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THE NATIONAL ASSOCIATION OF REGISTERED AGENTS AND BROKERS REFORM ACT

The recently enacted “NARAB II” legislation will establish the National Association of Registered Agents and Brokers (NARAB) and provide a one-stop licensing compliance mechanism for insurance agents and brokers operating in multiple jurisdictions, while ensuring that the states remain fully responsible for the oversight and day-to-day regulation of the marketplace. This state-friendly law will simplify and streamline the licensing process for multistate producers, and its passage has been a top priority of the Big “I” for nearly a decade.

“NARAB II” Basics:

- The new law authorizes the creation of a non-governmental, membership-based, nonprofit corporation known as the National Association of Registered Agents and Brokers (NARAB). NARAB will establish a portal, mechanism, or central clearinghouse that enables individuals and business entities to satisfy the licensing requirements that exist in nonresident states.
- Membership and participation in NARAB is optional and voluntary, but an agent/broker or entity must first become a member of the organization in order to take advantage of its benefits. Once approved for membership, a producer may utilize NARAB to obtain the regulatory authority needed to operate in any jurisdiction and do so in an efficient manner.
- In order to become a member of NARAB, an insurance producer must be licensed in his/her home state, not have an active license suspension or revocation in place at the time of application, and successfully complete a criminal background check.
- Once a NARAB member designates a state and pays the requisite state licensing fee, then that individual or entity is authorized to engage in producer activities (e.g. the sale, solicitation, and negotiation of insurance) in that jurisdiction.
- Nonresident jurisdictions may not impose any licensing, application, or market entry-related requirements on NARAB members. States are also prohibited from requiring any NARAB member to register as a foreign corporation.
- NARAB will be governed by a board of directors composed of eight state insurance regulators and five private sector representatives and must operate openly and transparently. It will **not** be part of any federal agency.
- Importantly, the “NARAB II” law leaves insurance regulation in the hands of state officials. State regulators will continue, for example, to regulate marketplace conduct, oversee the actions of agents and brokers, investigate complaints, protect consumers, and take action against those who violate the law.