

Draft: 12/2/20

Producer Licensing (D) Task Force
Virtual Meeting (*in lieu of meeting at the 2020 Fall National Meeting*)
November 13, 2020

The Producer Licensing (D) Task Force met Nov. 13, 2020. The following Task Force members participated: Larry D. Deiter, Co-Chair (SD); Elizabeth Kelleher Dwyer, Co-Chair (RI); Lori K. Wing-Heier represented by Chris Murray (AK); Ricardo Lara represented by Charlene Ferguson (CA); Trinidad Navarro represented by Ashley Webb (DE); David Altmaier represented by Matthew Guy (FL); Doug Ommen represented by Jackie Russo (IA); Vicki Schmidt represented by Nancy Strasburg (KS); Sharon P. Clark (KY); James J. Donelon represented by Laura Gasior and Barry Ward (LA); Chlora Lindley-Myers (MO); Jon Godfread represented by John Arnold (ND); Bruce R. Ramge represented by Kevin Schlautman (NE); Chris Nicolopoulos represented by Cheryl Gagnon; Tynesia Dorsey represented by Karen Vourvopoulos (OH); Andrew R. Stolfi represented by Kirsten Anderson (OR); Jessica K. Altman represented Adriane Force and Katelin Lambert (PA); Raymond G. Farmer represented by Andrea Bourgoin (SC); 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); and James A. Dodrill represented by Greg Elam. Also participating was: Rachel Chester (RI).

1. Adopted its Oct. 30 and Summer National Meeting Minutes

The Task Force conducted an e-vote that concluded Oct. 30 to adopt its 2021 proposed charges. Mr. Baughman made a motion, seconded by Commissioner Clark, to adopt the Task Force's Oct. 30 (Attachment **XX**) and Aug. 3 (*see NAIC Proceedings – Summer 2020, Producer Licensing (D) Task Force*) minutes. The motion passed unanimously.

2. Discussed State Implementation of Online Examinations

Director Deiter said the National Insurance Producer Registry (NIPR) continues to work with the states and testing vendors to track state implementation of online examinations. As reflected on NIPR's website as of Nov. 12, the following 25 states have implemented online examinations: Alabama, Alaska, California, Colorado, Florida, Indiana, Iowa, Maryland, Michigan, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont, Virginia, Washington and Wisconsin. Additionally, two other states are scheduled to implement online examinations during the fourth quarter of 2020. Director Deiter said the American Council of Life Insurers (ACLI) and the National Association of Independent Financial Advisors (NAIFA) submitted a comment letter in September in support of state implementation of online examinations with a recommendation to update the NAIC's *State Licensing Handbook* to encourage all states to implement an approach for remote examinations to avoid disruptions should physical testing become unavailable. In response to this request, the Producer Licensing (D) Task Force requested the Producer Licensing Uniformity (D) Working Group review the examination standards in the *State Licensing Handbook* regarding state implementation of remote examinations.

3. Discussed Adjuster Licensing Uniformity and Reciprocity

Superintendent Dwyer said an initial priority issue for the NAIC membership in 2020 was to improve reciprocity and uniformity of independent adjuster licensing. While the topic has remained a priority, Superintendent Dwyer said the challenges of 2020 have not allowed the Producer Licensing (D) Task Force to devote as much time as initially anticipated. Superintendent Dwyer said earlier discussions this year included requests from David Farber (King & Spalding), who represents the Association of Claims Professionals (ACP), to improve the licensing process through: a home state examination requirement only; simplified fingerprinting; use of a uniform application; implementation of uniform license renewal cycle; uniform and reciprocal continuing education (CE); streamlined licensing after catastrophe losses; elimination of licensing by line of authority; and consistent application of the designated home state standard. Superintendent Dwyer said this would remain a priority item for the Producer Licensing (D) Task Force.

4. Received Updates from its Working Groups

Director Deiter said the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group have not met this year due to other priorities facing state licensing directors in 2020. Director Deiter said he does not want to lose site of the important role these working groups provide for dialogue among state producer licensing directors and industry.

Mr. Murray, Producer Licensing Uniformity (D) Working Group chair, said the Working Group has not met but continues to monitor and encourage producer licensing and uniformity. Rachel Chester, Uniform Education (D) Working Group chair, said she has been working with states to obtain signatures on the Continuing Education Reciprocity (CER) Agreement, which the NAIC membership adopted earlier this year. Ms. Chester said 37 jurisdictions have signed the Agreement, and she will continue to work with the state licensing directors to obtain full participation by all jurisdictions.

