



April 1, 2020

**To: All Chief State Regulatory Officials**

**From: Susan Neely (ACLI), Marc Cadin (AALU/GAMA), Kevin Mayeux (NAIFA) and Daniel LaBert (NAILBA)**

**Re: Temporary Pandemic-Related Producer License Accommodations**

We truly understand that you, as the chief executive officers of your departments, are operating under extraordinary states of emergency. We share the same priority – the health and safety of our staff – as we continue to provide mission critical services to consumers in a remote capacity.

The life insurance industry was born out of the idea that no family should be on their own in hard times. Life insurers and the producers who represent them are essential to the economic well-being of our country and the communities they serve. As U.S. Treasury Secretary Mnuchin noted, insurance services and the individuals who deliver them are critical to ensuring citizens have access to safe and efficient financial services that are necessary to conduct their daily lives.

### **Closure of Producer Examination and Fingerprinting Facilities Have Left Producer License Applicants in Limbo**

With the onset of COVID-19, we have seen a dramatic increase in life insurance applications (30-50 percent according to some sources) as many consumers realize how financially stressed their families could become upon death or disability of the primary bread winner. Unfortunately, while the demand is real and beneficial for consumers, the entry of new producers into the system to meet this demand has effectively ceased due to the closure of third-party testing centers and fingerprinting operations resulting from social distancing protocols.

While pre-licensing classes may be available online, an applicant cannot obtain a license from the Department because of the inability to sit for a license exam or capture fingerprints. As a result, through no fault of their own, these men and women are caught in limbo – unable to work, draw income and help the industry meet the needs of consumers during this health and economic crisis. At a time when unemployment is on the rise due to COVID-19, our industry is in the position to put people back to work.

At some point, an applicant may be able to take a license exam remotely, but that may take some time because the exam testing centers provide services for other professions and certifications. Further, we can expect a significant backlog once testing centers reopen or offer remote exams. There is simply not enough capacity in the system to resolve this problem quickly.

### **States Are Acting to Provide Temporary, Pandemic-Related “Bridge Licenses”**

A number of states have recognized temporary licenses for many years. However, in response to the disruption caused by COVID-19, states like Louisiana, Nebraska, Oklahoma and West Virginia have taken

important steps in the past few weeks to address this problem by permitting an applicant in good standing who has met pre-existing requirements to obtain a temporary license, but only upon the satisfaction of certain extraordinary conditions that are in the public interest.

These states are approaching the temporary license as an emergency, stop gap measure and a bridge to a permanent license once testing and fingerprinting operations return to normal or these services are available remotely. The license would no longer exist upon expiration of the waiver or emergency action taken by the state and would only allow for insurance sales within the home (resident) state of the individual, thereby minimizing administrative burdens for state licensing departments and NIPR.

Most state laws give insurance regulators broad authority to waive licensure requirements when the commissioner finds that the public interest will best be served by such waivers. Other states can accomplish this result through adoption of an emergency order or regulation. We therefore respectfully ask that during the COVID-19 pandemic crisis, you take appropriate action to issue producer licenses to those applicants who are unable to take the licensure exam due to the COVID-19 social distancing business closures when certain conditions are met. The circumstances and conditions are as follows:

- These licenses would be temporary and would expire after a specific period of time or until the commissioner deems that exam and background services are available either in-person or through remote technology.
- By issuing the temporary license, the state would also deem the producer as appointed to the sponsoring insurer, and this appointment would be for the duration of the temporary license.
- An insurance carrier must sponsor the agent eligible for temporary licensure. Note that this would not require the agent to be an employee of the insurance company. Independent contractors can also avail themselves of a temporary license.
- The sponsoring insurance carrier must confirm that the applicant for temporary licensing has completed all state-required training and coursework.
- The sponsoring carrier must keep track of which agents are functioning under a temporary license in order to quickly move them through the exam and background process once those vendors are available.
- The sponsoring insurance carrier must initiate a background check on applicants for temporary licensure.
- The sponsoring insurance carrier will assure that the temporarily licensed producers' sales activities and training are coordinated by a licensed insurance producer in good standing with the state insurance regulator or where applicable, a FINRA licensed registered principal.


As you can see, these robust conditions balance the need for strong consumer protections with the ability of a qualified, supervised license applicant to overcome an unfortunate obstacle in the path of licensure caused by COVID-19 related disruption.

Attached for your convenience is a copy of the Louisiana temporary producer license emergency regulation which was adopted on March 25, 2020 and is in effect until May 15, 2020 unless terminated sooner or extended to a later date.

We look forward to working cooperatively with NIPR, and wherever possible building on the great work it does to support the state-based producer licensing system. This is an issue we believe lends itself to complementary solutions supported by state insurance regulators, NIPR and the industry acting together to serve consumers during these unprecedented times.

Thank you again for your leadership during this crisis and for your consideration of these recommendations. We know you have many demands and obligations as you work through this crisis, and we stand ready to assist you in any way we can.

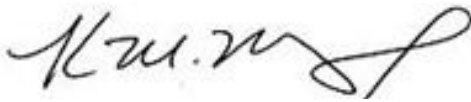
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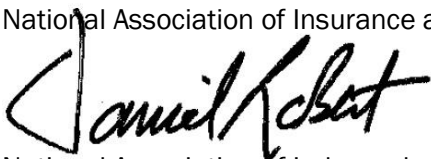
American Council of Life Insurers – Susan Neely, President & CEO



Association for Advance Life Underwriters/General Agents and Managers Association – Marc Cadin, CEO



National Association of Insurance and Financial Advisors – Kevin Mayeux, CEO



National Association of Independent Life Brokerage Agencies – Daniel LaBert, CEO

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*The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.*

*Announced in July 2019, the Association for Advanced Life Underwriting (AALU) and GAMA International announced they will be joining forces to create a new organization representing the entire financial security profession. The new organization will be built on three pillars of best-in-class advocacy, leadership and professional development, and elevating the profession.*

*Founded in 1890, NAIFA is the oldest, largest and most prestigious association representing the interests of financial services professionals from every Congressional district in the United States. Our mission – to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members – is the reason NAIFA has consistently and resoundingly stood up for financial services professionals and called upon members to grow their knowledge while following the highest ethical standards in the industry. Visit [www.naifa.org](http://www.naifa.org).*

*NAILBA is the leading insurance industry organization promoting retirement security and consumer choice in the insurance and financial services marketplace through the use of independent wholesale brokerage distribution channels. NAILBA is the voice of independent brokerage distribution.*