

Draft: 12/21/21

Producer Licensing (D) Task Force
Virtual Meeting (*in lieu of meeting at the 2021 Fall National Meeting*)
November 29, 2021

The Producer Licensing (D) Task Force met Nov. 29, 2021. The following Task Force members participated: Elizabeth Kelleher Dwyer, Co-Chair (RI); Larry D. Deiter, Co-Chair (SD); Jim L. Ridling represented by Jimmy Gunn (AL); Alan McClain represented by Peggy Dunlap (AR); Ricardo Lara represented by Charlene Ferguson (CA); Michael Conway represented by Steven Giampaolo (CO); Doug Ommen represented by Andria Seip (IA); Vicki Schmidt represented by Monicka Richmeier (KS); Sharon P. Clark (KY); James J. Donelon represented by Lorie Gasior (LA); Kathleen A. Birrane represented by Shelley Taylor-Barnes (MD); Anita G. Fox represented by Michele Riddering (MI); Jon Godfread represented by John Arnold (ND); Eric Dunning represented by Kevin Schlautman (NE); Barbara D. Richardson (NV); Judith L. French represented by Tynesia Dorsey (OH); Jessica K. Altman represented Katelin Hunt and Adriane Force (PA); Scott A. White represented by Mike Beavers and Richard Tozer (VA); Mike Kreidler represented by Jeff Baughman (WA); Mark Afable represented by Rebecca Rebholz and Melody Esquivel (WI); Allan L. McVey represented by Robert Grishaber (WV); and Jeff Rude represented by Bryan Stevens (WY). Also participating were: Rachel Chester (RI) and Maggie Dell (SD).

1. Adopted its Oct. 29 and Summer National Meeting Minutes

The Task Force conducted an e-vote that concluded on Oct. 29 to adopt its 2022 proposed charges.

Commissioner Clark made a motion, seconded by Ms. Ferguson, to adopt the Task Force's Oct. 29 (Attachment One) and Aug. 4 (*see NAIC Proceedings – Summer 2021, Producer Licensing (D) Task Force*) minutes. The motion passed unanimously.

2. Received the Report of the Producer Licensing Uniformity (D) Working Group

Ms. Chester said the Producer Licensing Uniformity (D) Working Group met Nov. (Attachment Two) and Oct. 6 (Attachment Three) and reviewed the results of its survey addressing the appropriate producer licensing standard for individuals to sell, solicit, and negotiate pet insurance. Seven states responded to the survey that the current uniform licensing standard for pet insurance is the correct policy direction; seven states responded that the major lines of authority of Property/Casualty (P/C) should be required; one state responded that pet insurance should become a core limited line; and one state responded that a license for any major line of authority should be required.

Superintendent Dwyer said the survey was done prior to the Property and Casualty Insurance (C) Committee adopting the Pet Insurance Model Act, which includes a training requirement for insurance producers who want to sell, solicit, or negotiate pet insurance. Ms. Ferguson questioned whether an additional survey is needed or if there should be updates made to the NAIC's *Producer Licensing Model Act* (#218). Superintendent Dwyer suggested that the Task Force review the Pet Insurance Model Act after the Executive (EX) Committee and Plenary consider adoption of the model.

3. Received the Report of the Uniform Education (D) Working Group

Ms. Dell said the Uniform Education (D) Working Group has not held an open conference call since the NAIC Summer National Meeting but is working on a survey regarding state requirements for the approval of continuing education (CE) course instructors. The Working Group is beginning its review of the survey results.

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

4. Discussed Procedures for Amending NAIC Uniform Producer Licensing Applications

Director Deiter said the draft procedures are being developed to ensure the consideration of changes to the uniform applications support the NAIC members' goal of providing stable applications and encouraging the use of electronic technology for licensing. He said the initial draft procedures were dated Nov. 4, 2020. The Task Force solicited comments on the draft, and in response to those comments, the procedures were revised with a new draft date of June 10. The Task Force discussed the draft during its Aug. 4 call and requested written comments after the call. Texas, Virginia, and the National Association of Professional Insurance Agents (PIA) submitted comments.

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Mr. Tozer said the procedures indicate that there will be an e-mail distributed to request changes to the NAIC Uniform Producer Licensing Applications, and he asked whether the notice will be distributed to interested parties. He also asked if the form to request changes to the NAIC Uniform Producer Licensing Applications has been developed. He also inquired as to who will initially review a request to amend the NAIC Uniform Producer Licensing Applications. Lauren Pachman (PIA) said there is some overlap of the PIA comments with Virginia's comments, and the PIA comments focus on more technical changes to clarify the intent of certain sections of the procedures.