5. Discussed Producer Licensing Uniformity and Reciprocity

Superintendent Dwyer said a provision in the federal Gramm-Leach-Bliley Act of 1999 (GLBA) sought to streamline producer licensing by requiring the states to enact certain reforms to the producer-licensing process. The provision of GLBA was designed to create a new organization called the National Association of Registered Agents and Brokers (NARAB) if greater state producer-licensing uniformity or reciprocity was not achieved. (The federal statute required at least 29 jurisdictions to achieve either reciprocity or uniformity in nonresident producer licensing by November 2002.) Superintendent Dwyer said the GLBA led to an NAIC movement to bring more efficiency to the producer-licensing process. After many discussions, state insurance regulators opted to pursue reciprocity among the states for nonresident agent licensing first, followed by actions to improve uniformity in the producer-licensing process. Superintendent Dwyer said the NAIC last formally reviewed producer uniformity and reciprocity in 2011. At that time, the NAIC's NARAB (EX) Working Group recommended that 40 jurisdictions be certified as reciprocal for purposes of GLBA producer licensing.

Superintendent Dwyer said in early 2015, a modified version of the national licensing proposal, the National Association of Registered Agents and Brokers Reform Act of 2015 (NARAB II), was enacted. NARAB II does not create a federal regulator but establishes an independent non-profit corporation, known as NARAB. Superintendent Dwyer said NARAB is to be governed by a 13-member governing board comprised of eight current or former state insurance commissioners and five insurance industry representatives.

Because of the critical importance of licensing reciprocity and uniformity for insurance producers operating in multiple states and because there is uncertainty on when the NARAB Board might be appointed, Superintendent Dwyer said she is looking for feedback on what, if anything, the Producer Licensing (D) Task Force should do to review ongoing state compliance with the uniform and reciprocal licensing standards the NAIC membership last formally reviewed in 2011.

With support from industry, the Task Force agreed that further review of state compliance with uniform and reciprocal licensing standards should occur.

6. Discussed Draft Procedures for Amending the NAIC Uniform Applications

Superintendent Dwyer said a discussion draft for procedures to amend the NAIC Uniform Applications was distributed to address the Task Force's charge to "draft procedures for amending the NAIC's uniform producer licensing applications and uniform appointment form to ensure consistency with the NAIC membership's goal of maintaining uniform and stable applications that encourage the efficient use of electronic technology." Tim Mullen (NAIC) said the draft document was patterned after similar procedures the NAIC uses for changes to the Market Conduct Annual Statement (MCAS) blanks and changes to coding schematics for the NAIC's Market Information Systems (MIS). Commissioner Clark asked if proposed changes would be from state insurance regulators or interested parties. Mr. Mullen said proposed changes from both state insurance regulators and industry are considered. Superintendent Dwyer said the Task Force will receive comments on the draft procedures until Dec. 14.

7. Received a Report from the NIPR Board of Directors

Director Deiter said NIPR's assets are \$5.16 million higher than this time last year. NIPR is scheduled to achieve its budgeted revenue target for 2020. The NIPR Board of Directors is developing the 2021 budget and a strategic plan for the next three years. Director Deiter said NIPR continues to be a source of producer licensing-related information for the states and industry through its COVID-19 Information Resource Center on the NIPR website, which centralizes the state-specific bulletins relating to producer licensing and exam vendor updates.

8. Discussed Producer Licensing for Pet Insurance

Superintendent Dwyer said the Producer Licensing (D) Task Force discussed licensing standards related to pet insurance in 2017 and requested the Property and Casualty Insurance (C) Committee review the product and the complexity of the product before a decision would be made on what type of producer license should be required to sell pet insurance. Based upon a referral

from the Producer Licensing (D) Task Force, the Property and Casualty Insurance (C) Committee appointed a Pet Insurance (C) Working Group, which drafted a white paper reviewing the coverage options, product approval, marketing, rating and claims practices for pet insurance.

Superintendent Dwyer said the Pet Insurance (C) Working Group is now drafting a Pet Insurance Model Act. During the Working Group's Oct. 21 meeting, the Working Group adopted a motion to remove Section 6 of the draft model and replace it with a drafting note that reads: "When each state considers adopting this model, they should review the NAIC *State Licensing Handbook* and other guidance adopted by the Producer Licensing (D) Task Force with respect to licensing issues."

