

NAIC INDEPENDENT ADJUSTER RECIPROCITY BEST PRACTICES & GUIDELINES

One of the 2011 charges for the Producer Licensing Working Group (PLWG) is to continue with its work in achieving uniformity in licensing, with a focus on developing best practices and guidelines for adjusters.

In most jurisdictions where licensure is required, it is the “home state” regulator that assesses the qualification of its resident adjusters. Based on securing a license in one’s home state, many states will grant a comparable or similar nonresident license. While many states offer various types of adjuster licenses, there are numerous inconsistencies from state to state that have created a complex, cumbersome, non-uniform, non-reciprocal license environment. To facilitate the licensing of independent adjusters and for jurisdictions to have a comfort level with adjuster license requirements establishment of a reciprocal license process is necessary.

To transition into and create a more reciprocal and ultimately, uniform license environment for adjuster licensing, all jurisdictions are encouraged to utilize the various tools that have been developed and adopted in achieving these goals. Although not mandated or identified in any laws, in terms of the general reciprocity framework that is modeled after and consistent for producers, to achieve reciprocity for non-resident adjuster licensing, a jurisdiction must satisfy the following two (2) conditions:

(1) Permit an adjuster with a license for investigating, negotiating, or settling claims in its home State to receive a non-resident to the same extent that the adjuster is permitted to investigate, negotiate, or settle claims in its home State, if the home State also licenses reciprocally, without satisfying any additional requirements other than submitting (A) a request for licensure; (B) the application for licensure; (C) proof of licensure and good standing in home State; and (D) successful completion of an adjuster exam; (E) payment of any requisite fee and other requirements such as standards of conduct described in Section 15 of the Independent Adjuster Guidelines, and

(2) Acceptance of an adjuster’s satisfaction of its home State’s continuing education requirements as satisfying that State’s continuing education requirements, provided that the home State recognizes continuing education satisfaction on a reciprocal basis.

In order to provide jurisdictions with a model for meeting these reciprocity requirements, in June 2008, the NAIC adopted the Independent Adjuster Guidelines. The Guidelines serve as the primary vehicle for States not only to achieve reciprocity, but also takes major steps toward reaching uniformity. With respect to reciprocity, the Guidelines provides for streamlined administrative licensing requirements, license qualifications, and reciprocal

recognition of continuing education, among other things. The goal is to develop best practices and guidelines that provide consistency in license requirements to allow for reciprocal licensing for independent adjusters. This document addresses administrative licensing requirements to facilitate the application and renewal process for independent adjuster licensing.

Reciprocity Framework

The Producer Licensing Working Group (PLWG) recommends the following framework for measuring whether a State is reciprocal on specific non-resident independent adjuster licensing requirements.

1. Adopt key provisions in the Independent Adjuster Guidelines to ensure consistency with standards and requirements. Provisions include, but are not limited to
 - A. Definitions – home state, individual, business entity, independent adjuster, Uniform Individual Application and Uniform Business Entity Application. Add a new definition of “Designated Home State” to read, “Designated Home State is the state in which the adjuster does not maintain his, her or its principal place of residence or business, and the adjuster qualified for the license as if the person were a resident.

The Best Practices and Guidelines do not include definitions for public or company (staff) adjusters, however, states are encouraged to refer to the definition of public adjuster within the Public Adjuster Model Act.

Company (staff) adjuster is defined as a person who is a salaried employee of an insurer or an affiliate of the insurer, and who is engaged in adjusting insured losses solely for that company or other companies under common control or ownership.

- B. License Qualifications; age, and fitness and character (moral turpitude)
- C. Lines of Authority; If a state issues an adjuster license by lines of authority (LOA), lines offered should include property, casualty, workers compensation, or crop. States are encouraged to license nonresident adjusters for at least the line of authority held in the home state/designated home state, even if the line of authority held in the applicant’s home state/designated home state may not precisely align with the lines issued by the nonresident state.
- D. Class of License; states must offer an individual license; business entity licenses are optional and applies only to states that have a business entity requirement
- E. Designation of Home State - A state whose laws permit a nonresident adjuster to designate that state as its home state, the home state will require the nonresident

to qualify as if the person was a resident (exam requirements; fingerprinting, if required, and CE). Once the individual has met the qualifications, the designated home state will issue a nonresident license. The PDB and designated home state will list the record as nonresident, designated home state.

- F. Designation of Home State; Conversion to true Resident State - When an adjuster's resident state offers an adjuster license, within 90 days, the adjuster must file an application, proof of licensure and good standing from the designated nonresident state and fees to qualify for, and obtain the resident adjuster license. The new resident state should waive exam requirements. The prior designated home state adjuster license should be changed from a nonresident, designated home state license to a nonresident license.
 - G. Designation of Home State; Fingerprinting – If a state requires fingerprinting of resident adjusters, a state that permits a nonresident adjuster to designate that state as its home state shall require fingerprinting of that nonresident adjuster.
 - H. Designation of Home State; CE Requirements - A state that permits a nonresident adjuster to designate that state as its home state, the home state will require and track continuing education compliance for that adjuster.
 - I. Renewal Process; jurisdictions are encouraged to develop a renewal cycle consistent with what has been established for producers (biennial basis on the licensee's month or birth of date of birth. Business entity licenses will continue on a date certain)
 - J. Examination Requirements; states must offer a separate test for home state adjusters and shall test the knowledge for the lines of authority sought, the duties and responsibilities of an adjuster and the home state's insurance laws and regulations
 - L. License Denial, Non-renewal, or Revocation; at a minimum, as defined in Section 12 of independent Adjuster Guidelines
 - M. Continuing Education; the home state shall require twenty-four (24) hours of CE with three (3) of the twenty-four hours covering ethics.
 - N. Reporting of Actions; the state shall participate in the NAIC Attachments Warehouse, notifications and reporting of actions; Personal Information Capture System (PICS) alerts or another appropriate mechanism to monitor actions against existing licensees and take necessary action, when warranted based on the information obtained through such actions.
2. Post adjuster license information on state web sites and the National Association of Insurance Commissioners (NAIC) Producer Database (PDB)
 3. Participate in National Insurance Producer Registry (NIPR) Adjuster licensing ("Other") product module that allows adjusters to electronically apply for initial and renewal of a license.
 4. Participate in National Insurance Producer Registry (NIPR) Nonresident Adjuster Licensing product module that allows states to license and track adjusters that designate another state as the home state.

5. Participate in National Insurance Producer Registry Address Change Request (ACR) product module that allows a licensed adjuster to change their address.
6. A state that offers temporary licensure or registration for Emergency Adjusters shall do so in accordance with the Independent Adjuster Licensing Guidelines