

Draft: 4/17/19

Producer Licensing (D) Task Force
Orlando, Florida
April 6, 2018

The Producer Licensing (D) Task Force met in Orlando, FL, April 6, 2019. The following Task Force members participated: Larry Deiter, Chair (SD); Mike Kreidler, Vice Chair, represented by Melissa Anderson (WA); Lori K. Wing-Heier represented by Michael Ricker (AK); Allen W. Kerr represented by Kenneth Ryan James and Letty Hardee (AR); Ricardo Lara represented by Charlene Ferguson (CA); David Altmaier represented by Matt Tamplin (FL); Nancy G. Atkins (KY); James J. Donelon represented by Barry Ward (LA); Anita G. Fox represented by Michele Riddering (MI); Chlora Lindley-Myers represented by Carrie Couch (MO); Mike Causey represented by Angela Hatchell (NC); Bruce R. Ramge represented by Peg Jasa (NE); Marlene Caride represented by Ralph Boeckman (NJ); John G. Franchini represented by Margaret Pena (NM); Jillian Froment represented by Michelle Rafeld (OH); Glen Mulready represented by Courtney Khodabakhsh (OK); Andrew Stolfi represented by Dennis Powell (OR); Elizabeth Kelleher Dwyer represented by Rachel Chester (RI); Raymond G. Farmer represented by Lee Hill (SC); Kent Sullivan represented by Chris Herrick (TX); Todd E. Kiser represented by Randy Overstreet (UT); Scott A. White represented by Mike Beavers (VA); James A. Dodrill represented by Jamie Taylor (WV); and Tom Glause (WY).

1. Adopted its 2018 Fall National Meeting Minutes

Ms. Chester made a motion, seconded by Ms. Khodabakhsh, to adopt the Task Force’s Nov. 15, 2018, minutes (*see NAIC Proceedings – Fall 2018, Producer Licensing (D) Task Force*). The motion passed unanimously.

2. Discussed Draft Response to Surplus Lines (C) Task Force

Director Deiter said the Task Force received a request from the Surplus Lines (C) Task Force to consider whether the regulatory requirement of a producer to hold an underlying property/casualty (P/C) license to qualify for a surplus lines license should also allow a producer to hold an underlying accident and health (A&H) license to qualify for a surplus lines license. He said if it is determined that the underlying license requirement to qualify for a surplus lines license should be expanded to include A&H, then the *State Licensing Handbook* and Uniform Licensing Standards (ULS) for surplus lines would need to be changed to reflect the inclusion. He said the Task Force is accepting comments on this request and will be meeting via conference call prior to the Summer National Meeting to vet any comments and finalize the Task Force decision on the draft revisions to the ULS for surplus lines and the *State Licensing Handbook*.

Ms. Ferguson said Section 2—Background of the draft Guideline on Nonadmitted Accident & Health Coverages (Guideline), lists four items that highlight certain coverages and identifies why those coverages may not be available from admitted carriers. However, the outline for the ULS only lists the A&H or sickness license, and the Guidelines should limit the A&H or sickness agent’s authority to include only the “high limit disability items,” as listed in Section 2 of the Guidelines.

Ms. Ferguson said the Task Force was advised that this proposal would be further reviewed, and the Task Force would meet via conference call to determine the final decision on making the proposed changes. She also said the Executive (EX) Committee and Plenary have an agenda item to consider the adoption of the Guideline. She said California would like to confirm that because the Task Force has not completed its review of the Guideline, the consideration for adoption of the Guidelines would be removed from the Executive (EX) Committee and Plenary agenda.

3. Discussed Priorities for 2019

a. New Charge

Director Deiter said the Task Force was given a new charge in 2019 to “Draft a white paper on the role of chatbots and artificial intelligence in the distribution of insurance and the regulatory supervision of these technologies.” He said before the Task Force works with NAIC staff on creating an outline and initial draft, he would like to request comments regarding issues the white paper should address or a specific direction the Task Force should take. He said all comments can be sent to NAIC staff.

b. Business Entity Licensing Standards

Director Deiter said, in 2018, the Task Force discussed business entity licensing standards. He said he has asked NAIC staff to conduct additional outreach to the states and interested parties to determine what standards would be appropriate. He said the

creation of true uniform business entity standard would be a worthy goal for the Task Force; however, there is a concern that without determining the correct direction, creating these standards would not be the best use of the NAIC and state resources. He said he would work with NAIC staff to make sure the Task Force knows the desired direction and opportunity for success before spending time on this effort.