Director Deiter said he and Superintendent Dwyer would work with NAIC staff to review the comments and circulate a revised draft for consideration.

5. Received Comments from the ACLI on Diversity and Inclusion

David Leifer (American Council of Life Insurers—ACLI) said diversity and inclusion is a priority for the ACLI membership. He suggested that best practices on 1033 waiver request required because of the *Violent Crime Control and Law Enforcement Act of 1994s* would be helpful. He said state mandates for specific hours of pre-licensing education can be a barrier to entry into the insurance industry. He said the ACLI supports processes that ensure people are qualified to be insurance producers, but prior work of the NAIC does not reflect a higher pass rate for licensing applicants in states that require pre-licensing education. He said the ACLI continues to support the use of remote examinations because this provides greater access to people seeking a producer license. Jim Hodges (National Alliance of Life Companies—NALC) said the NALC supports the elimination of mandatory pre-licensing education. Superintendent Dwyer said the Task Force would continue to review this issue.

Mr. Baughman said Washington requires pre-licensing education but may eliminate this requirement. He said this could decrease exam pass rates. Superintendent Dwyer said Rhode Island did not experience a decrease in exam pass rates after the elimination of required pre-licensing education. She said one reason Rhode Island eliminated required pre-licensing education is because experienced insurance producers who left the insurance industry were required to complete pre-licensing education if they returned to the insurance industry. Commissioner Richardson said Nevada experienced a change in exam pass rates after eliminating mandatory pre-licensing requirements but did notice more applicants with criminal background issues. Superintendent Dwyer said Rhode Island, similar to Pennsylvania, has a process where prospective applicants can request an informal review of their background prior to taking an examination.

6. Discussed the Elimination of Cultural Bias in Producer Licensing Exams

Superintendent Dwyer said the Task Force received a charge from the Special (EX) Committee on Race and Insurance to discuss the elimination of cultural bias in producer licensing exams. She said the Center for Insurance Policy and Research (CIPR) is conducting some research on the number and location of producers by company compared to demographics in the area.

Superintendent Dwyer said she and Director Deiter requested the three producer licensing examination vendors to provide information, and two exam vendors responded. One exam vendor said all content development staff participate in training on the Content and Editorial Policy, which is grounded in the following statements of principle: 1) respect human rights and strive to create content that is free from discrimination and is anti-bias; 2) develop content that embeds our commitments to diversity, equity, and inclusion (DE&I); 3) provide support for learning that is based on evidence and facts; and 4) create content that is ethical and adheres to legal requirements. The exam vendor also said all subject matter experts (SMEs) are trained to be mindful of these principles during test development meetings. After SME review, all items undergo an editorial review, during which items are reviewed for sensitivity and bias by a designated editor. The vendor also said they encourage their clients to nominate SMEs from diverse backgrounds, and they are always looking for SMEs from diverse backgrounds to participate in the test development process.

Superintendent Dwyer said the other exam vendor reported that their test development is guided by industry standards for Fairness (American Education Research Association [AERA], American Psychological Association [APA], National Council on Measurement in Education [NCME], *Standards for Educational and Psychological Testing*, Ch. 3, 2014). This includes the following components of the process:

- Item Writer Training: During the item authoring process, item writers are instructed to avoid language, stereotypes, and scenarios that might introduce bias in the assessment.
- Item Sensitivity Review: All test questions are reviewed by SMEs during the content validation process. During this phase, SMEs are trained and instructed to identify and eliminate language, stereotypes, and scenarios that could be

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construed to imply bias with respect to gender, race/ethnicity, or culture. Test items that are identified as such are either changed to eliminate potential bias or are dropped.

- Diversity in the Composition of SMEs: To the extent possible, item writing and review panels are intended to be diverse with respect to demographic group membership, along with other important characteristics (e.g., experience, area of practice, geographic location, work setting).

Superintendent Dwyer asked if there is more detail the Task Force would like to receive. She said she would follow up with the exam vendor that did not respond and compile the responses in a report to the Special (EX) Committee on Race and Insurance.

