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Producer Licensing Uniformity (D) Working Group

Conference Call

# April 11, 2018

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call April 11, 2018. The following Working Group members participated: Chris Murray, Chair (AK); Karen Vourvopoulos, Vice Chair (OH); Peggy Dunlap (AR); Charlene Ferguson and Tyler McKinney (CA); Matthew Guy (FL); Lisa Tordjman (ID); Michele Riddering (MI); Kevin Schlautman (NE); Lorinda Martinez (NM); Stephanie B. McGee (NV); Kelvin Zimmer \*(ND); Rachel Chester (RI); Dan Nelson (SD); Randy Overstreet (UT); Richard Tozer (VA); and Jeff Baughman (WA).; and Melody Esquivel (WI).

1. Reviewed the NAIC Uniform Applications

Mr. Murray said on its last conference call, the Working Group continued with the review of the NAIC Uniform Applications. Mr. Murray said the Working Group will focus on the Initial Producer Application first and then will move on to the Renewal Producer Application.

Mr. Murray said the Working Group will begin with section 38 concerning the background questions. He said there were several questions submitted that have been presented to the NAIC Legal Division for further review before it is discussed among the Working Group. Mr. Murray said the Working Group will continue to move forward reviewing the comments in order of the application and skipping over anything that has been submitted to the NAIC Legal Division. Mr. Murray said once the NAIC Legal Division has finished its review, the information would be used to review those specific areas.

Mr. Murray said the first suggestion is submitted from California concerning background question 1b. He said the suggestion is to remove language within the second statement under question 1b. California suggests removing “offenses where you were adjudicated delinquent in a juvenile court.” In addition, California has a suggestion to the third part of 1b. Ms. Ferguson said California is curious what states do in regards to 1033 being granted in other states. Ms. Ferguson said California does not simply accept 1033 consent from other states and, in certain instances, has a different interpretation of which convictions require 1033 consent (i.e., some states consider certain drug offense as requiring 1033 consent). The Working Group discussed and agreed that they typically defer to the home state. Mr. Murray said California also made a suggestion to the fourth part of 1b. Ms. Ferguson said California thinks there needs to be something to indicate to applicants that if they need 1033 consent and have not received it, they cannot continue on with the application. Ms. Ferguson said the intent is to have something in place that says, “STOP! If you have a felony involving dishonesty and have not applied for consent, you must apply for, and receive, consent before you can complete this application.” Ms. Ferguson said California considers an application from an applicant who needs 1033 consent but has not received it to be “incomplete.” Ms. Ferguson said the goal is to have individuals understand that they need to get a waiver. Mr. Murray said because an agreement cannot be reached, this suggestion would be tabled for now and the Working Group will work on some language that could be applied to this portion of 1b.

Mr. Murray said the next suggestion was from Connecticut suggesting to bold the word “ever” on background question 1 and question 2. The purpose of bolding “ever” is to cause applicants to understand that any conviction related to the question needs to be reported. The Working Group agreed that this suggestion would be added to the application.

Mr. Murray said the next comment was from Ohio concerning question 1a, question b and question c—specifically, the note section addressing “conviction.” Ms. Vourvopoulos said section (a) ends with the language “of each incident” and Ohio would suggest that “of each incident” is added to (b) and (c). Ms. Vourvopoulos said Ohio would also suggest that this section be indented to draw more attention. The Working Group discussed and agreed with adding “of each incident” to each.

Ms. Vourvopoulos said Ohio submitted a suggestion to change background question 4. Ms. Vourvopoulos said the suggestion is to delete the language “to which you are applying.” The Working Group discussed and decided that no change would be made to this section.

Ms. Vourvopoulos said Ohio’s next suggestion was to add a question concerning veterans. Ms. Vourvopoulos said the question would state: “Are you a member of veteran of the armed forces or the spouse of surviving spouse of a service member or veteran?” The Working Group discussed and agreed that this question would be added to the application. Laurie Wolf (National Insurance Producer Registry—NIPR) said to assist with the coding on the electronic applications, NAIC staff will work with NIPR on the location of the new question.

Mr. Murray said the next suggestion is from California on background question 1c, specifically the second part, which states: “If you answer ‘yes’ to any of these questions, you must attach to this application: a) a written statement explaining the circumstances of each incident; b) a copy of the charging document; and c) a copy of the official document, which demonstrates the resolution of the charges or any final judgment.”

Ms. Ferguson said California suggests replacing the word “official” with “certified.” Ms Ferguson said this change will allow a person who is going to a hearing to still possess the original document and that only a certified copy was submitted. Ms. Vourvopoulos said the Working Group originally discussed this section several years ago, and it was already changed from “certified” to “official.” The Working Group discussed and agreed not to change the language.

Mr. McKinney said California made a suggestion on background question 2 to add the underlined language found in the definition for “involved.” “Involved” means having a license censured, suspended, revoked, canceled, terminated or restricted; or, being assessed a fine, a cease and desist order, a prohibition order, a compliance order, placed on probation, sanctioned, or surrendering a license or entering into a settlement to resolve an administrative action. “Involved” also means being named as a party to an administrative or arbitration proceeding, which is related to a professional or occupational license, or registration. “Involved” also means having a license or registration application denied or the act of withdrawing an application or entering into a settlement to avoid a denial. INCLUDE any business so named because of your actions in your capacity as an owner, partner, officer or director, or member or manager of a Limited Liability Company or any other position that exercises management or control over the business. You may EXCLUDE terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

The Working Group discussed and agreed to add “or restricted.” However, the language “entering into a settlement” would be an administrative action and could create an issue. The Working Group discussed and agreed that since this question does not only address insurance but also applies to professional or occupational license or registration, the “entering into a settlement” would not apply. Ms. Vourvopoulos said the insurance license may be handled by settlement to resolve an administrative action. However, other licenses may not. The Working Group discussed and agreed.

Mr. McKinney said in addition to changing the “involved” definition, California is suggesting a change to the “If you answered ‘yes,’ you must attach to this application” section. Mr. McKinney said California is suggesting changing language in section b by removing “notice of hearing” and adding “pleading.” The Working Group discussed and decided to table the discussion. Mr. Murray said that he would work on the language and wordsmith some possibilities to find a middle ground that would benefit everyone.

Mr. Murray said the Working Group will stop with the revisions and pick back up on its next conference call, which is scheduled for May 2. He said that the Working Group will continue to work through the initial application and that a final redline would be presented once all the application suggestions have been reviewed.

# Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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