c. 1033 Waivers

Director Deiter said Washington recently raised issues related to 1033 waivers and the states potentially using two different waiver forms. He said the Producer Licensing Uniformity (D) Working Group will work with Washington to review and determine potential next steps.

d. FBI Background Checks

Director Deiter said Washington also raised a concern regarding Federal Bureau of Investigation (FBI) background checks and whether the FBI may prohibit the states from reusing a criminal history report of a producer applicant. He said he has asked the Producer Licensing Uniformity (D) Working Group to work with Washington on this issue, as well.

e. Request to Reappoint the Independent Adjuster Licensing (D) Working Group

Director Deiter said the Task Force received a letter from the Securities and Insurance Licensing Association (SILA) requesting that the disbanded Independent Adjuster Licensing (D) Working Group be reappointed. He said the request is appreciated; however, the Task Force continues to support the ongoing efforts across the NAIC membership to reduce the number of working groups in order to help prioritize the organization's efforts. He said, because of this effort, the Task Force will maintain its existing charge to monitor state implementation of adjuster licensing reciprocity but not reappoint the Working Group.

Ms. Khodabakhsh said she agrees with SILA's request to reappoint the Working Group. She said there is still a lot of work that can be completed to achieve uniformity with regard to adjuster licensing and tasking a specific Working Group with these matters would help achieve those goals.

Barb Gavitt (A.D. Banker) said 35 states license independent adjusters, which means they issue resident licenses to adjusters living in the state and issue nonresident licenses to adjusters whose home states have reciprocity. She said this affects the states, regardless of whether they license independent adjusters. She said 14 states and eight jurisdictions have no licensing requirement, which means residents in these states and jurisdictions seeking to become licensed independent adjusters must designate a home state from the 35 states that have a licensing requirement. She said the ULS for producers were adopted to create guidance for the states to achieve uniformity in producer licensing. Even though the standards did not include adjusters, it was apparent early on that there were and are numerous inconsistencies from state to state in adjuster licensing that have created a complex, cumbersome, non-uniform, non-reciprocal license environment.

Ms. Gavitt said, as part of the NAIC's efforts to address these issues, the previously named NAIC Producer Licensing (D) Working Group appointed an Independent Adjuster (D) Subgroup to facilitate discussions. One of the products from the group was to develop and adopt the *NAIC Independent Adjuster Reciprocity Best Practices & Guidelines*. She said the purpose was that if the guidelines were adopted by the states, the best practices and guidelines would create a reciprocal and uniform national license environment for adjusters. She said the best practices include guidance on the licensing requirements for resident licenses or adjuster designated home state (DHS) licenses based on three things. The first is the passing of an exam or completing a designation. The second is fingerprinting and background checks. The third is a continuing education (CE) requirement of 24 hours.

Ms. Gavitt said there are only four states that fully meet these three requirements, and 13 states do not have a CE requirement at all. She said some states have an exam and require CE but do not conduct fingerprinting, while other states have exams and fingerprinting but only require 16 hours of CE. One state is not reciprocal with any other state and requires all adjusters to take their exam. She said there are many inconsistencies surrounding independent adjuster licensing and is the why SILA is requesting that the Task Force reinstate the Independent Adjuster Licensing (D) Working Group with a charge to review, assess and monitor specific adjuster licensing standards.

4. Received an Update from the Producer Licensing Uniformity (D) Working Group

Ms. Chester said Chris Murray (AK), chair of the Producer Licensing Uniformity (D) Working Group, could not attend the meeting and asked that she provide an update. She said the Working Group has not met since the 2018 Fall National Meeting.

Ms. Chester said the Working Group has been charged with revising the *State Licensing Handbook*. She said to effectively review the handbook by the Fall National Meeting, the Working Group will break up the review into six sections with the Working Group taking comments on five chapters at a time. She said the Working Group will compile the comments received and schedule conference calls as necessary to discuss and determine the appropriate updates. She said the review will be broken up into sections; however, the Working Group will be adopting any revisions chapter-by-chapter. The goal is for the Working Group to finalize the revisions for a 2020 version of the handbook that can be presented to the Task Force at the Fall National Meeting. She said an email was sent April 6 beginning the review process. She said the Working Group is soliciting comments on Chapter 1 through Chapter 5 until April 26. She said the Working Group will be scheduling a conference call to begin the discussions on the comments received. Ms. Chester said, in addition to the review of the *State Licensing Handbook*, the Working Group will continue to work closely with states to achieve greater reciprocity and uniformity. She said this includes the annual review of the ULS, communication with exam testing vendors, and discussions concerning 1033 waivers and fingerprinting.

