

## **PRODUCER LICENSING (D) TASK FORCE**

Producer Licensing (D) Task Force May 5, 2022, Minutes

## Draft Pending Adoption

Draft: 10/3/22

Producer Licensing (D) Task Force  
Virtual Meeting  
May 5, 2022

The Producer Licensing (D) Task Force met May 5, 2022. The following Task Force members participated: Larry D. Deiter, Chair (SD); Sharon P. Clark, Vice Chair (KY); Lori K. Wing-Heier represented by Kayla Erickson (AK); Jim L. Ridling represented by Jimmy Gunn (AL); Alan McClain represented by Peggy Dunlap (AR); Ricardo Lara represented by Charlene Ferguson (CA); Andrew N. Mais represented by Jill Marocchini and Kurt Swan (CT); Trinidad Navarro represented by Frank Pyle and Susan Jennette, and Robin David (DE); David Altmaier represented by Matt Guy and Matt Tamplin (FL); Doug Ommen represented by Jackie Russo (IA); Vicki Schmidt represented by Monica Richmeier (KS); James J. Donelon represented by Lorie Gasior (LA); Kathleen A. Birrane represented by Mary Kwei (MD); Anita G. Fox represented by Michele Riddering (MI); Chlora Lindley-Myers represented by Carrie Couch and Jo LeDuc (MO); Mike Chaney represented by Vanessa Miller (MS); Troy Downing represented by Mary Arnold (MT); Jon Godfread represented by Chris Aufenthie and John Arnold (ND); Eric Dunning (NE); Chris Nicolopoulos represented by Joan LaCourse and Christie Rice (NH); Marline Caride represented by Joe McDougal (NJ); Barbara D. Richardson represented by Jacob Roberts (NV); Judith L. French represented by Tynesia Dorsey (OH); Michael Humphreys (PA); Elizabeth Kelleher Dwyer (RI); Carter Lawrence represented by Kim Biggs (TN); Cassie Brown represented by Randall Evans (TX); Jon Pike represented by Heidi Petermann (UT); Scott A. White represented by Mike Beavers and Richard Tozer (VA); Michael S. Pieciak represented by Mary Block (VT); Mike Kreidler represented by Jeff Baughman and Todd Dixon (WA); Nathan Houdek represented by Rebecca Rebholz (WI); Allan L. McVey represented by Greg Elam and Robert Grishaber (WV); Jeff Rude represented by Bryan Stevens (WY). Also participating were: Michael Conway represented by Steven Giampaolo (CO); and Barbara D. Richardson represented by Jacob Roberts (NV).

### 1. Adopted its 2021 Fall National Meeting Minutes

Mr. Boughman made a motion, seconded by Ms. Dunlap, to adopt the Task Force's 2021 Fall National Meeting Minutes (*see NAIC Proceedings – Fall 2021, Producer Licensing (D) Task Force*) minutes. The motion passed unanimously.

### 2. Adopted its 2022 Revised Charges

Director Deiter said the next item is to consider the appointment of a new Adjuster Licensing (D) Working Group, which requires some minor edits to the Producer Licensing Task Force charges. He said the proposed revisions move the existing charge of the Task Force to a new Adjuster Licensing (D) Working Group. This charge is to "monitor state implementation of adjuster licensing and reciprocity and update, as necessary the NAIC adjuster licensing standards." Director Deiter said adjuster licensing uniformity and reciprocity were being discussed prior to the COVID-19 pandemic but have not been discussed due to other priorities during the pandemic.

Director Deiter said the focus of this new Working Group would be on the licensing standards for independent adjusters, which 34 jurisdictions license. He said the following states do not license independent adjusters: Colorado, the District of Columbia, Illinois, Iowa, Kansas, Maryland, Massachusetts, Missouri, Nebraska, New Jersey, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Virginia, and Wisconsin. Director Deiter said the new Working Group would research ways to leverage electronic efficiencies to improve reciprocal adjuster licensing; explore effective options to reduce the number of variations in lines of authority that are not part of the independent adjuster guidelines; and, where necessary, open the independent adjuster guidelines for review and amendment. Prior to consideration by the Task Force, Director Deiter said he asked Rachel Chester (RI) to chair the new Working Group and is deferring to Ms. Chester on the selection of a vice chair.

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Mr. Stevens made a motion, seconded by Commissioner Clark, to adopt the revised charges and appoint a new Adjuster Licensing (D) Working Group. The motion passed unanimously.

### 3. Adopted Guidelines for Amending the NAIC Uniform Applications

Director Deiter said the Guideline for Amending the Uniform Licensing Application was circulated with the notice for this meeting. He said there were technical edits made to the draft discussed during the Task Force's Nov. 29, 2021, meeting. Director Deiter said substantive edits were made to subpoint 6 to clarify that NAIC staff for the Producer Licensing (D) Task Force will coordinate with the National Insurance Producer Registry (NIPR) and all states, which will include back-office system support vendors, during the next 45-day period to provide a time and cost estimate for the Task Force to review. The time frame of this coordination was extended from 30 days to 45 days. The Market Regulation and Consumer Affairs (D) Committee should consider the adoption of any revisions by Oct. 15 rather than Oct. 1. The Producer Licensing Uniformity (D) Working Group and the Producer Licensing (D) Task Force should still adopt any changes to the uniform applications by the close of the Summer National Meeting.

