



Problem Statement:

The current carrier appointment process is fragmented due to inconsistency in terms of how carriers interpret state rules regarding the permissibility of just-in-time appointments. This has created a less than optimal experience for financial professionals when doing business with carriers.

Summary of Regulatory Framework of Appointments:

The National Association of Insurance Commissioners (NAIC) [Producer Licensing Model Act \(PLMA\)](#) authorizes carriers to use the just-in-time appointment process. This allows a carrier to appoint a financial professional in a particular state when the financial professional submits their first application to the carrier for a product in that state. This process would also be available when submitting a broker-dealer change request to the carrier.

The alternative, commonly known as the restricted appointment process, is far less efficient. Under the restricted appointment process, a financial professional must be appointed by the carrier in the applicable state before submitting any business to the carrier in that state. Using the just-in-time appointment process reduces complexity and drives consistency across carriers, improves the experience for financial advisors, and defers or avoids the costs associated with appointing financial professionals who will never sell products with the carrier.

The adoption of the PLMA facilitates the use of just-in-time appointments. [Pennsylvania is the only state that has yet to adopt section 14b of the act.](#) Pennsylvania has clearly stated they are a restricted appointment state.

Due to variations in the way the PLMA has been adopted in certain states, different carriers have reached different conclusions as to whether just-in-time appointments are permitted in those states.

State statutes encompassing appointments have, in many cases, been updated. States have become more accepting of just-in-time appointments. **Regular reviews of state appointment rules are encouraged to ensure your firm is leveraging the most current statute.**

[Click here](#) for more information about the states where this issue has arisen.



Best Practices for Appointments:

The IRI Operations & Technology Community recommends that, as a best practice, carriers interpret and apply the laws and rules of all jurisdictions other than Pennsylvania as permitting the use of the just-in-time appointment process.¹ This best practice is merely a recommendation and not a requirement. All IRI members and other industry participants can and should exercise independent business judgement to determine whether and how to adapt their policies and procedures to align with this best practice.

Implementing this best practice will make the appointment process more predictable and thereby reduce friction in the financial professional experience across the states.

¹ *The recommendation provided herein was developed as the result of discussions within the IRI Operations & Technology Community which is comprised of individual representatives of IRI member companies, along with input from the Operations Management Roundtable (OMR). IRI, as an organization, does not provide legal advice or recommendations, but helps facilitate the dissemination of industry best practices as developed by IRI members.*