposited with the Commissioner cash, or a cash surety bond** executed by an insurer authorized to write business in this Commonwealth, in the sum of **\$20,000**, which will be subject to lawful levy of execution by any party to whom the licensee has been found to be legally liable as the result of erroneous acts or failure to act in his capacity as an agent. [Sec. 304.9-105, 120]

INSURANCE CONSULTANTS

Rate Quotes – Policy Refusals

A **consultant** is an individual who, as an independent contractor in relation to his client, for fee or compensation other than from an insurer, in any manner advises any person. [Sec. 304.9-040]

Qualifications for Consultant License

- Must be an individual of 25 or more years of age
- Must have had not less than five years of actual experience as a licensed agent with respect to the kinds of insurance and contracts to be covered by the license
- Must have a thorough knowledge of insurance and annuity contracts of the kinds proposed to be covered under license
- Must satisfy the Commissioner by written examination or otherwise of his qualifications for the license
- Must be competent, trustworthy under highest fiduciary standards, financially responsible, and of good personal and business reputation.
- Must have filed the bond required by Section 304.9-330. [Sec. 304.9-320]

Consultant's Compensation Prohibited; Exception

A consultant who is also licensed as an agent shall not, directly or indirectly, receive or share in both a fee and other compensation paid. [Secs. 304.9-350-360]

LAWS AND REGULATIONS GOVERNING LICENSEES

Controlled Business

The Commissioner will not grant, renew, continue, or permit to exist any license of an insurance producer if he finds that the license has been or is being or will probably be used by the applicant or licensee principally for the purpose of writing **controlled business** – that is:

- Insurance on his own interest or those of his family or of his employer; or
- Insurance or annuity contracts covering himself or members of his family, or the officers, directors, stockholders, partners, employees, or debtors of a partnership, association, or corporation of which he or a member of his family is an officer, director, stockholder, partner, associate, or employee. [Sec. 304.9-100]

Written Examination

An individual applying for any license under this section requiring an examination must pass a written examination unless exempt. [Sec. 304.9-160; Reg. 806.9-070]

Exemptions from Prelicensing Education and Examination Requirements

The prelicensing education requirement and the written examination requirement do not apply to the following persons:

- **An individual licensee who allows his license to lapse if the license renewal fee is paid within 12 months from the due date of the license renewal fee.** However, a penalty in the amount of double the unpaid renewal fee will be imposed, and the department will issue a license with the same lines of authority as the lapsed license.
- Any applicant for license covering any line of authority to which the applicant was licensed under a similar license in Kentucky, other than a temporary license, within the 12 months next preceding date of application. [Sec. 304.9-170]

Contents of License – Number Required

The license of an agent may not specify the name of any particular insurer by which the licensee is appointed as agent. The licensee may represent as an agent under the one license as many insurers as may appoint the agent in accordance with this section. [Sec. 304.9-210]

Continuing Education for Agents

Continuing Educations and license renewal are due by the end of the agent's birth month and odd or even year of birth.

Only continuing education courses approved by the Commissioner will be used to satisfy the continuing education requirement of this section.

CE Requirements:

- **24 hours total**
- **6 of 24** must be in **ANY** one active line of authority (Ex. Life or Health or Property or Casualty)
- **3 of 24** must be in ethics

[Sec. 304.9-295]

Temporary Licenses

The Commissioner may issue a temporary license for a period not to exceed 180 days without requiring an examination or prelicensing course of study if the Commissioner deems that a temporary license is necessary for the servicing of an insurance business in the following cases:

- **To the surviving spouse** or court-appointed personal representative of a licensed agent who dies or becomes mentally or physically disabled, to allow adequate time for the:
 - Sale of the insurance business owner by the agent;
 - Recovery or return of the agent to the business; or
 - Training and licensing of new personnel to operate the agent's business.
- To a member or employee of a business entity licensed as an agent, upon the death or disability of the sole individual designated in the business entity application or the license.

- To the designee of a licensed agent entering upon active service in the armed forces of the United States. [Sec. 304.9-300]

Record Retention

The licenses of the licensee must be conspicuously displayed in a part of the place of business customarily open to the public.

