

PRODUCER LICENSING (D) TASK FORCE

Producer Licensing (D) Task Force March 25, 2025, Minutes

Adjuster Licensing (D) Working Group Feb. 27, 2025, Minutes (Attachment One)

Producer Licensing Uniformity (D) Working Group Feb. 26, 2025, Minutes (Attachment Two)

Uniform Education (D) Working Group March 7, 2024, Minutes (Attachment Three)

Draft Pending Adoption

Draft: 3/29/25

Producer Licensing (D) Task Force
Indianapolis, Indiana
March 25, 2025

The Producer Licensing (D) Task Force met in Indianapolis, IN, March 25, 2025. The following Task Force members participated: Larry D. Deiter, Chair (SD); Sharon P. Clark, Vice Chair (KY); Lori K. Wing-Heier represented by Joanne Bennett and Jacob Lauten (AK); Alan McClain (AR); Ricardo Lara represented by Charlene Ferguson (CA); Trinidad Navarro represented by Susan Jennette (DE); Dean L. Cameron represented by Eric Fletcher (ID); Marie Grant represented by Mary Kwei (MD); Robert L. Carey represented by Timothy N. Schott (ME); Anita G. Fox represented by Renee Campbell (MI); Angela L. Nelson represented by Jo A. LeDuc (MO); Jon Godfread represented by John Arnold (ND); Mike Causey represented by Angela Hatchell (NC); Eric Dunning (NE); Scott Kipper represented by Alexia Emmermann (NV); Glen Mulready represented by Erin Wainner and Courtney Khodabakhsh (OK); Michael Humphreys represented by Michael Fissel (PA); Elizabeth Kelleher Dwyer represented by Mariel Garcia (RI); Cassie Brown represented by Randall Evans (TX); Jon Pike represented by Tanji J. Northrup (UT); Scott A. White represented by Richard Tozer (VA); Patty Kuderer represented by Andrew Davis (WA); and Allan L. McVey represented by Robert Grishaber (WV).

1. Adopted its Fall National Meeting Minutes

Ferguson made a motion, seconded by Commissioner Clark, to adopt its Nov. 17, 2024, minutes (*see NAIC Proceedings – Fall 2024, Producer Licensing (D) Task Force*). The motion passed unanimously.

2. Heard a Presentation from WSIA, the Council, and Steptoe on How the Surplus Lines Market Operates

John Meetz (Wholesale & Specialty Insurance Association—WSIA) said WSIA represents the entirety of the surplus lines industry and is unique in representing both carriers doing business in the United States and surplus lines brokers licensed in the United States. As of Jan. 1, 2025, WSIA membership consists of 278 wholesale or broker members, 176 insurance market or carrier members, and over 300 associate and service members. Meetz said that in 2023, the surplus lines market wrote \$115 billion in premiums in the U.S., representing roughly 12% of the property/casualty (P/C) premium written in the United States.

Blair Bartlett (Council of Insurance Agents & Brokers—Council) said the Council is a trade association, and its members are independent commercial insurance brokerage firms. Bartlett said the Council member firms represent 47 of the top 50 largest brokers of the U.S. business, annually placing 90% of all P/C premiums and 70% of all employee benefit business in the United States.

Keri Kish (WSIA) provided an overview of how consumers get to the surplus lines market. Kish said a consumer may have a complex risk today that a retail agent is unable to write. When this occurs, the retail agent will go to a wholesale broker who is a surplus lines producer. The surplus lines producer will go to the markets, which the retail agent is unable to access. Kish said the surplus lines producer will negotiate the terms of the contract with a surplus lines insurer and then present the contract to the retail agent, who will then present the quote to their client. Kish said it is important to highlight the wholesale broker/surplus lines producer does not work directly with the consumer. The retail agent works directly with the consumer while the wholesale broker works directly with the insurance company or surplus lines carrier. Kish said the retail agent's responsibilities are to explain the quote they receive from the wholesale broker, go over the policy terms, answer any questions, provide advice on whether to accept the policy, and then bind the coverage. The wholesale broker's responsibilities include procuring the policy from the surplus lines market, negotiating terms with the surplus lines carrier, binding the

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coverage, paying surplus lines taxes and filings with the states, engaging in inspections, and ensuring the insurer is eligible and financially solvent.

