

Draft Pending Adoption

Draft: 4/15/21

Attachment One

Producer Licensing (D) Task Force
Virtual Meeting (*in lieu of meeting at the 2021 Spring National Meeting*)
March 26, 2021

The Producer Licensing (D) Task Force met March 26, 2021. The following Task Force members participated: Elizabeth Kelleher Dwyer, Co-Chair (RI); Larry D. Deiter, Co-Chair (SD); Lori K. Wing-Heier represented by Chris Murray (AK); Jim L. Ridling represented by Deborah Fike and Jimmy Gunn (AL); Ricardo Lara represented by Troy Dickinson, Charlene Ferguson and Tyler McKinney (CA); Michael Conway represented by JT Thompson (CO); Trinidad Navarro represented by Ashley Webb and Stacy Washburn (DE); David Altmaier represented by Matthew Guy and Matt Tamplin (FL); Doug Ommen represented by Jackie Russo and Andria Seip (IA); Dean L. Cameron represented by Lisa Tordjman (ID); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon represented by Lorie Gasior (LA); Kathleen A. Birrane represented by Erica Bailey and Shelley Taylor-Barnes (MD); Grace Arnold (MN); Troy Downing represented by Mary Arnold (MT); Mike Causey represented by Angela Hatchell (NC); Bruce R. Ramage represented by Tracy Burns and Kevin Schlautman (NE); Chris Nicolopoulos represented by Joan LaCourse and Christie Rice (NH); Russell Toal represented by Victoria Baca (NM); Judith L. French represented by Karen Vourvopoulos (OH); Glen Mulready represented by Courtney Khodabakhsh (OK); Andrew R. Stolfi represented by Kirsten Anderson (OR); Jessica K. Altman represented Adriane Force (PA); Doug Slape represented by Chris Herrick (TX); Scott A. White represented by Mike Beavers and Richard Tozer (VA); Mike Kreidler represented by Jeff Baughman (WA); Mark Afafe (WI); James A. Dodrill represented by Greg Elam and Robert Grishaber (WV); and Jeff Rude represented by Bryan Stevens (WY). Also participating was: Rachel Chester (RI).

1. Adopted its 2020 Fall National Meeting Minutes

Mr. Baughman made a motion, seconded by Commissioner Clark, to adopt the Task Force's Nov. 13, 2020 minutes (*see NAIC Proceedings – Fall 2020, Producer Licensing (D) Task Force*). The motion passed unanimously.

2. Heard an Update on State Implementation of Online Examinations

Superintendent Dwyer said 32 states have implemented remote, proctored examinations since March 2020, and 16 states are in the process of implementing them. Superintendent Dwyer said only three jurisdictions have decided not to implement remote examinations. Superintendent Dwyer said Rhode Island has not experienced issues with pass rates or other anomalies from in-person exams. Superintendent Dwyer said the Producer Licensing (D) Task Force has requested the Producer Licensing Uniformity (D) Working Group to review the examination section of the NAIC *State Licensing Handbook* since the Handbook language is based on in-person examinations only. Superintendent Dwyer said she thinks remote exams will provide better access to exams.

3. Heard a Briefing on the NARAB Reform Act of 2015

Karen Hornig (National Insurance Producer Registry—NIPR) said nonresident producer licensing has been discussed for more than 150 years, and the issue of uniform and reciprocal producer licensing is often used as a criticism of the state insurance regulatory system. Ms. Hornig said the purpose of the National Association of Registered Agents and Brokers (NARAB) is to create a single, national standard for nonresident insurance producer licensing.

Ms. Hornig said the federal Gramm-Leach-Bliley Act (GLBA) was passed in 1999 and contained provisions for what is referred to as NARAB I. Under the GLBA, states were provided three years to implement either licensing uniformity or licensing reciprocity and, if they could not achieve this, NARAB would be formed. In response to this, the NAIC passed the *Producer Licensing Model Act* (#218) in 2000, and the NAIC certified 35 states as having implemented licensing reciprocity in accordance with the mandates of the GLBA. Despite this effort, there was a demand for greater licensing reciprocity and uniformity, which led to the NARAB Reform Act of 2015. The NARAB Board of Directors was supposed to be in place by May 2015; however, this did not occur. Ms. Hornig said the NARAB Board is to be comprised of 13 members appointed by the president of the U.S. and confirmed by the U.S. Senate. The 13 members will be comprised of eight insurance commissioners and five members from the insurance industry.

Ms. Hornig said a licensed insurance producer may become a NARAB member and, once a member, would have the equivalent of a nonresident produce license. She said this is a similar concept to a driver's license. Ms. Hornig said there are membership requirements, which include an individual holding a valid resident producer license and satisfying a national criminal background check.

