



April 8, 2020

Ricardo Lara, California Insurance Commissioner
California Department of Insurance
300 Capitol Mall, 16th Floor
Sacramento, CA 95814

Re: Temporary Producer Licensing and Renewals

Dear Commissioner Lara:

Thank you for your continued leadership during this extraordinary public health crisis. As representatives of various segments of the insurance industry, we appreciate the dedication you and your staff have shown to the health and safety of your constituents during this emergency, as well as to the continuation of a strong insurance market that is able to serve California consumers.

We the undersigned trade groups represent dozens of companies and thousands of agents doing business in California. We include:

- *The American Property Casualty Insurance Association* representing nearly 60 percent of the U.S. property casualty insurance market
- *The Association of California Life & Health Insurance Companies* representing 48 life and health insurers that provide more than \$2.5 trillion of insurance coverage to Californians and that have invested more than \$517 billion in the California economy.
- *The Independent Insurance Agents & Brokers of California* representing the West Coast's largest trade association of insurance agents and brokers
- *The National Association of Insurance and Financial Advisors-California* representing thousands of life insurance agents, financial advisors, multi-line agents, health insurance and employee benefits specialists and financial planners across California
- *The National Association of Mutual Insurance Companies* which for 120 years has served the needs of mutual insurance companies – large and small -across the United States

- *The Pacific Association of Domestic Insurance Companies* representing small to mid-sized California domestic property and casualty insurance companies.
- *The Personal Insurance Federation of California* representing the leading property/causality insurance companies who write the majority of the personal lines auto and home insurance in California.

We are writing today in response to your recent notice stating the Department's position not to offer temporary licensing accommodations. While we understand, and support, your efforts to prevent unqualified, unscrupulous and dangerous individuals from obtaining a producer license, we believe there is a way to maintain proper safeguards while allowing producers, most of whom are small business owners, to earn a living during this period of social distancing and isolation. We therefore ask for your reconsideration in this matter, and also encourage you to provide an automatic extension for licenses that need to be renewed.

BACKGROUND

On March 19, 2020, Governor Gavin Newsom issued Executive Order N-33-20, which put in place the nation's first statewide shelter-in place order. Subsequent to this Executive Order, the California Public Health Officer issued a list of "Essential Critical Infrastructure Workers" who were deemed necessary to protect the state's health, safety and economic security. Workers in our industry were rightly placed on this list, and our members are proud to be doing their part to provide uninterrupted insurance services to California consumers during this crisis.

Unfortunately, as this public health crisis has extended into April with few signs of abating, we are finding that our industry's ability to provide uninterrupted services is increasingly hampered by our inability to license new producers as a result of the closure of third-party testing centers and fingerprinting services, as well as to obtain license renewals.

Last week, your office released a Notice stating that exams will be administered going forward at six locations in the state where appropriate social distancing practices will be followed. While we appreciate the Department's attempt to find a solution to the licensing logjam, we must report that keeping a limited number of testing sites open is not a workable solution, in practice, as vendors may, at their discretion, close operations for any number of reasons.

INDUSTRY CONCERNS

Relying upon a limited number of in-person testing sites will degrade the industry's ability to serve insurance consumers for two reasons. First, the Notice does not offer enough capacity to meet actual demand. Second, even if the capacity did exist, there are implications for public health.

According to CDI's 2018 annual report, 46,941 applicants sat for a producer licensing exam that year, or an average of nearly 4,000 testers a month. Under normal times, there is enough testing capacity to handle this volume between CDI's testing site in Los Angeles (open five days a week) and PSI's 20 sites across the state (open six days a week). Now, there are just six sites

operating, three of which are in the Los Angeles area and all of which have reduced hours and testing slots. With just 10 percent of normal capacity open, only a small fraction of testers who had their exams canceled can test right now. It will take weeks to clear the backlog, which grows bigger each week as more applicants complete pre-licensing requirements.

Furthermore, we are concerned for those who seek to renew their licenses in order to continue servicing policyholders during a time when many have questions about their policies and benefits available to them. We are troubled by the idea of sending a message to applicants and current license holders to leave their homes and test during these times. This message not only potentially jeopardizes their health, but also conflicts with warnings from the state's public health experts. As you have correctly noted, every citizen has a social responsibility to follow the advice of health care experts and slow the spread of COVID-19. Asking licensees to travel far across the state to test is incongruent with this advice, and in light of alternative solutions being adopted by other states, unnecessary.

TEMPORARY SOLUTIONS

We understand and appreciate concerns within CDI that issuing temporary licenses in California would pose a danger to consumers. However, we believe there are a number of guardrails and controls available for the CDI to lock consumer protections into any temporary license approach.

First and foremost, we ask that the CDI allow any current agent whose license expires between February 29 and April 30 to obtain an automatic extension until May 31. These are people who have already passed a background check and whose business, and employees, would be heavily impacted by loss of licensure. California's COVID-19 cases are expected to peak during the month of April and public health officials continue to urge residents to stay at home and limit travel. We believe an automatic extension on renewals is warranted under these conditions.

Second, we request the use of remote licensing exams. Online exams are viable and safe. During this period of social isolation, it would be appropriate to waive in-person exams and allow online exams while waiving proctoring requirements.

