

PRODUCER LICENSING (D) TASK FORCE

Producer Licensing (D) Task Force Dec. 7, 2019, Minutes

Producer Licensing (D) Task Force Oct. 25, 2019, Minutes (Attachment One)

Producer Licensing Uniformity (D) Working Group Oct. 30, 2019, Minutes (Attachment Two)

Producer Licensing Uniformity (D) Working Group Oct. 10, 2019, Minutes (Attachment Three)

Producer Licensing Uniformity (D) Working Group Sep. 26, 2019, Minutes (Attachment Four)

Producer Licensing Uniformity (D) Working Group Sep. 12, 2019, Minutes (Attachment Five)

Producer Licensing Uniformity (D) Working Group Aug. 29, 2019, Minutes (Attachment Six)

Producer Licensing Uniformity (D) Working Group Aug. 21, 2019, Minutes (Attachment Seven)

Uniform Education (D) Working Group Oct. 31, 2019, Minutes (Attachment Eight)

Uniform Education (D) Working Group Aug. 22, 2019, Minutes (Attachment Nine)

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Producer Licensing (D) Task Force
Austin, Texas
December 7, 2019

The Producer Licensing (D) Task Force met in Austin, TX, Dec. 7, 2019. The following Task Force members participated: Larry Deiter, Chair (SD); Mike Kreidler, Vice Chair, represented by Jeff Baughman (WA); Lori K. Wing-Heier represented by Jacob Lauten (AK); Allen W. Kerr represented by Letty Hardee (AR); David Altmaier represented by Matt Tamplin (FL); Doug Ommen represented by Andria Seip (IA); Vicki Schmidt (KS); James J. Donelon represented by Barry Ward (LA); Anita G. Fox represented by Michele Riddering (MI); Chlora Lindley-Myers represented by Carrie Couch and Marjorie Thompson (MO); Mike Causey represented by Angela Hatchell (NC); Jon Godfread represented by John Arnold (ND); Bruce R. Ramage represented by Peg Jasa (NE); Marlene Caride represented by Phil Gennace (NJ); John G. Franchini represented by Victoria Baca (NM); Jillian Froment represented by Jana Jarrett (OH); Glen Mulready represented by Teresa Green (OK); Elizabeth Kelleher Dwyer represented by Beth Vollucci (RI); Raymond G. Farmer represented by Lee Hill (SC); Kent Sullivan represented by Chris Herrick (TX); Todd E. Kiser represented by Randal Overstreet (UT); Scott A. White represented by Mike Beavers (VA); James A. Dodrill represented by Ellen Potter (WV); and Jeff Rude (WY).

1. Adopted its Oct. 25 Minutes

The Task Force met Oct. 25 and took the following action: 1) adopted its Summer National Meeting minutes; 2) adopted its 2020 proposed charges; 3) discussed amendments to the NAIC Uniform Licensing Standards (ULS) for surplus lines; 4) discussed the role of chatbots in the distribution of insurance; and 5) discussed NAIC/Financial Industry Regulatory Authority (FINRA) data sharing.

Mr. Hill made a motion, seconded by Mr. Baughman, to adopt its Oct. 25 minutes (Attachment One). The motion passed unanimously.

2. Adopted Revisions to the Handbook

Mr. Beavers said the Producer Licensing Uniformity (D) Working Group reviewed the *State Licensing Handbook* (Handbook) during conference calls, with all comments and drafts being shared with interested parties on the NAIC website. The first conference call occurred on Aug. 21, and the Working Group met six more times via conference call. The Working Group adopted the revised Handbook during its Oct. 30 conference call. Mr. Beavers said some of the more significant changes include: 1) exact language of the NAIC *Producer Licensing Model Act* (#218), when referenced, was added to the Handbook; 2) the appendix was removed from future hard copy publications and will be made available in an electronic format on the NAIC website; 3) a link was added to the NAIC web page for current information about the National Association of Registered Agents and Brokers (NARAB); 4) language was removed regarding the National Insurance Producer Registry's (NIPR) implementation of the Contact Change Request application; and 5) the licensing reciprocity examples were clarified.

Mr. Overstreet made a motion, seconded by Mr. Lauten, to adopt the revised *State Licensing Handbook*. The motion passed unanimously.

3. Adopted the 2019 CER Agreement

Mr. Beavers said the form was created by combining information from the 2004 Continuing Education Declaration regarding continuing education reciprocity (CER) course approval and the 2004 CER Agreement. Mr. Beavers said the Uniform Education (D) Working Group adopted the CER Agreement during its Oct. 31 conference call. This agreement is used to support the use of the Uniform CER Course Filing Form, which continuing education (CE) providers may use to streamline the course-approval process in multiple states. Through the reciprocal approval process, the CE provider's home state conducts a substantive review of the CE course; therefore, non-resident states do not need to perform a similar review.

Ms. Potter made a motion, seconded by Mr. Hill, to adopt the 2019 CER Agreement. The motion passed unanimously.

4. Discussed Amendments to the NAIC ULS for Surplus Lines

Director Deiter said the Surplus Lines (C) Task Force sent a request to the Producer Licensing (D) Task Force on Aug. 4, 2018, to consider whether the requirement of a resident producer to hold underlying property/casualty (P/C) licenses before a surplus lines license is issued should be expanded to permit an accident and health (A&H) license to fulfill this underlying license

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requirement. Director Deiter said the Task Force had multiple discussions on this topic at NAIC national meetings and during an interim conference call in October. Upon the last review of comments submitted Nov. 15, Director Deiter said there continues to be divergent views on what, if any, changes should be made to the ULS. Because of this, Director Deiter suggested it may be premature to modify the ULS for surplus lines and chapter of the *State Licensing Handbook* that addresses surplus lines licensing. Director Deiter said he thinks it would be better for consumers and industry if each state implements changes to state laws, as needed, as the market for A&H surplus lines products develops.

Director Deiter asked if there were any objections or comments regarding his suggested direction. John Fielding (Council of Insurance Agents & Brokers—CIAB) said the CIAB does not object to this direction and requested the Task Force be willing to address this issue in the future if there is a need for states to move in uniform direction. Director Deiter said the Task Force could revisit this issue in the future, if needed, to ensure the necessary consumer protections are in place and the regulatory framework is appropriate to facilitate the delivery of needed insurance products through the surplus lines market. Hearing no other comments, Director Deiter said there is not a need for a motion since the Task Force is not taking any affirmative action to change the ULS. Director Deiter said this concludes the Task Force's discussion of the request.

5. Adopted the Reports of the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group

Director Deiter said Chris Murray, Producer Licensing Uniformity (D) Working Group chair, and Rachel Chester, Uniform Education (D) Working Group chair, were not able to attend this meeting and that written reports have been made available. Director Deiter asked if there were any questions or comments on the reports. Hearing none, Commissioner Schmidt made a motion, seconded by Mr. Hill, to adopt the reports of the Producer Licensing Uniformity (D) Working Group, including its Oct. 30 (Attachment Two), Oct. 10 (Attachment Three), Sept. 26 (Attachment Four), Sept. 12 (Attachment Five), Aug. 29 (Attachment Six) and Aug. 21 (Attachment Seven) minutes, and the Uniform Education (D) Working Group, including its Oct. 31 (Attachment Eight) and Aug. 22 (Attachment Nine) minutes. The motion passed unanimously.

