



National Association of
Insurance Commissioners

Adjuster Licensing - Frequently Asked Questions (FAQ's)

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- 1) What do states want to do when an adjuster is required to obtain a certain license class in the nonresident state but the adjuster's home state does not issue this class of license (company/staff adjuster, public adjuster or independent adjuster)?

RESPONSES:

Mississippi: Obtain the MS independent adjuster

- 1) Oklahoma: DHS procedures come in to play in this situation. Oklahoma does not differentiate between Comp/Independent Adjusters. All are required to hold a license. If a license is not required in the Resident state, DHS must be declared by the completion of an examination.**

Utah: Require the adjuster to get an ADHS nonresident license in a state other than the adjuster's

Washington: Although this question goes well beyond the scope of the work the PLWG Adjuster sub-group is performing at this time (limited to IA's), it is a large part of the adjuster licensing problem. This will continue to be an issue unless the states work together to resolve the licensing by class. The issue is compounded by state laws and NAIC models.

Could states just agree that any license class could satisfy the license qualification or did we really intend that the person hold that particular class of license in their home state?

RESPONSES:

Mississippi: Any license class of similar requirement exam (e.g. all lines incl workers comp).

Oklahoma: Oklahoma feels that it was intended for the person to hold the particular license class in their home state, just as it does with the PLMA.

Utah: Require the adjuster to hold that particular class of license in their home state or an ADHS license in a designated home state.

Washington: Intention or not, this would require change of state laws in the majority of states to accommodate acceptance of this suggestion, and raise a multitude of issues (bond requirements for PA's, for example).

Are the qualifications for that particular license class so that different that the adjuster would be required to obtain a ADHS license in another state because their home state does not issue that class of license?

RESPONSES:

Idaho: I would think this is a situation for which DHS was intended. Generally, where reciprocity does not pertain, based on differences in states, we have the option to allow that person to license as a non-resident designated home state by filling the requirements of a resident.

Although independent and public adjusters deal in P&C claims, a staff/company or TPA adjuster could be dealing with life/health claims and the public adjuster is representing the public where the other

adjuster types are representing the carrier—so I don't think we can confidently lump them into a general adjuster category. Further, the licensing and testing requirements are not equal. I think letting a person untrained in a specific license type do that type of work without testing and qualifying—based on having a 'related' license type in a home state is not a reasonable approach.

Mississippi: Yes.

New Hampshire: If home state does not issue a certain license class or line of authority, NH will license for the lines of authority we issue. Property & Casualty including Workers Comp, Property & Casualty excluding Workers' Comp or Workers' Comp.

(NON-resident adjusters can qualify in NH by having 6 mos experience based on NH law if they are not required to be licensed in their home state or have not selected a ADHS)

Oklahoma: Oklahoma does not differentiate between Company & Independent License. Both perform duties that require licensure in Oklahoma. If licensure is not held in the applicant's resident state, DHS procedures apply.

Utah: No, the requirements are not that different, but yes, the requirement exists.

Washington: The main differences revolve around WHO the adjuster represents in a claim situation and WHAT type of claim is being processed. In WA, for example, there is no difference in the adjuster exam for PA's or IA's (we do not license staff adjusters) but there is a separate exam for crop adjusters. These various scenarios will change from state to state. Exam issues will be a major concern. TO only have one exam and one class would require candidates to pass an adjuster exam based on questions covering ALL adjuster classes.

Nautilus Insurance Group: What's the reasoning behind those states who do not have a license requirement for a certain adjuster class? As this creates issues for those adjusters resident in that state trying to obtain a license in another. We use the Designated Home State approach where we can, however at times this can be challenging. This impacts company staff adjusters a lot since they generally need a broader range of state licenses.

- 2) What will happen if the adjuster's home state does not issue a particular line of authority that is required by a nonresident state to conduct business (e.g. workers' compensation)?

Idaho: For those states testing residents specifically for work comp or crop hail adjusting—this is a limited line of adjusting so I think it's helpful that their license reflect that limitation or that they can be counted on to only attempt to work in their specific field of expertise. We are of course limited by licensing systems, too, so cannot always automatically indicate a limited line of adjusting.