5. Adopted the Report of the Uniform Education (D) Working Group

Ms. Chester said the Uniform Education (D) Working Group met Dec. 20, 2018, and took the following action: 1) updated the status of the revised Uniform Continuing Education Reciprocity Course Filing Form (CER Form), which was adopted by the Task Force and the Market Regulation and Consumer Affairs (D) Committee at the 2018 Fall National Meeting; and 2) discussed its priorities for 2019, specifically the review of the NAIC CE Reciprocity Agreement (CER Agreement). Ms. Chester said since the Dec. 20, 2018, conference call, the Working Group sent an email with a draft of the CER Agreement and scheduled a conference call for April 16, 2019, to discuss comments received. She said the goal of the Working Group is to present the final version of the CER Agreement to the Task Force at the Fall National Meeting. Ms. Rafeld made a motion, seconded by Ms. Anderson, to adopt the report of the Uniform Education (D) Working Group, including its Dec. 20, 2018, minutes (Attachment One). The motion passed unanimously.

6. Heard a Report from the NIPR Board of Directors

Commissioner Glause said the National Insurance Producer Registry (NIPR) Board of Directors met April 5, 2019, and took the following action: 1) heard a report from the NIPR Audit Committee regarding NIPR's financials through year-end 2018 and the 2018 financial audit, which reflected revenues were 7.2% over budget and 8.6% above revenues for the prior year; 2) heard a report from the NIPR Investment Committee regarding 2018 year-end investments; 3) approved a new asset allocation mix for NIPR's investments; 4) heard an update on the NAIC and NIPR's progress on cloud migration, which is a strategic priority for NIPR; and 5) heard a report on the NAIC and NIPR's ongoing cybersecurity initiatives.

7. Discussed Other Matters

Wes Bissett (Independent Insurance Agents and Brokers of America—IIABA) encouraged the Task Force to keep the increased introduction of occupational licensing reform bills being introduced and, in some cases, passed throughout the U.S. on its radar. He said the introduction of these new bills is having a negative impact on producer licensing. Director Deiter agreed and said he will have the Task Force monitor movement in this area for further discussions.

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

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MEMORANDUM

TO: Barbara D. Richardson, Chair, Producer Licensing (D) Task Force

FROM: James J. Donelon, Chair, Surplus Lines (C) Task force

DATE: August 4, 2018

RE: Referral on Surplus Lines Licensure

The Surplus Lines Task Force (SLTF) formed the Accident & Health Drafting Group (Drafting Group) following a nonadmitted and disability insurance presentation to the Task Force and subsequent survey of the states. The survey results indicated that nonadmitted accident and health (A&H) coverages were being written in a number of states. However, there were limitations in available coverages and several states appeared willing to address this market concern. As a result, the Drafting Group's charge was to produce draft guidelines that will assist the states in addressing A&H coverages in the non-admitted market.

Per the State Licensing Handbook, Page 220, Standard 39 - Surplus Lines Standards indicates, "States shall require an underlying property and casualty license prior to the issuance of a resident surplus lines license." The draft Nonadmitted A&H Guidelines, Section 2 – Background, outlines certain types of A&H coverages where a producer may be required to hold an Accident & Health license. The Drafting Group would like to raise the point that a producer holding one of these licenses may not possess a property and casualty license, and therefore, not qualify for a surplus lines license.

The SLTF recommends the Producer Licensing (D) Task Force consider whether the requirement of an underlying property and casualty license needed to qualify for a surplus lines license should also allow an Accident & Health license to fulfill the requirement. If it is determined that the underlying licensure requirement to qualify for a surplus lines license should be expanded to include Accident & Health, it is recommended that State Licensing Handbook, Standard 39 - Surplus Lines Standards be changed to reflect the inclusion.

If there are any questions regarding the proposed recommendation, please contact me or NAIC staff (Andy Daleo at adaleo@naic.org or Bob Schump at rschump@naic.org) for clarification.

Thank you for your consideration.

**Proposed Revisions to Uniform Licensing Standards for Surplus Lines and
NAIC State Licensing Handbook**

SURPLUS LINES STANDARDS – FROM UNIFORM LICENSING STANDARDS

37. Surplus Line Standards:

States shall require ~~an~~ either underlying ~~p~~Property ~~&~~and ~~e~~Casualty licenses or an underlying Accident and Health or Sickness license prior to the issuance of a resident surplus lines license.

