



American Association of Independent Claims Professionals

September 21, 2007

Commissioner Walter Bell, President
National Association of Insurance Commissioners
c/o NAIC Executive Headquarters
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

Re: Independent Adjuster Licensing Guidelines/Model Act

Dear Commissioner Bell:

On behalf of the American Association of Independent Claims Professionals (AAICP), I am writing to request that the NAIC D Committee's Producer Licensing Working Group (PLWG) and the NAIC Executive Committee reconsider its May 2007 decision to suspend its work on the Independent Adjuster Licensing Model Act (IALMA). The PLWG has continued its work on this project as an Independent Adjuster Licensing Guideline.

We believe that the Independent Adjuster Licensing Act clearly meets the criteria for Model Law development as set forth in the NAIC's Procedures For Model Law Development. The criteria for a model law are:

- a. The issue that is the subject of the model law necessitates a national standard and requires uniformity amongst all states; and
- b. NAIC Members are committed to devote significant regulator and association resources to educate, communicate and support a model.

A review of the minutes of the Producer Licensing Working Group's May 29, 2007 Conference Call suggests there may have been confusion regarding the new Guidelines Criteria and how to apply the criteria when considering whether to recommend a matter for "Model Act" status to the PLWG's parent committee.

For example, according the minutes, in connection with the discussion prior to taking the vote on whether to recommend Model vs. Guideline, one regulator stated that the model law would need to be adopted within a three year period. There is nothing in the Model Law Development Criteria that supports this conclusion. It would appear that the

regulators, having had but a brief time to consider and digest the new Procedures For Model Law Development before having to apply them and take the vote on May 29th, may have confused the objectives described in the Implementation of the Model Law with the Model Law Development Criteria and may have based their votes on the wrong criteria. The Procedures For Model Law Development provide that "Upon NAIC adoption of the Model Law, it will be a priority of the NAIC, through the collective efforts of the Members, to uniformly adopt the Model Law in a majority of states within three years after adoption by the NAIC." Having this as an objective *after* it has been adopted by the NAIC as a Model Act is appropriate, but this objective should not be considered in the determination of whether the matter meets the Model v. Guidelines criteria.

A second example, which tends to show the regulators' confusion during the discussion leading up to the vote, occurred when another regulator stated that since there are currently 56 members, i.e., jurisdictions, of the NAIC, that the PLWG would need 38 members to recommend approval the matter as a model law. Again, we believe this is a misunderstanding and misapplication of the criteria. The criteria contain no reference to a specific number of states being required to take action. It is only *after* a Model Law is presented to the working group's parent committee that a "minimum two-thirds majority" comes into play. The matter must secure such a vote before it can be presented to the NAIC Executive/Plenary for formal adoption by the NAIC -- and become a Model Act. We submit that the working group seemed get ahead of itself and appeared concerned with meeting a standard that is proper for the parent committee's vote, but not for the working group's vote on the fundamental question of. - does the matter qualify for a Model Act?

A third example of misunderstanding is found in another regulator's comments that there was a need to confirm if there are 38 states that license independent adjusters, and that since there are only 32 states today (actually there are 34) that license independent adjusters, the latter is "below the majority amount required". The inference is that, therefore, the group could not vote to advance a recommendation for Model Act status. Again, there is no majority amount required in connection with applying the Model Act Development criteria. In addition, the number of states that currently license independent adjusters seems irrelevant to any of the standards for adoption going forward.

In conclusion, the AAICP believes that the NAIC can adopt an Independent Adjuster Licensing Model Act that makes nationwide uniformity and reciprocity a reality. We respectfully request that the NAIC approve the development of the Independent Adjuster Licensing Model Act as a Model Act. The AAICP is committed to serving as a dedicated partner in that effort. A significant amount of work has been accomplished among industry and regulators on this issue. It would be a shame to lose the momentum we all have developed thus far. We are aware that other interested industry groups also believe this issue merits pursuit as Model Act.

Commissioner Walter Bell

September 21, 2007

Page 3

Sincerely,

A handwritten signature in black ink, appearing to read "Bernd G. Heinze". The signature is written in a cursive style with a prominent horizontal stroke at the end.

Bernd G. Heinze

Executive Director

- cc. Commissioner Sandy Praeger, Vice Chair, NAIC
Commissioner Roger Sevigny, Vice President, NAIC
Jane Claine, Secretary-Treasurer, NAIC
Mike Kreidler, Chair – "D" Committee
Laurie Wolf, Chair, PLWG
Treva Wright-Donnell, Vice Chair PLWG and Adjuster Subgroup Chair
Gene Reed, Vice Chair, Adjuster Subgroup
Gregory Welker, NAIC