



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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### Licensing Processing Fees Are Inequitable; Permit DOI Vendor to Charge Different Processing Fees Based on Effort and Cost

#### Summary

The General Assembly directed the Program Evaluation Division to examine the Department of Insurance's (DOI's) licensure application process and fees. DOI entered into a contract with Pearson VUE in December 2011 to provide licensing administrative services for all license types regulated by the department.

**Pearson VUE's licensing processing fees are disproportionate to the relative cost of processing the different types of license applications.** Pearson VUE's processing fees do not vary by type of license. However, in terms of workload distribution, processing licenses for non-insurance business entities (NIBEs) and the bail bond industry costs more than insurance industry licenses even though 97% of processing fees come from the insurance industry. The licensure requirements for NIBEs and the bail bond industry are more complicated, resulting in longer processing times. The Colorado Division of Insurance allows different processing fees to be charged for licensees based on the effort necessary to provide licensing administrative services.

**DOI's Agent Services Division (ASD) chooses to duplicate two licensure procedures performed by Pearson VUE in an effort to provide good customer service.** ASD repeats two licensing procedures: verification of criminal misdemeanor and civil judgment checks for bail bond industry licenses and notification to license applicants that license applications are incomplete after Pearson VUE has already sent two notices. ASD reviews incomplete applications to provide good customer service and ensure all license applicants and licensees are treated fairly.

**DOI has improved licensure services through outsourcing, and ASD continues to work with Pearson VUE to address licensee concerns.** Outsourcing licensing administrative services has reduced costs, increased revenue, and improved regulatory review of license applications, and compliance enforcement. Pearson VUE has implemented online application processing for all occupations, online email and address updates, and electronic fee payments. ASD continues to work with Pearson VUE to ensure licensee needs and issues are addressed and has identified how the licensing administrative services contract can be improved to benefit the Department of Insurance and licensees.

To more equitably distribute the cost to provide licensing administrative services, the General Assembly should direct the Agent Services Division to issue a request for proposal for licensing administrative services that allows the contractor to charge different processing fees based on the effort necessary to process licenses for the insurance industry, non-insurance business entities, and the bail bond industry.