Draft Pending Adoption

Drafted: 9/9/16

NAIC/Industry Liaison Committee
San Diego, California
August 28, 2016

The NAIC/Industry Liaison Committee met in San Diego, CA, Aug. 28, 2016. The following Committee members participated: Ted Nickel, Chair (WI); Julie Mix McPeak, Vice Chair (TN); Lori K. Wing-Heier (AK); Jim L. Ridling represented by Mark Fowler and Reyn Norman (AL); Dave Jones represented by Joel Laucher (CA); Stephen C. Taylor represented by Lee Backus (DC); Karen Weldin Stewart represented by Tanya Sherman (DE); Dean L. Cameron (ID); Brian Maynard represented by Rob Roberts (KY); Monica J. Lindeen represented by Michael Kakuk (MT); Todd E. Kiser represented by Tanji Northrup and Nancy Askerlund (UT); and Jacqueline K. Cunningham represented by Don Beatty and Rebecca Nichols (VA). Also participating were: Karl Knable (IN); and Mary Mealer (MO).

1. Adopted its Spring National Meeting Minutes

Commissioner McPeak made a motion, seconded by Director Wing-Heier, to adopt the Committee's April 5 minutes *(see NAIC Proceedings – Spring 2016, NAIC/Industry Liaison Committee)*. The motion passed.

2. Discussed Retirement Security and the Status of State-Run Retirement Initiatives

John Mangan (American Council of Life Insurers—ACLI) gave a presentation on the status of state-run retirement initiatives. Mr. Mangan said that 20 state legislatures have had bills introduced regarding state-run retirement plans in 2016. He said that, of those states, eight passed study bills, five passed plans and two passed voluntary marketplace bills. No states have implemented or enrolled workers.

Mr. Mangan shared concerns regarding the U.S. Department of Labor's (DOL) draft rules and regulatory guidance on facilitating state-run plans, including the significant costs to the states, as well as the significant costs and risk to employers. He expressed concerns with the states competing with private sector plans in a competitive market. He said the DOL regulatory guidance would allow state-run multiple employer plans (MEPs) that would not be available for private plans, creating an uneven playing field. He suggested alternative federal savings initiatives, such as expanding the private open MEP system; starter 401(k) plans for small employers, with simple administration and no required match; automatic individual retirement account (IRA) legislation, which would mandate auto-enrollment; plan start-up credit for plan formation and administration cost recovery; and simple IRAs and 401(k) plans with higher employee contributions and easier rollovers. Mr. Mangan also suggested alternative savings initiatives, such as public awareness campaigns, financial incentives to spur employer plan adoption and individual savings (e.g., plan start-up credits and low-income tax credits) and voluntary public-private partnerships that engage financial services providers and employers.

Jason Berkowitz (Insured Retirement Institute—IRI) shared similar concerns regarding the DOL draft rules and regulatory guidance. He said there is no need for state-run plans because nearly 80% of full-time workers have access to a plan, and more than 80% of workers with access participate. Mr. Berkowitz expressed concerns about the portability of plans across state lines. Mr. Berkowitz said the IRI's comments to the DOL regarding its proposed rules included recommendations that the DOL clarify that the existing IRA safe harbor is available for IRA state programs as long as they are voluntary. The IRI also said the DOL should allow auto-enrollment and auto-escalation features for all private sector plans currently covered by safe harbor, not just state plans.

Commissioner McPeak asked Mr. Berkowitz and Mr. Mangan to expand on the costs and liabilities to the states. Mr. Mangan replied that the start-up costs could be significant, anywhere from $75 million to $135 million in California and $45 million in Connecticut, based on state feasibility studies.

3. Discussed International Trade Issues, Specifically Access to New/Foreign Markets and Actions by Protectionist Countries

Eric Goldberg (American Insurance Association—AIA), Dave Snyder (Property Casualty Insurers Association of America—PCI) and Matt Wulf (Reinsurance Association of America—RAA) discussed how insurers and reinsurers are facing increased regulatory barriers in other jurisdictions, especially developing nations, throughout the world. Mr. Wulf said the regulatory measures barring market access are many times coming from the ministry of finance or some government entity other than

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the local (re)insurance supervisor. Mr. Wulf discussed the RAA's efforts to monitor regulatory developments related to market access in other jurisdictions.

