

NEXT SESSION

Licensing & Compliance Trends

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Part 1:

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Trending Licensing Myths

InsurTech licensing



Myth

Everything is electronic, there shouldn't be a need for a licensed individual.



Fact

You **MUST** have a DRLP responsible for all compliance. When there is a question, a licensed individual needs to answer.

Key insight

Regardless of technology automation, regulatory responsibility requires a Designated Responsible Licensed Producer (DRLP) in every state of operation.

Surplus Lines licensing



Myth

I'm not personally writing the business or collecting premium/taxes, I don't need licenses.



Fact

If you are a link in the chain, licensing is required.

Key insight

Every link in the surplus lines chain requires licensing, not just the writing broker.

What is a MGA?

First, we need to understand what “MGA” stands for. An MGA is a “Managing General Agent”, which is a specialized type of insurance agent/broker who is vested with underwriting authority from an insurer. In turn, the relationship between insurers and MGAs can result in a gray area that muddles compliance requirements and obligations.

MGA licensing



Myth

My business needs MGA licenses everywhere.



Fact

In many cases entities acting as MGA do not qualify for MGA licensing.

Key insight

Not every operation qualifies for an MGA license even when performing MGA functions. Regulators test P/C prerequisites, premium thresholds, and whether appointment is the proper mechanism.

Types of adjusters



Myth

An adjuster is an adjuster is an adjuster.



Fact

- There are three types: Independent, Staff, and Public.
- Not every state has an adjuster license — and different states have different types.

Key insight

- Staff Adjusters: W-2 employee of insurer
- Independent Adjusters: works on behalf of insurer
- Public adjusters : works on behalf of the insured

Adjuster Licensing for Attorneys



Myth

Attorneys are exempt from adjuster licensing.



Fact

- Resident state may allow exemption.
- Non-resident requires exam for reciprocity. Exempt in resident state does not ensure exemption in non-resident states.

Key insight

Attorney exemptions are a trap — if you are exempt in your resident state, you will likely need exams for reciprocity in non-resident states.

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Trending Regulation

What Regulators Are Actually Doing in 2025-2026

Regulatory Changes

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What we are seeing.

Volume + velocity of regulatory change is still climbing.

How we are seeing it.

- 700+ licensing & regulatory changes in a single year.
- Up 13% Year over Year

State by state fragmentation

What they are doing.

States are **expanding their own requirements**

How this is affecting you.

- Uniformity exists conceptually, but operationally the burden is increasing.
- For those operating on a multi-state basis, the complexity is keeping everything aligned simultaneously across multiple jurisdictions.

Auditing and Documentation

Expectation

- Fully traceable workflows across all compliance activities
- Audit-ready documentation available on demand
- End-to-end visibility into every filing and decision

Impact

- If it is not documented, it did not happen
- Compliance failures increasingly come from incomplete records, not just wrong actions

Data Governance / AI / Cybersecurity

Expectation

- Regulators issuing guidance on AI usage and governance
- Cybersecurity treated as enterprise risk with board-level accountability
- Data handling and privacy becoming regulatory inspection areas

Impact

- Licensing and compliance teams get pulled into tech governance conversations
- More certifications, attestations, and disclosures tied to systems
- Increased audits: data governance, cybersecurity, third-party vendor controls

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Putting It All Together

Compliance Roadmap 2026-2027

Insurance Licensing & Compliance Health Check (Appendix 1)

Compliance Roadmap/Practical Framework

Foundation

- Establish a Single Source of Truth
- Move from event-based to continuous compliance
- Normalize state by state complexity

Operations

- Treat Surplus Lines as a core compliance function
- Build audit-ready documentation by default
- Integrate compliance into operational workflows

Governance

- Introduce governance around technology and data use
- Define accountability and escalation paths

What the Roadmap IS

1

A way to reduce operational and regulatory risk

Identifies where complexity creates exposure and gives you a structure to close gaps before they become violations.

2

A framework for scaling compliance alongside growth

As you enter new states, add products, or expand surplus lines activity — the roadmap grows with you without reinventing from scratch.

3

A method to make compliance predictable

Moves your team from reactive deadline-chasing to proactive, documented, continuous compliance management.

What the Roadmap IS NOT



A technology prescription

The roadmap is process-first. Technology can support it, but no platform or tool alone replaced the underlying compliance structure.



A one-size-fits-all solution

Every organization starts from a different place. The framework adapts to your size, lines of business, state footprint, and current maturity.



A replacement for internal expertise

Your compliance team's knowledge is the foundation. The roadmap structures and amplifies that expertise – it does not substitute for it.

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Thank you

Questions?

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Appendix:

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Compliance Health Checklist

Appendix 1

Insurance Licensing & Compliance Health Check (2026)

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1. Data Integrity (Single Source of Truth)

We maintain a single, reconciled dataset for licenses, entities, and regulatory filings

Licensing, surplus lines, and financial data are aligned across systems

Data ownership and update responsibility are clearly defined

Score: ___ / 9

2. Continuous Compliance Monitoring

We monitor licensing status, regulatory changes, and filings on an ongoing basis

We have alerts or triggers for expirations, mismatches, or new requirements

Issues are identified proactively, not through audits or deadlines

Score: ___ / 9

Appendix 1

Insurance Licensing & Compliance Health Check (2026)

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3. Multi-State Requirement Management

We have a clear understanding of how requirements differ by state

State-specific rules are documented and accessible (not reliant on individuals)

We can quickly assess requirements when entering a new state or expanding activity

Score: ___ / 9

4. Surplus Lines Compliance Control

Premium, tax, and filing data reconcile consistently

Application of home state rules is standardized

Supporting documentation (e.g., eligibility, diligent search) is retained and accessible

Score: ___ / 9

Appendix 1

Insurance Licensing & Compliance Health Check (2026)

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5. Audit Readiness

We maintain documentation for key compliance decisions and processes

Audit trails exist for filings, licensing actions, and exceptions

We can respond to regulatory inquiries without reconstructing data

Score: ___ / 9

6. Operational Integration

Compliance checks are embedded into business workflows (e.g., onboarding, new business)

Activities cannot proceed if licensing or regulatory requirements are not met

Compliance is preventative, not just a downstream review

Score: ___ / 9

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Insurance Licensing & Compliance Health Check (2026)

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7. Governance & Accountability

Ownership is clearly defined for licensing, filings, and regulatory monitoring

Escalation paths exist for issues or missed requirements

Roles and responsibilities are consistently understood across teams

Score: ___ / 9

8. Technology & Data Governance

Systems used for compliance are clearly defined and consistently used

Data inputs and outputs are controlled and validated

We can explain how compliance decisions are made (including automated processes)

Score: ___ / 9

Appendix 1

Insurance Licensing & Compliance Health Check (2026)

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Scoring Summary — Total Score: ___ / 72

60–72 | Controlled Environment — Strong alignment and proactive compliance model in place

45–59 | Managed but Reactive — Core processes exist, but gaps create operational risk

30–44 | Fragmented — Reliance on manual processes and institutional knowledge

Below 30 | High Exposure — Significant risk of non-compliance and audit challenges

What This Diagnostic Highlights

This assessment identifies where complexity is creating risk, particularly where:

- State requirements continue to diverge despite NAIC frameworks
- Compliance depends on coordination across licensing, operations, and finance
- Growth (new states, new products, surplus lines expansion) increases regulatory exposure

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