In our state, the Work Comp industry is actually regulated by a different agency—even though we do the licensing—so they may have their own certifications. Too, work comp is a very unique insurance product state by state. A person taking the full general lines adjuster exam is qualified to cross into all areas but I don't think someone who tested only for work comp could cross over into crop hail—without specific testing and training.

Mississippi: They go to the non-resident state and pass their exam. Or provide an exam from any state with equivalent license to non-resident state.

Oklahoma: In most cases, certain lines are included in the statutory definitions of other major lines of authority. For example Workers' Compensation is included in the definition of Casualty. Statute interpretation by staff or each respected states' legal division can normally determine if an individual's requested line of authority is something that is covered in the lines of authority on the resident state license & in our state's LOA's. In regards to adjuster licensing, Oklahoma has not found any lines of authority from another state that are not available in Oklahoma.

Utah: Require the adjuster to hold an ADHS in a designated home state that offers that particular LOA.

Washington: The IA guidelines specify that LOA's be issued on an adjuster license. The specific number of states that do or do not require LOA's has been gathered in the bifurcated chart compiled earlier (14-16 require LOA's, 10-11 do not require LOA's and 2-4 it is not applicable in their state). WA IA licenses are not issued with an LOA. It is not certain how a WA resident IA is licensed in a non-resident state which requires an LOA. Perhaps an additional guideline, for consideration, could be added similar to WA RCW 48.17.173(8), which states that a limited line producer who meets the met the application requirements be granted a license granting the same authority as issued by the home state.

Will the adjuster be required to obtain an ADHS license in addition to their resident adjuster license or is there a way that states can agree that the qualification has been satisfied or develop guidelines as to how the adjuster and states should address this issue?

RESPONSES:

Mississippi: Need to develop and agree on guidelines

New Hampshire: If home state does not issue a certain license class or line of authority, NH will license. (NON-resident adjusters can qualify in NH by having 6 mos experience based on NH law)

Oklahoma: See above answer

Utah: Similar to a producer license for a particular line of authority (LOA), a distinct examination is required for each separate adjuster LOA, so the adjuster must satisfy the distinct requirement for the license not offered in the resident state, thereby requiring an ADHS license in a designated home state that offers the particular LOA.

Washington: While this is a possibility (an IA having both resident and DHS to accommodate LOA's), I do not believe this was the level of intent when creating the DHS requirements.

- 3) How can I determine what state(s) my adjuster tested in and has met resident state requirements to know what state can be used as a DHS?

RESPONSES:

Idaho: Unless NIPR is willing and able to collect this information and display on PDB, we can only rely on a person's word or proof of passing an exam—which I don't think states want to mess with (might be an adjustment on the NAIC Uniform adjuster application?). It would be ideal if that could be an already validated piece of information on their PDB license record. We are seeing a lot of individuals switch DHS—without regard to where tested—as needed. Moving to a new home state in reality complicates that matter. I don't think it matters what their home state is if we can validate that they met resident requirements for their initial license.

Mississippi: Currently we ask them. We need more uniformity in DHS between states so it doesn't matter. It would be helpful if we had a chart for each state

New Hampshire: In NH, those declaring NH as the DHS must reside in a state that does not license adjusters. They must pass our exam and in the future complete NH CE as if they were a resident. Based on the ADHS definition at the top of the page.

As a suggestion, NIPR could capture exam info when a new adjuster applies. NIPR could show the date, and add to the states info on PDB. This would benefit states who want to know if an exam was passed. We've received calls from carriers and states asking this info.

Oklahoma: Oklahoma's application has been modified to include this question on each original application & renewal. Once this information is received from the applicant we verify the information with the PDB and the NRA Matrix provided by SILA. We have found that the information on the SILA chart is the most helpful tool to use. It is up to date and documents great detail regarding all states' examination requirements. We reserve the right to request proof of examination from the applicant prior to approving an application. In the event that discrepancies arise we do not hesitate to reach out to the other state directly.

Utah: Check on PDB to see where the resident license or ADHS license is held.

Washington: I'm not certain why an adjuster would not know what, if any, states they completed an adjuster exam. The IA guidelines require an exam in order to obtain an IA license whether it is a resident or DHS state. If uncertain what state exam was completed, the exam providers may be contacted for specifics. Most DHS requirements are the same as a resident applicant would need to meet: (complete an exam, submit an app, pay the fees, be fingerprinted, and any experience requirements which vary by state).