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Ms. Hornig said NARAB preempts state nonresident producer licensing laws, as well department of insurance (DOI) and secretary of state registration requirements for nonresident business entities. She said a state cannot impose continuing education (CE) or training requirements on nonresident producers who are members of NARAB; however, all state enforcement authority and licensing fees are preserved.

Ms. Hornig said a producer would have the option to either obtain nonresident licenses through NIPR and the state system or through NARAB membership. To clarify the CE requirements, Ms. Hornig said NARAB will set CE requirements for NARAB membership comparable to the CE requirements in the majority of states. In response to a question from Mr. Baughman about preemption of state training requirements, Ms. Hornig said a state could not impose flood training, suitability training or long-term care (LTC) training on a nonresident producer who is a NARAB member.

4. Adopted the Reports of the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group

Mr. Murray said the Producer Licensing Uniformity (D) Working Group met March 18 to discuss licensing standards for pet insurance. He said the Working Group will provide a comment period for two weeks and meet to discuss three options for the licensing of individuals selling pet insurance: 1) confirm that the current Uniform Licensing Standards (ULS) for pet insurance are the correct policy direction; 2) recommend that pet insurance become a core limited line that all states should adopt; and 3) recommend that the major lines of authority of property/casualty (P/C) be required to sell pet insurance.

Ms. Chester said the Uniform Education (D) Working Group met March 2 and took the following action: 1) discussed the 2019 Continuing Education Reciprocity (CER) Agreement, which 44 states have signed; 2) discussed the posting of exam pass rates to the NAIC website; and 3) discussed state requirements for course instructors. Ms. Chester said the Working Group will create more uniform guidelines concerning course instructor requirements. In response to a question from Director Deiter regarding the posting of exam pass rates, Ms. Chester said the information would be posted on a state-basis, by examination vendor. Ms. Chester said there should not be any concerns with this since the information is already publicly available.

Mr. Stevens made a motion, seconded by Mr. Baughman, to adopt the reports of the Producer Licensing Uniformity (D) Working Group (Attachment One) and the Uniform Education (D) Working Group (Attachment Two). The motion passed unanimously.

5. Received a Report from the NIPR Board of Directors

Director Deiter said the NIPR established the COVID-19 Resource Center, a communication hub to share information about the state credentialing orders and bulletins issued by state insurance regulators. NIPR worked with 48 states on implementing more than 100 separate bulletins and orders to extend license renewal deadlines, issue temporary licenses and allow online testing.

Director Deiter said NIPR launched a major upgrade to its Attachment Warehouse application used to enable insurance producers and other licensees to upload licensing-related documents for review by state insurance regulators. This new capability for allowing additional documents to be submitted by the industry will streamline and improve the licensing application review process for the states in lieu of having the documents submitted separately. NIPR processed 38 million credentialing and report transactions in 2020, a 5.2% increase from 2019. NIPR had \$47.9 million in revenue in 2020, a 5.7% increase from 2019.

Director Deiter said the NIPR Board of Directors approved a 2021–2023 NIPR Strategic Plan – Our Bridge to the Future. The plan has the following three pillars connected to NIPR’s values of teamwork, excellence, trust and innovation: 1) an engaged and empowered team; 2) customer-focused excellence; and 3) high-quality and reliable technology.

Director Deiter said NIPR has been working to bring more products and services to state and industry customers. NIPR is excited to announce that contact change requests for business entities will soon be available online through NIPR. Currently, only individual licensees may update their contact information, which includes the physical address, e-mail and phone number through NIPR. The new capability will enable business entities to utilize NIPR’s online product and eliminate the need for a separate state by state notification process for updating the entity’s contact information. Arizona, North Carolina, North Dakota and Rhode Island are expected to be implemented on April 5. NIPR plans a phased state rollout plan. NIPR is also launching a chat feature for the customer call center. Finally, NIPR has been working with California and Hawaii to implement adjuster licensing online through NIPR.

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6. Received Comments from the ACLI on Race and Insurance

David Leifer (American Council of Life Insurers—ACLI) said the ACLI has made race and insurance a priority issue. Mr. Leifer said the ACLI is working on strategies to recruit minority insurance producers. He encouraged the NAIC to think about whether there are regulatory and licensing standards, such as certain background check processes, that should be reviewed. He said the ACLI supports strong background checks but questioned if certain process, such as 1033 Waivers, could be done differently. Mr. Leifer said the implementation of remote, proctored exams is a good development and suggested states may also consider eliminating the requirement for pre-licensing education. He said pre-licensing education requirements may deter economically, disadvantaged individuals from seeking a producer license and that there does not appear to be a correlation to pre-licensing education requirements and examination pass rates. Mr. Leifer said greater uniformity in resident licensing standards eliminates expenses for companies and helps companies recruit and train new candidates for producer licensing examinations.

