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AN INSURANCE AGENT QUALIFICATION LAW FOR NORTH DAKOTA?

DENNIS F. REINMUTH*

In the 1961 session of the North Dakota Legislature an insurance agent qualification bill was introduced.¹ This bill was defeated. It was the second time such a bill has failed to pass the legislature.

What is an agent qualification law and what are its purposes? What are the reasons such a bill failed to pass? These are some of the important questions this paper will attempt to answer.

The general plan of this paper will be first, to give a very brief historical outline of insurance regulation and a description of the purposes of such regulation. This procedure will be followed in order to show the evolution of the particular governmental function with which this paper is concerned, *i. e.*, the licensing of insurance agents. Secondly, an analysis of North Dakota's present licensing procedure for insurance agents will be made together with a comparison with agent qualification laws of other states. Finally, from this background and analysis, changes in the present North Dakota scheme of licensing insurance agents will be suggested.

BACKGROUND OF STATE REGULATION

The interest of government in the insurance business is nearly as old as the business itself. Evidence of government legislation involving insurance can be found as early as the fourteenth century, when a law intended to prevent gambling in marine insurance was enacted. The earliest known insurance code was promulgated in Barcelona.²

Aside from general incorporation statutes covering individual insurers, the first regulatory insurance statutes in the United States date from the early 1800's. The chief interest of government in these early years was the raising of revenue

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1. Senate Bill No. 112, Thirty-Seventh Legislative Assembly of North Dakota. This measure was introduced by Senators Foss, Lips, and Reichert.

2. For an excellent summary of the history of insurance regulation, see PATTERSON, *THE INSURANCE COMMISSIONER IN THE UNITED STATES*, Appendix I (1927).

and only incidentally regulation. The majority of the early statutes were taxation measures. The requirements that insurers and their agents be licensed and file annual reports were primarily for the purpose of raising revenue. The first administrative officials were fiscal officers of the state. Gradually the objectives of insurance regulation in this country were extended to include protection of the public by insuring company solvency and fair treatment of the public.

Today the business of insurance is one of the most closely regulated and controlled of industries. The insurer is literally under the state's surveillance "from the cradle to the grave," and the state government is deeply involved in the continuous supervision of the activities of insurers and their agents.

Implicit in the foregoing brief historical review of insurance regulation is the premise that regulation is the province of the individual states rather than of the federal government. For 75 years this premise was true and virtually went unchallenged. Until the landmark case of *United States v. South-Eastern Underwriters Association*³ of 1944 (hereinafter the S.E.U.A. case), federal jurisdiction of the insurance industry was limited primarily to taxation of insurers. The right of the states to regulate insurance was clearly established in the historic case of *Paul v. Virginia*⁴ in 1869. In this case the United States Supreme Court held that the issuance of an insurance contract was not a transaction of commerce and hence not a matter for federal regulation. For three-quarters of a century following the *Paul* decision the right of state jurisdiction over the insurance business was tested few times.

In 1944 the *S.E.U.A. Case* came before the Supreme Court.⁵ In this case several fire insurance companies were indicted for an alleged conspiracy to control premium rates through their rating bureaus, in contravention of the Sherman Anti-Trust Act. Reversing *Paul v. Virginia*, the Court held that insurance, when conducted across state lines, is indeed interstate commerce, and hence that its interstate aspects were subject to control and specifically to the Sherman Act.

The immediate effect of this decision was to create consternation and confusion among the states and in the insur-

3. 322 U.S. 533 (1944).

4. 75 U.S. 168 (1869).

5. *United States v. South-Eastern Underwriters Ass'n.*, 322 U.S. 533 (1944).

ance industry. As Kulp states: "The immediate effect of the *S.E.U.A. decision* was to change overnight all previous judicial concepts of the respective rights and responsibilities of the state and federal governments over the business of insurance."⁶ The consternation is understandable for it raised the question of the constitutional power of states to regulate and tax insurance as interstate commerce. Many state laws were suddenly in conflict with Federal statutes which had been enacted without thought to insurance.

Congress moved swiftly to bring order out of this post—*S.E.U.A.* confusion and on March 9, 1945, enacted the McCarran-Ferguson Act, commonly known as Public Law 15.⁷ This act declared that the continued regulation and taxation of insurance companies was in the public interest and that silence on the part of Congress should not be construed as a barrier to state regulation or taxation of insurance. The act also stated that after June 30, 1948, the Sherman, Clayton, and Federal Trade Commission Acts were to be applicable to the business of insurance to the extent that such business was not regulated by state law.

The McCarran-Ferguson Act in effect posed both an invitation and a threat to the states in that it required them to exercise their regulatory power or lose it. Under the leadership of the National Association of Insurance Commissioners the states quickly passed laws to strengthen the supervision and control of insurance. Although the main impact of the McCarran Act was in the area of rate regulation, all states since 1945 have enacted a fair trade practice act designed to exclude the Federal Trade Commission from the insurance field. Anti-trust statutes applying to insurance were also passed by many states.

