



SECURITIES & INSURANCE LICENSING ASSOCIATION

DATE: July 22, 2019

TO: National Association of Insurance Commissioners (NAIC) Producer Licensing Uniformity Working Group

RE: Comments on Chapters 6-10 of NAIC State Licensing Handbook

Over the past year, SILA has been focusing its efforts to review and update information within its own Best Practices Handbook that addresses various licensing issues and requirements associated to all aspects of insurance licensing. One chapter speaks to license affiliations and designated responsible licensed producers (DRLP). After numerous meetings with members, who include industry and vendor representatives as well as regulators, various issues were identified specific to DRLPs.

The major inconsistencies found that:

- the number required and/or allowed varies state to state;
 - some states require that the DRLP must hold all the same lines of authority as the business entity;
 - some states have different requirements for surplus lines producers, adjusters, limited lines licenses such as self-storage, crop, title, etc.; and
 - some states permit/require only licensed business entity's officers, directors, partners, owners, managers, or members to be designated as the DRLP.

Within the NAIC State Licensing Handbook, Chapter 7 Application Review for Initial Licenses includes requirements for Business Entity Applications, specifically in reference to Section 6 of the PLMA and that "The business entity (BE) has designated a licensed producer responsible for the business entity's compliance with the insurance laws, rules and regulations of the state." In review of the Recommended Best Practices for Regulators section, no guidance has been provided to address the number of DRLPs a BE may designate or the qualifications of the DRLP.

Because the model act identifies that the BE designate a (emphasis added) DRLP, it would be beneficial to everyone for the NAIC to establish best practices within this chapter that clarifies specific requirements. A suggestion would be to allow one designated responsible license producer who must be licensed in that state and is not required to be a director, officer, partner, owner, manager or member of the BE.

Licensees throughout the nation continue to struggle with inconsistencies of various state requirements when applying and maintaining a BE license in respective states. Any guidance or clarification on the DRLP requirements is appreciated and we offer our assistance and look forward to ongoing discussions to address and rectify the issues that continue to impact this industry.

Regards,

A handwritten signature in black ink, appearing to read "Diana Capes".

Diana Capes
Executive Vice President
SILA