Kate Jensen (Steptoe) said Steptoe represents the Council. Jensen said the NAIC's *Producer Licensing Model Act* (#218) addresses the activities of retail producers. Jensen said insurance producers must have a license to sell, solicit, or negotiate insurance. Jensen said the NAIC's *Non-Admitted Insurance Model Act* (#870) addresses the licensing trigger for surplus lines licenses, using the word "procure" with a surplus lines insurer. Jensen said a person shall not procure a contract of surplus lines insurance with a surplus lines insurer without a surplus lines insurance producer license. Jensen said a surplus lines broker/producer has a P/C license and can conduct both insured-facing and non-admitted carrier-facing activities. Jensen said about 20 states follow Model #870's "procure" approach through the definition of surplus lines broker/producer. Jensen said all states require an underlying P/C producer license to obtain a surplus lines license.

Jensen said there is an opportunity for increased uniformity in surplus lines licensing, focusing on distinct licensure categories for producers and surplus lines brokers. Jensen said the industry is seeing conflating and confusing licensing standards. For instance, some states require the retail producer to be licensed as a surplus lines broker, even though they are going through the surplus lines broker to get to the non-admitted market. This is an unnecessary licensing requirement because the retail producer is only doing the insured-facing interaction.

In response to a question from Fletcher about whether the retail broker receives compensation for referring business to the surplus lines broker, Kish said the retail agent and wholesale broker split the commission. The retail agent prefers to use their markets first before going to another broker and splitting commissions.

3. Discussed the Draft 1033 Waiver Template

Tozer said he led a call with regulator subject matter experts (SMEs) to review the comments on the draft 1033 waiver template. Tozer said the draft template confirms the direction discussed at the last Producer Licensing (D) Task Force, which provides a person must seek written consent from their home state and that non-residents should not have to apply for a 1033 waiver. Tozer said the SMEs are close to finalizing their work and recommend another 30-day period to produce a new clean draft for review and comment by the Task Force and all interested parties. Tozer said there is a need to review the definition of "felony" due to state-by-state differences, and there is a need to review the use of the terms "waiver" and "written consent" to make sure they are appropriately used throughout the template.

Ferguson said California is close to supporting the draft 1033 waiver template. Ferguson said California is requesting the following edits to Section 2: (1) change the title to "Prohibited person must seek written consent;" (2) remove "in their home state" in the first sentence; and (3) edit the sentence about non-residents to state "Non-resident prohibited person applicants may not have to apply for a 1033 consent if they have received 1033 consent in their home state."

4. Adopted its Working Group Reports

A. Adjuster Licensing (D) Working Group

Khodabakhsh said the Working Group met on Feb. 27 (Attachment One) to discuss its revision of Chapter 18—Adjusters of the *State Licensing Handbook* (Handbook), designated home state standards, and licensing reciprocity for adjusters. Khodabakhsh said Rachel Chester (RI), Chair of the Adjuster Licensing (D) Working Group, is assembling a small drafting group to draft an adjuster licensing model act for the Working Group to review. The

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next Working Group call is scheduled for April 2. Director Deiter said the NAIC Membership has specific procedures for model law development, which the Working Group should review.

B. Producer Licensing Uniformity (D) Working Group

Khodabakhsh said the Working Group met Feb. 26 (Attachment Two) to discuss its charges and priorities for the year, including reviewing and updating the NAIC Uniform Licensing Standards (ULS) compliance charts and reviewing the Handbook. Khodabakhsh said the Working Group determined that 14 chapters need to be reviewed and potentially revised.

C. Uniform Education (D) Working Group

Tozer said the Working Group met March 7 (Attachment Three) to discuss reviewing three chapters in the Handbook: Chapter 6—Prelicensing Education, Chapter 8—Testing Programs, and Chapter 14—Continuing Education. Tozer said the Working Group has collected exam pass rates for 2024 from all examination vendors and will publish the data by the end of April.