Superintendent Dwyer said there is some guidance on this issue in the NAIC's Uniform Licensing Standards (ULS). She said the NAIC membership then modified the ULS in 2011 to recommend definitions for certain non-core limited lines, including pet insurance. These recommendations included the following definitions:

- "Limited lines pet insurance producer" means an insurer designee, such as a managing general underwriter, managing general agent or limited lines producer of pet insurance.
- "Pet insurance" means health insurance coverage including, but not limited to, coverage for injury, illness and wellness for pets such as birds, cats, dogs and rabbits.,

Kate Jensen (North American Pet Health Insurance Association—NAPHIA) and Jack Chaskey (Westmont Associates) said they support further review of these issues by the state licensing directors. The Task Force requested the Producer Licensing Uniformity (D) Working Group review the uniform licensing standards for pet insurance.

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

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Overview

NARAB II

Karen Stakem Hornig
CEO, NIPR

March 2021



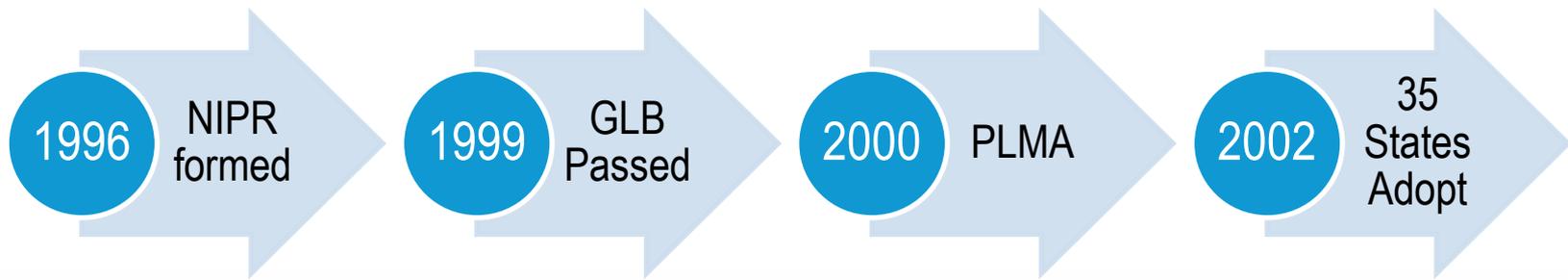
What is NARAB

- National Association of Registered Agents & Brokers
- 15 U.S.C § 6752
- Membership Organization that is:
 - Non-profit DC corporation
 - Independent, non-governmental entity
- Cannot receive or borrow federal funds

Purpose of NARAB

Create reciprocity for Nonresident
Producer Licensing in the United States,
District of Columbia and territories.

Push for Uniformity NARAB I



Statutory Timeline 2015 - 2017

- ❑ 1/12/2015 – HR 26 signed by President
- ❑ 4/12/2015 – Board members to be appointed
- ❑ 5/27/2015 – Board to hold first meeting
- ❑ 1/12/2017 – NARAB membership available to producers

