

PRODUCER LICENSING (D) TASK FORCE

Producer Licensing (D) Task Force Aug. 3, 2020, Minutes

Producer Licensing (D) Task Force May 6, 2020, Minutes (Attachment One)

Draft Pending Adoption

Draft: 8/18/20

Producer Licensing (D) Task Force
Virtual Summer National Meeting
August 3, 2020

The Producer Licensing (D) Task Force met via conference call Aug. 3, 2020. The following Task Force members participated: Larry D. Deiter, Co-Chair (SD); Elizabeth Kelleher Dwyer, Co-Chair (RI); Lori K. Wing-Heier represented by Chris Murray (AK); Jim L. Ridling (AL); Alan McClain represented by Crystal Phelps (AR); Ricardo Lara represented by Charlene Ferguson (CA); David Altmaier represented by Matt Guy (FL); Doug Ommen represented by Jackie Russo (IA); Vicki Schmidt represented by Nancy Strasburg (KS); Sharon P. Clark (KY); James J. Donelon represented by Patrick Bell (LA); Anita G. Fox represented Michele Riddering (MI); Chlora Lindley-Myers (MO); Mike Causey represented by Angela Hatchell (NC); Jon Godfread represented by John Arnold (ND); Bruce R. Ramege represented by Martin Swanson (NE); Marlene Caride represented by Joe McDougal (NJ); Jillian Froment represented by Karen Vourvopoulos (OH); Glen Mulready represented by Ron Kreiter (OK); Andrew R. Stolfi represented by Kirsten Anderson (OR); Jessica K. Altman represented by Adriane Force and Katelin Lambert (PA); Kent Sullivan represented by Rachel Cloyd (TX); Todd E. Kiser represented by Randy Overstreet (UT); Scott A. White represented by Mike Beavers and Richard Tozer (VA); Mike Kreidler represented by Jeff Baughman (WA); and James A. Dodrill represented by Robert Grishaber (WV). Also participating was: Colleen Draper (NY).

1. Adopted its May 6 Minutes

Commissioner Clark made a motion, seconded by Director Lindley-Myers, to adopt the Task Force's May 6 minutes (Attachment One). The motion passed unanimously.

2. Discussed Producer Licensing Issues Arising from the COVID-19 Crisis

Superintendent Dwyer said Washington was the only state offering online, proctored examinations when the pandemic began, and she said the Task Force will receive updates from states, industry representatives and examination vendors on the state implementation of online examinations.

Ms. Draper said New York recently implemented remote testing as a permanent way to deliver examinations. She said New York has administered 4,000 remote exams and remote testing accounts for 60% of examinations administered. She said there has not been a negative impact on pass rates, and remote testing is very helpful to candidates who live in rural areas of the state.

Mr. Baughman said Washington made all examinations available through remote testing on March 1. He said Washington administered over 200 remote exams in March. He said his biggest concern was security, but very few incidents have been identified, such as a candidate having a cell phone or materials in sight, or background communication heard that might indicate that someone is assisting a candidate with answers. He said approximately 60% of Washington's exams are administered through the remote platform. He said the security breaches were evident very quickly, and candidates' examinations would end immediately. He said the pass rate in Washington has increased a little with remote testing.

Superintendent Dwyer said Rhode Island will begin offering remote exams on Aug. 11. Mr. Beavers said Virginia began offering remote testing on June 1, and approximately 60% of Virginia's exams are administered through the remote platform. He said Virginia administers approximately 1,200 exams per month, and it did not issue temporary licenses. Ms. Anderson said Oregon began offering remote testing two weeks ago, and the implementation process was very smooth. Ms. Hatchell said North Carolina offered temporary licenses to address the closure of examination centers and a lack of fingerprinting, which is administered through the Federal Bureau of Investigation (FBI) in North Carolina. She said North Carolina is working to implement remote testing.

Douglas Wheeler (New York Life Insurance Company) said New York Life has captive agents, and it set a goal in 2020 of investing upwards of \$500 million on recruiting and training new agents. He said COVID-19 and the closure of examination centers disrupted this goal. He said the issuance of temporary licenses was helpful, and he encouraged states to implement remote testing. He said remote testing allows candidates to take exams in a safe and secure environment.

Bill Johnson (Fidelity Investments Life Insurance) said New York Life helps Fidelity meet the security needs of its customers. He said the need for financial advice has increased during the pandemic, and Fidelity has seen an increase in the purchase of new annuities compared to this time last year. He said Fidelity needs 4,000 new associates to meet the demand, and the limited availability of examinations has hindered Fidelity's ability to meet client demands and provide employment opportunities for

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new associates. He said the issue of temporary licenses has helped and encouraged states to implement remote testing. He said there are protocols to ensure that remote exams are secure and that states that have implemented remote testing have had a positive experience.

