



“Simplifying Regulation for Agents and Brokers...”

Requirement	Existing State Law	SMART Act	Optional Federal Charter
General Licensing Requirement	An individual must be licensed in <i>every</i> state or territory in which the individual sells insurance. Residents of a state must obtain a <i>resident license</i> ; nonresidents must obtain <i>nonresident license</i> .	Same as existing law.	A single federal license authorizes an individual to sell insurance in any state on behalf of any federally- chartered insurance company. Federally-licensed agents may sell insurance on behalf of state chartered insurers, as well, although an individual state may require such agents to obtain a limited state license before selling policies for state-licensed insurers in such state.
Licensing Standards	Each state sets its own background, education, and examination and other licensing standards for agents.	Uniform state licensing standards required within 3 years of enactment. However, no enforcement mechanism is recognized and there is no delineation of standards.	A single set of federal standards applies to a federally licensed agent.
Nonresident Licenses	36 states and territories will issue a non-resident license without	Every state is required to have reciprocal licensing	State resident and non-resident licensure will remain,

	<p>imposing any additional licensing requirements on an agent other than submission of an application, evidence of good standing in home state and payment of a fee, if the agent's home state will do the same for agents licensed by the non-resident state (i.e., reciprocal licensing). All other states and territories may impose additional licensing requirements on non-resident applicants, such as different education or examination requirements.</p>	<p>procedures for nonresident agents in place within 2 years of enactment. However, no enforcement mechanism is recognized and there is no delineation of standards.</p>	<p>but the concept of a non-resident license does not exist at the federal level because a federal license is valid in all states. Individual states may require federally-licensed agents to obtain a limited license for the sale of policies by state-licensed insurance companies.</p>
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