Birny Birnbaum (Center for Economic Justice—CEJ) said he supports the ACLI's efforts on racial justice but questioned whether the direction suggested by the ACLI will benefit communities of color. Mr. Birnbaum said the Producer Licensing (D) Task Force should review the reasons a producer licensing may be denied, suspended or revoked and whether the reason disproportionately affects communities of color due to the historically bias policing practices.

7. Discussed Procedures for Amending the NAIC Producer Licensing Applications

Director Deiter said the procedures were circulated for comment in November 2020, and comments were received from California, Washington, and the Professional Insurance Agents (PIA).

Ms. Ferguson asked what will happen to the changes the Producer Licensing (D) Task Force adopted in 2018. Director Deiter and Superintendent Dwyer said these changes were not approved by the Executive (EX) Committee and that they would work with NAIC staff to determine the appropriate next steps due to the procedures being developed. Ms. Ferguson suggested reversing steps 2 and 3 of the procedures to allow the Producer Licensing Uniformity (D) Working Group to review suggested changes and prior to the NAIC and NIPR staff providing a time and cost estimate to implement a change. Ms. Ferguson said the procedures should also address what happens if the Producer Licensing Uniformity (D) Working Group cannot agree on a suggested change. Mr. Baughman said initial conversation of changes should start with the Producer Licensing Uniformity (D) Working Group prior to the NAIC and NIPR review. Director Deiter said he understood the preference of state insurance regulators but said it also is important to understand how the suggestions might affect the business and resources of the NAIC and NIPR.

Lauren Pachman (PIA) said the timing for approving changes to the Uniform Applications is inconsistent with the timing for approving changes in the Producer Licensing (D) Task Force charges. Tim Mullen (NAIC) said he would review the procedures and charges to ensure they are consistent. Director Deiter and Superintendent Dwyer said they would work with Mr. Mullen to review the comments and circulate a revised draft of the procedures.

8. Discussed Any Other Matters

Superintendent Dwyer said the Producer Licensing (D) Task Force will be receiving a referral from the NAIC's Special (EX) Committee on Race and Insurance and the Cannabis Insurance (C) Working Group on whether prior criminal charges are impeding individuals from obtaining an insurance producer license. Superintendent Dwyer said Rhode Island does not deny too many licenses for criminal convictions, unless it involves a felony. Because of the importance of how criminal convictions may be affecting insurance producer applicants, Superintendent Dwyer suggested the NAIC may want to review the NAIC's *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994*. Superintendent Dwyer said she would contact Commissioner Trinidad Navarro (DE), chair of the Antifraud (D) Task Force, for further coordination on this issue.

Having no further business, the Producer Licensing (D) Task Force adjourned.

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Draft: 7/30/21

Jurisdictions Offering Remote On-Line Examinations

1. Alabama (University of Alabama)
2. Alaska (Pearson Vue)
3. Arkansas (PSI)
4. California (PSI)
5. Colorado (Pearson Vue)
6. Florida (Pearson Vue)
7. Hawaii (Pearson Vue)
8. Idaho (PSI)
9. Indiana (Pearson Vue)
10. Iowa (Pearson Vue)
11. Kansas (Pearson Vue)
12. Maine (Pearson Vue)
13. Maryland (Prometric)
14. Michigan (PSI)
15. Minnesota (Pearson Vue)
16. Missouri (Pearson Vue)
17. Montana (Pearson Vue)
18. Nebraska (Prometric)
19. New Hampshire (Prometric)
20. New Jersey (PSI)
21. New Mexico (Prometric)
22. New York (PSI)
23. North Dakota (Prometric)
24. Ohio (PSI)
25. Oklahoma (Prometric)
26. Oregon (PSI)
27. Pennsylvania (PSI)
28. Rhode Island (Pearson Vue)
29. South Carolina (PSI)
30. South Dakota (Pearson Vue)
31. Tennessee (Pearson Vue)
32. Texas (Pearson Vue)
33. Utah (Prometric)
34. Vermont (Prometric)
35. Virginia (Prometric)
36. Washington (PSI)
37. Wisconsin (PSI)
38. Wyoming (Pearson Vue)

Revision marks reflect changes from draft of Nov. 4, 2020.

DRAFT FOR DISCUSSION

PROCEDURES GUIDELINES FOR AMENDING THE UNIFORM LICENSING APPLICATIONS

The mission of the Producer Licensing (D) Task Force includes the development and implementation of uniform standards with a primary emphasis on encouraging the use of electronic technology. As part of this mission, the Task Force has appointed a Producer Licensing Uniformity (D) Working Group to “review and update, as needed, the NAIC’s uniform producer licensing applications and uniform appointment form.” In support of this mission and charge, the Producer Licensing (D) Task Force recognizes the importance of having stable, streamlined, and consistent NAIC’s Uniform Producer Licensing Applications, which comply with the statutes and regulations of the NAIC Membership and encourage the use of electronic technology in the most efficient manner.