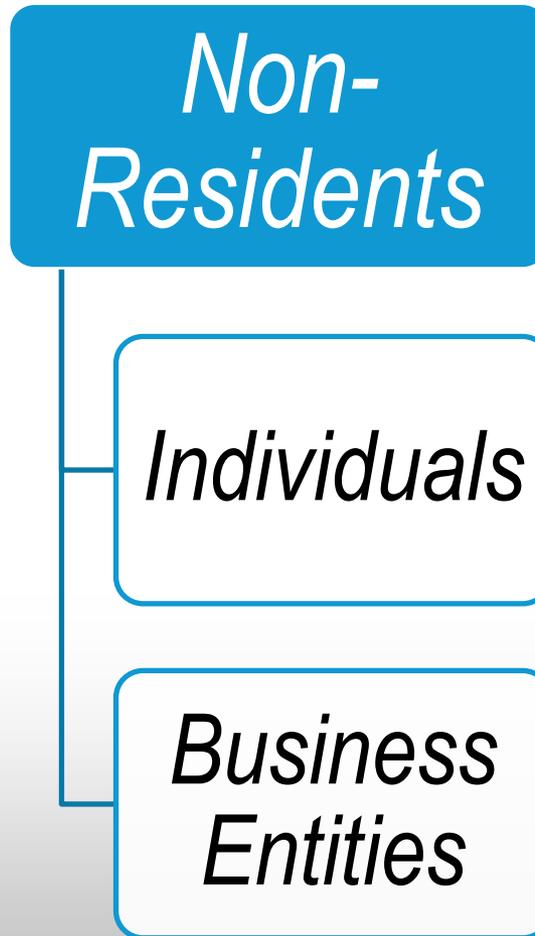
13 Member Board of Directors

- Regulator Members (8)
 - One designated as chair
 - Only 4 from same political party

- Industry Members (5)
 - Life & Health (2)
 - Property & Casualty (3)

- All Presidential Appointees

Membership Availability



**Membership is
Equivalent
to a Nonresident
License**

Mandatory Membership Requirements

- Hold Valid Resident License
- Satisfy National Criminal Background Check
- No Suspension or Revocation in Home State

Membership Benefits

- Authorized to sell, solicit or negotiate in all nonresident states
- Authority limited to lines of authority held in home state
- Biennial Membership Renewal

Cost of Membership

All State Fees

NARAB Fee

Background Check Cost

Impact on State Law

- Preempts State credentialing requirement for nonresident producers
- Preempts registration requirements on nonresident BE by DOI and/or SOS
- No additional CE or training requirements permitted
- Preserves State enforcement authority & licensing fees



Questions?

National Association of Registered Agents and Brokers Reform Act of 2015

GENERAL OVERVIEW OF NARAB II

NARAB PURPOSE - Set nonresident producer license qualifications on a multi-state basis. 15 U.S.C. § 6752 (2015).

NARAB STRUCTURE AND GOVERNANCE

- Nonprofit corporation incorporated in DC, which is not an agent or instrumentality of the Federal Government. Sec. 6751(b); Sec. 6756.
- Independent – may not be merged with or into any other private or public entity. Sec. 6751(b)(3).
- Prohibited from receiving, accepting or borrowing any amount from the Federal Government to establish, pay for, or operate NARAB. Sec. 6763.
- Board may borrow money and secure funding to begin operations. Sec. 6756(7)-(8).
- Thirteen-member Governing Board, appointed by the President, to establish a clearinghouse for nonresident licensing. Sec. 6754(a)-(c).
- Members may not receive compensation, but may be reimbursed for travel and expenses pursuant to federal guidelines. Sec. 6754(i).
- Members include eight state insurance commissioners. Sec. 6754(c)(1)(A).
 - One regulator shall be designated by the President as chair. Sec. 6754(c)(1)(A).
 - No more than 4 regulators may be from the same political party. Sec. 6754(c)(2)(B).
- Five insurance industry representatives will be chosen: two life & health and three property & casualty. Sec. 6754(c)(1)(B),(C)(3).
- Except for the initial appointments, which are staggered between one and two years, Board members term of service is two years. Sec. 6754(d)(1),(2)(A).
 - Member may continue to serve for another two years or until a successor has been appointed. Sec. 6754(d)(2)(B).
 - May be appointed to successive terms. Sec. 6754(d)(3).
- Board must act pursuant to an ethics and conflicts of interest policy. Sec. 6754(h).

TIMELINE

- January 8, 2015 – HR 26 Passed by Senate.
- January 12, 2015 - Bill Signed by the President.
 - President to request list of recommended candidates from States through NAIC. The recommendation is nonbinding. Sec. 6754(c)(2)(A).
 - President may seek recommendations for candidates from groups representing trades (P&C and L&H). Sec. 6754(c)(3).
- 15 days after President's Request – if NAIC has not responded President may make the appointment without views of NAIC. Sec. 6754(c)(2)(A).
- April 12, 2015 – appointment of initial Board members 90 days after enactment. Sec. 6754(e).

- May 27, 2015 – Board hold its first meeting 45 days after Board is appointed. Sec. 6754(f)(4).
- January 12, 2017 – Earliest date that membership (Sec. 6753) requirements could take effect based on bill language.¹ Sec. 6753(k).