Mr. Snyder said the importance of international trade and (re)insurance cannot be overstated. He said the number of people living in extreme poverty worldwide has declined by one billion since 1990, which is indicative of developing nations' increased participation in international trade and reduced barriers to integrating markets. However, as of 2011, 15% of the world's population continued to live in extreme poverty, so there is more work to do to reduce trade barriers. He said international (re)insurance globalizes the risk of catastrophe losses and provides access to global capital, which can be critical to a country rebuilding after catastrophic events. Mr. Snyder said efforts need to be made to eliminate discrimination against foreign (re)insurers. He said barriers to insurance trade have been increased through domestic purchase mandates; data localization rules that prevent international insurers from performing legally sanctioned, and even required, functions inherent in the insurance business; and rules preventing companies to operate as branches or subsidiaries. He said there are also some larger countries successfully manipulating the system by limiting U.S. companies' access to their market while the U.S. market is open to them.

Mr. Snyder said international regulatory organizations need to take on market access as an issue. He said the industry trade organizations have asked the International Association of Insurance Supervisors (IAIS) to assess the extent to which these market access restrictions are inconsistent with the IAIS Insurance Core Principles (ICPs) and to develop a policy position with respect to these issues. He said the Financial Stability Board (FSB) and the IAIS should be encouraging and supporting the growth of a strong, competitive private market as a key objective.

Mr. Goldberg emphasized the importance of supporting pending trade agreements and regulatory dialogues that call for cooperation and coordination, rather than imposing one system on another, like the Trans-Pacific Partnership and U.S.-European Union (EU) Insurance Dialogue Project.

Commissioner McPeak asked the panel to reconcile support for a covered agreement and requests for open access for U.S. companies doing business globally with a statement in the presentation that companies do business "subject to local jurisdiction." The panelists responded that while open access to insurance markets is the desire of U.S. companies, there are always some local jurisdictional requirements to be expected, such as filing and reporting. Mr. Wulf further noted that the RAA viewed the covered agreement process as a vehicle for solving the U.S. equivalency issue with the EU and that reinsurer collateral requirements could still be dealt with on a state basis under a properly executed covered agreement.

4. <u>Discussed Commercial Deregulation and the Status of the Initiative after Disbandment of the Working Group</u>

Mr. Goldberg, Mr. Snyder and Paul Tetrault (National Association of Mutual Insurance Companies—NAMIC) said further commercial lines modernization would benefit American businesses, so it continues to be a policy priority for the members of the AIA, NAMIC and the PCI.

Mr. Goldberg asked that documents and materials from the now disbanded Commercial Lines (EX) Working Group be made easily accessible on the NAIC's website. He said the AIA believes that the states that have not yet done so should relax or do away with rate and form approval requirements for property/casualty commercial lines. He said businesses need to know quickly whether, and at what price, insurance coverage can be purchased. He said it is important that insurers be able to quickly offer products and services that meet businesses' risk management needs, because they have many options to meet those needs and may elect to use less regulated, non-insurance options.

Mr. Snyder said the states moved toward file and use or informational filings for commercial forms because commercial insurance products are no more complex, in most cases, than other contracts a commercial policyholder, regardless of size or sophistication, regularly enters into in the normal course of business. He said most state insurance regulators have the authority to exempt commercial lines from filing requirements via administrative action. He said those states that do not currently grant such authority should consider legislation doing so.

Mr. Tetrault said inconsistent regulations/restrictions among the 50 states limit the ability of commercial insurers to offer coverage via a single policy to commercial insureds with exposure in multiple jurisdictions. He said insurers often find they must underwrite based on the most restrictive state where coverage is being offered. He said this does not necessarily provide for the best business opportunities for insureds, and that the alternative is to write multiple policies for a single policyholder or to carve out particular categories of loss.

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Commissioner Nickel said NAIC staff would look into making materials from the now disbanded Commercial Lines (EX) Working Group more easily accessible on the NAIC's website.

Having no further business, the NAIC/Industry Liaison Committee adjourned.

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2017 Mission Statement

NAIC/INDUSTRY LIAISON COMMITTEE

The mission of the NAIC/Industry Liaison Committee is to meet at least twice a year to discuss issues of common interest to regulators and insurance industry representatives.

NAIC Support Staff: Mark Sagat and Chara Bradstreet

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National Association of Insurance and Financial Advisors

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To: NAIC Industry Liaison Committee

From: Steve Kline

Date: November 29, 2016

Re: U.S. Department of Veterans Affairs Professional Examination Reimbursement Program

During the Industry Liaison Committee session at the NAIC's Fall 2016 meeting, the National Association of Insurance and Financial Advisors (NAIFA) will bring to the attention of regulators a U.S. Department of Veterans Affairs (VA) program that reimburses military veterans for the cost of taking various professional licensing examinations, including the insurance producer licensing exam. NAIFA will request that state insurance departments consider participating in the VA program.

