

TESTIMONY OF STACY BERGENDAHL
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DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
In opposition to L.D. 881
An Act to Establish an Apprentice Insurance Producer License
Presented by Rep. Poirier
Before the Joint Standing Committee on Health Coverage,
Insurance & Financial Services
March 13, 2025, at 10:00 AM

Senator Bailey, Representative Gramlich, and members of the Committee, I am Stacy Bergendahl, Senior Staff Attorney at the Bureau of Insurance. I am here today to testify in opposition to LD 881, “An Act to Establish an Apprentice Insurance Producer License.”

This bill would create a new category of insurance producer license called an “apprentice insurance producer license.” Currently, to legally sell, solicit, or negotiate insurance, a person needs to have an insurance producer license issued by the Maine Bureau of Insurance.¹

¹ 24-A M.R.S. § 1420-B.

This bill would enable an applicant to obtain a license to sell any and all lines of insurance without first having to demonstrate specific insurance knowledge so long as the applicant meets the following criteria:

- 1) be at least 18 years of age;
- 2) possess a high school diploma or its equivalent;
- 3) be employed by a licensed insurance producer who has certified to the superintendent that the licensed insurance producer will supervise the apprentice insurance producer licensee and will assume responsibility for all acts of the apprentice insurance producer licensee for a period not to exceed 10,000 hours; and
- 4) have paid fees that are set by the bill at \$100 for an “issuance fee” and a \$100 “biennial fee”.²

The Bureau is concerned that this bill will weaken important consumer protections in Maine’s insurance licensing laws in several ways:

1. The bill exempts apprentice license applicants from the exam requirement. This requirement helps ensure that applicants have specific knowledge of the products they intend to sell.³ The material that is tested on exams is regularly reviewed by Bureau staff to ensure it is relevant and accurate. Under the terms of this bill, those who fail an exam could obtain an apprentice producer license and sell insurance.

² Currently, the Bureau of Insurance does not currently charge any individual producers a biennial fee.

³ An exam is not required for a “limited lines” license.

2. None of the additional safeguards of the licensure process found in 24-A M.R.S. § 1420-K would apply to apprentice applicants. These safeguards include the Superintendent's authority to deny licensure for reasons including providing untrue information on an application, having been convicted of certain criminal offenses including theft and fraud, and having had a license revoked or denied in another jurisdiction.
3. The bill states that the sponsoring producer must "supervise" the licensee, but that term is undefined and does not require the sponsoring producer to oversee specific sales transactions.
4. Sponsoring producers will assume "all legal responsibility for all acts of the apprentice," but the ability to sue the sponsoring producer does nothing to protect consumers until the harm has already occurred. Even then, enforcing this right may be a costly process for the injured consumer, and the outcome would be uncertain. It is not clear what else, besides possible exposure to vicarious liability, "all legal responsibility" might entail. If the apprentice violates the Insurance Code, is that a sufficient basis for imposing a civil penalty or taking other disciplinary action against the sponsoring producer?
5. Chapter 16 of the Maine Insurance Code, which regulates producer licensure, is based on the Producer Licensing Model Act which was developed by state regulators, acting through the National Association of Insurance Commissioners, to establish uniform national standards and reciprocal licensure for insurance producers. This has been a strong state and federal public policy for many years, and the more that states deviate from the Model Act, the more risk there is that licensing standards will be set at the federal level and state authority will be preempted.

6. There is no provision limiting the activities of the apprentice producer to those that the supervising producer is legally authorized to perform. This could allow a sponsoring producer who only has authority to sell property and casualty insurance to hire an apprentice to sell life insurance.
7. Allowing an apprentice insurance producer to work in this capacity for 10,000 hours means that an apprentice could be authorized to work in this non-fully licensed capacity for nearly 5 years (250 40-hour work weeks).

Insurance products are complex. The result of incompetent producers making mistakes can be very serious for consumers. This is why our laws set standards for licensure. These standards have worked well, and the Bureau opposes weakening them.

Thank you, I would be glad to answer any questions now or at the work session.