

CONSUMER CREDIT INDUSTRY ASSOCIATION

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LARRY DIEHL
VICE PRESIDENT
GOVERNMENT RELATIONS

October 16, 2009

Anne Marie Narcini, Chair
NAIC Producer Licensing Working Group
New Jersey Department of Banking & Insurance
20 West State Street; P.O. Box 325
Trenton, New Jersey 08625-0325

RE: Limited lines

Dear Anne Marie,

The Consumer Credit Industry Association (CCIA) is a 57 year old trade association representing companies writing over 85% of the nation's credit insurance business. CCIA reviewed the Draft Proposal of October 6, 2009 and files these comments for the Working Group's consideration.

CCIA previously submitted written comment to the Working Group about the use of the Business Entity License approach for those selling limited lines credit products. Those comments of July 2, 1009 are attached. There, the CCIA outlines recommended standards for the administration of these licenses in the various states that is consistent with the Producer Licensing Model Act. Under this system, employees working under the business entity license, who do not receive a commission, are not required to be licensed.

The October 6, 2009 draft proposal does not include any reference to nor provide for the use of a Business Entity approach for the sale of limited lines products. That standard is crucial to streamlining disparate state systems administering limited lines licenses.

Along with this letter, CCIA again includes the Business Entity Recommendations and urges the Producer Licensing Working Group to adopt guidelines which include a Business Entity License approach for limited lines.

The posting and distribution of these comments to the members of the Producer Licensing Working Group members is greatly appreciated. For any additional information, please call me at (305) 247-3244 or by contact me by email at eldie07@bellsouth.net

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Yours truly,

Larry Diehl, Esq.
Vice President, CCIA

Cc Linda Brunette, Vice Chair PLWG
Greg Welker, NAIC staff
Bill Burfeind, Ex. VP, CCIA
Rebecca Smart, CCIA Chair
Reed Gass, CCIA President

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July 2, 2009

Director Linda Hall, Chair
NAIC Producer Licensing Task Force
Division of Insurance
550 West 7th Avenue, Suite 1560
Anchorage, Alaska 99501-3567

Dear Director Hall,

The Consumer Credit Industry Association, the trade group representing insurers writing more than 85% of the nation's credit insurance business, commends the NAIC for seeking uniformity and consistency in the licensing process for limited lines as well as the approaches being used for business entity licensing.

CCIA companies provide consumer credit and related lines of insurance, as well as other consumer credit protection products and services. These companies often use business entity licenses to sell limited lines products and found this distribution method beneficial to both consumers and the industry. Therefore, the CCIA strongly supports preservation of business entity licenses, particularly its application to limited lines.

The offering of credit insurance is secondary to the primary consumer transaction, i.e. the taking out of a loan. As with other types of coverage which qualify for limited lines licensing, the principle purpose of the transaction between the individual offering the coverage and the consumer is other than the sale of insurance. This specialized manner of offering insurance is the basis for the limited lines licensing concept.

CCIA proposes a uniform approach to business entity licensing that builds upon use of the limited lines license. It allows the business to be licensed and appointed, with an individual identified and licensed who is responsible for overseeing compliance with state regulations, and who is responsive to consumer issues if any arise. The details of our proposal are in the attached document. This approach, at a high level, mirrors the limited lines business entity licensing and appointing in place in most states today. However, as the Task Force found with other licensing and appointment procedures, the actual implementation on a state by state basis varies in a many ways. The attached chart is a start to better understand how the current Business Entity system for credit insurance works in each of the states on the Task Force, as it can in the other states as well.

It is understood that changes needed for uniformity in producer licensing work far better if those changes do not involve amending the Producer Licensing Model Act (PLMA). However, as the Task Force is fully aware, many states have their own versions of the PLMA or varying interpretations of the PLMA. The CCIA review here is of states allowing use of a business

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entity license to offer credit insurance, and includes a review of whether those states have adopted the PLMA or a state version of it, to demonstrate how the principles set out by CCIA for Task Force considerate are allowed under current laws and regulations. The work is offered to assist the Task Force in its deliberations.

The CCIA recommendations do not address the inconsistencies among the states regarding recognition of different products as limited lines. All states except Illinois currently recognize credit insurance as a core limited line. Rather, the focus with this effort is on the licensing necessary for efficient product sales that is compliant with state requirements.

Your consideration of these comments before the Task Force's planned interim conference calls is greatly appreciated. CCIA is always available as a resource in considering credit insurance rules, practice and procedure. For any additional information, please call me at (305) 247-3244 or by contact me by email at eldie07@bellsouth.net

Yours truly,

Larry Diehl, Esq.
Vice President, CCIA

cc: NAIC Producer Licensing Task Force
Bill Burfeind, Ex. VP, CCIA
Rebecca Smart, CCIA Chair
Reed Gass, CCIA President
Greg Welker, NAIC staff
Anne Marie Narcini, Chair PLWG
Linda Brunette, PLWG Vice Chair

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