Under the GI Bill's Licensing and Certification benefit, veterans may be eligible for up to $2,000 for the cost of taking an exam to become a licensed or certified professional in various fields. To be eligible for the VA examination reimbursement a veteran must live in a state that participates in the VA program and states must have their licensing examinations approved by the VA. We are aware of only 6 states that that participate in the program (California, Iowa, Illinois, Missouri, Montana, and Utah). NAIFA believes the VA program may help to incentivize military veterans to consider becoming licensed insurance producers.

For additional information, please see attached a comment letter from NAIFA and the ACLI to the Chair of the Producer Licensing (EX) Task Force as well as a screen shot of the section of the VA website that explains this program in greater detail. Also, the direct link to the VA program is as follows: http://www.benefits.va.gov/gibill/licensing_certification.asp

If you have questions regarding NAIFA's policy and advocacy on this issue, please contact Steve Kline of the NAIFA Government Relations staff at skline@naifa.org, or (703) 770-8187.

U.S. Department of Veterans Affairs

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SITE MAP (A-Z)

Health | Benefits | Burials & Memorials | About VA | Resources | News Room | Locations | Contact Us

IAMA...

Select One

Pre-Discharge

Compensallon

Education & Training

Education & Training Home

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    - Montgomery GI Bill
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    - VEAP
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    - On-The-Job and Apprenticeship
    - Tuition Assistance Top Up
    - Tutorial Assistance
    - Workstudy

For School Administrators

About GI Bill

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Vocational Rehabilttation & Employment

Home Loans

Life Insurance

Pension

VA » Veterans Benefits Administration » Education and Training » Licensing and Certification

Education and Training

Licensing and Certification

Open new doors to employment by getting licensed or certified as a mechanic, medical technician, attorney, or other professional. Often required for work in certain fields, these tests may be eligible for GI Bill reimbursement.

Type of Assistance

Tests that may be reimbursable by VA include licensing and/or certification for a job as a mechanic, medical technician, therapist, computer network engineer, website developer, and other professional There is no limit to the number of tests you may take, or number of times you may take the same test. And, VA will pay for tests even if you fail them.

Available Benefits

VA pays only the test costs, or up to $2,000 for each test. Fees connected with obtaining a license or certification are not reimbursable. Payment is issued after you submit proof of payment to VA. Find out how your GI Bill entitlement will be charged for taking a Licensing and Certification benefit.

Apply for benefits along with your request for payment for a test or tests Complete the VA Form 22-0803 (Application for Reimbursement of Licensing or Certification Test) at the Ask A Question website or mail it to your nearest VA regional processing office.

Other Factors to Consider

By certification, VA is referring to the certification you get by taking a specific test for a field of employment, and not a certificate you receive for completing training.

Assist a Veteran by Getting Your Test Approved

Help serve our nation's Veterans by getting your licensing or certification test officially approved, which lets Veterans and other **beneficiaries receive** reimbursement for test-taking costs. If you represent a state or local licensing board, the approval requirements are minimal. If you represent a nongovemmental organization, your test must be generally accepted within the industry, must have existed for at least two years, and must meet other requirements. VA sends test-taking payments directly to VA beneficiaries and not to your **organization**.

Seek approval for your organizations tests through the State Approving Agency for the state where your headquarters are located.

- Get detailed information in the VA Licensing and Certification Pamphlet.
- Search for approved tests online (If the test is not listed, it still may be a valid test !hats not yet approved for reimbursement)

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GI Bill

VERIFY SCHOOL ATIENDANCE

Keep receiving education and training benefits from VA by verifying your attendance.

RESOURCES

Benefits A-Z

Federal Benefits for Veterans. Dependents, and Survivors

Trouble Making Payments

New/Update Military ID Card

ACLI
Financial Security...for Life.

NAIFA
NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS

David Leifer
Vice President & Associate General Counsel

Steve Kline
Director of Government Relations

August 11, 2016

Roger A Sevigny
Commissioner
New Hampshire Insurance Department
21 South Fruit Street, Suite 14
Concord, New Hampshire 03301

Re: Producer Licensing Exam Veterans Reimbursement

Dear Commissioner Sevigny:

The American Council of Life Insurers (ACLI) and the National Association of Insurance Financial Advisors (NAIFA) are writing to enlist the support of the NAIC Producer Licensing Task Force in promoting an existing program for qualified veterans and dependents that provides reimbursement for the cost of licensing exams. The U.S. Department of Veterans Affairs pay the costs of professional licensing exams (not the cost of the license itself or test preparation) up to $2,000 – well above the cost of a producer licensing exam. The VA's website has additional details of the program. States must pre-qualify licensing exams in order for a veteran to successfully obtain reimbursement. It is our understanding that several states have already qualified their producer licensing exams.

