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# Issue Paper

## *Producer Licensing*

August 2014

### PIA:

- **Supports efforts to achieve a modern, nationwide insurance producer licensing system utilizing model laws and regulations, such as the Producer Licensing Model Act (PLMA), and electronic facilitators, such as the National Insurance Producer Registry (NIPR).**
- **Supports the National Association of Registered Agents and Brokers (NARAB II, H.R. 115 and S. 534), commonly known as NARAB II, which would facilitate reciprocity without creating a new federal insurance bureaucracy.**
- **Supports the efforts of state organizations, such as the National Conference of Insurance Legislators (NCOIL) and the National Association of Insurance Commissioners (NAIC), to promote uniform state laws and regulations.**

Efforts to modernize the existing regulation of producer licensing should be completed through state insurance departments. This system has proven to be the most effective system for protecting consumers and maintaining a vibrant marketplace for the industry. Independent insurance agencies are increasingly operating in multiple jurisdictions and are often required to obtain and maintain multiple licenses. This has traditionally been a great burden on agencies, increasing their costs and taking precious resources away from serving their consumers.

NARAB II passed the U.S. House of Representatives in September 2013. A different version of NARAB II was included in the U.S. Senate Terrorism Risk Insurance Act reauthorization bill that passed in July 2014.

PIA favors innovations that streamline agent and broker licensing, so long as they do nothing to undermine the principle of state-based regulation of insurance. NARAB II provides another viable option for an improved agent licensing process, along with the NIPR, which recently achieved the capability for individual non-resident licensing and renewals for all 50 states and the District of Columbia. PIA serves on the board of NIPR.

PIA believes that supervisory authority over NARAB II should never be granted to the Federal Insurance Office (FIO), as that would constitute both a breach of the statutory prohibition against the FIO acting as a regulator of insurance and an assault on the principle of state-based regulation of insurance.

Independent insurance agents should be able to apply for a license online and receive an answer within two days. This is the case with most jurisdictions because they have adopted the PLMA and they use the NIPR for their electronic licensing needs. Although a producer can currently obtain and maintain their individual non-resident license electronically in almost every state, the system is not quite complete. Significant progress has been made over the last few years, though more work is needed in order to achieve a comprehensive nationwide, state-based licensing system. PIA believes the best thing Congress can do to help us achieve this goal is to continue to work with states to adopt more uniform laws.

For additional information on this issue, please contact PIA's federal affairs department or visit <http://www.pianet.com/issues-of-focus/producer-licensing>.