



October 28, 2021

The Honorable Janet Yellen
The United States Department of Treasury
Washington, DC 20220

Dear Secretary Yellen:

On behalf of the undersigned representatives of the U.S. insurance industry, we write to encourage the implementation of the National Association of Registered Agents and Brokers Reform Act (the "Act" or "NARAB")¹ through the nomination of individuals to serve on the Board of Directors.

NARAB was enacted in January 2015 to provide a national, standardized process for insurance agents and brokers to obtain eligibility to do business outside of their home states. Under the terms of the legislation, any individual or entity that is licensed in his, hers or its State of domicile and that satisfies the NARAB membership criteria established by the NARAB Board would be eligible for licensure for the same lines of authority in any other State provided that the non-resident state licensure fees are paid through NARAB. The legislation enjoyed strong, bi-partisan support in Congress and remains widely supported today.

The Act requires the establishment of a NARAB Board of Directors - consisting of thirteen members appointed by the President with the advice and consent of the Senate - that is charged with governing and supervising the activities of the organization.² Unfortunately, no NARAB Directors have been confirmed in the six years since the law establishing it was passed. Nominees were sent in 2016; however, the Senate was not able to confirm them prior to the end of that Congress.

Once the NARAB Board is in place, it functions as an independent agency and all of its funding is provided through membership dues.³ The President has perpetual Director appointment authority and the NARAB bylaws and membership standards approved by the NARAB Board must be posted on the NARAB website and submitted to the President through the Department of the Treasury (although no approval is required).⁴ The President also may replace the entire Board if the President determines that the Board is acting counter to the public interest or the

¹ The Act is codified at 15 U.S.C. §§ 6751- 6764.

² See 15 U.S.C. § 6754(c)(1).

³ See 15 U.S.C. § 6763.

⁴ See 15 U.S.C. § 6755(a).

intent of the Act and/or may remove an individual Board member for malfeasance and the President may suspend the application of any bylaw provision or standard that the President or his designee finds to be counter to the intent of the Act.⁵We strongly support the implementation of NARAB because it will bring much needed help to streamline licensure processing, reduce administrative redundancies and provide regulatory compliance efficiencies by allowing insurance agents and brokers to conduct business in more than one state through a single application. This simple act will single-handedly reduce compliance costs, promote consumer choice, and foster economic growth, all while continuing to preserve the state-based system of insurance regulation.

In its *2014 Annual Report on the Insurance Industry*, FIO recommended the passage and enactment of NARAB⁶. Similarly, the National Association of Insurance Commissioners (NAIC) has long-supported efforts to streamline the producer-licensing process and has called NARAB a ‘significant step’ toward that goal.

We stand committed to working with your administration on the implementation of NARAB to the benefit of all engaged in the insurance space – from the consumers to producers.

Thank you for your attention to this important issue.

Sincerely,

American Property Casualty Insurance Association
The Council of Insurance Agents and Brokers
The Independent Insurance Agents & Brokers of America
National Association of Insurance and Financial Advisors
Wholesale & Specialty Insurance Association

⁵ See 15 U.S.C. § 6759.

⁶ United States Treasury, Federal Insurance Office. “Annual Report on the Insurance Industry” September 2014. https://www.treasury.gov/initiatives/fio/reports-and-notice/2014_Annual_Report.pdf