As you are aware, our organizations have been concerned with increasing the number of qualified producers for many years. With your leadership and the efforts of the Producer Licensing Working Group, among others, much progress has been made. We believe this VA program is a great opportunity to grow the industry and help veterans and their families – all at no cost to individual states. We are hopeful that either your Task Force or the PLWG can find the time for a brief discussion of this at the upcoming National meeting in San Diego. With the support of the NAIC, our hope is that all states would qualify their producer licensing exam (all lines) for this program. And of course, ACLI and NAIFA will provide any assistance that we can.

As always, we look forward to working with state regulators and the NAIC in improving the producer licensing process. Please let us know if we can provide any additional information.

Sincerely,

David M. Leifer

David Leifer

Steve Kline

Steve Kline

cc: Keith Kuzwich, Chair Producer Licensing (EX) Working Group; Tim Mullen, Director, Market Regulation, NAIC; Greg Welker, Market Regulation Specialist, NAIC

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To: NAIC Industry Liaison Committee

From: Steve Kline

Date: November 29, 2016

Re: NAIFA Continuing Education for Membership in a Professional Insurance Association Model Act

During the Industry Liaison Committee session at the NAIC's Fall 2016 meeting, the National Association of Insurance and Financial Advisors (NAIFA) will inform the Committee that NAIFA has developed its own model state legislation that would allow financial advisors to receive some CE credit for actively participating as a member of professional insurance association, subject to approval of the state insurance commissioner. NAIFA State Associations may soon approach their insurance commissioners with this proposal, and we hope you will consider supporting the NAIFA model legislation.

The NAIFA model legislation would allow for financial advisors to receive up to 4 hours of CE credit per reporting period for membership in a professional insurance association. Under the NAIFA model, members must demonstrate active participation in the association to qualify for such CE credit. The NAIFA model gives authority to the state insurance commissioner to define the term "active participation, specify the associations where membership would be eligible for CE credit, and require any other criteria the commissioner may deem necessary. The NAIFA model legislation is based on laws enacted in Texas, Louisiana, West Virginia, Georgia, Oklahoma and Arkansas, where advisors are eligible for CE credit for association membership.

NAIFA and other professional insurance associations provide to their respective members educational and professional development activities while promoting a high standard of ethical conduct. We believe the NAIFA model could encourage financial advisors to become members of a professional insurance association which would ultimately benefit consumers by having access to better qualified advisors.

A copy of the NAIFA model is attached to this memo. If you have questions regarding NAIFA's policy and advocacy on this issue, please contact Steve Kline of the NAIFA Government Relations staff at skline@naifa.org, or (703) 770-8187.

Continuing Education Credit for Membership in a Professional Insurance Association Model Act

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Section 1. Purpose and Scope

The purpose of this Act is to encourage insurance producers to become members of a professional insurance association that promotes a high standard of ethical conduct and professional development by awarding insurance producers continuing education credit, subject to review and approval by the Commissioner, for membership in such associations.

Section 2. Definitions

A. "Commissioner" means the Commissioner or Director of the Department of Insurance for this state.

B. "Insurance Producer " means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance.

Section 3. Continuing Education Credit for Association Membership

A. Subject to approval by the Commissioner, an insurance producer's active participation as a member of a local, regional, state, or national professional insurance association may be approved for up to four hours of continuing education credit per each biennial reporting period.

B. An insurance producer may not use continuing education credit granted under this Act to satisfy continuing education hours required to be completed in a classroom or classroom equivalent setting or to satisfy any continuing education ethics requirements.

C. The continuing education hours referenced in Section A above shall be credited upon the timely filing with the Commissioner by the insurance producer of an appropriate written statement in a form acceptable to the Commissioner.

Section 4. Regulations

A. The Commissioner may by rule:
   1. Specify the types of associations that constitute local, regional, state, or national associations.
   2. Establish reasonable requirements for active participation in such associations.
   3. Promulgate other regulations necessary or proper to carry out the purposes of this Act.

Section 5. Effective Date

This Act shall take effect on [insert date]