
Recommendation

Recommendation. The General Assembly should direct the Agent Services Division of the Department of Insurance to issue a request for proposal for a licensing administrative services contract 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.

As discussed in Finding 1, processing fees charged by Pearson VUE do not vary by type of license, but workload distribution and expense ratios show that processing NIBE and bail bond industry licenses costs more combined than processing insurance industry licenses even though 97% of the processing fees earned by Pearson VUE come from the insurance industry. The licensure requirements for NIBEs and the bail bond industry are more complicated than those for the insurance industry, resulting in longer processing times by Pearson VUE customer service representatives. Based on the cost ratios from Pearson VUE, some of the processing fee revenue from insurance industry licensees is covering a portion of the cost to process NIBE and bail bond industry licenses. The contract with Pearson VUE sets the current fee structure until January 2, 2017, but the fee structure can be changed when the Agent Services Division issues a request for proposal for a new licensing administrative services contract to begin when the current contract ends. To more equitably distribute the cost for providing licensing administrative services among the occupations licensed by the Department of Insurance, the General Assembly should direct the Agent Services Division to issue a request for proposal for a licensing administrative services contract that allows the contractor to charge different processing fees based on the respective effort necessary to process licenses for the insurance industry, non-insurance business entities, and the bail bond industry.

Appendices

Appendix A: Bail Bond Industry Licensure Fees

Appendix B: Non-Insurance Business Entities Licensure Fees

Appendix C: Insurance Industry Licensure Fees

Agency Response

A draft of this report was submitted to the Department of Insurance to review. Its response is provided following the appendices.

Program Evaluation Division Contact and Acknowledgments

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