6. Heard a Report from the NIPR Board of Directors

Director Deiter said the NIPR Board of Directors met Dec. 6. During this meeting, the Board heard a report from the NIPR Audit Committee, which reported NIPR's total revenues are \$3,555,225 (10.2%) above budget through October and 13.9% above the prior year. The Board approved NIPR's 2020 budget, with projected revenues of \$46.1 million and projected expenses of \$43.3 million. The Board heard an update on the progress of implementing NIPR's strategic plan, which will be completed in 2020. In addition to the general progress on the plan, two major strategic initiatives have been accomplished this year. NIPR implemented Florida for resident licensing for its individual insurance producers, and it is anticipated Florida's resident business entities will be available before year-end.

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

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Draft: 12/3/19

Producer Licensing (D) Task Force
Conference Call
October 25, 2019

The Producer Licensing (D) Task Force met via conference call Oct. 25, 2019. The following Task Force members participated: Larry Deiter, Chair, and Dan Nelson (SD); Mike Kreidler, Vice Chair, represented by Jeff Baughman (WA); Lori K. Wing-Heier represented by Chris Murray (AK); Ricardo Lara represented by Charlene Ferguson (CA); Michael Conway represented by Steven Giampaolo (CO); Trinidad Navarro represented by Ashley Webb (DE); David Altmaier represented by Matt Guy (FL); Vicki Schmidt represented by Lee Modesitt (KS); Nancy G. Atkins represented by Lee Webb (KY); James J. Donelon represented by Barry Ward (LA); Chlora Lindley-Myers represented by Carrie Couch (MO); Bruce R. Ramage represented by Kevin Schlautman (NE); John G. Franchini represented by Venessa DeJesus and Victoria Baca (NM); Jillian Froment represented by Karen Vourvopoulos (OH); Glen Mulready represented by Courtney Khodabakhsh (OK); Andrew Stolfi represented by Kirsten Anderson (OR); Todd E. Kiser represented by Randy Overstreet (UT); James A. Dodrill represented by Robert Grishaber (WV); and Jeff Rude (WY).

1. Adopted its Summer National Meeting Minutes

Mr. Murray made a motion, seconded by Ms. Webb, to adopt the Task Force's Aug. 3 minutes (*see NAIC Proceedings – Summer 2019, Producer Licensing (D) Task Force*). The motion passed unanimously.

2. Adopted its 2020 Proposed Charges

Director Deiter said the next agenda item is to consider adoption of the Task Force's 2020 proposed charges. Director Deiter said charge 1.H was changed to reflect that the white paper on the role of chatbots will be finalized by the 2020 Spring National Meeting. In addition, the reference to the year 2019 was changed to 2020 in charge 2.C and charge 3.A. Director Deiter said charge 1.I was added to develop 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. Director Deiter said this charge is consistent with other areas across the NAIC, which have developed more structured procedures for NAIC work products that are used by NAIC members for regulatory purposes. For example, Director Deiter said the Market Conduct Annual Statement Blanks (D) Working Group has guidelines regarding the process for amending or adding a new Market Conduct Annual Statement (MCAS) blank, and the Market Conduct Examination Standards (D) Working Group has guidelines for the discussion and adoption of revisions to the NAIC's *Market Regulation Handbook*.

Mr. Baughman made a motion, seconded by Ms. Khodabakhsh, to adopt the Task Force's 2020 proposed charges. The motion passed unanimously.

3. Discussed Amendments to the NAIC Uniform Licensing Standards for Surplus Lines

Director Deiter said the Task Force circulated a proposal at the Summer National Meeting that would permit a state the flexibility to require: 1) both an underlying property/casualty (P/C) license and accident and health (A&H) license; 2) only an underlying P/C license; or 3) only an underlying A&H license prior to the issuance of a resident surplus lines license. Based upon the discussions of the Task Force at the Summer National Meeting, Director Deiter said there are three other options the Task Force should consider. The first option is for states to require an underlying P/C license prior to the issuance of a resident surplus lines license regardless of the type of insurance the surplus lines producer will be selling, soliciting or negotiating. This is the general standard in the market today. Director Deiter said the second option is for states to require an underlying P/C license prior to the issuance of a resident surplus lines license if the surplus lines producer is selling, soliciting or negotiating P/C insurance and require an underlying A&H license prior to the issuance of resident surplus lines license if the surplus lines producer will be selling, soliciting or negotiating A&H insurance. Director Deiter said there seemed to be some agreement around this option at the Summer National Meeting. Director Deiter said the third option is for states to require either an underlying P/C license or an underlying A&H license prior to the issuance of resident surplus lines license. Director Deiter said he does not believe this option was widely supported since almost all surplus business involves P/C risks.

Director Deiter said he thinks the second option is the most appropriate approach and requested state insurance regulators and interested parties to submit comments on the second option so the Task Force can make a final decision at the Fall National Meeting.

John Fielding (Council of Insurance Agents & Brokers—CIAB) said the CIAB wants to avoid a situation where a surplus lines producer has to obtain both an underlying P&C license and A&H license unless the surplus lines producer is selling both P&C and A&H insurance. Keri Kish (Wholesale & Specialty Insurance Association—WSIA) said she agrees with the position of the CIAB and believes the WSIA can support the second option. David Kodama (American Property Casualty Insurance Association—APCIA) asked if the second option would permit a surplus lines producer who is only selling A&H products to only obtain an underlying A&H license. Director Deiter said this is the intent of the second option. Director Deiter asked for any additional comments to be submitted by the middle of November.

4. Discussed the Role of Chatbots in the Distribution of Insurance

Tim Mullen (NAIC) said a draft outline of a white paper discussing the role of chatbots and artificial intelligence (AI) has been circulated. Mr. Mullen said the outline has four sections; 1) an introduction; 2) examples of chatbots and AI; 3) regulatory considerations for licensing requirements; and 4) regulatory considerations for marketplace practices. Mr. Mullen said the white paper is not intended to establish public policy but rather explain current marketplace activities. Director Deiter said he would appreciate state insurance regulators and interested parties submitting comments and that a small drafting group might be formed to create an initial draft of the paper. Ms. Ferguson suggested the white paper include a section on cyber security and fraud. Mr. Kodama questioned if this work will overlap with the work of the Artificial Intelligence (EX) Working Group. Mr. Mullen said he is coordinating with the NAIC staff support for this Working Group and would ensure there is proper coordination between the two groups.

5. Discussed NAIC/FINRA Data Sharing

Mr. Mullen said the NAIC and the Financial Industry Regulatory Authority (FINRA) are finalizing a memorandum of understanding (MOU) for the sharing of information to enhance state insurance regulators' awareness of actions FINRA has taken against security brokers who are also operating in the insurance industry. Similarly, the data sharing will enhance FINRA's awareness of actions state insurance regulators have taken against insurance producers who are also operating in the securities industry.