NARAB MEMBERSHIP

- There are three mandatory requirements for NARAB membership:
 - 1) a producer must be licensed in good standing in his or her home state (including business entities) Sec. 6753(a)(1);
 - 2) a national criminal background check conducted by the FBI, either in the preceding two years or upon applying to NARAB Sec. 6753(a)(4)(A), (B), (L)(i), (M); and
 - 3) producer has not been subject to suspension or revocation of a State insurance producer license. Sec. 6753(a)(2), (4)(L)(i).
- NARAB may establish classes of membership. Sec. 6753(c)(1), (3)(d).
 - A class of membership and membership criteria shall be established for Business Entities (BE). Sec. 6753(c)(2).
 - BE must designate individual NARAB member responsible for compliance. Sec. 6753(c)(2).
- NARAB may establish membership criteria. Sec. 6753(b), (d)(1).
 - Qualifications that are not “less protective to the public” than those contained in the NAIC Producer Licensing Model Act. Sec 6753(d)(2).
 - Shall establish continuing education (CE) requirements that are comparable to CE requirements of majority of the States. Sec. 6753(g)(1).
 - NARAB may not offer CE. Sec. 6753(g)(4).
- NARAB membership will provide authorization to sell, solicit or negotiate in all non-resident states in which the member pays the requisite licensing fee(s). Sec 6753(e)(1)(A).
- Membership equivalent of nonresident insurance producer license. Sec. 6753(e)(1)(B), (C).
- Authority is limited to the lines of business and “incidental powers” (e.g. claim adjustment, risk management, retirement planning) for which the producer is licensed in the home state. Sec. 6753(d)(1)(A).
- NARAB membership shall be renewed on a biennial basis. Sec. 6753(f).

NARAB FEES AND FINES

- Authorized to set and collect NARAB membership fee. Sec. 6756(1).
- Attorney General may charge a reasonable fee for conducting criminal background check. Sec. 6753(a)(4)(l).
- NARAB member must pay any State licensing fee set by the State for any line(s) of insurance. Sec. 6753(e)(1)(A).
- NARAB is agent for member for purpose of remitting State producer licensing fees. Sec. 6753(e)(3).

¹ Membership requirements take effect the later of the date of incorporation of the association or two years from date of enactment.

NARAB BOARD RESPONSIBILITIES

- Remit producer licensing fees to the appropriate State(s). Sec. 6753(e)(3).
- Provide State Regulators and NAIC with:
 - Notice that an insurance producer has newly satisfied NARAB membership criteria [Sec. 6753(e)(4)];
 - Notice that an insurance producer is no longer authorized to operate based on NARAB membership or suspended or placed on probation [Sec. 6753(e)(4)(B), (h)(3)];
 - A list of the States in which each member is authorized to operate. Sec. 323(e)(4)(B).
- After notification that an insurance producer has satisfied NARAB membership criteria, States will have 10 business days to provide NARAB with evidence that the producer does not meet the criteria for membership. Sec. 6753(e)(4)(A).

IMPACT ON STATE LAWS

- Preempts state laws that impose registration requirements on non-resident business entities that are NARAB members. Sec. 6760(a)-(b).
- All state insurance producer licensing fees are preserved. Sec. 6752(4).
- Prohibits a nonresident jurisdiction from imposing any requirement upon a NARAB member that it register as a foreign company with the secretary of state or equivalent State official. Sec. 6760(b)(2)(B).
- Nonresident jurisdictions may not impose continuing education or training requirements on NARAB members. Sec. 6760(b)(1)(C).
- May eliminate state laws pertaining to nonresident company appointment requirements. Sec. 6752(2); 6753(e)(5)(B)(iii).
- Preserves state laws regulating market conduct, producer conduct, consumer complaints, and unfair trade practices. Sec. 6752(3), (5); Sec. 6753(e)(5)(B)(i).
- States will retain the ability to take disciplinary action against producers who are NARAB members. Sec. 6753(3); Sec. 6760(b)(3).
- Complaints received by NARAB against its members will be referred to the respective state insurance departments. Sec. 6753(i).

NARAB INFORMATION SHARING WITH OTHER ENTITIES

- May share information with other State, federal, international governmental entities or NAIC or other appropriate entity. Sec. 6753(j)(1).
- Establish or use NAIC or another appropriate entity's clearinghouse for membership purposes. Sec. 6753(j)(3).
- Establish or use NAIC or another appropriate entity's database for collection of regulatory information about producers. Sec. 6753(j)(4).
- Coordinate with FINRA. Sec. 6761.



