May 5, 2020

To: Members of the NAIC Producer Licensing Task Force

From: Dave Leifer & Vincent Ryan

Re: Temporary Pandemic-Related Producer License Accommodations

We very much appreciate the extraordinary leadership being shown by public insurance officials to recognize the unique problems created by the COVID-19 pandemic, and to implement creative solutions to keep people working while protecting consumers. One such solution has been the implementation of temporary pandemic-related producer licensing accommodations such as waiving of on-site proctored exams and/or fingerprinting requirements that are rendered infeasible due to test site closures and social distancing requirements.

We understand that temporary emergency-based producer licensing will be a major topic of the next NAIC Producer Licensing Task Force (PLTF) call on May 6, 2020. We are very grateful for the time and attention the NAIC is devoting to this important topic, and we are sending these comments for your consideration as you discuss what best practices might be adopted during these unprecedented times.

As of the posting of this letter, 27 states have taken action to make accommodations for new agents unable to take exams due to test site closures and social distancing protocols. We as insurers, and the agents who are allowed to enter and remain in the work force due to these temporary licensure accommodations are very grateful. The states that have taken action are approaching the temporary license as an emergency, stop gap measure and a bridge to a permanent license once testing and fingerprinting operations return to normal or these services are available remotely.

The three major insurance examination vendors have also been working extraordinarily hard over the last 6 weeks to re-open test sites in states where it is allowed, and to make remote proctored testing available. As the test sites and fingerprint vendors are slowly re-opening and on-line test appointments are being taken, we are collectively monitoring progress and identifying availability and wait times. As we are seeing Governors make the difficult decision to extend “stay-at-home” orders and business closures, this is also impacting the ability of these vendors and state regulators to assure adequate access to exams and fingerprinting.

We have noted that some states have limited the duration of the temporary license, or have stopped issuing temporary licenses immediately upon re-opening of test sites or availability of on-line exams. Unfortunately, since in most states there are still significant social distancing requirements in place, the capacity in the test centers is still severely limited and wait times for available appointments can be up to several weeks. A similar experience with on-line test availability is also being reported as the new on-line
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proctored exams are much more labor intensive for proctors and therefore exam appointment slots are limited. While we are very supportive of the move to on-line testing, we recognize that building capacity will take time and therefore we urge states that have implemented on-line testing to continue the temporary license programs for a period of time until test availability increases.

Due to the continuing COVID-19 related shortage of licensing exam availability, we are requesting that those states that have issued bulletins or other guidance outlining the COVID-19 pandemic-related temporary licensing requirements extend the expiration date of their orders and the temporary licenses that have been issued until such time as wait times for exam appointments are significantly decreased.

As many of you may have noted, the industry sent a letter to each insurance commissioner in the country on March 31, 2020 requesting that they consider granting temporary licenses until adequate access to testing was available. That letter contained suggested conditions that state regulators require be met to assure new agents meet strict standards in lieu of proctored exams and fingerprint-based background screening. We are reiterating those suggested conditions below, with a modification to reflect that the Pandemic is unfortunately lasting longer than we all had anticipated and that therefore the temporary licensing programs should continue until licensure exam access improves and a state no longer has a backlog of testing applicants.

Best Practice Recommendations for Pandemic-Related Temporary Licensure Accommodations

The circumstances and conditions that we recommend for assuring temporary licensees have adequate training and supervision are as follows:

- These licenses are temporary but will only expire after the commissioner deems that producer licensing exam and background services are available either in-person or through remote technology without significant wait-times or exam backlogs.
- By issuing the temporary license, the state would also deem the producer as appointed to the sponsoring insurer, and this appointment would be for the duration of the temporary license.
- An insurance carrier must sponsor the agent eligible for temporary licensure. Note that this would not require the agent to be an employee of the insurance company. Independent contractors can also avail themselves of a temporary license.
- The sponsoring insurance carrier must confirm that the applicant for temporary licensing has completed all state-required training and coursework.
- The sponsoring insurance carrier must keep track of which agents are functioning under a temporary license in order to quickly move them through the exam and background process once those vendors are available.
- The sponsoring insurance carrier must initiate a background check on applicants for temporary licensure.
- The sponsoring insurance carrier will assure that the temporarily licensed producers’ sales activities and training are coordinated by a licensed insurance producer in good standing with the state insurance regulator or where applicable, a FINRA licensed registered principal.

As you can see, these robust conditions balance the need for strong consumer protections with the ability of a qualified, supervised license applicant to overcome an unfortunate obstacle in the path of licensure caused by COVID-19 related disruption.

We would like to acknowledge our gratitude to the National Insurance Producers Registry (NIPR) for their tireless efforts in helping states to develop the back-office capabilities to facilitate the granting of these
We strongly support wherever possible building on the great work NIPR is doing to support the state-based producer licensing system.

We want to thank you all again for your leadership during this crisis and for your consideration of these recommendations. We know you have many demands and obligations as you work through this crisis, and we stand ready to assist you in any way we can.