Mr. Mullen said FINRA sends a file to the NAIC containing the following data fields for matching against the State Producer Licensing Database (SPLD): 1) first name; 2) last name; 3) year of birth; and 4) last four digits of the Social Security number (SSN). The file also contained FINRA's Central Registration Depository (CRD) number active/inactive status. The NAIC retains matches and deletes all other information from FINRA. The NAIC then sends FINRA the National Producer Number and active/inactive status of matched individuals in the SPLD. Mr. Mullen said the NAIC and FINRA are exchanging this information for regulatory purposes and will not disclose each organization's data to the public. Mr. Mullen said that the MOU should be finalized within the next 30 days and that state insurance regulators will be see new data fields for CRD and FINRA Active/Inactive status in the SPLD.

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

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Producer Licensing Uniformity (D) Working Group
Conference Call
October 30, 2019

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call Oct. 30, 2019. The following Working Group members participated: Chris Murray, Chair (AK); Melissa Grisham (AR); Charlene Ferguson (CA); Lisa Tordjman (ID); Leslie Page, Paige McCully and Tracy Lord-Bishop (MI); Kevin Schlautman (NE); Karen Vourvopoulos (OH); Dan Nelson (SD); Randy Overstreet (UT); Mike Beavers and Richard Tozer (VA); and Melody Esquivel (WI).

1. Reviewed the NAIC *State Licensing Handbook*

Mr. Murray said the intent of this Working Group was to hold a minimum of two conference calls a month since August to review comments submitted over the chapters in the NAIC *State Licensing Handbook* (Handbook). He said during the Oct. 10 call, the Working Group finalized reviewing the comments received on the last of the remaining chapters. He said the individual chapters, deadlines, conference call dates, comments received, and the redlined chapters have been posted on the Working Group webpage. He said the purpose of this call is to finalize any remaining areas of the Handbook and potentially adopt the revisions.

Mr. Murray said the Producer Licensing (D) Task Force held a conference call on Oct. 25 to review and adopt its 2020 proposed charges in addition to other agenda items, including surplus lines. The Working Group has been holding off the review of Chapter 10 Surplus Lines Producer Licenses pending the Task Force's discussion and adoption of surplus lines standard language. He advised that during the Task Force conference call, it was determined that further comments and discussion would be accepted before the Task Force finalizes its review. Mr. Murray said the Working Group would not be opening up chapter 10 for review until the Task Force discussion has been completed. He said the Working Group will proceed with adopting all other reviewed chapters, excluding chapter 10.

Mr. Murray said during the first few conference calls, the Working Group discussed the creation of a Handbook webpage under the Working Group. He said the webpage will house the appendix for the Handbook and serve as a centralized location for all information concerning notices regarding the Handbook and potential chapter updates that may be required. He said the webpage is being created and will be available prior to the completion of the Handbook.

Mr. Murray said during its last conference call, the Working Group finished up the review of Chapters 26–30. He said the only comments received were from Nebraska concerning Chapter 29 Title Insurance Agents. He said the Working Group discussed all the comments submitted on this chapter, which were also sent to NAIC staff support for the Title Insurance (C) Task Force to review. He said NAIC staff support confirmed that the suggestions made would not go against NAIC language; however, it would be up to the Working Group to determine whether this language needs to be changed in the Handbook or if it should be kept as is at a broader level. He advised that during the last call, the decision was made to accept the following changes pending further direction from the NAIC staff support:

- Third paragraph, first sentence specifically regarding the word “lender’s policy”; the Working Group’s decision was to remove “lender’s,” and replace it with “Loan.”
- The third paragraph addresses two types of title insurance policies that are commonly used; however, only one type is discussed. The Working Group’s decision was that Nebraska would provide new language to be applied that would address both.
- Third paragraph at the end of the last sentence. The Working Group’s decision was that the current language may cause confusion. The buyer/borrower typically pays for the loan policy, but the buyer/borrower is not covered under the loan policy; only the lender is covered. Therefore, additional language would be supplied by Nebraska to clarify.
- Fourth paragraph, second sentence. The Working Group’s decision was to remove “the title page” and add the language, “Schedule A of the Policy.”

- Fourth paragraph, third sentence questioning the language “policy is generally the original amount of the loan.” The Working Group’s decision was to remove “original” from the sentence.
- Ninth and last paragraph. The Working Group’s decision was that the language, “[i]n addition to state laws, rebates and referrals related to most residential real estate transactions are prohibited under the federal Real Estate Settlement Procedures Act (RESPA)” should also mention the TILA-RESPA Integrated Disclosure (TRID) Rule.

Mr. Murray said since NAIC staff support has agreed with the changes, the Working Group will accept the changes. He said Nebraska has also submitted language as requested for paragraph three. The Working Group discussed and agreed to the suggested language. The paragraph would now read:

Two types of title insurance policies are commonly issued: the owner's policy and the loan policy. The owner's policy ensures that the title to the real property is vested as described in the policy, that the title is marketable, that there is a right of access to the property, and against defects in or lien or encumbrances on the title. The loan policy is usually based on the dollar amount of the loan and only protects the lender’s interests in the property, should a problem with the title arise. Title insurance does not require a written application. Policies often are ordered by real estate agents or lenders. The title insurance agent issues a commitment or binder basically revealing the current state of title to the property and agreeing to insure the property, provided that the requirements in the commitment are met to the satisfaction of the title insurer. Typically, even though the buyer/borrower pays for the loan policy, only the lender is covered by the loan policy.

Mr. Murray said the next area to be brought before the Working Group is concerning Chapter 2 The Producer Licensing Model Act. He said during the first round of accepting comments, California submitted a comment concerning the “Section-by-Section of the PLMA,” suggesting adding language to the second bullet point under Section 14: Appointments stating, “if states require the appointment to be renewed.” The Working Group discussed and determined that this is language specific to the *Producer Licensing Model Act* (#218) and could not be changed. Mr. Murray said it was decided that this language could be better addressed in Chapter 11 Appointments. He said after further discussion, the decision was to add language to the “key elements” under chapter 11. The language would now read:

In states that are required to renew appointments, the key elements include:

1. States shall provide or publish a pre-renewal notice to insurers informing them that appointment renewals are imminent.
2. At the time for renewal, a state will deliver an invoice. The invoice may not be altered, amended or used for appointing or terminating producers.
3. Insurers shall return the invoice and the payment to the department or its designee.
4. States shall establish a dispute resolution process to accommodate errors after the fact.

The Working Group discussed the suggestion for chapter 11 and agreed that this would be the best place without affecting language from the Model #218 or changing the meaning of the current language.

Mr. Murray said that concludes the complete review of the Handbook and all the comments submitted.

Mr. Beavers made a motion, seconded by Mr. Nelson, to adopt the revisions to the NAIC *State Licensing Handbook*, including the changes made to chapters 11 and 29, and excluding revisions to chapter 8 (*see NAIC Proceedings – Fall 2019, Market Regulation and Consumer Affairs (D) Committee, Attachment Four*). The motion passed unanimously.