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

(in lieu of meeting at the 2021 Spring National Meeting)

PRODUCER LICENSING UNIFORMITY (D) WORKING GROUP

Thursday, March 18, 2021

2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

Summary Report

The Producer Licensing Uniformity (D) Working Group met March 18, 2021. During this meeting, the Task Force:

1. Discussed licensing standards for pet insurance. The Working Group heard from members, state insurance regulators and interested parties. The Working Group will meet again in April to determine a recommendation to be presented to the Producer Licensing (D) Task Force. The Working Group discussed three options for the recommendation: 1) confirm that the current uniform licensing standards for pet insurance are the correct policy direction; 2) recommend that pet insurance become a core limited line that all states shall adopt; and 3) recommend that the major lines of authority of property/ casualty (P/C) be required to sell pet insurance.

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NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meeting

(in lieu of meeting at the 2021 Spring National Meeting)

UNIFORM EDUCATION (D) WORKING GROUP

Tuesday, March 2, 2021

1:00 – 2:00 p.m. ET / 12:00 – 1:00 p.m. CT / 11:00 a.m. – 12:00 p.m. MT / 10:00 – 11:00 a.m. PT

Summary Report

The Uniform Education (D) Working Group met March 2, 2021. During this meeting, the Working Group:

1. Discussed the 2019 Continuing Education Reciprocity (CER) Agreement. The Working Group chair and NAIC staff support have continued their efforts on obtaining the state signatures of the new agreement. To date, they have collected 44 of 52 signatures. The Working Group will continue to work with the remaining states to obtain signatures to reach 100% compliance with the new agreement.
2. Discussed exam pass rates. The Working Group discussed a new process of obtaining and posting annual state exam pass rates. The Working Group will work with the testing vendors of Prometric, PSI and Pearson VUE to establish a reoccurring report, which will be posted on the NAIC website.
3. Discussed course instructors' requirements. The Working Group discussed the various state requirements for course instructors to find uniformity between all states. The Working Group will further review these requirements to create a uniform guideline concerning course instructor requirements.

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DRAFT FOR DISCUSSION
PROCEDURES 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 for substantive changes to the NAIC’s Uniform Licensing Applications.

1. On a biennial basis, the Producer Licensing (D) Task Force will receive proposed changes to the NAIC Uniform Licensing Applications through the submission of the NAIC Uniform Licensing Application Change Request. The form should be completed in its entirety, attached to an e-mail as a Word Document, and submitted to NAIC staff providing primary support for the Producer Licensing (D) Task Force. All requests must be submitted by February 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. 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. 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. 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. The initial comment period on exposure drafts for the Producer Licensing Uniformity (D) Working Group is 30 calendar days. The Working Group may consider additional exposure periods of less than 30 days for revisions to the same draft.
5. Revisions to the NAIC’s Uniform Applications must be adopted by the Producer Licensing Uniformity (D) Working Group by August 1, the Producer Licensing (D) Task Force by Sept. 1, the Market Regulation and Consumer Affairs (D) Committee by Oct. 1, and the Executive (EX) Committee and Plenary by Dec. 31.
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.

NAIC Uniform Application Change Request

Attachment Six

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

Provide Reason for the Proposed Change

Provide Supporting Information Related to the Proposed Change

To Be Completed by NAIC/NIPR Staff

| Change Request ID # | Date Received | Estimated Hours | Recommendation |
|---------------------|---------------|-----------------|----------------|
| | | | |

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**Comments of California Department of Insurance
Charlene Ferguson**

Thank you for providing this opportunity to comment on the proposed “Procedures for Amending the Uniform Licensing Applications” (Procedures) for the Producer Licensing Task Force (Task Force). The Procedures are somewhat similar to the steps the Task Force currently follows to update the NAIC’s uniform applications. The following are California’s comments:

First Comment - In 2018, the Task Force assigned the Producer Licensing (D) Working Group (Working Group) to review the states suggestions and update the four NAIC uniform applications. The Working Group Chair, Chris Murray, held several teleconference calls and the Working Group approved the updates, which are in red text in the following links: [Individual Initial Application](#), [Individual Renewal Application](#), [Business Entity Initial Application](#), and [Business Entity Renewal Application](#).