The licensee must keep at his place of business complete records of transactions under his license.

The records must be kept available for inspection by the Commissioner for a period of at least five (5) years after completion of the respective transactions. [Sec. 304.9-390]

Accounting for Premiums

The portion of all premiums or moneys which an insurance producer collects from an insured and which is to be paid to an insurer, its agents, its managing general agents, or his principal because of the assumption of liability through the issuance of policies or contracts for insurance, **shall be held by the insurance producer in a fiduciary capacity and shall not be misappropriated or converted to his own use or illegally withheld by the insurance producer.** [Sec. 304.9-400]

Commissions – Splitting Prohibited

No agent, consultant, adjuster, or surplus lines broker shall directly or indirectly share his commission or other compensation received or to be received on account of a transaction under his license with any person not also licensed as agent, consultant, adjuster, or surplus lines broker under this subtitle as to the kinds of insurance involved in the transaction. [Secs. 304.9-421, 425]

Revocation or Suspension of License

The Commissioner may place on probation, suspend, or may impose conditions upon the continuance of a license for not more than 12 months, revoke, or refuse to issue or renew any license issued under this section or any surplus lines broker license,

or may levy a civil penalty, or any combination of actions for any one or more of the following causes:

- Providing incorrect, misleading, incomplete, or materially untrue information in the license application
- Obtaining or attempting to obtain a license through misrepresentation or fraud
- Having been convicted of any felony
- Cheating on an examination for an insurance license

[Sec. 304.9-465]

Actions Following License Suspension or Revocation

Upon suspension or revocation of any license, the Commissioner will immediately notify the licensee either in person or by mail addressed to the licensee at his last address of record. Notice by mail will be considered to be effective when mailed. The Commissioner will also give notice to the insurer represented by the agent, in the case of an agent's license.

A person whose license has been revoked twice is not eligible for any license under this code under any circumstance. [Sec. 304.9-450]

UNAUTHORIZED INSURERS

Prohibition of Unauthorized Insurance Business

In the event of failure of any unauthorized insurer to pay any claim or loss within the provisions of an insurance contract, any person who assisted or in any manner aided directly or indirectly in the procurement of such insurance contract shall be liable to the insured for the full amount of the claim or loss in the manner provided by the provisions of the insurance contract. **Does not include the person covered by the policy.** [Sec. 304.11-030]

Premium Tax

Every unauthorized insurer must pay a premium tax of 2% of gross premiums charged for insurance on subjects resident, located, or to be performed in this state. [Sec. 304.11-050]

Unlawful Advertising

No person shall make or disseminate orally or in other manner any advertisement, information, matter, statement, or things:

- Misrepresenting the terms of any policy
- Using any name or title of any policy or class of policies misrepresenting the true nature thereof;
- Setting forth any misleading representation or any misrepresentation as to the financial condition of an insurer [Sec. 304.12-020]

Advertising Files; Reporting Requirements

All advertisements must be maintained in the file for at least three (3) years. [Regs. 806.12-010.18 and .19]

Defamation

No person shall make, publish, disseminate, or circulate directly or indirectly, or aid, abet, or encourage the making, publishing, disseminating, or circulating of any **oral or written statement** or any pamphlet, circular, article, or literature that is false or maliciously critical of or derogatory to the financial condition of an insurer or of an organization proposing to become an insurer, and which is calculated to injure any person engaged or proposing to engage in the business of insurance. [Sec. 304.12-060]

Discrimination: Denial of Insurance

No person shall, whether acting for himself or another in connection with an insurance transaction, fail or refuse to issue or renew insurance to any person because of race, color, religion, national origin, or sex except that rates determined through valid actuarial tables are acceptable. [Sec. 304.12-085]

Rebates are Prohibited

Life insurance, life annuities, and health insurance. Except as expressly provided by law, no insurer employee or representative shall knowingly permit, offer to make, or make any contract of life insurance, life annuity, health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or pay or

allow, or give or offer to pay, allow or give, directly or indirectly, as inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not expressed in the contract. [Sec. 304.12-090]

Illegal Inducements

No insurance producer may, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, sell, buy, offer, or promise to buy, sell, give, promise, or allow to the insured or prospective insured or to any other person on his behalf in any manner whatsoever:

