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*c/o Ms. Karen Schutter
via email: Kschutte@naic.org*

Mr. Roger Sevigny, Chair
NARAB Working Group
Members of the National Association of Insurance Commissioners (“NAIC”)

Dear Chairman Sevigny & Working Group Members:

Thank you for the opportunity to provide written comments regarding the NAIC Legal Division – Additional Issues Identified in Producer Licensing Assessment Report. The opinions and positions taken herein are our personal opinions and not those of our firm and clients; however, they are based upon the perspective we have gained over a period of many years from our representation of a number of business entities and producers licensed throughout the United States in a variety of lines of insurance.

Although greater efficiencies have been built into the producer licensing system through the efforts of the NAIC and participation in the system by member states, there are still a number of areas in which increased uniformity would better serve to lessen burdens for both regulators and industry participants, as well as provide greater benefits, efficiencies and product distribution to the public.

Although we agree with a majority of the recommendations of the NAIC Legal Division regarding the additional issues identified in the Producer Licensing Assessment Report, we would like to reiterate a few additional points.

We, among others, submitted comments to the Producer Licensing Working Group (“PLWG”) on revisions to the NAIC State Licensing Handbook (“Handbook”) and the Uniform Applications. Our comments were focused on practical aspects of licensing, including particular reference to limited lines issues and best practices.

Without repeating our comments to the PLWG, we would like to reiterate for the Working Group the issues noted from the Producer Licensing Assessment Aggregate Report (“Assessment Report”) that reflect how the Uniform Licensing Standards (“Standards”) and Producer Licensing Model Act (“Model

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Act") may be unintentionally undermining the goal of reciprocity and increasing the compliance burdens without improving consumer protection.

As noted in the Assessment Report, one of the key areas is the "continued standardization in the state's elimination of specialized lines of authority outside the six major lines of authority and the core limited lines of authority and the recommendation that the NAIC membership's review and consideration of this report's findings with regard to major lines and core limited lines of authority, and provide guidance to the Producer Licensing Working Group for further clarification of the uniform definitions and goal of eliminating excess limited lines.

Although this is a noted goal, the most recent version of the NAIC's Compendium of State Laws on Insurance Topics reflects fifty-five (55) different categories of limited lines licenses. Reciprocity and clarification for uniform treatment for limited lines licenses is an appropriate issue within the scope of the regulatory framework. A number of issues within the regulatory framework were noted in prior comments of World Access Service Corporation and Consumer Credit Industry Association.

We would accordingly disagree with the comments made by the NAIC Legal Division in item 7 of the Memorandum - Limited Lines Issues, that recommends no further analysis as being outside the reciprocity framework. The Assessment Report is replete with examples of issues with reciprocity concerning limited lines licenses. The Assessment Report itself requests the Working Group provide guidance to the Producer Licensing Working Group for further clarification of the uniform definitions and goal of eliminating excess limited lines. Further review and analysis of the issues noted to address the reciprocity and compliance burdens in this area to improve consumer protection should be warranted.

A review and analysis by the NAIC Legal Division could include recommendations on how to address the impediments to a reduction of the categories of available limited lines licenses (including possible change in the definition of and/or chosen core limited lines) and possible changes in the approach of the regulatory strategy to licensing as recommended by the CCIA and World Access Service Corporation. Information and recommendations by the NAIC Legal Division in this area should facilitate the Working Group's consideration and discussion as to whether to reserve the comments for future consideration or refer them to the PLWG for further action.

We very much appreciate the opportunity to submit these comments and look forward to the opportunity to participate in this process. Thank you in advance for your consideration.

Sincerely,



Greg E. Mitchell

GEM/ct