Chris did an excellent job keeping the Working Group focused on completing the review of the updates to the four uniform applications before the Task Force’s October 2018 due date. The Task Force and the Market Regulation and Consumer Affairs (C) Committee approved these updates; however, we understand there is one or more suggested changes that placed these updates on hold.

- What is the status of the 2018 updates to the NAIC uniform applications?
- Could the Task Force and/or the Working Group schedule a call or calls to resolve the area(s) of concern to have the 2018 updates implemented? Or will each state who provided 2018 updates have to resubmit their previously approved change(s) using the new Procedures after the new Procedures are approved?

Second Comment – Item 1’s procedure should clarify the timeline for the submission of the NAIC Uniform Application Change Request for the biennial review.

- California suggests the following underlined edits to start the process: “The Producer Licensing Task Force will receive proposed changes to the NAIC Uniform Licensing Application through the submission of the NAIC Uniform Licensing Application Change Request from January 1st every _____ [insert the even year or every odd year] to February 1st. All requests must be submitted by February 1st.”

Third Comment – Item 2’s procedure for the NAIC and the NIPR technology staff to provide a preliminary analysis of the time and cost estimate to implement each proposed change should be completed after the Task Force and/or the Working Group reviews the proposed changes and not before. This change will efficiently provide an accurate time and cost estimate to update NAIC’s uniform applications.

- California suggests reversing items 2 and 3. Item 3 should include a timeline for the Task Force to review NAIC Uniform Licensing Application Change Requests for possible referral to the Working Group. After the Task Force and/or Working Group complete their reviews, then the NAIC and NIPR technology staff could provide a preliminary analysis of the time and cost for change requests, which were approved by the Task Force.

Fourth Comment – Item 4's procedure should include steps the Task Force is to take if the Working Group cannot agree to the change(s) before the August 1st adoption due date.

Thank you for accepting these comment and we look forward to our next Task Force meeting. Please let me know if you have any questions regarding these comments.

Thank you.

Charlene Ferguson
Chief, Licensing Services Division
California Department of Insurance
(916) 492-3010

**Comments of Washington State Office of the Insurance Commissioner
Jeff Baughman**

DRAFT FOR DISCUSSION
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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 for substantive changes to the NAIC’s Uniform Licensing Applications.

1. On a biennial basis, the Producer Licensing (D) Task Force will receive proposed changes to the NAIC Uniform Licensing Applications through the submission of the NAIC Uniform Licensing Application Change Request from the Uniformity Working Group. The form should be completed in its entirety, attached to an e-mail as a Word Document, identifying the specific sections which are to be considered for editing or revision, and submitted to NAIC staff providing primary support for the Producer Licensing (D) Task Force. All requests must be submitted by February 1. **Comment – This discussion and call for possible edits/revisions/comments to the Uniform app should take place prior to the discussion with NIPR.**
2. **This item should be #4.** NAIC staff will coordinate with NAIC and NIPR technology staff on a ~~preliminary~~ NIPR’s analysis of the time and cost estimate to implement each proposed change. 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. **Comment – The review and possible changes to the Uniform App should take place during a PLTF meeting, requesting comments from regulators on what, if any, changes/additions/revisions should be considered PRIOR to discussion with NIPR. As you recall, the previous review was requested to be canceled due to the NIPR’s projects already underway. This substantive review and possible changes should not be permitted to not be performed and implemented due NIPR’s projects or objections.**
3. **This item should be #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. 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. **This item should be #3.** The initial comment period on exposure drafts for the Producer Licensing Uniformity (D) Working Group is 30 calendar days. The Working Group may consider additional exposure periods of less than 30 days for revisions to the same draft.
5. Revisions to the NAIC’s Uniform Applications must be adopted by the Producer Licensing Uniformity (D) Working Group by August 1, the Producer Licensing (D) Task Force by Sept. 1, the Market Regulation and Consumer Affairs (D) Committee by Oct. 1, and the Executive (EX) Committee and Plenary by Dec. 31.

- 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.

