

Loss Adjuster Licensing

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FCIC Loss Adjuster Requirements

- Beginning in 2005, all FCIC loss adjusters MUST be licensed by State, if State requires loss adjuster licensing.
- Expectation was to work with States to develop a Federal crop insurance Agent & LA certification program.
- However, neither certification program was realized.
- State LA licensing requirements—three categories:
 - Those with crop insurance-specific requirements.
 - Those with P&C requirement, but little-to-no crop insurance.
 - Some have ambiguous Federal crop insurance requirements.
 - Those with no requirements.
- RMA enforces licensing requirement through Compliance activities.
- NOTE: Companies must ALSO comply with separate loss adjuster training requirements.

Problems with Current Situation

- General problems:
 - Inconsistency across States.
 - Generally insufficient crop insurance knowledge requirements for license (with a few exceptions).
- In States with general P&C requirements:
 - A crop loss adjuster must often learn largely irrelevant material.
 - Crop insurance test requirements, if they exist, are sometimes out-dated or inaccurate.
- In ambiguous States:
 - Ambiguity derives from Federal pre-emption confusion.
 - Companies and RMA Compliance sometimes get different answers, depending on Insurance Department staff asked.
- In States with no requirements:
 - States losing opportunity to regulate and license.

Alternative Solutions

- Option #1: Limited RMA involvement:
 - An outside organization would prepare content and conduct testing.
 - RMA would examine content annually and affirm to the States that:
 - The content is relevant,
 - The test answers are accurate, and that
 - A passing score is indicative of crop insurance competency.
 - State could accept a certification of a passing score from the outside organization as the basis for issuing a crop insurance loss adjuster license to an applicant.
 - No change in the Standard Reinsurance Agreement would be required, i.e. State licensing authority would be preserved.
 - Could be implemented quickly at low cost to RMA.

Alternative Solutions

- Option #2: Maximum RMA involvement:
 - RMA would contract with an outside organization for the development of a complete “Federal Certification Program.”
 - RMA would control all aspects of program, i.e. development of content, testing integrity, testing fee schedules, auditing, etc.
 - Would likely require a change in the terms of the Standard Reinsurance Agreement to allow Federal Certification to preempt State licensing.
 - Would require large time and cost commitments from RMA.

RMA wants to know:

1. What involvement would the States prefer that RMA have in regulating loss adjuster licensing or certification . . .

- No involvement (status quo),
- Limited involvement (Option #1),
- Maximum involvement (Option #2), or
- Something in-between?

2. What would the Crop Insurance Working Group recommend as the best way for RMA to work with the States to advance the preferred option?