Commissioner Clark made a motion, seconded by Ferguson, to adopt the reports of the Adjuster Licensing (D) Working Group, Producer Licensing Uniformity (D) Working Group, and the Uniform Education (D) Working Group. The motion passed unanimously.

5. Received a Report from the National Insurance Producer Registry

Director Deiter said the National Insurance Producer Registry (NIPR) Board of Directors meeting was held on March 23. NIPR had record revenue of just over \$82 million in 2024, a 14% year-over-year increase. Through February 2025, revenues are \$15.8 million, which is 9.6% over budget.

Laurie Wolf (NIPR) said NIPR continues to expand its electronic solutions for states and the industry, enabling efficient processing of licensee updates like name changes and Designated Responsible Licensed Producer (DRLP) changes. To date, NIPR has implemented these solutions in 33 states for name changes and 24 states for DRLP changes. Additionally, 38 states are currently utilizing NIPR's contact change request product for business entities. As states expand their regulatory oversight, NIPR continues to add new license classes, such as Pharmacy Benefit Managers (PBMs) and adjusters through the use of the NAIC Uniform Licensing Applications. Wolf said NIPR will launch a redesigned website (NIPR.com) this spring to offer a streamlined user experience that makes it easier for producers to navigate applications and renewals.

Wolf said NIPR, in collaboration with the NAIC, completed Western Zone producer licensing training in March. Staff from 15 of the 17 Western Zone jurisdictions participated. NIPR's Midwest Zone training is scheduled for June 10-12 in Chicago, with plans to host the remaining zone trainings in 2026. Wolf said NIPR is funding two regulators from each state to attend these trainings. The program provides a unique opportunity for regulators to explore producer licensing intricacies, address current and emerging industry issues, and engage in peer dialogue. The training covers best practices, regulatory changes impacting producer licensing, and the evolving landscape of state insurance regulation.

Wolf said NIPR restructured its state support team in January, creating three dedicated teams, each led by a state relationship account manager. These managers conduct regular calls with states to address their specific needs and streamline licensing processes.

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

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Attachment One
Producer Licensing (D) Task Force
3/25/25

Draft: 3/18/25

Adjuster Licensing (D) Working Group Virtual Meeting Feb 27, 2025

The Adjuster Licensing (D) Working Group of the Producer Licensing (D) Task Force met Feb. 27, 2025. The following Working Group members participated: Rachel Chester, Chair (RI); Lorie Gasior, Vice Chair (LA); Peggy Dunlap (AR); Troy Dickinson (CA); Lee Ellen Webb (KY); Jill Huisken (MI); Vanessa Miller (MS); Vanessa Dejesus (NM); Angela Hatchell (NC); Courtney Khodabakhsh (OK); Jodie Delgado (TX); Randy Overstreet (UT); Richard Tozer (VA); Jeff Baughman (WA); and Lisa Hastings (WY).

1. Discussed Priorities and Charges

Chester said the Working Group will be continuing with the work they began in 2024. She said any state that would like to join the Working Group as a member, interested regulator or interested party for 2025, to email Greg Welker. North Carolina and Georgia stated on the call that they would like to join the Working Group

Chester said first to let the Working Group know there will a Working Group conference call on Wednesday, April 2, 2025 at 1:00PM Eastern. She said this call will be to kick start direction of the Working Group by reviewing the 2024 adjuster licensing survey results to ensure consistency in information, discuss the designated home state best practices and gather feedback from Working Group members, review and updated the adjuster licensing standards, review the NAIC Adjuster Uniform Application to ensure accuracy and finalize the review of the State Licensing Handbook – Chapter 18 Adjuster.

Chester said the Working Group will also need to begin planning for the NAIC Insurance Summit to provide some adjuster training.

Having no further business, the Adjuster Licensing (D) Working Group adjourned.

