

## Chapter 15

### Reporting of Actions and Compensation Disclosure

#### Reporting of Actions

Section 17 of the *Producer Licensing Model Act* (#218) requires a producer to report, to all states in which the producer is licensed, any administrative action taken against the producer in another jurisdiction or by another governmental agency in this state within 30 days of the final disposition of the matter. Producers are also required to report any criminal prosecution of the producer taken in any jurisdiction within 30 days of the initial pretrial hearing date.

The challenge for producers is that it can be difficult to ensure that all relevant states received the report. The National Insurance Producer Registry (NIPR) has created an electronic solution, called Reporting of Actions (ROA), to facilitate the distribution of one report to multiple states. States should encourage the use of this electronic process to save time and create an electronic record of timely submission.

State licensing directors should have a method to receive these reports and refer them for investigation. The director should consider giving staff limited authority to review and clear reports that include violations such as traffic citations or certain misdemeanors.

#### Recommended Best Practices for State Insurance Regulators

- Use the Attachment Warehouse/ROA system to receive electronic notifications to alert a state when an individual or business entity producer has added information into the Attachment Warehouse since their initial entry regarding administrative, criminal or civil actions.

#### Compensation Disclosure

Section 18 of Model #218 requires disclosure where the producer receives any compensation from the customer for the placement of insurance or represents the customer with respect to that placement. This section contains several specific definitions and exceptions to the disclosure requirement. The Producer Licensing (EX) Working Group has not developed any formal guidance on the implementation of Section 18, but the NAIC issued a frequently asked questions (FAQ) document to give additional guidance. This FAQ is in the Appendices. State licensing directors should confer with their legal counsel about appropriate methods for implementing this section.