

Producer Licensing Overview

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Introduction to Producer Licensing



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History of Regulation

1869 – Paul vs Virginia (State)

1944 – U.S. vs SEU (Fed)

1945 – McCarran-Ferguson
Act (State)

1999 – Gramm-Leach-Bliley
Act (NARAB)



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Introduction to Producer Licensing

NAIC (1871)

- Assist in developing uniform policies
- Protect the public interest
 - Reciprocal General Insurance Act
- Producer Licensing Model Act (PLMA)
- Uniform Licensing Standards (ULS)
- State Licensing Handbook

NIPR (1996)

- National Insurance Producer Registry (nonprofit/NAIC)
- Streamline producer licensing process to make more uniform
- Producer Database (PDB) – Electronic insurance producer license and appointment information
- NIPR Gateway – Links insurance departments and provides for electronic submissions of licensing information

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The Producer Licensing Model Act (PLMA)

- What is a Model Act?
- PLMA adopted in 2000 – amended 2005
- Purpose and Scope:
 - Governs qualifications and procedures for the licensing of insurance producers
- Recommended that any statute or regulation inconsistent with the act be repealed or amended

NAIC Model Laws, Regulations, Guidelines and Other Resources—January 2005

PRODUCER LICENSING MODEL ACT

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PLMA Highlights and Key Takeaways

- WHO needs to be licensed?
 - Sell, solicit, and negotiate
- Who does NOT need to be licensed?
 - Exceptions to licensing
- Application process and qualifications
- Types of licenses (Authority)
- License denial, nonrenewal, or revocation
- Appointments



PLMA Highlights and Key Takeaways

- Nonresident licensing and reciprocity
 - A person is entitled to a nonresident producer license if:
 - They are currently licensed in good standing as a resident in home state
 - Submitted request and paid the \$\$\$
 - Submitted to the commissioner the same application sent to the home state or the Uniform Application
 - The person's home state awards nonresident producer licenses to residents of this state on the same basis (reciprocity)

Uniform Licensing Standards (2002/2012)

- Licensing Qualification Standards
 - Age 18, legal work authorization, no high school diploma required
- Prelicensing Education Training Standards (Residents)
 - ULS does not require PLE
 - 21 states DO require PLE – Uniform Licensing Standards require 20 hours per major line of authority up to 40 hours for 2 major lines (LH or PC)
 - States may not require additional prelicensing education for nonresident applicants or nonresident producers who change their residency

Major Lines of Authority

1. Life
2. Accident and Health or Sickness
3. Property
4. Casualty
5. Variable Life and Variable Annuity
6. Personal Lines



Uniform Licensing Standards

- Background Checks for Resident Applicants
 - Standard background questions contained on the Uniform Application
 - States will run a check against the NAIC Regulatory Information Retrieval System (RIRS)/State Producer Licensing Database (SPLD)/1033 application and
 - Fingerprint resident producer applicants and run a state and federal background check OR
 - If the state lacks the authority to accept/receive data from FBI, conduct a statewide criminal history background check until it obtains authority (20 states currently do not do fingerprinting)



Uniform Licensing Standards

- Appointment Process

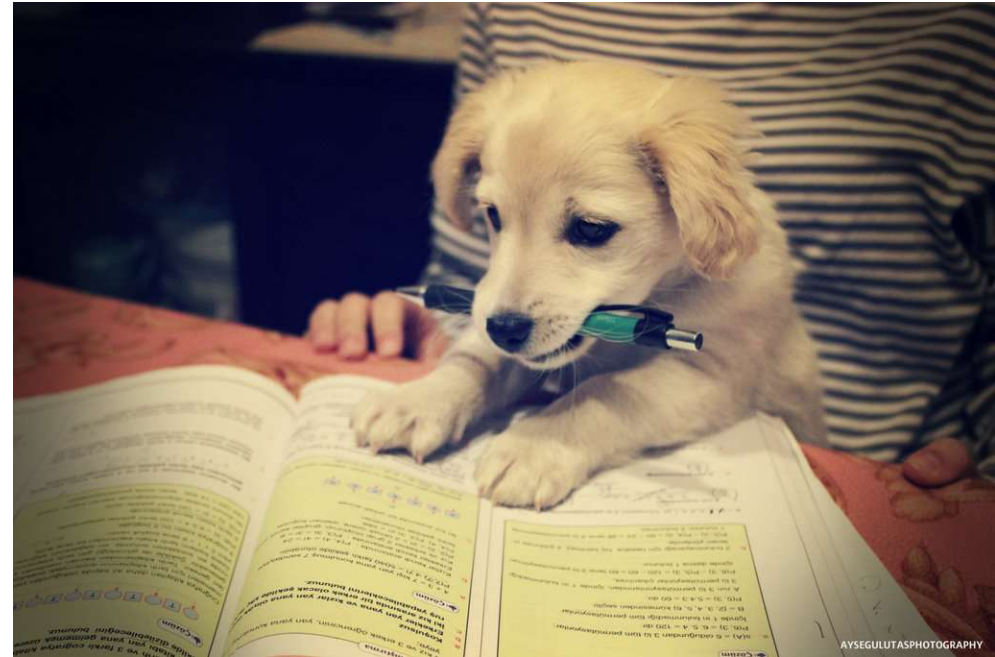
- If required, states follow Uniform Appointment Process or NIPR electronic appointment/termination process
- 8 states do not file appointments

- License Renewal

- Biennial, birth month/date of birth, renewal fees
- May require renewal application

Continuing Education

- Resident Producers
- Biennial compliance period
- 24 hours/3 ethics
- Major lines of authority
- 10 states not uniform



Disinterested Third-Party?

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Product-Specific Training Requirements

- Annuity Suitability/Best Interest
- Flood Insurance Training
- Long-Term Care/Long-Term Care Partnership
- Claims-Made Training (CO)
- Indexed Products (IA)
- Medicare (TX)
- Coming soon – CA Non-Term Life Insurance (January 1, 2025)

NAIC State Licensing Handbook (2009, '11, '18, '20)

- Provides framework to insurance departments administering a producer licensing program
- Includes PLMA and ULS
- Model Bulletins and FAQs
- Guidelines and Recommendations
 - Continuing Education Requirements
 - Uniform Criminal History and Regulatory Action Background Review
 - Professional Licensing Standards
- [NAIC State Licensing Handbook](#)

Working Toward Uniformity...

- [Course Guidelines for Classroom Webinar/Webcast Delivery](#)
- [Continuing Education Standardized Terms and Definitions](#)
- [Prelicensing Education Standardized Terms and Definitions](#)
- [Continuing Education Recommended Guidelines for Online Courses](#)
- [Continuing Education Recommended Guidelines for Classroom Course](#)
- [Continuing Education Reciprocity](#)
- [Continuing Education Reciprocity Uniform Course Filing Form](#)

Working Toward Uniformity...

- Producer Licensing Task Force – NAIC.org
- Producer Licensing Uniformity Working Group – NAIC.org
- Uniform Education Working Group – NAIC.org
- SILA Education and Training Subgroup (SETS) – SILA.org
- SILA Agent and Carrier Subgroup (SACS) – SILA.org

Thank you for attending!

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