- Any employment;
- Any shares of stock or other securities issued or at any time to be issued or any interest therein or rights thereto;
- Any advisory board contract, or any similar contract, agreement, or understanding, offering, providing for, or promising any profits or special returns dividends; or
- Any prizes, goods, ware, merchandise, or property of an aggregate value in excess of \$25. [Sec. 304.12-110]

Illegal Collection of Premiums

No person shall willfully collect any sum as premium or charge for insurance that is not then provided or is not in due course to be provided (subject to acceptance of the risk by the insurer) by an insurance policy issued by an insurer as authorized by this code.

No person shall willfully collect as premium or charge for insurance any sum in excess of the amount actually expended, or in due course is to be expended, for insurance applicable to the subject for which the premium was collected or charged.

No person shall willfully or knowingly fail to return to the person entitled thereto within a reasonable time any sum collected as premium or charge for insurance in excess of the amount actually expended for insurance, or for medical examination in the case of life insurance, applicable to the subject for which the premium or charge was collected. [Sec. 304.12-190]

Life and Health – Unfair Claims Settlement Practices

Upon receiving due notice of a claim, every insurer must, within 15 days of the notification, provide necessary claims forms, instructions, and reasonable assistance so the insured can properly comply with the filing requirements.

Upon receipt of proof of loss from a claimant, the insurer shall begin any necessary investigation of the claim within in 15 days. [Reg. 806.12-092]

THE INSURANCE CONTRACT

Insurable Interest – Person

An insurer is entitled to rely on the statements and representations made by an applicant concerning the existence of an insurable interest and has no liability beyond that provided by the policy for relying on those statements in good faith. [Sec. 304.14-040]

Power to Contract Insurance – Purchase by Minors

Any minor not less than 15 years of age may, notwithstanding his minority, contract for or own annuities or insurance upon his own life, body, health, property, liabilities, or other interests, or on the person of another in whom the minor has an insurable interest. [Sec. 304.14-070]

Consent of Insured – Life and Health Insurance

No life or health insurance contract upon an individual, except as a contract of group life insurance or of group or blanket health insurance, shall be made of effectuated unless at the time of the making of the contract the individual insured having the power to contract as provided in Section 304.14-070 applies therefor and has consented thereto in writing, except in the following cases:

- A spouse may effectuate such insurance upon the other spouse.
- Any person having an insurable interest in the life of a minor, or nay person upon whom a minor is dependent for support and maintenance, may effectuate insurance upon the life of or pertaining to such minor.

- Family policies may be issued insuring any two or more members of a family on an application signed by either parent, a stepparent, or by a husband or wife.
[Sec. 304.14-080]

INSURANCE FRAUD

Definition of Insurance Fraud

Knowing that the statement contains any false, incomplete, or misleading information concerning any fact or thing material to a claim.

A person convicted of a violation of this section shall be guilty of a **misdemeanor**, where the aggregate of the claim, benefit, or money referred to in the section is less than or equal to \$300, and shall be punished by:

- Imprisonment for not more than one (1) year;
- A fine, per occurrence, of not more than \$1,000 per individual or \$5,000 per corporation, or twice the amount of gain received as a result of the violation, whichever is greater; or
- Both imprisonment and a fine as set forth in this paragraph.

Where the claim, benefit, or money referred to in this section exceeds an aggregate of \$300, a person convicted of a violation of this section shall be guilty of a **felony** and shall be punished by :

- Imprisonment for not less than one (1) or more than five (5) years;
- A fine, per occurrence, of not more than \$10,000 per individual or \$100,000 per corporation, or twice the amount of gain received as a result of the violation, whichever is greater; or
- Both imprisonment and a fine as set forth in this paragraph.

[Sec. 304.47-020]

PENALTIES FOR VIOLATIONS

Consultants

In addition to any applicable suspension, revocation, or refusal to continue the consultant's license, violation of the statutes governing consultants' commissions, upon conviction, is punishable by a fine of not more than \$5,000, or by imprisonment up to one (1) year, or by both. [Sec. 304.99-025]