



March 19, 2009

NAIC, NARAB Workgroup

Re: Carrier Appointment Requirements

We are an agency that specializes in a product that is not written in the standard admitted marketplace. It is a multi-state, scheduled property policy for vacant dwellings and commercial buildings against standard hazard perils plus flood and it also extends liability protection to the business entity (in most cases). Our business is heavily concentrated in the southeast so there are a lot of coastal state exposures. Our policies are issued to real estate investors or small financial institutions to protect their interest in rehab or repossessed property and premium is collected monthly based on the exposures reported.

Because this product for this type of client is not readily available in the admitted market, we are not able to maintain a contract with an admitted carrier – other than our WYO carrier for the NFIP program – which only requires appointment in your home state regardless of risk location.

We are trying to comply with all the varying licensing requirements including in some extreme instances:

- 2 individual licenses (P&C and SL),
- SOS registration for the agency if individual is employed,
- Newspaper advertisement of our business name in the county where our registered agent is domiciled,
- registered agent expense,
- Dept of Revenue income tax filings (business and individual as S-Corp),
- 2 Business Entity licenses (P&C and SL),
- Carrier appointments (Individual and Agency).

Even though most of these requirements are on the workgroup's target list, the requirement to have a Carrier appointment is the one that backs the agent/agencies like me into a corner. If we don't have a contract with a carrier for that state, we are just not able to comply. This results in the loss of our license which leads to us not being able to remit surplus line taxes to that state.

Following an appointment cancellation, NM and KY are the only states that have taken immediate action and cancelled our license. KY is not a problem for us because Kentucky Lloyd's has been able to take care of the appointment; however, NM is unyielding. There 10 other states that still require appointments. I imagine they will check for active appointments at license renewal.

A complete list includes:

KY  
MI  
NE  
NM  
SC  
SD  
LA  
MS  
MN  
AR  
GA  
CA

I've read through some of the reports published by the workgroup and have seen firsthand the successful results in the changes made by states over the past year. I look forward to the relief from many of these requirements as your work progresses; however, the issue of requiring an appointment is beyond burdensome and costly, it's unattainable in some circumstances and needs immediate attention.

Respectfully,

Lisa Cooper, President  
Innovative Risk Solutions, Inc.