

OHIO COMMENTS 5.2.19

Below are the suggested changes that Ohio has on the first 5 Chapters.

- Chapter 1 – Consider providing an update on NARAB status
- Chapter 1 – Consider updating (EX to D) and Working Group titles throughout handbook since there has been a change to the PL structure.
- Chapter 2 – Several spacing corrections
- Chapter 2 – Consider moving all appointment questions closer together (i.e. Q/A #17 closer to Q/A #4)
- Chapter 3 – Several spacing corrections
- Chapter 4 – Several spacing corrections
- Chapter 5 – Several spacing corrections

Please let me know if you have any questions. Thanks!

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Chapter 1

Modern Producer Licensing

The process for licensing insurance producers has had numerous phases. The first NAIC model on this subject was the NAIC *Agent and Broker Model*. The next phase was the NAIC *Single License Procedure Model*. Although development of the newest model began in the late 1990s, it was Congress' passage of the GLBA in 1999 that caused the NAIC to speed the development of the PLMA.

Uniformity Provisions of the Gramm Leach Bliley Act Adopted in 1999

In order to achieve the licensing uniformity standards of GLBA, a majority of states had to satisfy all five of the following requirements:

1. Adoption of uniform criteria regarding a producer's integrity, personal qualifications, education, training and experience, which must include qualification and training on suitability of products for a

- prospective customer.
2. Adoption of uniform continuing education (CE) requirements.
 3. Adoption of uniform ethics course requirements in conjunction with other CE requirements.
 4. Adoption of uniform suitability requirements based on financial information submitted by the customer.
 5. Elimination of nonresident requirements posing any limitation or condition because of the place of the producer's residence or business, except for countersignature requirements.

One of the major provisions of the GLBA was a provision to create NARAB. While much progress was made to improve uniformity and streamline nonresident producer licensing, the NAIC endorsed the provisions of Terrorism Risk Insurance Program Reauthorization Act of 2015 (Public Law 107-297), which modified NARAB. These provisions, commonly referred to as NARAB II, were signed by President Barack Obama on Jan. 12, 2015. [Consider providing an update on NARAB status.](#)

NARAB II is intended to streamline the nonresident producer licensing process while preserving the states' ability to protect consumers and regulate producer conduct. NARAB II does not create a federal insurance regulator but establishes a nonprofit corporation, known as NARAB, controlled by its board of directors. The stated purpose of the legislation is to provide "a mechanism through which licensing, CE, and other nonresident insurance producer qualification requirements and conditions may be adopted and applied on a multistate basis without affecting the laws, rules and regulations, and preserving the rights of a state, pertaining to certain specific producer-related conduct."

NARAB is to be governed by a 13-member governing board comprised of eight state insurance commissioners and five insurance industry representatives subject to presidential appointment and Senate confirmation. NARAB, acting through its board of directors, will establish membership criteria through which producers can obtain nonresident authority to sell, solicit or negotiate insurance. Satisfaction of membership criteria means a producer can sell, solicit or negotiate insurance (and perform incidental activities) in any state for which a producer pays that state's licensing fee for any line(s) of insurance for which the producer is licensed in the home state. NARAB membership is not mandatory for producers.

The law preserves the rights of a state pertaining to resident licensing and CE, supervision and enforcement of conduct, and disciplinary actions for nonresident producers, and leaves intact a state's full range of authorities for resident producers. The PLMA also includes important disclosures to the states, addresses business entity licensing and protects state revenues.

Through the efforts of the Producer Licensing ~~(EX)~~(D) Task Force and the Producer Licensing Uniformity ~~(EX)~~(D) Working Group, the NAIC monitors state compliance with reciprocity guidelines. The NAIC also set a goal to create uniform licensing practices. The Producer Licensing ~~(EX)~~(D) ~~Working Group~~ Task Force has adopted a number of Uniform Licensing Standards and guidelines, and continues to strive toward a more efficient licensing system among the states. [Consider updating \(EX to D\) and Working Group titles throughout handbook since there has been a change to the PL structure.](#)

Question 17: Section 14B of the PLMA states: "To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the insurance commissioner, a notice of appointment within 15 days from the date the agency contract is executed or the first insurance application is submitted." In a situation where a producer is not currently appointed by an insurer, but was previously appointed by and submitted an application to that insurer, must that producer now obtain a new appointment before submitting a new application to that insurer because it would not be the first application the producer ever submitted to that insurer?

[Consider moving Q/A 17 closer to other appointment Q/A's.](#)