



H.R. 5611 – National Association of Registered Agents and Brokers Reform Act of 2008

FLOOR SITUATION

H.R. 5611 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative George Miller (D-CA) on May 22, 2008. The Committee on Financial Services amended the bill at subcommittee level on July 9, 2008, but was never considered by the full Committee.

H.R. 5611 is expected to be considered on the floor of the House on September 16, 2008.

SUMMARY

National Association of Registered Agents and Brokers: H.R. 5611 amends the Gramm-Leach-Bliley Act (P.L. 106-102) to establish the National Association of Registered Agents and Brokers (NARAB) as a nonprofit corporation. The purpose of NARAB would be to provide a mechanism through which licensing, continuing education, and other insurance producer qualification requirements and conditions can be adopted and applied on a multi-state basis. States would still preserve the right to license, supervise, and discipline insurance producers, as well as prescribe and enforce laws and regulations regarding insurance-related consumer protection and unfair trade practices.

Membership: The bill establishes various membership requirements for NARAB, including a mandatory criminal background check for state-licensed insurance producers. Any eligible insurance producer licensed in its home state may become a member. Membership may be denied based upon criminal history information.

H.R. 5611 allows NARAM to establish membership classes with different criteria, including education, training, and experience. Association membership authorizes an insurance producer to sell insurance in any state for any line of insurance specified in such producer's home state license, as well as to exercise incidental powers, including claims adjustments and settlement, risk management, employee benefits advice, and retirement planning.

Office of Consumer Complaints: This legislation requires NARAB to establish an Office of Consumer Complaints, which must include a toll-free telephone number. The Office will receive complaints from consumers and State insurance regulators.

Board of Directors: H.R. 5611 creates a Board of Directors of the Association to be comprised of 11 members, and procedures and qualifications for their appointment to two year terms. This provision outlines the officers of the Association and their selection process.

Powers: The bill gives the Association all powers granted to non-profit corporations in the District of Columbia, as well as the ability to borrow money, the power to amend bylaws, the right to collect membership fees, and the ability to hire employees.

Other Provisions: The Association must submit a report to Congress and the President, along with financial statements annually. H.R. 5611 also preempts certain State actions against NARAB members. Additionally, this bill allows for judicial review over litigation involving the Association.

BACKGROUND

This legislation enables insurance agents and brokers who are licensed in good standing in their home states to apply for membership in NARAB, thus allowing them to operate in multiple states. Agents and



LEGISLATIVE DIGEST

HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM

1420 LONGWORTH HOB, WASHINGTON, DC 20515

www.GOP.gov

PHONE 202.225.5107

FAX 202.226.0154

brokers will also be able to obtain non-resident licenses in other States if they pay the necessary fees and meet NARAB standards for membership. This legislation will only address insurance market-entry procedures and does not concern the day-to-day regulation of insurance. Insurance agents and brokers are still subject to various consumer protection measures imposed by States.

Congress endorsed the concept of NARAB in 1999 with the passage of the Gramm-Leach-Bliley Act (P.L. 106-102). This legislation would have created NARAB unless a certain threshold of uniformity among the States was reached. Although a sufficient number of States acted to achieve the requisite level of uniformity, the result fell short of achieving the goal of national licensing because the bar was set too low and States have struggled to achieve uniformity on their own.

COST

The Congressional Budget Office (CBO) has not produced a cost estimate for H.R. 5611 as of September 12, 2008.

STAFF CONTACT

For questions or further information contact Adam Hepburn at 6-2302.