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National Council of Insurance Legislators (NCOIL)

Resolution Regarding Recruitment, Retention, and Diversity within the Life Insurance Agent Profession

**Adopted by the Life Insurance & Financial Planning Committee on July 15, 2022 and the NCOIL Executive Committee on July 16, 2022.*

**Sponsored by Asw. Pam Hunter (NY)*

WHEREAS, the members of the National Council of Insurance Legislators (NCOIL), pursuant to its Articles of Organization and Bylaws, are concerned with the economic and social importance of insurance as a primary form of financial security to their constituents and to all Americans; and

WHEREAS, life insurance and financial planning has historically played a critical role as one of the primary avenues for American families to obtain financial security and share it with future generations; and

WHEREAS, most recently, in response to the COVID-19 crisis, more than 43 million policies for life insurance were sold in 2020 as people have become more aware of the need to secure their financial futures and those of their families; and

WHEREAS, despite all that life insurance and financial planning represents to the security of Americans, and the recent increase in life insurance protection due to the pandemic, there is an estimated life insurance coverage gap of up to twelve trillion dollars in the United States; and

WHEREAS, the financial security profession has not grown to reflect the number of individuals in this nation that need and want financial protection and as so many in the life insurance agent profession age out, a difficult scenario has been created for Americans who wish to consult a financial security professional as a component of their financial security strategy; and

WHEREAS, the challenge posed by the declining number of life insurance professionals is exacerbated by the growing need for financial professionals who serve the Black/African American, Hispanic/Latino and Asian communities, and who come from those communities, as well as the need for greater gender diversity in all communities; and

WHEREAS, roughly ten percent of insurance agents in the United States identified as Black or African American, fourteen percent as Hispanic or Latino, and roughly six percent as Asian; and

WHEREAS, the life insurance and financial planning profession has experienced significant challenges in both recruiting and retaining career agents, with only fourteen of every one hundred new recruits remaining with their hiring company after their first four years of employment; and

WHEREAS, professional mentorship programs increase job performance, enhance employee satisfaction and retention, improve long term success prospects for participants, among other important outcomes; and

WHEREAS, the NCOIL Life Insurance Committee and NCOIL Executive Committee, in exercising the unique obligation afforded to the states to regulate the business of insurance, adopted a resolution on July 7, 2005 and July 8, 2005, respectively, recognizing the need and calling for a commitment to efforts aimed at addressing the significant and increasing underinsured life insurance market, and again today finds a need to lend the voice of this organization to the campaign; and

NOW, THEREFORE, BE IT RESOLVED, that NCOIL upon its own initiative, and as the strongest recommendations to its colleagues in regulation at the National Association of Insurance Commissioners (NAIC), will explore new standards or regulation that removes unnecessary obstacles to the recruitment and retention of life insurance agents, and explore other options to enhance the life insurance agent and financial security profession, especially in underserved communities; and

BE IT FURTHER RESOLVED, that the regulation of insurance more consistently reflect the realities of life and the conduct of business in Black and Brown communities, making adjustments where necessary and appropriate; and

BE IT FURTHER RESOLVED, that NCOIL specifically considers the benefits of creating robust state-approved company or agent level mentorship programs, focusing on career development for agents in their first five-years of licensure and on expanding the life insurance and financial planning market in underserved communities, including considering exemption from continuing education requirements for participants in such mentoring programs, which would require significant time investment beyond what is required for typical agent employment; and

BE IT FURTHER RESOLVED, that NCOIL will consider the drafting of a model law implementing a state advisory council for life insurance agents aimed at the recruitment and retention of new agents, including addressing diversity concerns within the profession; and

BE IT FURTHER RESOLVED, that in efforts to expand the opportunity to become a licensed financial professional, NCOIL considers the drafting of model legislation that would require states to offer all licensure examinations in an online, proctored format; and

BE IT FURTHER RESOLVED, that NCOIL will continue to study statutory impediments to licensure that inhibit the ability to recruit and retain quality financial professionals; and

BE IT FURTHER RESOLVED, that NCOIL urges its colleagues at the National Association of Insurance Commissioners (NAIC) to undertake a review of state specific regulatory

requirements regarding the licensure of life insurance agents, and to examine whether uniform standards and requirements can be amended and implemented to remove potential regulatory impediments to licensure that inhibit the recruitment and retention of quality life insurance agents; and

FURTHER, as stated in its statement of purpose, NCOIL reasserts “the traditional and proper primacy of the States in the regulation of insurance” and state legislators reserve the right to implement any such solutions or any others as they determine by legislative process to be appropriate in the individual states.