Mr. Murray said the adopted revisions would be presented to the Producer Licensing (D) Task Force for adoption at the Fall National Meeting.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Producer Licensing Uniformity (D) Working Group
Conference Call
October 10, 2019

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call Oct. 10, 2019. The following Working Group members participated: Chris Murray, Chair (AK); Peggy Dunlap (AR); Charlene Ferguson (CA); Lisa Tordjman (ID); Lorelei Brillante (MD); Leslie Page (MI); Greg Nelson (ND); Kevin Schlautman (NE); Otis Phillips (NM); Karen Vourvopoulos (OH); Rachel Chester (RI); Randy Overstreet (UT); Richard Tozer (VA); and Melody Esquivel (WI).

1. Reviewed the NAIC *State Licensing Handbook*

Mr. Murray said the Working Group last met via conference call Sept. 26 and was able to finalize the review up through chapter 25. He said that would complete the review of all chapters 1–25, excluding Chapter 10 Surplus Lines Producer Licenses. He said the purpose of today’s conference call is to review chapters 26–30, in addition to circling back to chapter 4 concerning the examples of reciprocity.

Mr. Murray said Alaska, California, Rhode Island and Virginia reviewed the reciprocity examples found in chapter 4, on page 18. He said the group submitted revisions for examples A–F, which were exposed and posted on the Working Group webpage. The Working Group discussed the revisions and agreed to all changes made to the reciprocity examples.

Mr. Murray said the Working Group only received comments from one state regarding chapters 26–30 from Nebraska concerning Chapter 29 Title Insurance Agents. He said Nebraska submitted several comments throughout this chapter for the Working Group to review. He said these comments were also shared with the NAIC staff for the Title Insurance (C) Task Force to confirm that the suggestions would fall within the uniformity that are trying to be maintained with the Handbook content. He said the goal will be for the Working Group to review and determine whether these comments should be changed with the final say coming from NAIC staff.

Mr. Murray said the first comment can be found in the first sentence of the third paragraph, specifically regarding the word “lender’s policy.” He said Nebraska submitted the question, “Why did this article not discuss the loan policy coverages like it did for the owner’s policy?” He said Nebraska suggests removing “lender’s” and replacing it with “loan.” The Working Group discussed and agreed that the correct verbiage should be “loan policy.”

Mr. Murray said the next comment in the third paragraph is concerning the language, “that the buyer or borrower typically pays for the loan policy, but the buyer/borrower is not covered under the loan policy—only the lender is covered.” Mr. Schlautman said this relates back to the two types of title insurance policies. The Working Group agreed that this should be added and suggests that Nebraska provide suggested language to be added to this section.

Mr. Murray said the next comment in the same paragraph is found at the end of the last sentence. He said Nebraska’s comment was that the buyer or borrower typically pays for the loan policy, but the buyer/borrower is not covered under the loan policy, only the lender is covered. Mr. Schlautman suggested that additional verbiage be added to clarify this section. The Working Group discussed and agreed that adding additional language could be getting too specific and change the chapter to have a granular level, which is not the intent of the Handbook. Mr. Murray said he recommends that Nebraska provide draft language if this is an area, they deem necessary to change. The Working Group agreed.

Mr. Murray said the next comment is in the second sentence of the fourth paragraph, suggesting removing, “the title page” and adding the language, “Schedule A of the Policy.” Mr. Schlautman said this suggestion is to correct an inaccuracy with the current language. The Working Group discussed and agreed that they would verify with NAIC staff whether this would be an accurate statement. The Working Group agreed that if NAIC staff confirms that the suggested language is accurate, it would be added.

Mr. Murray said the next comment was in the third sentence of the fourth paragraph, questioning the language, “policy is generally the original amount of the loan.” Mr. Schlautman said Nebraska suggests that this is not a true statement. The day the policy is issued, the face amount of the policy will be that of the original amount of the loan. The Working Group discussed and agreed to remove “original” from the sentence.

Mr. Murray said the next comment is within the fifth paragraph concerning the premiums advising that some states also set the rates. The Working Group discussed and agreed to avoid getting too specific with the language, and it would remain with no change.

Mr. Murray said the next comment is within the seventh paragraph, suggesting that some states also separately license escrow agents. The Working Group discussed and determined that no change would be necessary at this time.

Mr. Murray said the final comment from Nebraska is found in the last sentence of the last paragraph stating, “[i]n addition to state laws, rebates and referrals related to most residential real estate transactions are prohibited under the federal Real Estate Settlement Procedures Act (RESPA).” Mr. Schlautman said the suggestion is to also mention the TILA-RESPA Integrated Disclosure (TRID) Rule. The Working Group discussed and agreed that they would defer to NAIC staff on whether this should be added.

Mr. Murray said with the exception of Chapter 10 Surplus Lines Producer Licenses, this concludes the review of the Handbook, aside from and the verification from NAIC staff concerning chapter 29 and some minor outstanding issues that were originally discussed in the first five chapters that the Working Group determined should be applied somewhere else other than the Handbook.

Mr. Murray said the redline for the chapters have been posted on the webpage and that chapters 26–30 would be updated and posted as well. He said the next conference call scheduled for Oct. 24 and the Working Group will utilize that call to finalize any outstanding issues so it can potentially adopt them.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Producer Licensing Uniformity (D) Working Group
Conference Call
September 26, 2019

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call Sept. 26, 2019. The following Working Group members participated: Chris Murray, Chair (AK); Peggy Dunlap (AR); Charlene Ferguson (CA); Matt Guy (FL); Lorelei Brillante (MD); Leslie Page (MI); Kevin Schlautman (NE); Karen Vourvopoulos (OH); Randy Overstreet (UT); and Richard Tozer (VA).

1. Reviewed the NAIC *State Licensing Handbook*

Mr. Murray said the Working Group last met Sept. 12 and finalized the review of Chapter 8 Testing Programs. He said that completes the review of chapters 1–15, excluding Chapter 10 Surplus Lines Producer Licenses since that discussion is on hold pending further discussion from the Producer Licensing (D) Task Force. He reminded everyone that emails have been sent out explaining the game plan to move forward with the review of the entire NAIC *State Licensing Handbook* (Handbook). He said to meet the Working Group’s Oct. 31 deadline, he has set up an aggressive comment and conference call schedule moving forward.

Mr. Murray said for the purposes of today’s conference call, the Working Group will start with reviewing chapters 16–20. He said the only comments were from California and the Securities and Insurance Licensing Association (SILA). He said the majority of the comments are on Chapter 18 Adjusters and one comment on Chapter 17 Post Licensing Producer Conduct Reviews.

Mr. Murray said the first comment is from California regarding chapter 17, page 65 found within the License Reinstatement or Reissuance After Disciplinary Action section in the first paragraph. He said the suggestion is to add the language, “reconsideration of the action taken on the license whether it be.” The Working Group discussed and agreed to the change. The new language now reads:

Reinstatement or reissuance of a license after disciplinary action usually is not automatic. A producer whose license has been revoked or suspended by order, or who forfeited a license in connection with a disciplinary matter, should be required to make a written request to the insurance commissioner for reconsideration of the action taken on the license whether it be reinstatement or reissuance in accordance with the terms of the order of revocation or suspension or the order accepting the forfeiture.

