

NAIFA ADVOCACY

One Standard for Agent Licensing

It's time for you to act. Support uniform agent licensing rules in your state.

Michael E. Gerber, Vice President and General Counsel

At NAIFA's National Leadership Conference last spring, NAIFA President Randy Kilgore asked a packed room of association leaders if they were licensed to sell insurance in more than one state. Every hand went up. "And how many of you had an easy time getting a nonresident license?" he asked. Every hand went down.

Here's a problem we can fix. If every state had the same producer licensing rules, it would clear the way for all states to grant nonresident licenses quickly and easily. NAIFA members can help make this happen.

The National Association of Insurance Commissioners has adopted a set of uniform standards for resident producer licensing. NAIC's uniform standards are based on NAIFA's recommendations and our detailed study of the different agent

licensing requirements throughout the country. (See box.) NAIFA's suggestions for uniform standards continue your association's tradition of advocating high educational and ethical requirements for insurance agents.

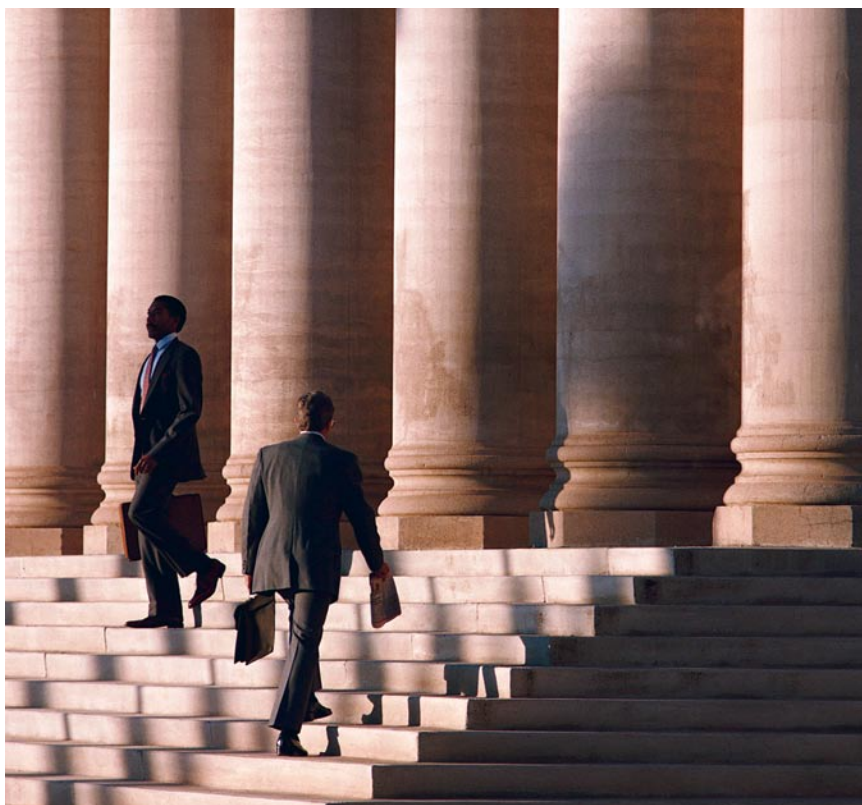
The adoption of NAIC's Producer Licensing Model Act in many states over the past few years has advanced the cause of uniformity and created a framework for streamlined reciprocal licensing for nonresident producers. If all states now

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also adopt the uniform standards, there would be no impediment to a simple, nationwide nonresident licensing system. It will mean greater efficiency and more options for agents seeking to do business in various states, and there is a greater likelihood that more states will grant reciprocal licensing to nonresident producers. Moreover, when states grant reciprocity, they'll know they're protecting consumers by licensing producers who meet nationally accepted qualifications.

ASK YOUR COMMISSIONER IF YOUR STATE'S LICENSING RULES MEET THE UNIFORM STANDARDS. IF THEY DON'T, ASK WHY.



The NAIC uniform resident producer licensing standards include the following elements (among others):

- applicants must be at least 18 years old, and be authorized to work in the United States
- applicants must complete 20 hours of prelicensing education for each major line of authority (in states that require prelicensing education)
- prelicensing education must be waived for license applicants with certain designations or degrees
- a licensing exam is required for each major line of authority
- a uniform background check procedure must be followed, including electronic fingerprinting for new licensees
- NAIC's uniform license application must be used
- licenses are to be issued in the following major lines: life, health, property, casualty, variable products and personal lines, and in only a discrete number of limited lines
- license terms must be perpetual, contingent on payment of a license continuation fee and completion of continuing education
- license continuation must occur biennially based on a licensee's date of birth or a certain date for businesses
- uniform grounds for denial or revocation of licenses
- 24 hours of continuing education is required every two years (including three hours addressing ethics), which may be taken in a classroom or through self-study

Now is the time for states to adopt these standards so that agent licensing rules are uniform nationwide. NAIC is committed to helping states streamline their procedures, and the federal government is scrutinizing the efficiency of state regulation with an eye towards imposing a single set of licensing standards across the country.

With this alignment of circumstances, you, and all NAIFA members, are urged to let your state insurance department know that you support NAIC's standards and that they should support legislation or regulation aimed at implementing the standards. Ask your commissioner if your state's licensing rules meet the uniform standards. If they don't, ask why.

You have a personal stake in this. It will make it easier for you to help clients in many states by easing the process of obtaining and managing your nonresident licenses. Reach out to your insurance department and legislators and encourage them to make your state's agent licensing rules consistent with NAIC's uniform standards for resident producer licensing. It will help you help more clients more easily. **AT**