7. Received a Report from the NIPR Board of Directors

Director Deiter said he serves as the president of the 2021 National Insurance Producer Registry (NIPR) Board of Directors, and October marked the 25th anniversary for NIPR. NIPR was created as a unique public-private partnership (PPP) between the NAIC and the insurance industry to build a uniform producer licensing system to deliver a cost-effective, streamlined process. Director Deiter said NIPR is on track to have its highest transaction volume and revenue year, and it is forecasting more than \$1 billion in fees moved to the state departments of insurance (DOIs). He said NIPR continues to implement the contact change request application for business entities. To date, NIPR has 28 states in production and has processed more than 7,300 transactions on behalf of those states. Kentucky is scheduled to be implemented on Dec. 10 and Kansas in January 2022. Director Deiter said NIPR recently implemented a chat feature, which gives NIPR's customers another route for assistance with licensing questions. From January to October, NIPR's customer service department handled over 162,000 calls, more than 70,000 emails, and 20,000 chats. NIPR is also on track to complete its transition to the cloud before the end of the year, which will enhance NIPR's ability to provide services to the states and insurance industry.

8. Discussed Other Matters

Superintendent Dwyer said the Task Force will continue to monitor pass rates for in-person and remote exams and continue to work with exam vendors to receive updates.

Superintendent Dwyer said she and Director Deiter were approached by the leadership of the Cannabis Insurance (C) Working Group, who would like to collaborate with the Task Force to study whether cannabis-related convictions are preventing individuals from being licensed as an agent or broker in states where cannabis is legalized for medical and/or recreational use. She said she and Director Deiter would be providing more detail on this request at the next Task Force call.

Mr. Tozer said Virginia and other states routinely receive applications with errors or misstatements completed by authorized third-party submitters, and he would like for the Task Force or Producer Licensing Uniformity (D) Working Group to discuss this issue and develop a national solution. He suggested that authorized submitters who have multiple violations could be barred from acting as authorized submitters, or additional communication could be made to producer applicants that they will be penalized for incorrect information provided. Ms. Ferguson said California said the NAIC Uniform Producer Licensing Applications could include an attestation that the authorized third-party submitter has communicated with the applicant regarding the answers being submitted. Superintendent Dwyer said the Task Force could issue a statement to authorized third-party submitters informing them that they are responsible for confirming answers with the applicant. Director Deiter said South Dakota rarely has issues with authorized submitters and can take the necessary regulatory action if issues arise. Superintendent Dwyer suggested that the Working Group could review this issue.

Ms. Ferguson asked about the status of the NAIC Uniform Producer Licensing Applications amendments the Task Force adopted in 2018. Superintendent Dwyer said the Executive (EX) Committee and Plenary did not consider adoption of these amendments, and the Task Force needs to review the amendments. Director Deiter suggested that the Task Force review the amendments after it adopts the new procedures for amending the NAIC Uniform Producer Licensing Applications. Ms. Ferguson suggested that the Producer Licensing Uniformity (D) Working Group review the amendments from 2018 because this would help inform the state licensing directors on what amendments would move forward and whether additional requests for new amendments should be submitted. Superintendent Dwyer said the proposed amendments from 2018 should be reviewed in the first quarter of 2022, and any additional requests for amendments could be submitted toward the end of 2022.

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

[ProdLic Min 11.29.21](#)

2022 Proposed Revised Charges

PRODUCER LICENSING (D) TASK FORCE

The mission of the Producer Licensing (D) Task Force is to: 1) develop and implement uniform standards, interpretations, and treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the National Insurance Producer Registry (NIPR) Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

Ongoing Support of NAIC Programs, Products or Services

1. The **Producer Licensing (D) Task Force** will:
 - A. Work closely with NIPR to encourage the full utilization of NIPR products and services by all the states and producers, and encourage accurate and timely reporting of state administrative actions to the NAIC's Regulatory Information Retrieval System (RIRS) to ensure that this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
 - B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions, and ideas on producer licensing activities in the states and at the NAIC.
 - C. Discuss, as necessary, state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA), established enrollment assisters (including navigators and non-navigator assisters and certified application counselors), and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
 - D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.
 - E. Coordinate through NAIC staff to provide guidance to NIPR on producer licensing-related electronic initiatives. Hear a report from NIPR at each national meeting.
 - F. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention, and use of data in the NAIC's Market Information Systems (MIS).
 - ~~G. Monitor the state implementation of adjuster licensing reciprocity and uniformity; update, as necessary, NAIC adjuster licensing standards.~~
 - ~~H. Coordinate with the Special (EX) Committee on Race and Insurance on referrals affecting insurance producers.~~
 - ~~I. Discuss how criminal convictions may affect producer licensing applicants and review the NAIC's *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* to create a more simplified and consistent approach in how states review 1033 waiver requests.~~
2. The **Producer Licensing Uniformity (D) Working Group** will:
 - A. Work closely with state producer licensing directors and exam vendors to ensure that: 1) the states achieve full compliance with the standards in order to achieve greater uniformity; and 2) the exams test the qualifications for an entry-level position as a producer.
 - B. Provide oversight and ongoing updates, as needed, to the *State Licensing Handbook*.
 - C. Monitor and assess the state implementation of the Uniform Licensing Standards (ULS) and update the standards, as needed.
 - D. Review and update, as needed, the NAIC's uniform producer licensing applications and uniform appointment form. Provide any recommended updates to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting.

