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.

Sincerely,

Susan K. Neely, President & CEO
American Council of Life Insurers

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

Kevin Mayeux, CEO
National Association of Insurance and Financial Advisors

Daniel LaBert, CEO
National Association of Independent Life Brokerage Agencies

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.

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.
On January 31, 2020, the United States Department of Health and Human Services Secretary Alex A. Azar declared a public health emergency (PHE) for the United States to aid the nation’s healthcare community in responding to the coronavirus disease (COVID-19). The United States Centers for Disease Control and Prevention (CDC) has declared COVID-19 a worldwide pandemic due to its global effect. Furthermore, on March 13, 2020, President Donald Trump invoked the Stafford Act and declared a national emergency regarding the COVID-19 outbreak. COVID-19 has been detected in the state of Louisiana with a growing number of residents testing positive for the disease. There is reason to believe that COVID-19 may spread among the population by various means of exposure, therefore posing a significant risk of substantial harm to a large number of citizens.

Emergency Rule 38 is issued to address the mass disruption to the normalcy previously enjoyed by citizens of Louisiana as a result of the effects of Covid-19. Specifically, the stay at home orders inhibit the ability to sit for an insurance examination and submit fingerprints in association with insurance producer license applications. Emergency Rule 38 is issued under the authority of the Commissioner of Insurance for the State of Louisiana, pursuant to the following: Proclamation No. JBE 2020-25 issued on March 11, 2020, by Governor John Bel Edwards declaring a State of Emergency extending from March 11, 2020, through April 9, 2020, unless terminated sooner and Proclamation No. JBE 2020-29 issued on March 14, 2020, transferring authority over certain insurance matters to Commissioner of Insurance James J. Donelon (Commissioner).

COVID-19 has created a mass disruption to the normalcy previously enjoyed by Louisianans and is an immediate threat to the public health, safety, and welfare of Louisiana citizens. In order to respond to the emergency and to protect and safeguard the public, health, safety and welfare of the citizens of this state, it is necessary to issue Emergency Rule 38.

Title 37
INSURANCE
Part XI. Rules
Chapter 37. Emergency Rule 38—Temporary Licensing of Certain Producers

§3701. Purpose
A. Emergency Rule 38 provides for the procedure to implement the protocol necessitated for the temporary licensing of insurance producer applicants who have been negatively impacted by closure of insurance testing sites following issuance of Proclamation No. 33 JBE 2020, issued on March 22, 2020, by Governor John Bel Edwards declaring a stay at home order and closure of nonessential businesses until April 13, 2020 unless terminated sooner.

B. An additional purpose of this regulation is to set forth the duration of the temporary license issued hereunder, the eligibility for the license and the process of obtaining a permanent replacement producer license.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3703. Applicability and Scope
A. Emergency Rule 38 shall apply to those individuals making application for an insurance producer license for the line or lines of insurance with a pre-licensing education requirement set forth in R.S. 22:1571E or F. producer applicants.

B. Emergency Rule 38 shall not apply to any license for which there is no pre-licensing education requirement.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3705. Definitions
A. For the purposes of Emergency Rule 38 the following terms are defined as follows:

Applicant— a natural person who is seeking a license as an insurance producer who is required by statute to obtain pre-licensing education and pass an examination.

Approved Pre-Licensing Course—an education program certified by the Commissioner pursuant to R.S. 22:1571.

Commissioner—the Commissioner of Insurance for the State of Louisiana.

Insurance Producer—as defined in R.S. 1542(6).


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3707. Temporary License Application
A. An individual that has completed a Louisiana approved pre-licensing course no more than 12 months prior and who would be eligible to sit for the applicable pre-licensing examination if the contracted testing centers were available may request issuance of a temporary license for the line or lines of insurance for which they have met the pre-license education requirement.

B. The individual shall submit an insurance producer license application for the line or lines of insurance using the National Insurance Producer Registration (NIPR) website at nipr.com and pay the appropriate fee upon submission.

C. After receiving confirmation of the submission of the application using nipr.com, the applicant shall submit a written request to be issued a temporary license to the Louisiana Department of Insurance by email to producerlicensing@ldi.la.gov. That written request must include the transaction number received from nipr.com upon submission of the application and include a copy of the pre-license program completion certificate issued by the approved pre-licensing provider to the individual.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3709. Condition of Issuance of Temporary License
A. An applicant for a temporary license pursuant to this Emergency Rule shall not have been convicted of a felony.

§3711. Expiration of Temporary License
A. All temporary licenses issued pursuant to this Emergency Rule shall expire on May 15, 2020 unless the term is extended by Order of the Commissioner.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3713. Conversion of Temporary License
A. Any temporary license issued pursuant to Emergency Regulation 38 may be converted into a permanent license by completion of all prerequisites of a license for the line or lines of insurance including passing the required examination and submission of fingerprints pursuant to the applicable statutes prior to expiration of the temporary license.

B. No additional fee shall be required in association with the issuance of a permanent license.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3715. License Denial, Suspension or Revocation
A. The Commissioner may refuse to issue, suspend or revoke any temporary license issued pursuant to Emergency Rule 38 for any of the reasons set forth in R.S. 22:1554.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3717. Effective Date
A. Emergency Rule 38 shall become effective at 12:01 a.m. on March 25, 2020 and shall continue in full force and effect until May 15, 2020, unless terminated sooner.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

§3719. Severability
A. If any section or provision of Emergency Rule 38 or its application to any person or circumstance is held invalid, such invalidity or determination shall not affect other sections or provisions or the application of Emergency Rule 38 to any persons or circumstances that can be given effect without the invalid section or provision or application, and for these purposes the sections and provisions of Emergency Rule 38 and the application to any persons or circumstances are severable.


HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 46:

James J. Donelon
Commissioner

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