NAIC Uniform Application Change Request

Attachment Six

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

Provide Reason for the Proposed Change

Provide Supporting Information Related to the Proposed Change

To Be Completed by NAIC/NIPR Staff

| Change Request ID # | Date Received | Estimated Hours | Recommendation |
|---------------------|---------------|-----------------|----------------|
| | | | |

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December 16, 2020

Via email at tmullen@naic.org to Tim Mullen, Director, Market Regulation

Director Larry Deiter, South Dakota Insurance Department
Co-Chair, Producer Licensing Task Force

Superintendent Elizabeth Dwyer, Rhode Island Division of Insurance Regulation
Co-Chair, Producer Licensing Task Force

National Association of Insurance Commissioners
444 N. Capitol Street, NW, Suite 700
Washington, DC 20001

Re: Discussion Draft of Procedures for Amending Uniform Licensing Applications

Dear Director Deiter and Superintendent Dwyer:

On behalf of the National Association of Professional Insurance Agents (PIA National)¹, thank you for the opportunity to comment on the Discussion Draft of Procedures for Amending Uniform Licensing Applications. We are pleased to have this chance to examine and improve the existing Procedures for Amending Uniform Licensing Applications for new producers and appreciate the Producer Licensing Task Force (PLTF) of the National Association of Insurance Commissioners (NAIC) directing its attention to this issue.

PIA supports the discussion draft. We appreciate the creation of a consistent, recurring schedule of examinations of uniform licensing applications. The thoughtful timetable set forth in the discussion draft recognizes the vital roles played by various stakeholder groups, including the NAIC's layered committee structure, the National Insurance Producer Registry (NIPR), and interested parties. We also recognize that revising uniform licensing applications could be an endless undertaking; the PLTF's creation of a streamlined, biennial procedure for considering revisions avoids the need for perpetual examination of, and revisions to, uniform applications.

We do have one question about the timing set forth in the discussion draft as compared with the timing contemplated by the approved 2021 charges of the Producer Licensing Uniformity Working Group (PLUWG).² Item 5 of the discussion draft establishes a timeline that

¹ PIA is a national trade association founded in 1931, which represents member insurance agents in all 50 states, Puerto Rico, Guam, and the District of Columbia. PIA members are small business owners and insurance professionals who can be found across America.

² Available here:

https://content.naic.org/sites/default/files/call_materials/PLTF%20Charges%20Adopted%2010.30.20.pdf.

contemplates the adoption of revisions to uniform applications by the PLUWG by August 1 and the PLTF by September 1. However, item D of the PLUWG's approved 2021 charges instructs it to "[p]rovide any recommended updates to the Producer Licensing (D) Task Force [on potential changes to uniform producer licensing applications] by June 1." This part of the PLUWG's charge may be intended to apply only to revisions under consideration outside of the discussion draft's suggested procedures (for example, changes considered during the "off" years).

In general, though, we recommend revising either this charge or the discussion draft to match up the two deadlines.³ Leaving both as they currently are could result in (potentially conflicting) revisions proceeding simultaneously on two separate timelines: one that leads to Task Force consideration beginning after it receives Working Group updates by June 1, and a second that begins with the submission deadline of February 1 and leads to Task Force consideration after Working Group adoption on August 1. This discrepancy is possible partly because the Working Group's charge requires it to provide "any recommended updates" to the Task Force by June 1, but it does not require the Working Group to *adopt* those recommendations by June 1.

Outside of this timing issue, the obligations of the relevant groups fit within each group's approved 2021 charges. The PLTF's 2021 charges include the creation of this document, and the document reflects the PLTF objective of ensuring "consistency with the NAIC membership's goal of maintaining uniform and stable applications that encourage the efficient use of electronic technology." As previously mentioned, the PLUWG's 2021 charges include reviewing and updating uniform producer licensing applications as needed.

Additionally, we appreciate the inclusion of time and cost estimates, which are necessary for the pragmatic evaluation of proposed changes. With the board of the National Association of Registered Agents and Brokers (NARAB) still nonexistent and its prospects unknown, independent agents are relying on NAIC and NIPR to be proactive in encouraging licensing reciprocity and uniformity, and overall, this discussion draft serves that function well.

PIA National recognizes and appreciates the Task Force's attention to this issue and supports the discussion draft. As always, we are grateful for the opportunity to provide the independent agent perspective. Please contact me at laurenpa@pianet.org or (202) 431-1414 with any questions or concerns. Thank you for your time and consideration.

Sincerely,



Lauren G. Pachman
Counsel and Director of Regulatory Affairs
National Association of Professional Insurance Agents

³ Because the 2021 charges have already been adopted, it may be easier to revise the discussion draft. However, another option would be to modify the 2021 charges so that the June 1 deadline is replaced by an August 1 deadline.