Brad Burd (GoHealth) said GoHealth said the closure of exam centers creates a backlog of exam availability, and access to fingerprinting was also a challenge. He said he agrees with prior comments and the direction to implement remote testing. He said insurance and financial security becomes very important to consumers, especially for health insurance and seniors. He said GoHealth would like to see further implementation of remote testing, and he suggested the creation of a best practice checklist for states to conduct a self-review of the state examination process. He said the issue of temporary licenses was helpful, but individuals holding a temporary license were unable to obtain appointments with companies. He encouraged states to explore additional options available for fingerprinting beyond exclusive contracts with examination vendors.

David Leifer (American Council of Life Insurers—ACLI) said the ACLI appreciates the states' issuance of temporary licenses and the progress of implementing remote exams. Julie Mix McPeak (Greenberg Traurig) requested that states be deliberative in unwinding their emergency regulations, and she asked for communication and transparency with stakeholders.

Brad Erickson (Prometric) said Prometric will implement remote testing in its ninth state. He said Prometric worked with the Financial Industry Regulatory Authority (FINRA) on its implementation of remote testing, and it can implement a state with remote testing as quickly as one week. He said the pass rate for remote tests is within 1% of traditional examinations. He said Prometric also facilitates fingerprints, but a paper fingerprint requirement is a challenge with social distancing guidelines.

Jason McCartney (PSI Services) said PSI worked with Washington, and approximately 50–60% of exams administered in Washington are administered via a remote testing platform. He said PSI can implement remote testing in a state within 60 days. He said PSI implemented remote testing in Washington in October, in New York in June, and in Pennsylvania and Oregon in July. Mr. He said PSI will implement remote testing in South Carolina and Michigan in August and in New Jersey in September. Paula Sisneros (Pearson VUE) said Pearson VUE implemented remote testing in Colorado and Rhode Island in August. She said approximately 30% of the exams in Colorado are scheduled as remote exams.

3. Received an Update from the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group

Mr. Murray said the Producer Licensing Uniformity (D) Working Group has not met because of COVID-19. He said the Working Group remains ready to assist the Task Force, and it will be reviewing its charges and holding a call in the coming months. Superintendent Dwyer provided the Uniform Education (D) Working Group update on behalf of Rachel Chester (RI), chair of the Working Group. Superintendent Dwyer said the Working Group will be monitoring state implementation of the Continuing Education Reciprocity (CER) Agreement. She said the Working Group has not met because of COVID-19, but it will also review its charges in the coming months. She said the Working Group will review the course guidelines for classroom webinar delivery.

4. Received a Report from the NIPR Board of Directors

Director Deiter said 48 states have issued over 100 separate bulletins regarding producer licensing since the onset of the COVID-19 pandemic. Thirty-three bulletins specifically address license renewal extensions, and 30 states issued bulletins offering temporary licensing. These bulletins and state changes required the National Insurance Producer Registry (NIPR) to complete significant coding work to move the states' license expiration dates and provide an electronic solution for a new temporary producer license class through NIPR. Director Deiter said NIPR has also been developing enhancements to its Attachment Warehouse product, which allows insurance producers and other licensees to upload licensing related documents for review by state insurance regulators.

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

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Attachment One
Producer Licensing (D) Task Force
8/3/20

Draft: 6/2/20

Producer Licensing (D) Task Force
Conference Call
May 6, 2020

The Producer Licensing (D) Task Force met via conference call May 6, 2020. The following Task Force members participated: Larry D. Deiter, Co-Chair (SD); Elizabeth Kelleher Dwyer, Co-Chair (RI); Lori K. Wing-Heier represented by Chris Murray (AK); Jim L. Ridling represented by Jimmy Gunn, Antwionne Dunklin, Reyn Norman and William Rodgers (AL); Alan McClain (AR); Ricardo Lara represented by Charlene Ferguson and Tyler McKinney (CA); Trinidad Navarro represented by Stacy Washburn (DE); David Altmaier represented by Matt Guy (FL); Doug Ommen (IA); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon represented by Lorie Gasior (LA); Anita G. Fox represented by Jill Huisken, Paige McCully, Leslie Page and Michele Riddering (MI); Chlora Lindley-Myers (MO); Mike Causey represented by Angela Hatchell and Teresa Knowles (NC); Jon Godfread represented by Stephanie Butz (ND); Bruce R. Ramge represented by Kevin Schlautman (NE); Marlene Caride represented by Joe McDougal (NJ); John Godfread represented by John Arnold (ND); Jillian Froment represented by Tynesia Dorsey and Karen Vourvopoulos (OH); Glen Mulready (OK); Andrew R. Stolfi represented by Kirsten Anderson and Carol Ruda (OR); Jessica K. Altman represented by Adriane Force and Christopher Monahan (PA); Raymond G. Farmer represented by Andrea Bourgoïn and (SC); Kent Sullivan represented by Rachel Cloyd, Randall Evans and Chris Herrick (TX); Todd E. Kiser represented by Randy Overstreet (UT); Scott A. White represented by Pat Murray (VA); Mike Kreidler represented by Jeff Baughman (WA); and James A. Dodrill represented by Greg Elam (WV). Also participating was Christina Rouleau (VT).