4) What needs to happen when an adjuster has multiple DHS licenses showing on the PDB?

RESPONSES:

Idaho: I'd like to understand the reason for multiple DHS states. As above, as long as we can validate that they met resident requirements for their initial license, an adjuster should be able to use any DHS but shouldn't need to use multiple DHS. And DHS should not be used when their home state licenses adjusters. I do come across DHS adjusters moving to states who license adjusters, insisting on using a DHS instead of transferring the rights to the new home state—which shouldn't be that big of a deal, based on reciprocity—minus the change to a fingerprinting state.

Mississippi: Go by the one they were first licensed in. Should require a single selection. When a DHS state changes, notify the states.

New Hampshire: NH does not have a problem with adjusters having multiple DHS. ADHS is utilized for our CE compliance. Our laws and regulations require CE for residents and those with ADHS of NH.

Oklahoma: Oklahoma understands that the information on the PDB regarding DHS is not always accurate. Until this month (July 2015), we had serious issues with the DHS information we reported to the PDB, being incorrect. After 19 months of discussions with SBS we were able to make changes to certain internal matrix information that allowed us to report the correct DHS information to the PDB. I think there is a breakdown of communication between states & the individuals providing service to our databases regarding the definitions of DHS. During our efforts to correct our information I was advised of several misconceptions regarding the definitions of terms. I was informed that DHS was just an individual's CE state & that DHS was the same thing as the domicile state. Both of these things are misconceptions that can cause great confusion and incorrect record keeping. When we are reviewing the PDB for an applicant, (if multiple DHS are found) we will advise applicants to update their DHS information in other states (to match what they have given us), but we understand that some states may not have the capabilities to report the proper information. It may be beneficial for NIPR to stop the process of reporting the DHS information on the PDB unless the state is certain that the reported information is correct and in relation to the EXAM STATE.

Utah: If one or more ADHS license is already held for the particular license type and line of authority, issue a regular nonresident license rather than requiring an additional ADHS license.

Washington: This would occur if a person has more than one class of adjuster licenses and/or multiple LOA's on an adjuster license. This issue would not be an issue if arriving at a solution for FAQ's 1 and 2.

Nautilus Insurance Group: When this happens, how is it decided which state 'wins out', so to speak, for remaining on the PDB as the true DHS? Shouldn't there only be one DHS license (if it's acting in place of a resident state license when the resident state does not offer a license/the license type?)

- 5) Are the remaining states planning on opening up online transactions for both resident adjusters and those with a DHS?

RESPONSES:

Idaho: Not sure this question is clear—when you say “remaining states” are you referring to states not using NIPR's DHS?

I find that DHS has not resolved all online issues—see question 6 below for reference to online technical difficulties such as differences in license types. i.e: IL licenses public but not independent adjusters. A person wanting an independent adjuster license is forced to have a DHS. But currently, the DHS system will say that this person cannot apply as a DHS because their state licenses adjusters—not the right kind—but they license adjusters so you have to be licensed in that state—never mind the difference in license types—they cannot use their DHS for the Independent Adjuster

license to license as an Independent adjuster in other states. Seems like this could be resolved with a technical refinement that distinguishes specific adjuster license types and operates on that basis. The alternative on the state side is to process a paper application but I think states are looking for an online solution—that was the initial point of DHS.

Mississippi: Yes.

New Hampshire: CURRENTLY EXISTS for NH through NIPR (online transactions are available for all adjusters)

Oklahoma: Oklahoma currently processes all NRA applications electronically.

Utah: Yes

Washington: It is not clear on this question as to whether this refers to adjuster / DHS applications through NIPR or not. WA does offer online adjuster apps but does not offer them through NIPR. This would be a major IT project which requires agency approval and is not presently on the biennium schedule.

- 6) PDB confusion where Adjuster is also licensed Producer, resident state does not license adjusters, adjuster has DHS in another state and that state still issues a "resident" license and not the new ADHS license

RESPONSES:

Idaho: See 5 above—this is a technical issue that seems could be resolved to recognize specific adjuster types rather than disallowing.

Mississippi: Yes that is confusing. Guidelines needed for ADHS resident state consistency.

New Hampshire: NIPR program fix needed. ADHS should show for adjusters that also hold a producer license and be reflected on PDB.