38. Surplus Line Exam

States may, but are not required to have a surplus line examination.

EXCERPT FROM STATE LICENSING HANDBOOK

Under the ULS, a producer who wishes to engage in the sale of surplus lines insurance (SLI) must first obtain a surplus lines producer license. Under the ULS, this is considered a license type and not a line of authority; however, in some of the states, it is treated as a line of authority. The ULS require that a resident producer hold both property and casualty lines of authority or an accident and health or sickness line of authority before an SLI producer license can be issued. Under the previous reciprocity provisions of the GLBA, surplus lines producers were entitled to reciprocal licensing if they were licensed for surplus lines and in good standing in the producer's home state. The NAIC uniform application is to be used for application as a surplus lines producer.

Draft: 7/30/19

**SURPLUS LINES PROPOSAL
COMMENTS OF STATE INSURANCE REGULATORS**

Montana (Jeannie Keller)

I would like a line added that clarifies “Surplus lines producers are only able to sell products for which they have an underlying producer license with corresponding line of authority”. With the big push to add disability income products into the surplus markets in many states, I want it clear that surplus producers with only P&C lines of authority cannot sell disability/health products unless they get the necessary lines of authority on their producer license. Thanks, Jeannie

South Carolina (Andrea Bourgoïn)

SC law requires a resident producer to hold a property and casualty license before we will issue a license as a surplus lines broker.

My only suggestion to the language would be to add “and/” in front of “...or an underlying Accident and Health or Sickness license”.

Washington (Jeff Baughman)

37. Surplus Line Standards:

States shall require an underlying property & and casualty license and/or an underlying Accident and Health or Sickness license prior to the issuance of a resident surplus lines license, depending upon the type of policy being sold, solicited, or negotiated. If the policy is P or C, only the underlying P&C license is required; if the policy is AHS, only the AHS license is required. If the surplus lines broker will be selling, soliciting, or negotiating both P&C as well as AHS policies, both underlying licenses shall be required.

EXCERPT FROM STATE LICENSING HANDBOOK

Under the ULS, a producer who wishes to engage in the sale of surplus lines insurance (SLI) must first obtain a surplus lines producer license. Under the ULS, this is considered a license type and not a line of authority; however, in some of the states, it is treated as a line of authority. The ULS require that a resident producer hold both property and casualty lines of authority and/or an accident and health or sickness line of authority, depending upon which type of policy (P&C or AHS) is being sold, solicited, or negotiated, before an SLI producer license can be issued. Under the previous reciprocity provisions of the GLBA, surplus lines producers were entitled to reciprocal licensing if they were licensed for surplus lines and in good standing in the producer’s home state. The NAIC uniform application is to be used for application as a surplus lines producer.

Rhode Island (Beth Vollucci)

Rhode Island would greatly prefer a change that says the SLB must have an underlying producer license and not specify the LOA. The addition of the LOA, in our opinion, overcomplicates licensing for a very narrow market.



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July 17, 2019

Via email to Tim Mullen, NAIC Director of Market Regulation at tmullen@naic.org

Director Larry Deiter, South Dakota Insurance Commissioner
Chair, Producer Licensing (D) Task Force
National Association of Insurance Commissioners
444 N. Capitol Street, NW, Suite 700
Washington, DC 20001

Re: Referral from Surplus Lines Task Force on Surplus Lines Licensure

Dear Director Deiter:

On behalf of the National Association of Professional Insurance Agents (PIA National)¹, thank you for the opportunity to comment on the important issue of surplus lines licensure in the context of non-admitted accident and health (A&H) and disability insurance coverages.

Our understanding is that this change is being proposed following a presentation made before the National Association of Insurance Commissioners' (NAIC) Surplus Lines Task Force (SLTF) concerning non-admitted (mainly excess A&H) and disability insurance. After the presentation, a survey of the states showed that A&H surplus lines coverages were being written in some states, but the available coverages were limited. Some states expressed willingness to address the issue of A&H surplus lines availability if additional guidance was available. In response, the NAIC created a drafting group to produce guidelines that would help states make A&H coverage available in the non-admitted market. The drafting group has produced said guidelines, and now corresponding revisions to the State Licensing Handbook are being considered.