1. Adopted its 2019 Fall National Meeting Minutes

The Task Force met Dec. 7, 2019, and took the following action: 1) adopted revisions to the NAIC *State Licensing Handbook*; 2) adopted the 2019 Continuing Education Reciprocity (CER) Agreement; 3) adopted the report of the Producer Licensing Uniformity (D) Working Group; 4) adopted the report of the Uniform Education (D) Working Group; 5) discussed the Surplus Lines (C) Task Force request 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 requirement; 6) heard a report from the National Insurance Producer Registry (NIPR) Board of Directors.

Superintendent Dwyer made a motion, seconded by Commissioner Schmidt, to adopt its Dec. 7, 2019, minutes (*see NAIC Proceedings – Fall 2019, Producer Licensing (D) Task Force*). The motion passed unanimously.

2. Discuss Producer Licensing Issues Arising from the COVID-19 Crisis

In response to industry representatives requesting regulatory relief for the onboarding of new producers and the state issuance of bulletins on temporary licenses, Director Deiter said he and Superintendent Dwyer worked with NAIC and NIPR staff to develop a list of best practices and a template bulletin to assist the states wanting to implement temporary licenses without requiring an examination or fingerprinting applicants. He said they did this in their capacity as co-chairs of the Task Force and leadership roles on the NIPR Board; however, the documents did not go through the Task Force, as each state needs to make its own policy determination on how best to respond to the closure of examination centers. These documents were distributed to the NAIC members and state producer licensing directors on April 17. Director Deiter said 29 jurisdictions have issued bulletins on temporary licenses. Some common provisions among the states, which were incorporated into the template bulletin, include the following:

- A Temporary Producer License automatically expires (*insert appropriate timeframe*) days after a State of Emergency is lifted by the Governor and examinations and background check services are available.
- A Temporary Insurance Producer License shall not exceed 180 days from the date of issue.
- A Temporary Insurance Producer License is not renewable.
- A Temporary Insurance Producer License allows the producer to operate only as a resident temporary producer. Temporary producers are not eligible for non-resident licenses in other states.
- An insurer or responsible license producer must assume responsibility for all acts of a Temporary Insurance Producer.

Director Deiter said two states in the process of rescinding temporary producer license orders and testing sites are beginning to reopen. In response to Director Deiter's request for an update from NIPR, Laurie Wolf (NIPR) said NIPR added a COVID-19

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resource center to the NIPR website where all state bulletins regarding producer licensing are available. Ms. Wolf said 33 jurisdictions have issued bulletins on the extension of license renewals and continuing education (CE) compliance, and 29 jurisdictions have issued bulletins on the issuance of temporary licenses. A total of 47 jurisdictions have issued producer licensing related bulletins. Ms. Wolf said NIPR is processing temporary licenses for Arizona, Rhode Island, South Carolina, and Tennessee, and it is working with Mississippi, New Jersey and North Carolina.

Commissioner Schmidt said Kansas has been fully operational with their examination vendor, Pearson VUE, since April 16. She said the Kansas Department of Insurance (DOI) made a video to explain how applicants can take fingerprints and submit them for licensure. She said Kansas has not had issues with the availability of examinations due to social distancing requirements, but she said the examination centers are serving people on a first-come-first-serve basis and operating at a reduced capacity.

Director Deiter asked if the states are implementing remote, proctored examinations. Mr. Baughman said Washington has had online, proctored exams available since October 2019 through PSI, its examination vendor. He said Washington had administered over 200 online, proctored examinations since the middle of March. He said examination sites have also remained open, and Washington has not seen any disruption in the availability of examinations. Ms. Riddering said Michigan has had 400 applications for temporary licenses, and its examination centers opened on May 1. She said there have been problems finding proctors to monitor examination centers. Ms. Ferguson said California exam centers are open, but close to 40% of individuals who register to take an examination do not show up. Mr. Herrick said Texas issues a temporary license bulletin on March 22, and it has had 4,500 individuals apply for a temporary license. He said Texas contracts with Pearson VUE, and it has 3,000 exams for permanent licenses scheduled in May.

