Reciprocity Examples

The PLMA contains specific guidance on the proper reciprocal treatment that a state licensing director should grant. This chapter contains illustrative examples of these provisions. Unless otherwise specified, these examples assume that the applicant is in good standing in the home state and has not requested a change in line of authority (LOA). There are some states that did not adopt all the reciprocity standards previously required by the GLBA in 1999 and currently reflected in the PLMA. The answers to the following examples will vary when a nonreciprocal state is involved. Examples also can be found in the Producer Licensing (EX) Working Group Frequently Asked Questions contained in Chapter 1.

- **Example A**

  A producer whose home state is State A has a nonresident license from State B and State C and moves to State D as the producer’s new home state.

  What should happen: The producer timely files a change of address in State A, State B and State C. State A places the producer’s resident license on inactive status. Within 90 days of cancelling the resident state license in State A, the producer applies for a resident license in State D. Using the SPLD, State D confirms the producer was in good standing in State A and applies for the same line of authority the producer held in State A. State D issues the producer a changes the license from resident license to an active non-resident license, and puts the license in a “cancelled” status. State B and State C also confirm the producer now holds a resident license in State D and record the producer’s change of address. Because the producer held the same line of authority in State A that the producer applied for in State D, the producer should apply for a license with in State D within 90 days. State D verifies that the license was in good standing in State A via the PDB and then State D should issue the license. If the license in State A was in good standing, State D may not require the producer to take and pass a license examination or complete prelicensing education. State D should verify that the license was in good standing in State A via the SPLD.
What should happen: State B should issue a resident license to the producer with the life LOA. State B should and does not require prelicensing education or completion of an examination before issuance, “except where the commissioner determined otherwise by regulation.” (See PLMA Section 9B.)

- Example E

A producer’s home state is State A. Both State A’s has a resident prelicensing education and requirement and a CE requirements that are less than the ULS and. The producer holds a resident license with the life insurance LOA in State A. The producer applies for a nonresident license in State B. State B, which has both a prelicensing requirement and CE requirements that match or exceed the ULS and a CE requirement that matches the ULS.

What should happen: State B issues the nonresident license with the life LOA and does not require the completion of either additional prelicensing education or additional CE.

- Example F

A producer’s home state is State B. The nonresident producer applies for a nonresident license with the variable products LOA in State A. A check of the SPLD PDB reveals that the applicant is not licensed for the variable products LOA in the home state, State B. Upon investigation, it is learned that State B either issues life or variable as a combined LOA or has a requirement for variable products licensing, but it is not specifically tracked by the Department of Insurance (DOI).

What should happen: This is a challenge, as State B has failed to adopt the variable products line of authority as defined in the PLMA. A second challenge is that the records on the SPLD and/or the NIPR may not accurately reflect the home state business rule. In this example, the nonresident state will have to pend the application and contact the home state to verify if the applicant is in compliance with the home state law on variable products. The nonresident state must then decide if the applicant should be granted a license.