Oklahoma: Oklahoma's biggest issue with this, is that NIPR will allow an applicant apply for a NRA license if an active resident license is on file. It doesn't differentiate between a resident adjuster or resident producer license. This allows applicants to submit the incorrect application to us, in turn, requiring withdraw of the application, refund of the fees & the applicant reapplying by paper. The same thing applies to applicants that hold a "resident license" in a state they are declaring as their DHS. The application Oklahoma has created for NRA's declaring a home state is very specific and the information is needed in order for us to properly document and record the information to the license file. The states we have found that will issue a resident license instead of a nonresident with DHS notation are CT, KY, NV, NH, NC & RI. Some of these states have started to transition from this practice and we see they are slowly converting their licenses at each renewal. An update from each of these states would be beneficial to us so we could see if this is a practice they intend on continuing.

Utah: NIPR should fix this to be a nonresident ADHS license if that nonresident state will allow it.

Washington: PDB display issues would require NIPR involvement in order to resolve.

- 7) Resident state only issues a limited adjuster license, adjuster then also obtains either a DHS resident or non-resident license accordingly PDB is showing two resident licenses

RESPONSES:

Idaho: Not sure how this is issue but not familiar with this scenario. Is this a technical issue for DHS online? Can we know more about this scenario?

Mississippi: Go by the DHS license.

New Hampshire: NH would want NIPR to reflect RESIDENT license. Not sure why a DHS license also be issued. NonResident license should show NonResident. Is it possible to know states do this so we can see an example?

Oklahoma: Oklahoma uses the PDB information in these situations loosely. If the individual has an active resident license that was determined based on their actual place of domicile, we will defer to the line of authority issued by their examination in their actual "TRUE" resident state. If it appears to be a line that is limiting the authority of an adjuster we will contact the state directly to review their statutes and definitions. In all situations I have experienced, Oklahoma will have an equivalent line of authority to issue on a license. What it all boils down to is what exam was taken to qualify for this line of authority. If multiple resident state licenses exist & we feel that this is in error we will encourage the applicant to contact the state's respected departments and resolve the issue. At times we may also assist the individual with contacting the states for a resolution.

Utah: NIPR should fix this to be a nonresident ADHS license if that nonresident state will allow it.

Washington: PDB display issues would require NIPR involvement in order to resolve.

Nautilus Insurance Group: OR in some cases, the PDB does not correctly reflect on the first page of the report that an adjuster actually has a DHS license and instead says that they have no resident license/DHS equivalent

Encouraging states to move towards NIPR acceptance rather than state specific, paper processes to ensure that applications are completed correctly and timely and cut down on correspondence/time and resources spent addressing misunderstandings (i.e. applicant completing their state specific form incorrectly and the back and forth associated)

Issue: How to get states to implement the adjuster reciprocity standards?

RESPONSES:

Utah: There is no driving force such as NARAB requiring the states to comply with the adjuster guidelines. We can only try to reason with and encourage each state to strive for as much uniformity as possible.

Washington: This is the major ongoing issue. Without a driving force behind adjuster licensing, such as NARAB for producer licenses, there does not seem to be a compelling reason for states to adopt either the PA model or IA guidelines. Caught in the middle are applicants and licensees, who also need uniform standards in each state, as well as policyholders during a loss situation. Regulators need to make this a priority to change, to find uniform and reciprocal processes, and adopt best practices to alleviate barriers and chokepoints.

Nautilus Insurance Group: Getting states to understand the negative impact that they have on the adjuster when they choose not to reciprocate with other states (taking exams in multiple states, etc.)

Identified Concerns: CE and Exam requirements

- 1) States who do not reciprocate when it comes to residents seeking licensure in their states and those non-reciprocal states do not give an Adjuster exam. This means requiring adjusters who reside in the non-reciprocal state will have to meet the exam requirements based on the reciprocal states' law.

RESPONSES:

Idaho: Even with corrections suggested above I'm not sure what this comment is about....Are we talking about states that do not require an exam if declared the DHS and those that require an exam, even if a non-resident is licensed properly in a resident or DHS state? Can we know which states are doing either of these scenarios? (poll or survey states?) Can we limit DHS states to those in which you test? If a state requires an exam but waives the exam based on the candidate meeting criteria such as number of years of experience—ie in cases where staff adjusters venture out into the world of an independent adjuster, can that be considered an equivalent of an exam? In some cases, they are being required to license as independent adjusters—even when acting as staff adjusters—in other states in which their carrier is doing business.

