

**PRODUCER LICENSING (D) TASK FORCE**

Producer Licensing (D) Task Force Nov. 13, 2020, Minutes

Producer Licensing (D) Task Force Oct. 30, 2020, Minutes (Attachment One)

## Draft Pending Adoption

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 (*see NAIC Proceedings – Fall 2020, Executive (EX) Committee and Plenary, Attachment Six*). Mr. Baughman made a motion, seconded by Commissioner Clark, to adopt the Task Force’s Oct. 30 (Attachment One) 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.

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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

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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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Draft: 11/10/20

Producer Licensing (D) Task Force  
E-Vote  
October 30, 2020

The Producer Licensing (D) Task Force conducted an e-vote that concluded Oct. 30, 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); Alan McClain (AR); Ricardo Lara represented by Charlene Ferguson (CA); Trinidad Navarro represented by Robin David (DE); Vicki Schmidt represented by Nancy Strasburg (KS); Sharon P. Clark (KY); Chlora Lindley-Myers (MO); Mike Causey represented by Angela Hatchell (NC); Jon Godfread represented by John Arnold (ND); Bruce R. Ramge (NE); Tynesia Dorsey (OH); Glen Mulready represented by Courtney Khodabakhsh (OK); Raymond G. Farmer (SC); Kent Sullivan represented by Chris Herrick (TX); Scott A. White represented by Mike Beavers and Richard Tozer (VA); and Mike Kreidler (WA).

1. Adopted its 2021 Proposed Charges

The Task Force considered adoption of its 2021 proposed charges. The Task Force's 2021 proposed charges remain consistent with 2020. A majority of the Task Force members voted in favor of adopting the Task Force's 2021 proposed charges. The motion passed.

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

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