3. The **Uniform Education (D) Working Group** will:
 - A. Update, as needed, the reciprocity guidelines, the uniform application forms for continuing education (CE) providers, and the process for state review and approval of instructors and courses. Provide any recommended updates to the Producer Licensing (D) Task Force by the 2022 Fall National Meeting.
 - B. Coordinate with NAIC parent committees, task forces, and/or working groups to review and provide recommendations, as necessary, on prelicensing education and CE requirements that are included in NAIC model acts, regulations, and/or standards.

4. The **Adjuster Licensing (D) Working Group** will:
 - A. Monitor state implementation of adjuster licensing and reciprocity; update, as necessary, the NAIC adjuster licensing standards.

NAIC Support Staff: Tim Mullen/Greg Welker

Draft: 3/22/22

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

DRAFT FOR DISCUSSION
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 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 send an email ~~notification-communication~~ by Dec. 1st ~~to members of the Producer Licensing (D) Task Force, interested regulators, interested parties, and state producer licensing directors,~~ asking for proposed changes to the NAIC Uniform Licensing Applications. The requested changes are to be submitted ~~as a Word document~~ using the NAIC Uniform Licensing Application Change Request ~~as a Word document form.~~ The form should be completed in its entirety, attached to ~~the Producer Licensing (D) Task Force e-mail notification an email message, and directed,~~ and submitted to ~~the~~ NAIC staff providing primary support for the Producer Licensing (D) Task Force. All requests should be submitted by Feb. 1.
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 by the ~~close of the~~ NAIC Spring National Meeting. The Working Group will review the request ~~pursuant to-~~using 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 ~~at~~the regulatory purpose of ~~stronger~~ ~~strengthening~~ 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 objectives.
 - 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?
3. The initial comment period on exposure drafts ~~for~~issued by the Producer Licensing Uniformity (D) Working Group should be 30 calendar days. The Working Group may consider additional exposure periods of less than 30 days for revisions to the same draft.
4. Revisions to the NAIC’s Uniform Applications should be adopted by the Producer Licensing Uniformity (D) Working Group and the Producer Licensing (D) Task Force by the ~~close of the~~ NAIC Summer National Meeting.¹
5. If the Producer Licensing Uniformity (D) Working Group recommends ~~a requested change~~ not ~~to proceed with a request be pursued,~~ the request will be updated with that decision, ~~and~~ filed for future reference, ~~and a A~~ copy ~~of the recommendation and decision will be provided~~ to the requestor.
6. If the Producer Licensing Uniformity (D) Working Group recommends proceeding with a request~~ed change,~~ NAIC ~~and NIPR~~ staff ~~providing primary support for the Producer Licensing (D) Task Force will coordinate with NIPR and States, including back-office system support vendors,~~ ~~perform analysis during the next 30 days and provide-~~ ~~during the next 45~~

¹This 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. The dates and meetings set forth herein pertain only to the year in which the Producer Licensing (D) Task Force solicits proposed changes to the Uniform Licensing Applications as described in item 1.

days, conduct an analysis culminating in the provision of a time and cost estimate for the Producer Licensing (D) Task Force's review and prioritization. Using staff analysis, the Producer Licensing (D) Task Force will ~~with an identified~~ identify an appropriate implementation date.

7. Revisions to the NAIC's Uniform Applications should be adopted by the Market Regulation and Consumer Affairs (D) Committee by Oct. 15, and the Executive Committee and Plenary by the conclusion of the NAIC Fall National Meeting.

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

[Uniform App Change Process 3.22.22](#)