



## National Association of Professional Surplus Lines Offices, Ltd.

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Testimony of  
The National Association of Professional Surplus Lines Offices (NAPSLO)

Before the  
Senate Committee on Banking, Housing and Urban Affairs

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NAPSLO is the national trade association representing the surplus lines industry and the wholesale insurance distribution system. Since its formation in 1975, NAPSLO has become the authoritative voice of the surplus lines industry, advocating for the industry's vital role as a "safety valve" for hard-to-place and specialty insurance risks and for the industry's importance in the insurance marketplace and global economy.

NAPSLO's membership consists of approximately 400 brokerage member firms, 100 company member firms and 200 associate member firms, all of whom operate over 1,500 offices representing approximately 15,000 to 20,000 individual brokers, insurance company professionals, underwriters and other insurance professionals in the 50 states and the District of Columbia. NAPSLO is unique in that both surplus lines brokers and surplus lines companies are full members of the association; thus NAPSLO represents and speaks for the surplus lines wholesale marketplace.

We appreciate the opportunity to submit testimony to today's hearing.

NAPSLO commends Sens. Tester and Johanns for the introduction of the National Association of Registered Agents and Brokers Act (NARAB) and for the other original cosponsors to this legislation. This important legislation will streamline agent and broker licensing for those operating on a multi-state basis. Specifically, the legislation creates a nonprofit board governed by a panel of state insurance regulators and industry representatives to create rigorous standards and ethical requirements with a goal of applying licensing, continuing education and nonresident insurance producer standards on a multi-state basis. To be granted membership in NARAB, an agent or broker will still need to be licensed within his or her home state and satisfy all the membership requirements therein. Once an agent or broker has met the requirements set forth by NARAB, they will be able to become licensed and operate on a multi-state basis. Currently, these same brokers are required to obtain a license in each jurisdiction individually, resulting in onerous filings and paperwork which is often duplicative and inefficient.

It is also important to note what this legislation does not do. NARAB does not make any changes to the regulation of insurance from a single state or multi-state perspective. NAPSLO strongly supports the state-based system of insurance regulation, and is pleased this legislation will preserve the laws and regulations of individual states. The legislation simply addresses market entry barriers by creating a "one-stop" licensing association to ensure that all agents and brokers can operate in multiple jurisdictions with increased uniformity and efficiency.

Again, we commend the sponsors of this thoughtful and effective approach and encourage this Committee's prompt consideration of the legislation. NAPSLO is willing and eager to offer its resources to answer any questions about the bill's impact on the industry and stands ready to assist the Committee, its Members and staff, in any capacity we can. Thank you again for the opportunity to submit testimony to this important hearing.