

Atlantic Corporate Center
2317 Route 34, Suite 2B
Manasquan, NJ 08736
732-201-4133
CHIEF EXECUTIVE OFFICER: Thomas B. Considine



PRESIDENT: Sen. Travis Holdman, IN
VICE PRESIDENT: Rep. Steve Riggs, KY
SECRETARY: Sen. Jason Rapert, AR
TREASURER: Rep. Bill Botzow, VT

For Immediate Release

DATE: July 7, 2016

Contact: Paul Penna
(732) 201-4133

NCOIL URGES OBAMA ADMINISTRATION TO IMPLEMENT NARAB II BY SELECTING BOARD MEMBERS AND SENATE TO ACT ON NOMINATIONS PREVIOUSLY MADE

Delay Hurts Consumers and Agents, Limits Choices

Manasquan, NJ – The National Conference of Insurance Legislators is calling on federal officials to implement the National Association of Registered Agents and Brokers Reform Act of 2015 (NARAB II), which was enacted as part of H.R. 26, the Terrorism Risk Insurance Program Reauthorization Act of 2015 on January 12, 2015.

“It is disconcerting that, 18 months after enactment and 15 months after the statutory deadline to appoint members, a sufficient number of members have not yet been appointed and confirmed so the committee can even meet” said Commissioner Tom Considine, NCOIL CEO. “Because the Obama administration and the United States Senate have not fully acted, consumer and producer benefits remain unavailable.”

NARAB will act as a central clearinghouse allowing insurance producers licensed in their respective home state to sell, solicit or negotiate in every other state in which the licensed producer intends to do business. By enabling insurance producers to quickly and efficiently obtain the authority to operate on a multistate basis, NARAB II will reduce costs and increase competition among insurance producers, thereby generating lowers costs and better service for consumers.

“The purpose of NARAB II is to allow Agents and Brokers to find the best available deal for their clients” said Rep. Steve Riggs (KY), NCOIL Vice President. “This delay by the Administration and the Senate continues to make it more difficult to ensure customers can purchase what’s best for them. It causes a lot of unneeded frustration and I know they can do better on this”

NARAB II does not create a federal regulator but rather establishes an independent non-profit corporation, known as NARAB, controlled by its 13-member Board of Directors. The Board is to be comprised of eight current or former state insurance commissioners and five insurance industry representatives, subject to Presidential appointment and Senate confirmation. NARAB II will provide the ability for producers to satisfy multi-state administrative licensing requirements in a quick and efficient way, thereby reducing operational and compliance costs while maintaining licensing standards. For each type of insurance a producer sells, they will be held to a single, non-resident licensing and continuing education standard, rather than one for each state. Prior to its creation, producers had to meet each state's licensing requirements.

Under the 2015 law, the Board was supposed to be appointed within 90 days of enactment. However, to date, the President has only nominated seven individuals. It is currently unclear whether the Senate will take any action on the nominations. Until nominations are announced and then confirmed by the Senate, no progress can be made in setting up NARAB and making important policy and administrative decisions.

While NARAB II implements a national standard for multistate insurance producers, it also preserves the primacy of state regulatory authority in the business of insurance in several areas such as: licensing, continuing education, and other qualification requirements of insurance producers that are not members of NARAB II; supervision and disciplining resident and nonresident insurance producers; establishing licensing fees for resident and nonresident insurance producers so that there is no loss of insurance producer licensing revenue to the State; and prescribing and enforcing laws and regulations regulating the conduct of resident and nonresident insurance producers.

Government and private sector voices alike have spoken already in frustration over this delay. Members of the U.S. Senate Banking Committee and the American Association of Managing General Agents (AAMGA) have sent letters to President Obama and the Federal Insurance Office (FIO) stating the Board must be appointed in order for consumers to benefit from the provisions of NARAB II.

###