Ms. Ferguson questioned how the Producer Licensing (D) Task Force would address the proposed edits from 2018. Director Deiter said those proposed edits would be considered within the Guideline being considered today. Mr. Mullen explained that the Market Regulation and Consumer (D) Committee, the Executive (EX) Committee, and NAIC Plenary will need to adopt the Guideline, and he said he believes their consideration and adoption could occur by the close of the Summer National Meeting. To proceed with some initial work, Director Deiter requested Mr. Mullen to begin outreach to jurisdictions that requested the proposed amendments in 2018 to assess whether the amendments are still necessary.

Mr. Tozer made a motion, second by Ms. Ferguson, to adopt the Guideline for Amending the Uniform Licensing Applications. The motion passed unanimously.

### 4. Received a Report from the NIPR Board of Directors

Director Deiter said he serves as the president of the 2022 NIPR Board of Directors. He said NIPR began offering the processing of appointments and terminations for Massachusetts. With the addition of Massachusetts, NIPR is now processing appointments and terminations for all states. Massachusetts is now offering the full array of NIPR's online licensing services to all its producers, public adjusters, and auto damage appraisers, as well as several other license types. Director Deiter said NIPR continues to implement the Contact Change Request (CCR) application for business entities. To date, NIPR has 31 states in production and has processed more than 20,000 transactions on behalf of those states. The CCR application provides an additional electronic solution for the states and industry streamlining the licensing process. Director Deiter said NIPR continues to have another successful year, with revenues 5.8% over budget through the end of March.

### 5. Discussed the Status of the Draft NAIC Pet Insurance Model Act

Director Deiter said Commissioner Clark and he met with the leadership of the Property & Casualty (C) Committee and the Pet Insurance (C) Working Group regarding next steps regarding the provisions of the model act addressing producer licensing and training requirements. Director Deiter said the Pet Insurance (C) Working Group and the Property and Casualty Insurance (C) Committee would be taking the lead on making some minor edits to the draft model law and finalizing the model law for future consideration by the NAIC Members. Director Deiter encouraged any Task Force members or interested parties following this issue to engage directly with the Pet Insurance (C) Working Group and the Property and Casualty Insurance (C) Committee.

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### 6. Discussed Other Matters

Director Deiter said NAIC staff have been working with representatives at Prudential to clarify industry's request and potential next steps regarding simplification of the 1033 waiver process. John Feeney (Prudential) said Prudential wants to enhance access to the 1033 waiver process and create more uniformity among states on how individuals obtain access to 1033 waiver forms. Mr. Feeney said the goal is to simplify the 1033 waiver process and not to have states issue more 1033 waivers or lower the standards for review. Mr. Tozer said Virginia incorporates the review of 1033 waivers into its licensing process and does not require the submission of a separate form. He said many applicants are not aware of the need to request a waiver and suggested eliminating the use of a separate form. Director Deiter said he understands Prudential has discussed this issue with Connecticut, Missouri, Pennsylvania, and Virginia and requested Mr. Mullen to coordinate with Prudential and a small group of regulator subject matter experts (SMEs) to develop some suggested next steps or proposal for the Producer Licensing (D) Task Force to review during its next meeting. Director Deiter said the Producer Licensing (D) Task Force will coordinate with the Antifraud (D) Task Force since the Antifraud (D) Task Force was responsible for the development of the *NAIC's Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994*.

Director Deiter said the American Council of Life Insurers (ACLI) and National Association of Insurance and Financial Advisors (NAIFA) submitted a comment letter focusing on the 1033 waiver process, eliminating mandatory pre-licensing education, the process that exam vendors use to set exam difficulty and pass rates of different demographic groups, and encouraging the use of online examinations. In addition, Director Deiter said Financial Security for All (Finseca) submitted a comment letter focusing on eliminating mandatory pre-licensing education, eliminating any cultural bias in exams, and encouraging states to award continuing education (CE) credit for a producer's mentoring in the first five years of licensure.

David Leifer (ACLI) said the ACLI comments are not focused on changing the underlying standards states use to license individuals and are focused on exam accessibility and availability. The ACLI encourages further discussion on changes to the 1033 waiver process, the continuing use of online examinations, the elimination of mandatory pre-licensing education, and offering of examinations in languages other than English. Mr. Leifer said the elimination of unnecessary licensing barriers can benefit underserved communities and lead to greater diversity in the insurance marketplace. Mr. Leifer said the ACLI supports further discussion of these issues with the Producer Licensing (D) Task Force and suggested the *NAIC State Licensing Handbook* could be reviewed and updated to include best practices on the issues raised in the ACLI letter.

Melissa Bova (Finseca) said Finseca would like to work with the Producer Licensing (D) Task Force to address the low retention rate of insurance producers, which is 14% after the first five years of licensure. Ms. Bova said Finseca has seen a higher retention rate in companies that have mentoring and training programs for newly licensed producers. Commissioner Clark questioned what parameters are being suggested for the state insurance departments to award CE credits for mentoring during the first five years of licensure. Commissioner Clark said there would need to be more discussion, including who could be qualified to be a mentor. Ms. Bova said Finseca would welcome the opportunity to work with the Producer Licensing (D) Task Force on the issues outlined in the comment letter.

Mr. Tozer said he would like to have further discussions about states receiving producer applications with errors or misstatements completed by authorized third-party submitters. Mr. Tozer suggested the development of best practices and a national solution to these issues. Ms. Ferguson agreed with Mr. Tozer and suggested the NAIC uniform applications could possibly be amended to help address this issue. Director Deiter recognized states have different views on this issue and agreed this could be a topic for discussion during a future meeting.

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

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[ProdLic Min 5.5.22](#)