Third, we request that appointing insurers be permitted to undertake background checks during this period and require all temporary licensees to work under the direct supervision of a licensed producer in good standing with the state.

Several states across the country have issued, or are the process of issuing, emergency rules that allow for temporary insurance producer licenses to be issued. The states have used a variety of emergency declarations and powers similar to those in place in California to issue these rules. For your reference, attached to this letter is a summary of some of those actions to help keep people in the agent community employed and serving policyholders. Given this unprecedented circumstance, we urge the exercise of emergency powers to allow insurers and agents to continue to serve their customers, particularly in the spirit of the CDI's March 18, 2020 Notice acknowledging this extraordinary time.

In closing, we want to thank you again for your leadership and assure you that our members remain committed to meeting their responsibilities to consumers during this crisis. As our members continue to do their part, we hope that you will assist them by reevaluating the Department's position on temporary licenses in light of the information contained in this letter. Just as insurance professionals are essential to consumers during this period, new producers are essential to a strong, reliable insurance industry.

Sincerely,

American Property Causality Insurance Association (APCIA)
Association of California Life & Health Insurance Companies (ACLHIC)
Independent Insurance Agents & Brokers (IIAB)
National Association of Insurance and Financial Advisors-California (NAIFA)
National Association of Mutual Insurance Companies (NAMIC)
Pacific Association of Domestic Insurance Companies (PADIC)
Personal Insurance Federation of California (PIFC)

cc: Michael Martinez, Chief Deputy, California Department of Insurance
Charlene Ferguson, Division Chief - Licensing, California Department of Insurance
Senator Susan Rubio, Chair, Senate Insurance Committee
Assemblyman Tom Daly, Chair, Assembly Insurance Committee

ACTIONS BY OTHER STATES

Alabama

- Pre-licensing courses that expired in March/April 2020 are extended 60 days past the date on the certificate
- CE providers can offer approved courses via webinars
- No exam proctoring requirement through April 2020

Arizona

- Targeting 4/17/20 to offer provisional licenses

Connecticut

- DOI will provide electronic appointment renewal process with NIPR

Delaware

- DOI will offer temporary licenses for all license types
- Applicant must sign a Consent Order stating that they have 90 days from the date that Pearson Vue (vendor) is back in operation to complete their exam
- Applicant is also required to provide background checks and a Letter of Responsibility from an individual actively licensed in the state of Delaware

Idaho

- Provisional resident producer licenses are valid for up to six months
- Applicants for a provisional resident producer license do not have to submit a complete set of fingerprints to the Department with the application. Applicants will be required to disclose their criminal history
- Applicants for a provisional resident producer license must obtain a suitable sponsor who is a licensed resident producer and who assumes responsibility for all actions of the provisional resident producer

Iowa

- Classroom CE and proctoring requirements waived until further notice
- CE requirements can be met through self-study or webinars
- Producer licensing renewals can be submitted 90 days in advance online to NIPR

Louisiana

- Individuals who completed approved licensing courses within past 12 months and are eligible to take pre-licensing exam can submit requests for temporary licenses to NIPR and the DOI
- Temporary licenses expire 5/15/20 but can be converted to permanent by passing exams and submitting fingerprints

Mississippi

- Applicants who have completed all pre-licensing requirements are to receive a temporary insurance producer license effective for 180 days

Nebraska

- DOI issuing temporary resident producer licenses effective 3/31/20 – these are valid for 90 days
- Applications and supplemental forms must be completed in paper format and mailed to DOI
- Applicants who complete exams in 90 days will have licenses changed from temporary to regular
- 90-day extensions can be requested for producers' CE requirement for licenses that expire in March and April
- Vendors can add webinar option to any already approved classroom courses
- Waiver of proctor requirements for self-study online courses until 7/31/20

Ohio

- Licenses that expire during emergency declared 3/9/20 are valid / renewable until no later than 90 days after emergency ends or 12/1/20, whichever comes first - late fees will not apply
- License holders do not need to take action to receive the extension - the DOI will adjust expiration dates until extension ends
- CE deadline is extended and agents should complete online / distance learning
- Pre-licensing CE certificates that expire during exam centers closings and for two weeks after they reopen will have CE deadline extended for 30 days after centers reopen

Oklahoma

- CE providers can offer approved courses via webinar until 5/1/20
- All occupational licenses issued by any agency, board, or commission that expire during emergency declared 3/19/20 are extended and will expire 14 days after the emergency ends

South Carolina

- Temporary producer licenses available to applicants meeting the requirements for licensure without requiring examination or fingerprinting
- Temporary producer licenses will be issued for a period of up to 180 days
- Temporary producer must be appointed by a sponsoring insurer who assumes responsibility for all acts of the temporary licensee.

Texas

- Renewal period for licenses that expired on or before 2/29/20 is extended to 5/31/20
- Late and CE fees are waived for licenses that expire between 3/31/20 and 4/30/20 if the license is renewed by 5/31/20
- Current / new temporary licenses will remain active until further notice
- \$100 additional fee for temporary licenses waived until further notice
- Classroom CE for temporary agent licensees waived - applicants can take approved webinars
- Fingerprint requirement for temporary license delayed until further notice