Superintendent Dwyer said she spoke with the three examination vendors. Based on these discussions, she thinks remote, proctored examinations will be available in June. Mr. Arnold said North Dakota contracts with Prometric as its examination vendor, and Prometric has been offering remote, proctored exams for the past two weeks. He said applicants can schedule the exam and take it within two days to a week. Ms. Rouleau said Vermont contracts with Prometric, and it was told remote testing will not be available in Vermont until July or August. Mr. Schlautman said Nebraska contracts with Prometric, and it has had remote testing available since April 17. Mr. Overstreet said Utah contracts with Prometric, but it has not been administering producer examinations because digital fingerprinting is not available. Mr. Arnold said applicants can get fingerprints elsewhere and submit hard copy fingerprints to the DOI. Mr. Baughman said applicants in Washington usually facilitate their fingerprints somewhere else other than the examination center. Ms. Ruda said Oregon contracts with PSI and facilitates the capture of fingerprints at the examination centers, which open on May 1. She said Oregon has not received any complaints about the availability of examinations, and Oregon is hoping to offer remote, proctored examinations by the middle of July. She said Oregon never saw a market need for the issuance of temporary licenses.

David Leifer (American Council of Life Insurers—ACLI) said the members of the ACLI appreciate the work of state insurance departments, but he said he has heard of exam availability in some states. Because of this, he requested that the states keep temporary licenses in place until any backlog on the availability of examination for permanent licenses is resolved. He said the ACLI supports the use of remote, proctored exams, and he stated that the Task Force might develop a white paper on the best practices for the use of remote, proctored examinations.

Wes Bissett (Independent Insurance Agents and Brokers of America—IIABA) said he thinks the NAIC template bulletin for temporary licenses is written from a company-centric view, which presents a problem for independent insurance producers. He said the states should permit either an insurer or a responsible licensed producer to assume responsibility for the acts of a temporary license.

Kristy Croushore (Fidelity Investments) said her company has been working with the Financial Industry Regulatory Authority (FINRA) on remote, proctored exams, and FINRA is making remote, proctored exams available to all broker/dealers by the end of May. She said allowing a temporary licensee to be appointed to one carrier limits Fidelity Investments' ability to offer the best recommendations to clients. She said limiting a temporary license to resident states also limits the ability of a Fidelity Investments associate to serve all the needs of a client. She said Fidelity Investments is hiring 2,000 associates in the coming weeks, and it wants to make sure the best services are available to clients.

Mr. Dunklin said Alabama issued temporary licenses prior to the COVID-19 crisis, and it requires oversight of a licensed insurer. He said Alabama experienced an increase in improper activity when this requirement was not in place.

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3. Discuss Licensing for Independent Adjusters

Superintendent Dwyer said a priority for the NAIC members in 2020 is improving licensing uniformity and reciprocity for independent adjuster licensing. Before discussing these broader policy issues, she asked if there were any immediate market access and consumer protection issues arising from the COVID-19 crisis. She did not hear any comments, but she said Rhode Island is looking at both remote, proctored exams for both producer and independent adjusters. David Farber (King & Spalding), representing the Association of Claims Professionals (ACP), asked the states to extend COVID-19 bulletins issued for insurance producers to independent adjusters.

Mr. Farber discussed the broader policy issues regarding independent adjuster licensing. He said 34 of the 50 states license independent adjusters, and the average independent adjuster holds eight to 12 licenses. He said the lack of uniformity and reciprocity negatively affects consumers. For example, he said an independent adjuster who misses a license renewal date must refer his/her clients to another adjuster. He said it would also be better to have an ample number of adjusters licensed prior to a catastrophe rather than trying to process license applications after a catastrophe.

Mr. Farber said the issue of licensing is a process issue and not a substantive licensing issue. He said he does not expect all states to immediately adopt identical laws and regulations, but he suggested that administrative changes could be accomplished very quickly. For example, he said the states could use a uniform application and have uniform license renewal dates. He said the ACP looks forward to working with the states to implement changes, and he believes that taking small steps to change administrative processes can lead to greater uniformity and reciprocity across the states.

Lisa Brown (American Property Casualty Insurance Association—APCIA) said she supports the efforts of the ACP, and she said the same issues that apply to independent adjusters also apply to company adjusters. Superintendent Dwyer agreed with this from a licensing perspective, and she said she would work to address uniformity and reciprocal licensing issues for both independent adjusters and company adjusters.

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

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