Mr. Murray said the next comment is from California regarding chapter 18, page 69 found within the second paragraph. He said California suggests changing three kinds of adjusters to “four” so as to include crop. The Working Group discussed and agreed that no change would be made, and the language would remain the same.

Mr. Murray said the next comment is from SILA regarding the same chapter on page 70 found within the Reciprocity section. He said the request is to reference the *Public Adjuster Licensing Model Act’s* (#228) definition for home state.

Linda Brunette (SILA) said under the Reciprocity section within this chapter, there is a reference to Model #228’s definition, but this section does not include the definition of home state noted within the *Independent Adjuster Licensing Guideline* (#1224). She said SILA recommends adding this language:

“Home State” means the District of Columbia and any state or territory of the U.S. in which an Independent Adjuster maintains his or her principal place of residence or principal place of business and is licensed to act as an independent adjuster. If such a state does not issue an independent adjuster license for the line of business sought, the independent adjuster may designate as their “Home State” any state in which the independent adjuster qualifies pursuant to Section 6 of this Act.

Ms. Brunette said SILA would also recommend modifying the Best Practice for Regulators section to state: “Use the definition of ‘home state’ as defined in Model #228 and Guideline #1224 as the basis of reciprocity.” The Working Group discussed and agreed to the addition.

Mr. Murray said the next comment from SILA is also on page 70 and concerning Model #228. He said in the Handbook it lists the title as the “New” NAIC Public Adjuster Model Act. SILA recommends that “new” be removed since this is no longer accurate. The Working Group discussed and agreed that “new “ would be removed where appropriate.

Mr. Murray said the next comment from SILA on chapter 18 suggests that an inclusion and reference to the *Independent Adjuster Reciprocity Best Practices and Guidelines* under the Best Practices section be added to state, “use the *Independent Adjuster Reciprocity Best Practices and Guidelines* as the structure for license qualifications, continuing education (CE), and designated home state (DHS) requirements for nonresident licensing.” The Working Group discussed and agreed that this is already present in the Handbook. Ms. Brunette said SILA would withdraw the comment.

Mr. Murray said this completes the review of chapters 1–20 except for Chapter 10 Surplus Lines Producer Licenses, which is pending further discussion from Producer Licensing (D) Task Force. He said the remaining chapters are very short, and at this point, nothing has been received covering chapters 21–25. He said the deadline for these chapters has passed, unless there are any comments to bring forward to the Working Group. No comments were made, and Mr. Murray said chapters 21–25 would be considered completed as well.

Mr. Murray said there were a few areas that the Working Group agreed it would circle back on for additional discussion as the Working Group moves forward with its conference calls. He said one of those areas can be found in chapter 2, page 8 in the last paragraph under the Change of Home State section concerning the National Insurance Producer Registry (NIPR) launch of Contact Change Request (CCR). He said the Working Group deferred to NIPR to make suggested changes. He said Laurie Wolf (NIPR) submitted a suggestion that this language be eliminated. He said the fact that NIPR has not enhanced its CCR product to allow business entities the ability to change their addresses has no bearing on the Change of Home State language in this section and the need for the states to eliminate paper letters of clearance. Rather than provide language to incorporate the future state of NIPR's CCR product, NIPR's recommendation is to remove the last paragraph regarding the Change of Home State. Mr. Murray said the initial focus of this section is to recommend to all the states to eliminate the paper letters of clearance and rely on the Producer Database (PDB) to verify that a license is active and in good standing. He said NIPR advised that several years ago during the first iteration of the Handbook, some states asked NIPR if they could develop CCR to allow a pending status flag in the CCR transaction and show that the person was moving from his/her resident state A to state B. Given the fact that most states were already utilizing the PDB in lieu of paper letters of clearance, developing this type of enhancement to the CCR application was never viewed as a business problem that needed to be prioritized. Mr. Murray said currently, all the states/territories utilize CCR for individuals, but at the time of the first iteration, there were a handful of states remaining who were not yet participating in CCR. He said NIPR has notified the Working Group that it will be looking to enhance its CCR product at some point in the future to allow business entities to update their demographic information. He said NIPR advised that its primary focus is on the Cloud migration project and infrastructure stability. The Working Group agreed to the deletion of this chapter.

Mr. Murray said Alaska, California, Rhode Island and Virginia reviewed the reciprocity examples found in chapter 4 on page 18. He said the group submitted revisions for examples A–F, and they have been posted on the Working Group webpage. He said the Working Group will be discussing this during its next conference call.

Mr. Murray said the deadline for chapters 26–30 will be Sept. 27, and at this point, there has been no comment submitted. He said the next call is scheduled for Oct. 10 ,and the Working Group will review chapters 26–30 in addition to any outstanding issues.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Draft: 10/7/19

Producer Licensing Uniformity (D) Working Group
Conference Call
September 12, 2019

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call Sept. 12, 2019. The following Working Group members participated: Chris Murray, Chair (AK); Peggy Dunlap (AR); Charlene Ferguson (CA); Matt Guy (FL); Lisa Tordjman (ID); Lorelei Brillante (MD); Leslie Page (MI); Karen Vourvopoulos (OH); Rachel Chester (RI); Larry Deiter (SD); Randy Overstreet (UT); Richard Tozer (VA); and Jeff Baughman (WA). Also participating was: Jeannie Keller (MT).

1. Reviewed the NAIC *State Licensing Handbook*

Mr. Murray said the Working Group's last conference call was on Aug. 29, during which it finished up the review on chapters 11–15. He said that finalizes the review on chapters 1–15, excluding Chapter 8 Testing Exams and Chapter 10 Surplus Lines.

Mr. Murray said during the last conference call, it was decided that the Working Group would not be adopting the chapters as they are reviewed, but to wait until the review of all chapters has been completed. He said the deadline for this review has not changed and remains to be the end of October.

Mr. Murray said the Working Group has completed the review of all chapters in which comments have been received. During the last conference call, the Working Group did not discuss Chapter 8 Testing Exams since a representative from the American Council of Life Insurers (ACLI) could not be present. Mr. Murray said the ACLI submitted several comments on this chapter, and it will use today's call to review and finalize any changes.

Mr. Murray said the first comment on chapter 8 can be found at the bottom of page 31. David Leifer (ACLI) stated that he would be speaking to the comments submitted by the ACLI. He said at the bottom of page 31, concerning the fourth item, he suggests adding the following language:

4. Depending on test volume, test performance, and the need for content changes, either an annual (or at least biannual) substantive review of the examination and the psychometric properties of ~~the test items and the test, including:~~
 - o ~~These efforts should include~~ The involvement of content or test development professionals, department personnel, and industry representatives, ~~including recent, entry-level producers.~~ Industry representatives should include a balanced mix of both recently licensed and more experienced producers.

Mr. Leifer said industry is asking the Working Group to adopt some broad criteria for reviews in order to bring uniformity to the process and ensure that these important events are executed in a meaningful manner that is consistent with the goals of maintaining fair, entry-level exams. He said industry is particularly interested in seeing the NAIC *State Licensing Handbook* (Handbook) include more language stressing the need to involve recently licensed producers in reviews and ensure that a system is in place to make sure all questions get reviewed over a reasonable course of time. This point is raised in an effort to address a situation we see in some states where reviews always begin with the Life & Health Bank and routinely run out of time before getting to the Life-only questions.