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Producer Licensing Uniformity (D) Working Group
Virtual Meeting
February 26, 2025

The Producer Licensing Uniformity (D) Working Group of the Producer Licensing (D) Task Force met Feb. 26, 2025. The following Working Group members participated: Courtney Khodabakhsh, Chair (OK); Monicka Richmeier, Vice Chair (KS); Peggy Dunlap (AR); Charlene Ferguson (CA); Lori Thomason (ID); Lorelei Brillante (MD); Jill Huisken (MI); Janelle Middlestead (ND); Tynesia Dorsey (OH); Tony Dorschner (SD); Randy Overstreet (UT); Richard Tozer (VA); Jeff Baughman (WA); and Lisa Hastings (WY). Also participating was: Vanessa C. Miller (MS).

1. Discussed its Priorities and Charges

Khodabakhsh said for 2025, the Working Group's charges and priorities will focus on its work to revise the *State Licensing Handbook* chapters and update the Uniform Licensing Standards (ULS). She said the *State Licensing Handbook* chapters will include Chapter 1—Modern Producer Licensing, which will be updated with information on services provided by the National Insurance Producer Registry (NIPR). The Uniform Education (D) Working Group will review Chapter 6—Prelicensing Education, Chapter 8—Testing Programs, and Chapter 14—Continuing Education. Comments from California and Virginia requested the review of Chapter 7—Application Review for Initial Licenses. Chapter 18—Adjuster Licensing is currently being reviewed by the Adjuster Licensing (D) Working Group.

Khodabakhsh said the remaining chapters in the handbook will be reviewed by this Working Group, including Chapter 7—Application Review for Initial Licenses, Chapter 9—Lines of Insurance, Chapter 10—Surplus Lines Producer Licenses, Chapter 11—Appointments, Chapter 12—Business Entity, Chapter 13—Temporary Licenses, Chapter 19—Bail Bonds Agent, Chapter 24—Managing General Agents, Chapter 25—Multiple Employer Welfare Arrangements, and Chapter 30—Viatical and Life Settlement Brokers.

Khodabakhsh said the Working Group distributed a request for updating the NAIC ULS charts. She said the Working Group currently has 26 state responses and will contact the remaining states to complete all state charts.

Khodabakhsh said the Working Group plans to meet on the first Tuesday of the month to complete its charges and priorities.

Having no further business, the Producer Licensing Uniformity (D) Working Group adjourned.

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Uniform Education (D) Working Group
Virtual Meeting
March 7, 2025

The Uniform Education (D) Working Group of the Producer Licensing (D) Task Force met March 7, 2025. The following Working Group members participated: Richard Tozer, Chair (VA); Lorelei Brillante, Vice Chair (MD); Peggy Dunlap (AR); Charlene Ferguson (CA); Vanessa C. Miller (MS); Victoria Baca (NM); Lindsey Jones (OH); Courtney Khodabakhsh (OK); Rachel Chester (RI); Jodie Delgado (TX); and Jeff Baughman (WA).

1. Discussed its Review of the *State Licensing Handbook*

Tozer said the Working Group was asked in 2024 to review chapters of the *State Licensing Handbook* relevant to uniform education. This includes Chapter 6—Prelicensing Education, Chapter 8—Testing Programs, and Chapter 14—Continuing Education. This year, the Working Group will continue to finalize its review and provide suggestions to the Producer Licensing Uniformity (D) Working Group before the 2025 Summer National Meeting. Tozer said the Working Group plans to meet monthly throughout the year to: 1) finalize the chapters; and 2) focus on its remaining charges and priorities.

2. Discussed the CE Audit Survey

Tozer said the Working Group distributed a survey in 2024 to collect state information concerning continuing education (CE) audit procedures and guidelines for course introduction statements. He said the Working Group reviewed the initial responses in November of last year. Tozer said the Working Group will work to add states that have not responded to the survey and revisit the results.

3. Discussed Producer Licensing Pass Rates

Tozer said he has been working with the NAIC to collect all the state pass rates for 2024. He said the data from Prometric, PSI Services, and Pearson Vue concerning the state pass rates they service have been received. Tozer said there are a few additional states outside the vendors that oversee pass rates in-house. He said once all the data is received, the NAIC will compile and create the 2024 pass rate report.

Having no further business, the Uniform Education (D) Working Group adjourned.

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