Attachment One

Draft Pending Adoption

Draft: 12/1/14

Producer Licensing (EX) Task Force
Washington, District of Columbia
November 17, 2014

The Producer Licensing (EX) Task Force met in Washington, DC, Nov. 17, 2014. The following Task Force members participated: Todd E. Kiser, Chair (UT); Roger A. Sevigny, Vice Chair, represented by Barbara Richardson (NH); Lori K. Wing-Heier represented by Linda Brunette (AK); Dave Jones represented by Keith Kuzmich (CA); William W. Deal (ID); Sharon P. Clark (KY); Mike Rothman represented by Peter Brickwedde (MN); Wayne Goodwin represented by Rebecca Shigley (NC); Scott J. Kipper represented by Alexia Emmermann (NV); Julie Mix McPeak represented by Michael Humphreys (TN); and Jacqueline K. Cunningham represented by Brian Gaudiose (VA).

1. **Adopted its Sept. 11 and Aug. 17 Minutes**

Director Deal made a motion, seconded by Mr. Humphreys, to adopt the Task Force’s Sept. 11 (Attachment One) and Aug. 17 (see NAIC Proceedings – Summer 2014, Producer Licensing (EX) Task Force) minutes. There were no comments and the motion was unanimously adopted.

2. **Adopted the Report of the Producer Licensing (EX) Working Group**

Mr. Gaudiose said the Working Group adopted its Aug. 11 minutes, the Adjuster Licensing (EX) Subgroup’s Oct. 31 and Sept. 23 minutes, and the Continuing Education (EX) Subgroup’s Oct. 15 minutes. The Working Group agreed to postpone the scheduled review of the uniform application in 2015 until 2016. The Working Group will continue to review the State Licensing Handbook in 2015. Mr. Gaudiose said the Working Group adopted the report of the Continuing Education (EX) Subgroup, which has created a survey addressing continuing education (CE) uniformity and reciprocity. The Subgroup will use the information collected from the survey to create CE course guidelines and best practices for the states. Mr. Gaudiose said the Working Group adopted the report of the Adjuster Licensing (EX) Subgroup, including the NAIC Emergency Independent Adjuster Best Practices and Guidelines. Mr. Gaudiose said the Working Group discussed the producer appointment process and will provide further clarification on the appointment provisions of the Producer Licensing Model Act (#218).

Commissioner Clark made a motion, seconded by Ms. Brunette, to adopt the report of the Producer Licensing (EX) Working Group (Attachment Two), including adoption of the NAIC Emergency Independent Adjuster Best Practices and Guidelines (Attachment Three). The report and the guidelines were unanimously adopted.

3. **Heard an Oral Report from the NIPR**

Karen Hornig (NIPR) said NIPR has implemented 94 initiatives in 2014 and 27 jurisdictions have received NIPR products or enhancements in 2014. Ms. Hornig said the Contact Change Request software will be completed in December 2014. Ms. Hornig said this project will make it easier for producers to report a change of address to multiple jurisdictions. Ms. Hornig said there are 5.7 million producer records in the Producer Database and, since 2004, the NIPR has processed $3.1 billion in state fees. Ms. Hornig said these efforts require significant software and hardware and that the electronic processing efforts have masked the lack of uniformity among the states. Because of this, Ms. Hornig requested that the states focus on varying business practices that create more complexity in software and technology.

Ms. Hornig said the NIPR needs to focus on upgrades to technology and work with the states to streamline variables in the licensing process. Ms. Hornig requested that the states focus on creating greater uniformity in the lines of authority issued, the license reinstatement, late renewal and reapplication process, and the license expiration date. For example, Ms. Hornig said some states renew licenses on a producer’s birth date while other states renew licenses on the last day of the month of a producer’s birth month. Ms. Hornig said the NIPR would prefer for licenses to renew on the last day of a producer’s birth month. Commissioner Clark suggested NIPR staff work with NAIC staff to schedule a call with the state licensing directors to review these issues and receive feedback from all states. Ms. Hornig said the NIPR may also fund a session for the state licensing directors in Kansas City, MO, during the first half of 2015.
4. **Heard a Presentation from the AAICP**

David Farber (King and Spalding), representing the American Association of Independent Claims Professionals (AAICP), said that, in the past two decades, large employers have self-insured and insurers have outsourced claims departments. In response, the independent adjuster licensing industry has grown as large companies want one dedicated team to adjust claims across the country. Mr. Farber said a typical adjuster must hold at least seven licenses and the growth in the independent adjuster licensing industry has clashed with uncertain adjuster licensing uniformity and reciprocity among the states. Mr. Farber said the current state licensing framework creates interruptions and inefficiencies in the delivery of adjusting services. Mr. Farber said this is a real problem, noting that the states do not track how its home state adjusters are licensed in nonresident states. Mr. Farber said the states do not coordinate their adjuster licensing requirements, with the states having different testing and CE requirements. Mr. Farber said adjusters in 14 states in which an adjuster license is not required were obtaining “designated home state” licenses in Texas, as outlined in the *Independent Adjuster Licensing Guidelines* (#1224). Texas then changed the license title for these individuals to a “designated out of state” license, which created problems for these adjusters who no longer had a home state license to present to other states in order to obtain a nonresident license. Mr. Farber said these adjusters’ nonresident licenses were also jeopardized because they obtained their nonresident licenses on a reciprocal basis through their “designated home state” of Texas.

Mr. Farber said the AACIP has supported H.R. 2156, the Claims Licensing Advancement for Interstate Matters Act (CLAIM Act), which was introduced in the U.S. House of Representatives in 2013. Mr. Farber said this proposal is modeled after the National Association of Registered Agents and Brokers (NARAB) I legislation, and calls on the states to become uniform and reciprocal in their adjuster licensing processes within four years. The CLAIM Act preserves the states’ enforcement authority, the right to license or not license adjusters, licensing fees and substantive adjusting laws. Mr. Farber urged the states to enact the current *Independent Adjuster Licensing Guideline* (#1224) and to support the passage of the CLAIM Act.

Commissioner Clark said the states care about the adjuster licensing structure and adjuster activities in all states. Commissioner Clark said the states are not simply concerned about an adjuster’s activities within their own state.

5. **Heard a Report on Federal Producer Licensing Activities**

Tony Cotto (NAIC) said NARAB II legislation is attached to the federal Terrorism Risk Insurance Program Reauthorization Act, which may not be passed by the end of the year. Mr. Cotto said the NARAB II proposal has a sunset provision of two years, which may inhibit implementation, if passed.

Having no further business, the Producer Licensing (EX) Task Force adjourned.