We understand that the NAIC's goal is to allow A&H agents who want to sell A&H surplus lines to do so. PIA National supports the goal of making A&H surplus lines coverage more widely available. Having said that, as written, these proposed changes inadvertently create a loophole that would allow A&H-licensed agents to sell P&C surplus lines coverage.

¹ PIA is a national trade association founded in 1931, which represents member insurance agents in all 50 states, Puerto Rico, Guam, and the District of Columbia. PIA members are small business owners and insurance professionals who can be found across America.

While we support the intent of the proposed language changes, we include below a recommendation for clarifying language that would prevent A&H licensure from being enough to sell P&C surplus lines.

Specifically, our members are concerned that A&H licensees would be insufficiently educated about P&C surplus lines to sell that coverage. If adopted as written, it seems, producers with an A&H license could attempt to sell P&C surplus lines coverage. Our view is that a surplus lines license for A&H coverage should not allow an A&H-licensed producer to sell P&C surplus lines coverage.

One way to avoid this might be to tie the producer's surplus lines license to their underlying A&H license, thereby prohibiting that producer from using an A&H surplus lines license to sell P&C surplus lines coverage. This would protect consumers from producers who lack the education and experience in P&C surplus lines, and it would also help to protect the reputations of licensed P&C surplus lines producers. Producers with licenses in both A&H and P&C should be permitted to obtain a surplus lines license to sell in the non-admitted market without limitation.

Below please find the language as proposed, along with our recommended changes, which are highlighted in yellow:

SURPLUS LINES STANDARDS – FROM UNIFORM LICENSING STANDARDS

37. Surplus Line Standards:

States shall require ~~an either~~ **an** underlying ~~p~~Property **&and e**Casualty license **s** **or an underlying Accident and Health or Sickness license** prior to the issuance of a resident surplus lines license. **An underlying Property and Casualty license shall permit the holder of a resident surplus lines license to engage in the sale of Property and Casualty surplus lines insurance. An underlying Accident and Health license shall permit the holder of a resident surplus lines license to engage in the sale of Accident and Health surplus lines insurance.**

An underlying Accident and Health license shall not permit the holder of a resident surplus lines license to engage in the sale of Property and Casualty surplus lines insurance.

38. Surplus Line Exam

States may, but are not required to have a surplus line examination.

EXCERPT FROM STATE LICENSING HANDBOOK

Under the ULS, a producer who wishes to engage in the sale of surplus lines insurance (SLI) must first obtain a surplus lines producer license. Under the ULS, this is considered a license

type and not a line of authority; however, in some of the states, it is treated as a line of authority. The ULS require that a resident producer hold ~~both a~~ property and casualty line of authority or an accident and health or sickness line of authority before an SLI producer license can be issued. Under the previous reciprocity provisions of the GLBA, surplus lines producers were entitled to reciprocal licensing if they were licensed for surplus lines and in good standing in the producer's home state. The NAIC uniform application is to be used for application as a surplus lines producer.

PIA recognizes and appreciates the consideration that the Task Force is giving to this issue, and we are grateful for the opportunity to provide the independent agent perspective. Please contact me at laurenpa@pianet.org or (703) 518-1344 with any questions or concerns. Thank you for your time and consideration.

Sincerely,



Lauren G. Pachman
Counsel and Director of Regulatory Affairs
National Association of Professional Insurance Agents



July 24, 2019

Director Larry Deiter, Chair, Producer Licensing Task Force
Mr. Tim Mullen, Director of Market Regulation, NAIC
Via email to tmullen@naic.org

Re: Proposed amendments to the NAIC Uniform Licensing Standards for Surplus Lines and the NAIC State Licensing Handbook

Dear Director Dieter:

On behalf of the Wholesale & Specialty Insurance Association (WSIA)¹ we appreciate the opportunity to provide comments on the proposed revision to the State Licensing Handbook specifically in regard to the licensing of surplus lines producers selling a product that may be considered an A&H coverage. As noted, surplus lines is traditionally a P&C product and therefore the licensing standard contemplates that the producer should have an underlying P&C license for purposes of obtaining a surplus lines license. We believe that the Surplus Lines Task Force has been very thoughtful in their consideration of their recommendations in order to ensure proper licensing for purposes of protecting consumers and ensure proper education of producers for specific products.

We appreciate the recommendation to allow a surplus lines producer to fulfil the underlying licensing requirement through either a P&C or A&H license and further appreciate SLTF's comments that this requirement should be left to the states' individual considerations. We note that the AD&D coverage that is most associated with the product line that brought about this discussion more often resembles and is considered a P&C product, rather than an A&H. We appreciate that the recommendation continues to allow states to permit products to be procured through current and common licensing practice and requirements.