Ms. Vourvopoulos said she has concerns with a “balanced mix.” This would be difficult due to the availability of individuals. Mr. Tozer said Virginia would agree with this concern of having a “balance mix.” The Working Group discussed and agreed that the language would be accepted, excluding the word “balance.” The new language would now read:

4. Depending on test volume, test performance, and the need for content changes, either an annual (or at least biannual) substantive review of the examination and the psychometric properties of ~~the test items and the test, including:~~
 - o The involvement of content or test development professionals, department personnel, and industry representatives. Industry representatives should include a mix of both recently licensed and more experienced producers.

Mr. Murray said the next suggestion was to further add a bullet point to the same section reading:

- A determination by the assembled Subject Matter Experts (SMEs) of the difficulty level to be used for the test using proper psychometric procedures.

Ms. Chester said she would have concerns that this language would be beyond the scope of the state insurance regulators. She said the Working Group members are not psychometricians and should not add language to this section that would clearly be from a higher level of expertise than what the licensing directors on the call would possess. Ms. Keller said this suggestion would be adding new unnecessary language that gives a more detailed view, which goes beyond the scope of the Handbook.

Barb Gavitt (A.D. Banker) said these suggested comments are not pertaining to the difficulty of the individual questions, but rather the difficulty of the overall exam. She said there would be a difference from the individual questions and the exam as a whole. Mr. Murray said he would agree that there is more to the psychometricians formula that the state insurance regulators depend on for proper testing to take place.

Paula Sisneros (Pearson VUE) said she would agree that this does bring additional and unnecessary detail, which should actually be discussed and addressed outside of the review of the Handbook. She said she would encourage discussions outside of the Handbook discussion if the Working Group deemed them necessary.

Mr. Murray said he agrees that this should be set aside until further discussion is warranted. The Working Group discussed and agreed that no change would be made for this bulletin point.

Ms. Sisneros said she would echo her comments for the remaining suggestions from the ACLI. Ms. Chester and Ms. Vourvopoulos said they would agree.

The Working Group discussed and agreed that all remaining suggested changes on this section would not be accepted; however, further discussions outside of the Handbook review may be warranted to determine further issues that might be present.

Mr. Murray said the final comment from the ACLI can be found at the bottom of the chapter within the Producer Exam Content and Testing Administration Recommended Best Practices for Insurance Regulators. Mr. Murray said the suggestion is to the sixth bullet point to add “rate” to the second sentence of this bullet point. The Working Group discussed and agreed with adding language. The new language would read:

- At least annually, reports regarding exam pass rates, candidate demographics when collected, and number of exams administered should be made available to the public. Reports should include first-time pass rate, success rate and average scoring by subject area. Whenever possible, the reports should be available by education provider and provided to them.

Mr. Murray said this would conclude the discussion concerning Chapter 8 Testing Exams. He said the review of Chapter 10 Surplus Lines will remain on hold pending the discussion by the Producer Licensing (D) Task Force. He said the deadline for chapters 16–20 ended Aug. 30 and chapters 21–25 will end tomorrow, Sept. 13. He said the next conference call is scheduled for Sept. 26 and the goal will be to start reviewing chapters 16–25. He said at this point, the Working Group has only received two comments on chapter 18; however, since these comments were recently received, they have not been exposed long enough to discuss at this time. He said the deadlines for chapters 26–30 will be Sept. 27. He said the Working Group will have three remaining calls to finalize the review, Oct. 10, Oct. 24 and Oct. 30.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Draft: 11/7/19

Producer Licensing Uniformity (D) Working Group
Conference Call
August 29, 2019

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call Aug. 29, 2019. The following Working Group members participated: Chris Murray, Chair (AK); Peggy Dunlap (AR); Charlene Ferguson (CA); Matt Guy (FL); Lisa Tordjman (ID); Lorelei Brillante (MD); Leslie Page (MI); Karen Vourvopoulos (OH); Rachel Chester (RI); Larry Deiter (SD); Randy Overstreet (UT); Richard Tozer (VA); and Jeff Baughman (WA).

1. Reviewed the NAIC *State Licensing Handbook*

Mr. Murray said the purpose of this conference call is to continue on with discussions that ended during its Aug. 21 conference call. He reminded everyone that emails have been sent out explaining the plan to move forward with the review of the entire NAIC *State Licensing Handbook* (Handbook). He said the review would consist of five chapters at a time. He said to meet the Working Group's Oct. 31 deadline, he has set up an aggressive comment and conference call schedule moving forward.

Mr. Murray said during the last conference call, the Working Group finalized the review of chapters 1–5 and began reviewing chapters 6–10. He said several comments were received from the American Council of Life Insurers (ACLI) concerning chapter 8; however, he has confirmed that a representative from the ACLI would not be able to attend today's conference call, so he will push off this discussion until the next conference call. He said chapter 10 concerning surplus lines would also be skipped during today's discussion and potentially even further since the Working Group is awaiting further discussion by the Producer Licensing (D) Task Force on adopting amendments to the Uniform Licensing Standards (ULS) for surplus lines. He said since the review of these two chapters is going to be put on hold, the decision was to be that the Working Group would continue to review the remaining chapters and then circle back to chapters 8 and 10 when appropriate, then a final adoption of the entire Handbook would be made once all the chapters have been reviewed, instead of adopting as each chapter is reviewed.

Mr. Murray said moving forward with the next step is to review chapters 11–15. He said the Working Group only received comments from California, Virginia, and the Securities and Insurance Licensing Association (SILA) concerning these chapters.

Mr. Murray said the first comment was from Virginia on chapter 11, page 51 found in the first paragraph. He said Virginia stated that there is a debate among the states on whether National Association of Registered Agents and Brokers (NARAB) membership would eliminate appointments for nonresidents. NARAB's goal is to be revenue neutral for the states. The Working Group discussed and agreed that no change would be made.

Mr. Murray said California submitted a comment on chapter 12, page 53. Before the last two paragraphs on the page it states:

The PLMA does require that all producers, including BEs, notify the insurance commissioner prior to using an assumed name. Section 10 of the PLMA states:

An insurance producer doing business under any name other than the producer's legal name is required to notify the insurance commissioner prior to using the assumed name.

Ms. Ferguson said California submitted the comment to verify whether the intent was to not only notify the commissioner, but also for the commissioner to have the authority to accept or reject it. The Working Group discussed and agreed that there is no reason to add further clarification.

Mr. Murray said the next comment was from SILA concerning chapter 12, page 53 towards the bottom of page found in the second to last paragraph. He said SILA's comment states that it does not recall that a recent assessment of all state insurance departments licensing units has occurred to determine compliance with state uniformity requirements, so it would suggest removal of the word "recent." However, SILA strongly agrees with the last sentence. The Working Group discussed and agreed that "recent" be changed to "prior."

