

## PROJECT HISTORY – 2008

### INDEPENDENT ADJUSTER LICENSING GUIDELINE (#1224)

#### 1. Description of the Project, Issues Addressed, etc.

The Independent Adjuster Licensing Guideline provides uniform resident licensing standards among the states, while allowing a properly licensed independent adjuster, through reciprocity, to become licensed in many states as dictated by insurer needs. The purpose of the Guideline is to govern the qualifications and procedures for licensing independent adjusters and to specify the duties of and restrictions on the independent adjuster. Without uniform regulation of independent adjusters among the states the insured consumer may not be sufficiently served and protected.

#### 2. Name of Group Responsible for Drafting the Model and States Participating

The Producer Licensing Working Group of the Market Regulation and Consumer Affairs (D) Committee was responsible for drafting the Guideline. Laurie Wolf (ND) was chair of the working group until 2008. Anne Marie Narcini (NJ) became chair of the working group in 2009. Treva Wright-Donnell (KY) acted as vice-chair of the working group during the development of the guideline. The following states were members of the working group: Alaska, Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

To help facilitate the drafting process, the Producer Licensing Working Group appointed the Independent Adjuster Licensing Guideline Subgroup. Treva Wright-Donnell (KY) chaired this subgroup, Gene Reed (DE) acted as vice-chair. The subgroup was comprised of the following states: Alaska, California, Florida, Louisiana, New Hampshire, New Jersey, New York, North Dakota, and Oklahoma.

#### 3. Project Authorized by What Charge and Date First Given to the Group

The charge for the Producer Licensing (D) Working Group reads as follows: “Appoint a Producer Licensing Working Group to develop and implement uniform standards, interpretations and treatment of producer and adjuster licensees and licensing terminology; coordinate and consult with the National Insurance Producer Registry Board of Directors to develop and implement uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology; and monitor and respond to developments related to licensing reciprocity”.

#### 4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated

The drafting process was open to comments and participation by all interested parties. Representatives from the insurance producer industry participated fully in the process and discussion sessions. All revised drafts of the guideline were circulated for public comment. Comments were received on each draft of the guideline and considered by the subgroup in open conference calls and meetings. The subgroup received and reviewed numerous comments from interested parties. The process resulted in a total of 16 revised drafts.

#### 5. A General Description of the Due Process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers and legislators was solicited)

Copies of every draft were posted on the NAIC website or distributed by e-mail along with the solicitation for public comment. The Producer Licensing (D) Working Group adopted this model on April 21, 2008.

#### 6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group’s response)

State regulators and industry representatives expressed concerns about the definition of Independent Adjuster. In response, several comments were received from states and industry to determine the best language. The final result ended as a three-part definition to cover all areas of concern.

Each draft from the initial to the final have included discussions regarding the definition of a “home state” included in Sections 2 - Definitions, Section 3 - License Required, and Section 5 - Temporary Licensure or Registration for Emergency Independent Adjusters. The discussion originated due to states that do not require an adjuster license and the inability for an applicant to designate a home state if no license is offered. A survey was conducted to determine what states license adjusters. Based on the survey responses and language provided from industry and state departments the definition of home state was modified to allow an adjuster to designate a home state.

**7. Any Other Important Information (e.g., designated home state)**

The American Association of Independent Claims Professionals (AAICP) brought up an issue concerning section 6 of the guideline after the guideline was adopted. According to the AAICP, the language would require an adjuster would be required to have a business or mailing address in the nonresident “designated home state.” Based upon these concerns, the working group removed Section 6A(3) and Section 6B(2) and added the following drafting note: “Employee of the authorized affiliate insurer may be considered under this exemption with the commissioners consent”.