In support of this mission and the importance of maintaining stable and consistent NAIC Uniform Licensing Applications, the Producer Licensing (D) Task Force will ~~adhere to the following process~~ use the following guidelines for substantive changes to the NAIC’s Uniform Licensing Applications.

1. On a biennial basis, the Producer Licensing (D) Task Force will ~~receive~~ send an email notification by Dec. 1st asking for proposed changes to the NAIC Uniform Licensing Applications, ~~through~~ The submission of requested changes are to be submitted using the NAIC Uniform Licensing Application Change Request as a Word document. The form should be completed in its entirety, attached to ~~an~~ the Producer Licensing (D) Task Force e-mail notification as a Word Document, and submitted to NAIC staff providing primary support for the Producer Licensing (D) Task Force. All requests ~~must~~ should be submitted by Feb. ~~ruary~~ 1.
- ~~2.~~ NAIC staff will coordinate with NAIC and NIPR technology staff on a preliminary analysis of the time and cost estimate to implement each proposed change. NAIC and NIPR staff will spend no more than two hours for each request in this preliminary analysis phase. By March 15, NAIC staff support for the Producer Licensing (D) Task Force will provide the change requests and preliminary analysis to the Chair of the Producer Licensing (D) Task Force for further review and discussion by the Task Force, at the discretion of the Chair.
- ~~3.~~ 2. If the Producer Licensing (D) Task Force recommends further analysis of the request, the Task Force will assign the request to the Producer Licensing Uniformity (D) Working Group ~~for review~~ by the NAIC Spring National Meeting. The Working Group will review the request pursuant to the following guiding questions:
 - a. Does the proposed change maintain the NAIC Membership’s mission of uniform licensing standards with a primary emphasis on encouraging the use of electronic technology?
 - b. Does the proposed change serve a regulatory purpose of stronger consumer protection while maintaining an efficient licensing process for producer applicants? This should include documentation on why the existing Uniform Applications do not meet these objections.
 - c. Does the proposed change comply with the statutes and regulations of the NAIC Membership and encourage the use of the NAIC’s Uniform Applications in all jurisdictions?
- ~~4.~~ 3. The initial comment period on exposure drafts for the Producer Licensing Uniformity (D) Working Group ~~is~~ should be 30 calendar days. The Working Group may consider additional exposure periods of less than 30 days for revisions to the same draft.
- ~~5.~~ 4. Revisions to the NAIC’s Uniform Applications ~~must~~ should be adopted by the Producer Licensing Uniformity (D) Working Group ~~by August 1 and~~ the Producer Licensing (D) Task Force by Sept. 1, the NAIC Summer National Meeting.¹ the Market Regulation and Consumer Affairs (D) Committee by Oct. 1, and the Executive (EX) Committee and Plenary by Dec. 31.

¹ This timeline will require the charges assigned to the Producer Licensing Uniformity (D) Working Group to be revised to reflect the Working Group should provide recommended changes to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting instead of June 1.

5. If the Producer Licensing Uniformity (D) Working Group recommends not to proceed with a request, the request will be updated with that decision, filed for future reference, and a copy to the requestor.
6. ~~The implementation timeline for the revised Uniform Licensing Applications will be coordinated with NAIC and NIPR staff and communicated to the Producer Licensing (D) Task Force.~~ If the Producer Licensing Uniformity (D) Working Group recommends proceeding with a request, NAIC and NIPR staff will perform analysis during the next 30 days and provide a time and cost estimate for the Producer Licensing (D) Task Force's review and prioritization with an identified implementation date.
7. Revisions to the NAIC's Uniform Applications should be adopted by the Market Regulation and Consumer Affairs (D) Committee by Oct. 1, and the Executive Committee and Plenary by the NAIC Fall National Meeting.

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NAIC Uniform Application Change Request

Date Submitted: _____

Name: _____

State: _____

E-Mail: _____

Phone: _____

Change Request to Following NAIC Uniform Application (Check all that apply)

- Uniform Application for Individual License/Registration
- Uniform Application for Individual License Renewal/Continuation
- Uniform Application for Business Entity Licensing Registration
- Uniform Application for Business Entity License Renewal/Continuation

Provide Concise Description of Proposed Change

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Provide Reason for the Proposed Change

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Provide Supporting Information Related to the Proposed Change

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To Be Completed by NAIC/NIPR Staff

Change Request ID #	Date Received	Estimated Hours	Recommendation

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