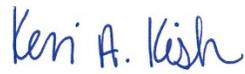
Some states do already require a producer to have the A&H line if the product is sold in the surplus lines market. During the initial discussion in the SLTF regarding including AD&D products under the definition of surplus lines products in states, there were comments from some states with concerns regarding the allowance leading to the unintended expansion of licensing. We understand the basis of these concerns

¹ Effective August 1, 2017, the National Association of Professional Surplus Lines Offices (NAPSLO) and the American Association of Managing General Agents (AAMGA) merged to form the WSIA. WSIA is the U.S. professional trade association representing the wholesale and specialty insurance market and the wholesale distribution system. WSIA presents approximately 400 wholesale broker member firms, 100 surplus lines insurance companies, and 200 associates and service providers to the surplus lines market, our membership operates in more than 1,500 offices representing tens of thousands of individual brokers, insurance company professionals, underwriters and other insurance professionals worldwide – all of whom are committed to the wholesale distribution system and U.S. surplus lines market.

but do not believe that in practice it will lead to a run on individuals selling products they are not familiar with or appropriately educated. We would note that the first line of consumer protection in this area lies in the fact that the individual producer that works directly with the consumer is unlikely to be the surplus lines producer. In general, the consumer's insurance producer, commonly referred to by our industry as the "retail agent" will be the individual that discusses the products and coverage options with the consumer. That individual will certainly have the necessary underlying licenses and education to explain the product to the consumer based on the insured's home state requirements. Secondly, the surplus lines producer, referred to as the "surplus lines broker" most commonly within the industry, works as an intermediary between the retail agent and the surplus lines carrier, will have to demonstrate appropriate licensing authority based on the carrier's requirements for sale of those products through their contract/agreement.

We do not believe a significant change in licensing requirements will be needed or that increased numbers of licensees will sell products they are not appropriately educated about based on the recent changes to ensure that limited AD&D products can be distributed through the surplus lines market. However, we appreciate the caution that states have taken in this recommendation and believe that each state will provide the best licensing solution based on their existing laws and understanding of the market. Should we be able to provide any additional information regarding the surplus lines market from our industry perspective, please do not hesitate to reach out.

Sincerely,

A handwritten signature in blue ink that reads "Keri A. Kish". The signature is written in a cursive, flowing style.

Keri A. Kish
Director of Government Relations
keri@wsia.org
816.799.0855

Conference Call

**PRODUCER LICENSING UNIFORMITY (D) WORKING GROUP
July 24, 2019**

Summary Report

The Producer Licensing Uniformity (D) Working Group met via conference call July 24, 2019. During this meeting, the Working Group:

1. Reviewed the comments received on Chapters 1–5 of the 2018 NAIC *State Licensing Handbook*.
2. Agreed to meet via conference call as necessary to finalize its review and to consider adoption of revisions to the NAIC *State Licensing Handbook*. Once the Working Group has adopted all revised chapters, it will forward the revisions to the Producer Licensing (D) Task Force for its consideration.

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Conference Calls

UNIFORM EDUCATION (D) WORKING GROUP
May 15, 2019 / April 16, 2019

Summary Report

The Uniform Education (D) Working Group met via conference call May 15 and April 16, 2019. During these meetings, the Working Group:

1. Reviewed the comments received on the Continuing Education Reciprocity (CER) Agreement.
2. Requested comments on the April 17 draft of the CER Agreement.
3. Agreed that it plans to meet via conference call, as necessary, to finalize its review of the CER Agreement by the Fall National Meeting.

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Draft: 7/31/19

**COMMENTS ON THE ROLE OF CHATBOTS
PRODUCER LICENSING TASK FORCE
NAIC SUMMER NATIONAL MEETING**

California (Charlene Ferguson)

The following are California's suggested recommendations on issues to be addressed in the Producer Licensing Task Force's white paper on the role of chatbots and artificial intelligence in the distribution of insurance and the regulatory supervision of these technologies.

- Consumer Protection (e.g., consumer privacy; admitted and non-admitted markets, cybersecurity, and fraud)
- Insurance Licensing Requirements (California Insurance Code Section 1631)
- Rebating
- Impacts of Regulation
- New Technology (e.g., mitigation of risks, efficiency and cost of insurance transactions, speed of claim payments, and overall customer understanding of financial protection).