Mr. Murray said the next comment was from California on chapter 14, page 59 found in the second paragraph suggesting that "annuity" be added to the sentence "A specific CE standard, which is derived from federal mandates, may be imposed on nonresidents such as for long-term care insurance (LTCI), annuity, flood or crop insurance and would not violate the ULS."

The Working Group discussed and agreed that following “long-term care insurance (LTCI),” the word “annuity” would be added.

Mr. Murray said California submitted a comment on chapter 14, page 59 within the third paragraph adding language to clarify that for a contact course, each state is to use its own method to award credit for self-study courses. The Working Group discussed and agreed to change this paragraph to now read:

Under the ULS, producers are to complete 24 credits of CE for each biennial compliance period. Three of the 24 credits must be in ethics.

Calculation of one credit hour of continuing education (CE) should be based on the NAIC Guidelines for CE. If applicable, the CE compliance period should coincide with the license renewal. The ULS indicate that the license term should be tied to the birth date or birth month.

Mr. Murray said the next comment from California on chapter 14, page 60 was within the second paragraph. Ms. Ferguson said California would like to verify what level of quality check is required. The Working Group discussed and agreed that no change would be made.

Mr. Murray said that completes the review of chapters 11–15. He said the deadline for comments on chapters 16–20 will be Aug. 30. He said the next conference call will be on Sept. 12.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Draft: 11/5/19

Producer Licensing Uniformity (D) Working Group
Conference Call
August 21, 2019

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met via conference call Aug. 21, 2019. The following Working Group members participated: Chris Murray, Chair (AK); Melissa Grisham (AR); Charlene Ferguson (CA); Matt Tamplin (FL); Leslie Page (MI); Karen Vourvopoulos (OH); Larry Deiter (SD); Randy Overstreet (UT); Richard Tozer (VA); Jeff Baughman (WA); and Melody Esquivel (WI). Also participating was: Greg Nelson (ND).

1. Reviewed the Handbook

Mr. Murray said the purpose of this conference call is to continue the review of the *State Licensing Handbook* (Handbook). Mr. Murray said emails have been sent out explaining the game plan to move forward with the review of the entire Handbook. Mr. Murray said the review would consist of five chapters at a time. Mr. Murray said to meet the Working Group's Oct. 31 deadline, he has set up an aggressive comment and conference call schedule moving forward.

Mr. Murray said to continue on with the review from the last conference call, the Working Group will begin with Chapter 2. He said Oregon submitted a question to clarify language pertaining to Chapter 2 that addresses Section 9 of the *Producer Licensing Model Act* (#218). Mr. Murray said Oregon also submitted a comment concerning the Producer Licensing Database (PDB) and State Producer Licensing Database (SPLD). Mr. Murray said a representative from Oregon is not on the conference call but would accept any discussion on their suggestions. The Working Group had no discussion on these comments.

Mr. Murray said the next comment is from South Carolina. Mr. Murray said the comment was a question concerning the following statement in the Handbook: "Some states still require the producer to provide a letter of clearance from the former state before the new state will grant the producer an active resident status." South Carolina inquired whether this is still true. The Working Group discussed and agreed that some states require a letter of clearance, and no change was made.

Mr. Murray said Virginia submitted a comment pertaining to the same topic suggesting language be added stating: "despite the fact that all states have access to the PDB." Mr. Tozer stated Virginia removed that comment.

Mr. Murray said the next comment from Virginia is in regard to the final paragraph of this same section addressing the National Insurance Producer Registry's (NIPR) launch of the Contact Change Request (CCR). Mr. Tozer said Virginia suggested adding "individual" after "service allows." Mr. Tozer said Virginia also recommends changing the current language reading "once all states" have fully implemented the CCR service. Mr. Tozer said all states have fully implemented the CCR service. Laurie Wolf (NIPR) said that NIPR can review the language and provide edits to reflect the appropriate changes. The Working Group discussed and agreed.

Mr. Murray said the next comment from Virginia concerns Chapter 2, page 10 under Section 16: Reciprocity. Mr. Murray said the suggestion is to add language to the second bullet point so that it mirrors the language found in Model #218. The new language would read: "A nonresident producer's satisfaction of his or her home state's continuing education requirements for licensed insurance producers shall constitute satisfaction of this state's continuing education requirements if the non-resident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from this state on the same basis." The Working Group discussed and agreed to add the language.

Mr. Murray said the next few comments from Virginia concern Chapter 2 under the PLMA Implementation FAQ. The first is on Question 1. Mr. Tozer stated that Virginia would like to remove that suggestion. Mr. Tozer said the second comment concerns Question 2. The Working Group discussed and agreed no change would be made.

Mr. Murray said the next comment is on Chapter 4 from California. He said the suggestion is at the beginning of Chapter 4 under the four key components to licensing reciprocity. The suggestion is to add language to the fourth key component so that it would now read: "Reciprocity with Other States." The Working Group discussed and agreed to make the change and to apply this throughout the chapter in other places where appropriate.

Mr. Murray said California submitted comments concerning the reciprocity examples found in Chapter 4. The Working Group discussed the examples and agreed to further review and provide new language to give further clarification.

Mr. Murray said the next comment is on Chapter 4, page 18 requesting that the section on Limitations on Nonresident spell out U.S. as United States. The Working Group discussed and agreed with the change.

Mr. Murray said the next comment is from Virginia on Chapter 5, page 23 under the Commissions section. He said Virginia suggests adding language to stay consistent with Model #218 and adding a caveat that reads: “unless the payment would violate a state’s anti-rebating statutes.” The Working Group discussed and agreed.

Mr. Murray said Virginia also suggests adding a language from the Model #218 language within the Exceptions to Licensing section specifically to the summary of types of persons and entities that are exempted from licensing. The new language would read:

1. An officer, director or employee of an insurer or insurance producer, provided that the officer, director or employee does not receive any commission on policies written or sold to insure risks residing, located or to be performed in the state.
2. A person who secures and furnishes information for, or enrolls individuals in, group life insurance, group P/C insurance, group annuities or group, or blanket accident and health insurance; where no commission is paid to the person for the service.
3. An employer or association; its officers, directors, employees; or the trustees of an employee trust plan; not in any manner compensated, directly or indirectly, by the company issuing the contracts.
4. Employees of insurers or organizations employed by insurers who are engaging in the inspection, rating or classification of risks.
5. A person whose activities in a state are limited to advertising without the intent to solicit insurance in that state.
6. A person who is not a resident of a state who sells, solicits or negotiates a contract of insurance for commercial P/C risks to an insured with risks located in more than one state insured under that contract.
7. A salaried, full-time employee who counsels or advises the employer relative to the insurance interests of the employer who does not receive commission.

Mr. Murray said that concludes the review on Chapters 1–5. He said since the decision was made to further discuss a few areas, the Working Group will hold off adopting Chapters 1–5 until the additional discussion has been completed.

Mr. Murray said moving forward with the Handbook review, the Working Group will start looking at Chapters 6–10. He said the first comment is from California on Chapter 6, page 25, third paragraph. Mr. Murray said since this section covers continuing education (CE), he would like to discuss with Rachel Chester, Uniform Education (D) Working Group chair, before making a final decision.

