



# ISSUES

## Producer Licensing

July 2010

**PIA supports modernizing the existing regulation of producer licensing through state insurance departments. This system has proven to be the most effective system for protecting consumers and maintaining a vibrant marketplace for industry.**

PIA:

- Is committed to achieving 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 state based efforts to increase licensing reciprocity and uniformity.
- Supports narrowly targeted federal legislation, such as NARAB II, that would facilitate reciprocity without creating a new federal insurance bureaucracy.
- Supports the efforts of state organizations, such as NCOIL and the NAIC, to promote uniform state laws and regulations.

Independent insurance agencies are increasingly operating in multiple jurisdictions and therefore often are 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. The state system is improving and electronic licensing is the answer.

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 NIPR for their electronic licensing needs. Significant progress has been made over the last few years, though more work is needed in order to achieve a nationwide, state-based licensing system. PIA believes the best thing Congress can do to help us achieve this goal is to continue to pressure states to adopt more uniform laws.

In addition to supporting state based efforts, PIA supports NARAB II, targeted federal legislation that streamlines producer licensing requirements, provides a common ease-of-doing business process, is open across all state borders, and provides effective state enforcement for all resident and nonresident insurance producers.

For additional information on this issue, please contact PIA's federal affairs department.