Mississippi: Under MS state law we require an all-lines exam (P&C inc W/C), this is the basis for licensure for residents or non-residents. So as it stands now we do not reciprocate with a non-resident state for a reciprocal license unless we know an exam was required for full line adjuster.

New Hampshire: NH is reciprocal with all states. If resident state issues a license, then resident license is required to obtain a Nonresident license in NH. If resident state does not issue a license, NH can issue a license either based on 6 mos experience or take our exam and declare NH their DHS.

Oklahoma: Oklahoma has several concerns with the process and requirements of individuals applying from these states. Oklahoma is not reciprocal with California, Hawaii or New York. When applicants from these states apply, our procedure is to first review the PDB. If the applicant has an active resident license, they are required to pass our examination prior to obtaining nonresident licensure, per OK statute. If no resident state license is active, DHS procedures apply & the individual must choose a state where they have passed an exam. I have been told directly by applicants in these states, that they are fully aware of a way to beat this system & multi state exam requirement when applying from a non reciprocal state. They obtain all of their nonresident licenses first by passing 1 exam (DHS) then applying for their resident state license. This allows them to take a very minimal

number of examinations. Oklahoma has been legally challenged on several licenses claiming our request for them to take our exam (upon renewal) is unwarranted because they were previously granted a license based on a DHS. Our stance is, DHS procedures no longer apply because a resident state license is held. We can verify the dates issued by looking at the PDB. We seem to go in a circle with these companies/individuals and our legal division. I am curious to see what other states have experienced & how they may be dealing with these scenarios.

Utah: Hopefully we can encourage all states that license adjusters to have an exam requirement in order to issue either a resident license or a nonresident ADHS license.

Washington: Passing an exam is a requirement under both IA guidelines and PA model is a requirement. It is also required for DHS candidates. WA law states that any non-resident must comply with all the requirements except fingerprints (meaning they must pass an exam) or those that designate WA as their home state must meet the same requirements as a resident (meaning they must pass WA's exam).

- 2) Individuals who have designated home states which do not require adjusters to complete CE. This would require those adjusters to complete CE in a non-resident state based on NAIC's definition of designated home state.

RESPONSES:

Idaho: This is a tough one because it requires either a system configuration or a manual process to track. Does the group feel that states can only be declared a DHS if they require fingerprints, testing and CE? Once again, this may still require system configuration to accommodate. This question may need a polling of states to find out which states do all of these resident measures for a DHS licensee.

Mississippi: We do not monitor which states require CE. Guidelines for DHS or any adjuster license would be beneficial

New Hampshire: For those that have declared NH the home state, they must pass our exam and complete NH CE.

Oklahoma: Oklahoma has modeled its laws after the NAIC Independent Adjuster guidelines. There is no specification in the definition of Home State that would exclude the designation of any state that has no CE requirement from being accepted as an individual's DHS. There are several states that issue a resident license but do not have a CE requirement. DHS would not apply to these individuals, but the individuals would have to take CE in another state where a license is held. Oklahoma's statutes are specific in stating that CE is required for each individual that holds a license. We make sure this information is on our website, and noted on our application. Oklahoma's database system is now set up to monitor and document the CE state for each individual or to exclude CE for individuals who have reported it in another state where they hold a valid license. The SILA nonresident Adjuster Matrix has been of great assistance with determining whether or not the applicants' reported CE state is a valid one. In addition, most states have their licensees' CE transcripts available online. We have the ability to verify the CE transcripts ourselves with a little bit of research. Our applications request the

individual to attest to the state where CE was taken. Oklahoma reserves the right to request proof of CE completion from any applicant that attempts to obtain a license renewal in our state.

Utah: Hopefully we can encourage all states that license adjusters to have a CE requirement in order to renew either a resident license or a nonresident ADHS license.

Washington: This goes beyond the DHS adjuster issue to include the CE requirement for resident adjusters. In the final bifurcated chart, 14 states require CE for their resident adjusters while 11 do not. If the issue were resolved for states to require their resident adjusters to complete CE, the DHS issue would also be resolved.

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