

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)
Resolution Urging Producer Licensing Modernization

*Adopted by the NCOIL Executive Committee on July 15, 2012, and by the State-Federal Relations Committee on July 12, 2012. **Sponsored for discussion by Senator Carroll Leavell***

WHEREAS, the National Conference of Insurance Legislators (NCOIL) strongly supports regulatory uniformity where necessary and has been working in the states toward targeted modernization in certain key areas; and

WHEREAS, NCOIL believes that states should continue on their regulatory path and that ongoing state modernization serves to diminish the argument for a greater federal role in insurance oversight; and

WHEREAS, NCOIL lawmakers have helped modernize the states' producer licensing system through their continued support for full state participation in a *Producer Licensing Model Act* (PLMA) and a National Insurance Producer Registry (NIPR); and

WHEREAS, NCOIL understands that for the National Association of Insurance Commissioners (NAIC) to certify a state as a reciprocal state under the standard outlined in the Gramm-Leach Bliley Act (GLBA), the state must permit a producer to operate on a nonresident basis if the producer is licensed and in good standing in his/her home state, submits an application, and pays the appropriate fee; and

WHEREAS, the NAIC recently reviewed state compliance with the GLBA reciprocity standard and certified 40 states as reciprocal—down from 47 under a 2002 reciprocity standard; and

WHEREAS, NCOIL has repeatedly heard from the producer community that, despite state efforts, certain hurdles remain that can make it difficult for a licensed producer to obtain a license in a nonresident state; and

WHEREAS, such concerns have included requiring a producer to register as a foreign corporation with a state's Secretary of State and nonresident state review requirements that go beyond the intent of the PLMA and/or that duplicate procedures conducted by a producer's resident state; and

WHEREAS, perceived inefficiencies in producer licensing have led several industry representatives to advocate for a proposed *National Association of Registered Agents and Brokers Reform Act* (NARAB II); and

WHEREAS, NARAB II would establish a nonprofit association to allow member producers to operate in states as the equivalent of nonresident producers; and

WHEREAS, NARAB II would preempt nonresident producer licensing laws regarding education, training, residency, and continuing education, while preserving state authority over producer conduct, market conduct, unfair trade practices, and consumer protections, among other things; and

WHEREAS, NCOIL has not taken a position on NARAB II, but has asserted that states must be able to ensure that licensed agents can more efficiently operate across state lines;

NOW, THEREFORE, BE IT RESOLVED that NCOIL continues to believe that the states must do more to modernize producer licensing; and

BE IT ALSO RESOLVED that NCOIL urges state legislators and regulators to work together to review existing producer licensing statutes and regulations and to eliminate any unnecessary resident and nonresident licensing barriers; and

BE IT FINALLY RESOLVED that a copy of this Resolution be sent to state insurance legislators, regulators, and governors.