

TECHNICAL ADVISORY

TA 145

January 27, 2000

SUBJECT: Multiple State Licensing
Louisiana Signs Uniform Treatment Declaration

BACKGROUND: Insurance Commissioner James H. "Jim" Brown recently signed the National Association of Insurance Commissioners (NAIC) Uniform Treatment Declaration. Louisiana becomes the 30th state to sign the Declaration. Uniform Treatment has significantly changed the status of nonresident agents in most states.

MAIN POINTS: Adoption of the Uniform Treatment Declaration makes Louisiana a true reciprocal state with a retaliatory provision to protect Louisiana agents from restrictions in other states. This means that nonresident agents from other Uniform Treatment States may do business in Louisiana, and Louisiana agents may do business in these other reciprocal states. However, states which have nonresident agent requirements which restrict Louisiana agents will have the same restrictions applied to their agents in Louisiana.

Arkansas has signed the Uniform Treatment Declaration. Therefore, Louisiana and Arkansas are fully reciprocal states. Louisiana agents may conduct business in Arkansas, and Arkansas agents may conduct business in Louisiana, subject to the appropriate nonresident licensing and other requirements.

Mississippi has not yet signed the Uniform Treatment Declaration, but is expected to do so in the near future. Mississippi recently amended its countersignature statutes to allow properly licensed nonresident insurance agents to countersign policies written in Mississippi. This will allow Mississippi to sign the declaration and become fully reciprocal with Louisiana.

The Texas Legislature also passed legislation which would have eliminated their nonresident restrictions and allow Texas to sign the Uniform Treatment Declaration. Unfortunately, the legislation was amended with unrelated language which was potentially politically disastrous for Texas Governor (presidential candidate) George W. Bush. Bush vetoed the legislation.

The Texas Department of Insurance subsequently issued Commissioner's Bulletin No. B-0037-99. We have enclosed a copy of this bulletin for your convenience. The Texas Department of Insurance has waived residency requirements for **individuals** who reside outside Texas if the applicants' residence state has signed the Uniform Treatment Declaration and grants reciprocity to Texas agents. This allows **individual** Louisiana agents to obtain a Texas Local Recording Agent's License and operate in Texas just like an **individual** Texas agent. **Please note that this provision applies only to individual licenses.**

Unfortunately, Texas statutes specifically address non-individual licenses. Texas has not changed the nonresident agent restrictions which apply to non-individual firms, which will prohibit Texas from signing the Uniform Treatment Declaration and becoming fully reciprocal with Louisiana. It is also important to note that these restrictions apply not only to retail agents, but also to wholesale agents and brokers operating from Texas. Although there is widespread political consensus within the Texas Department of Insurance, Texas Legislature and Texas insurance industry that these nonresident requirements should be eliminated, the Texas Legislature does not have a regular session until the Year 2001. In the meantime, it is unlikely that true reciprocity will be established with Texas.

The sweeping changes in nonresident agent requirements across the country, will have a significant impact on agents everywhere. IIAL will update members whenever there are changes in this area.

For additional information on multiple state licensing, the Uniform Treatment Declaration and related issues, visit the National Association of Insurance Commissioners website at www.naic.org.

**NECESSARY
ACTION:**

Please circulate this Technical Advisory to appropriate staff members who need to be informed about nonresident license requirements.