Mr. Murray said the next comment from Michigan concerns Chapter 8, page 32 under the PLMA Guidelines on Examination section, in the first paragraph. He said Michigan suggests adding language regarding the use of the PDB. The Working Group discussed and agreed no change would be made.

Mr. Murray said the next comment is also from Michigan on Chapter 8 at the bottom of page 34 concerning the professional test vendor, specifically the first step—“Conducting a committee-based job analysis”—and whether this is preferred over survey-based. The Working Group discussed, and no change was made.

Mr. Murray said California submitted a comment on Chapter 7 under the Fingerprinting section suggesting 1033 waiver guidelines be added to this section. The Working Group discussed and agreed that a link would be provided to *Authorization for Criminal History Record Check Model Act (#222)*.

Mr. Murray said the next comment is from Michigan concerning Chapter 9, page 43 under the CE last sentence stating, “Under federal law, insurance producers selling MPCl are required to attend CE classes each year.” He said the question is whether this is tracked or monitored by the federal government. There was no discussion by the Working Group.

Mr. Murray said that completes the review on Chapters 1–9. He said, however, the review of chapter 10 will be on hold pending further discussion by the Producer Licensing (D) Task Force on adopting amendments to the Uniform Licensing Standards (ULS) for surplus lines.

Mr. Murray said the redline for Chapters 1–9 would be posted on the Working Group’s web page for review. He said the

deadline for comments on Chapters 11–15 is Aug. 23 and to date, the Working Group has not received any comments. Mr. Murray said depending on what is received, the Working Group will begin discussing Chapter 11 during the Working Group's next conference call, which is scheduled for Aug. 29.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Draft: 11/6/19

Uniform Education (D) Working Group
Conference Call
October 31, 2019

The Uniform Education (D) Working Group of the Producer Licensing (D) Task Force met via conference call Oct. 31, 2019. The following Working Group members participated: Rachel Chester, Chair (RI); Mike Beavers, Vice Chair (VA); Katie Damian (AK); Peggy Dunlap (AR); Charlene Ferguson (CA); Gene June and Matt Guy (FL); Lorelei Brillante (MD).

1. Adoption of the 2019 CER Agreement

Ms. Chester said the Working Group has reviewed all comments submitted concerning the draft 2019 Continuing Education Reciprocity (CER) Agreement and made revisions as agreed upon by the Working Group. Ms. Chester said the updated version has been exposed for over several months and is considered complete except for one minor change. Ms. Chester said under “The Commissioners agree as follows:” section number 5(d) the Working Group agreed to add “ethics” to the list of items that are acceptable subject matter. Ms. Chester said the language would not read:

- d. Credits will only be awarded for courses whose subject matter will increase technical knowledge of insurance principles, coverages, ethics, laws or regulations and will not be awarded for topics such as personal improvement, motivation, time management, supportive office skills or other matters not related to technical insurance knowledge. If any credits are awarded for sales and/or marketing those credits will be separately noted on the course approval document. Credits for sales and/or marketing will only be awarded in States that are permitted by law or regulation to accept credit for those topics. Additional guidance can be found in the NAIC’s Recommended Approved/Not Approved Course Topics (APPENDIX C).

Mr. Beavers made a motion, seconded by Mr. Murray, to adopt the 2019 CER Agreement. (*see NAIC Proceedings – Fall 2019, Market Regulation and Consumer Affairs (D) Committee, Attachment Five*). The motion passed unanimously.

Having no further business, the Uniform Education (D) Working Group adjourned.

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Draft: 11/14/19

Uniform Education (D) Working Group
Conference Call
August 22, 2019

The Uniform Education (D) Working Group of the Producer Licensing (D) Task Force met via conference call Aug. 22, 2019. The following Working Group members participated: Rachel Chester, Chair (RI); Mike Beavers, Vice Chair (VA); Katie Damian (AK); Peggy Dunlap (AR); Charlene Ferguson (CA); Gene June and Matt Guy (FL); and Lorelei Brillante (MD).

1. Discussed the CER Agreement

Ms. Chester said that during the Working Group's last conference call on May 15, the recent draft version of the 2019 Continuing Education Reciprocity (CER) Agreement was distributed to the Working Group for review and comment. She said the Working Group previously reviewed comments from Washington and the Securities & Insurance Licensing Association (SILA). She said the Working Group also received comments from Florida, which it will be reviewing today.

Ms. Chester said Florida's first comment was on page 1 of the draft 2019 CER Agreement pertaining to, "provider has procedures for reviewing course material in order to keep it up to date and timely." She said Florida feels that it seems to be something more appropriate for a provider approval application vs. a course approval application. Wondering how other states will confirm/address this part of the substantive review. Mr. Gene said Florida does not want the providers to have to send some kind of procedure they have with each course submittal. Mr. June said Florida is questioning if it could either be removed or put in the instructions as some type of "understanding." In Florida, keeping a course updated is a requirement in the Administrative Rule, but they are not asked to show how they plan to do it. Mr. June said Florida would like an example that would be substantive changes to a course requiring a new course submittal. The Working Group discussed and determined that each state has the duty to review the outlines they have in place for course approval and work with their provider to ensure that these state business rules and requirements are in place.

Ms. Chester said Florida's second comment was on page 1 pertaining to, "[a] reciprocal State agrees to approve a course submission within 30 days of receipt, provided that the course is filed using the NAIC Uniform CER Course Filing Form (Exhibit A) or an equivalent electronic submission method and contains a **home state course approval**." She said Florida advised that this seems to limit the documentation that a reciprocal state can ask for when a course application is submitted using the CER form. She said that Florida has a robust auditing program for education courses. When it comes time to audit one of these courses, which could be two months after approval or two years after approval, the auditor needs most all documentation related to the course. Ms. Chester said Florida would like to confirm that their two options are: 1) ask for the course documentation prior to an audit; or 2) ask for the course documentation during the course submission process, but not use it as part of the approval (the preferred option). The Working Group discussed and confirmed that the CER Form instructions require that details be submitted including an outline for course details to the home state. Ms. Chester said since this is listed in the CER Form and not listed in the CER Agreement, duplication should be avoided. Mr. June said Florida's concern would be that the submission of course documentation is sent to the home state; however, if Florida wants to audit a non-resident state course, they would not have the course documentation. The Working Group discussed and confirmed with Florida that if they are conducting an audit, they can request documentation from the course provider at that time. Mr. June said that would satisfy Florida's concerns.

Ms. Chester said Florida's third comment was on page 2 pertaining to, "[e]ach State agrees that it will notify other States when a CE provider or instructor has been the subject of a formal administrative action or other disciplinary action by that State." She said Florida's concerns are that it does not sound like there is currently an electronic/efficient mechanism for doing this, but until one is developed, the states would work together to notify one another via a more manual process. The Working Group discussed using the NAIC Producer Licensing Bulletin Board or other distribution method to assist with distributing an action taken on a continuing education (CE) provider or instructor. Ms. Chester said she would discuss with NAIC staff viewing other potential options, including the bulletin board for distributing these actions amongst the states.

Having no further business, the Uniform Education (D) Working Group adjourned.

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