

NAIFA ADVOCACY

Removing Licensing Hurdles

For many agents, there are too many licensing headaches. NAIFA is working to change that.

Michael E. Gerber, Vice President and General Counsel

Life insurance sales are down, millions of Americans have no individual life insurance policy, the number of career agents is decreasing and the average age of a life insurance agent is 55. With statistics like these facing you and the industry, the last thing you want is to be stuck in your office trying to get insurance department documents ready to renew nonresident licenses, instead of helping a family get the insurance they need.

And for young people hoping to join our profession, there are too many unnecessary hurdles to obtaining a license. They want to take the license exam when they finish their prelicensing education, not wait months and risk losing their chance to become an agent.

Why are these things happening? A root cause is that too many states have too many different or redundant ways of licensing new resident and nonresident agents. Inconsistent licensing rules strain agent resources, and the lack of uniformity in agent licensing makes it harder to get and maintain nonresident licenses. To help you get back to work, and let more new agents join you, NAIFA is working with state regulators to streamline the agent-licensing system. We understand the bottom line: Less time spent

on licensing paperwork means more time serving clients.

Best-practices handbook

The insurance regulators who met at the National Association of Insurance Commissioners' (NAIC) Producer Licensing Working Group meeting last fall vowed to modernize the agent-licensing process. They acknowledged that states must gain momentum in modernizing the state in-

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surance regulatory system, in response to federal proposals to legislate in this area, and that improving the agent-licensing system is a key part of the equation.

The working group adopted the suggestion that NAIFA and the American Council of Life Insurers (ACLI) proposed: to develop a best-practices handbook that would identify and popularize efficient licensing procedures. In addition to sharing effective licensing approaches among

the states, the handbook would promote licensing uniformity nationwide by encouraging states to adopt procedures and systems that have proven successful.

The handbook would not mandate specific procedures; instead, it would encourage state regulators to learn from each other and share what works regarding procedures, requirements and technology. Potential topics include prelicensing education, fingerprinting, license exams, the application process and continuing education.

Ongoing developments

The development of a best-practices handbook for agent licensing continues the work of the NAIFA-ACLI producer-licensing project, which is aimed at increasing the number of qualified life insurance agents by streamlining the agent-licensing process. It also furthers our efforts to modernize the system by implementing NAIC's Producer Licensing Model Act and Uniform Resident Licensing Standards on a more consistent basis around the country. Taken together, these enhancements will create a more agent-friendly environment, which will attract more newcomers and keep more experienced agents in the business. **AT**