PURPOSES OF INSURANCE REGULATION

As mentioned previously state regulation of insurance has had a double objective: to regulate, to raise revenue. Generally the purposes of regulation can be said to fall into two categories, assuring company solvency and fair treatment of the insuring public. Company solvency is perhaps the most important. It is not difficult to comprehend the reason for the

6. KULP, *CASUALTY INSURANCE* 549 (3d ed. 1956).

7. 59 Stat. 33 (1945), 15 U.S.C. §§ 1011-1015 (1953).

government's interest in the solvency of insurance companies. As one scholar in the field aptly puts it:

An insurance company insolvency is not merely a minor economic dislocation as is the case with many business failures, but can be a catastrophe of great magnitude when all the effects are traced to their final ultimate conclusion. The losses of unearned premiums, nonpayment of direct damage and liability claims and failure to provide promised legal defense, are merely some of the financial impositions on insureds. Losses to third parties and other insurance companies by way of defaulted reinsurance commitments are also involved. Individuals and businesses suffering from uncollectible insurance claims must shift these losses as best they can, but oftentimes have to absorb them themselves, which in turn results in impairments of their economic activities. Failure of life companies to pay cash values on demand produces serious financial consequences both to insureds and companies in which they have invested their assets. Truly, the whole economy and not just insureds or insurers lose because of insurance company insolvencies.⁸

Because the solvency issue is so basic, the states have enacted many statutes dealing with the financial condition of insurers such as reserve requirements, investment practices, capital and surplus requirements, etc. The state insurance departments enforce solvency standards through a system of reports, examinations and audits.

The second most important object of governmental supervision of insurance is fair treatment of the insuring public. Regulation of policy forms, loss adjustment methods, unfair trade practices, advertising and supervision of agents and their practices fall into this category.

The purpose of regulating company and agent practices is to prevent unfairly discriminatory, unsound and dishonest methods. It is this area of insurance regulation with which this paper is concerned, and specifically with the licensing and examination of agents.

Professor Orfield considers a third objective of governmental regulation to be competence. He states:

The newest object of regulation is competence. This is being sought in the field of agency and brokerage, and to some extent in adjusting and management. Basic standards of competence are set up in qualification laws which

8. Heins, *Liquidations of Insurance Companies*, 2 Insurance and Government 44 (U. Wis. 1960).

specify education and experience requirements and give state administrative officials a good deal of latitude in ascertaining by examination and otherwise whether candidates for licenses measure up to the required level. *Until recently, licensing has been too largely a matter of fees and forms.*⁹ (Emphasis supplied).

LICENSING AND EXAMINING AGENTS

Today all states require an agent to secure a license before he may act as such. The issuance of agent licenses originally was designed to secure revenue. Patterson points out that: "In the earlier statutes, the license issued to the agent was merely a means of certifying the official approval of the company which he represented, and was issued without regard to the character or qualifications of the individual agent."¹⁰ In addition, many of the earlier statutes recognized no distinction between the company's license and the agent's license, *i. e.*, when the state licensed an insurer the agents of that company automatically were licensed also.

Even after the licensing of the individual agent was separated from that of the insurer, the licensing requirements for the agent were *pro forma* with the purpose of raising revenue. Gradually, however, the function of the agent's license changed from purely monetary considerations to include a regulatory aspect. Many licensing laws were changed to test the competency and honesty of prospective agents.

Experience soon proved that making the right of agents to do business contingent upon filing of applications and payment of fees also provided an effective means of enforcing the insurance law. This has resulted in an increasing tendency of statutory licensing laws to become more regulatory in character.¹¹

Along with this development the insurance commissioner was given a much broader discretionary power of refusal and revocation of licenses.

Today many license laws or agent qualification statutes are designed to test the competence and honesty of prospective agents. The state statutes specifically require or permit the commissioner of insurance to examine the candidate on his

9. Orfield, *Improving State Regulation of Insurance*, 32 Minn. L. Rev. 219, 244 (1948).

10. Patterson, *supra* note 2, at 157.

11. Dineen, Proctor & Gardner, *Economics and Principles of Insurance Supervision*, 2 Insurance and Government 37 (U. Wis. 1960).

technical and moral qualifications as a condition precedent to issuing a license. The state sets up certain specified requirements before a license is issued. Usually a formal written application under oath stating certain details of the applicant's previous history and experience must be submitted to the commissioner. The agent is required to be certified or designated in some manner by the company he intends to represent. This requirement is usually satisfied by a company official certifying the applicant's mental and moral fitness for a license. Perhaps the most important requirement which many states provide for as a condition of issuing a license is the passing of a written examination.¹² In addition, a few of the leading insurance regulatory states require a measure of formal schooling in insurance as a prerequisite to taking the licensing examination. If one of the objects of regulation is to insure competence, surely these last two requirements help raise the standards of insurance selling.

One might ask the question, why should the state be concerned with the activities and competence of insurance agents? Why should insurance agents be required to pass a written examination similar to those required of lawyers and doctors? The answer lies in the peculiar characteristics of insurance, particularly in the nature of the contract.

One of the basic differences between an ordinary contract and one of insurance is that an insurance contract is aleatory rather than commutative. In other words, an element of chance or uncertainty exists in any insurance contract resulting in an unequal exchange of values. The insured, in exchange for his money or premium, receives from the insurer nothing more than a promise. He may never find out by his own experience whether that promise will be performed. Therefore he is, as Patterson states, "perhaps more gullible with respect to insurance and more susceptible to the wiles of the salesman".¹³

The fact that the insurance contract is extremely technical increases the insured's inability to look out for his own interest. Concerning this point, Marryott comments:

The insurance "product" is the policy contract. At best this is a complicated legal document. It can be interpreted and evaluated only by those skilled in such activities.

12. See discussion *infra*.

13. PATTERSON, *ESSENTIALS OF INSURANCE LAW* 2 (2d ed. 1957).

These activities are entirely outside the scope of the ordinary pursuits of the average buyer. Most laymen can judge the quality and value of their ordinary purchases with a fair degree of accuracy. Food, fuel, clothing, shelter and other commodities, all may be compared very easily and discriminating selections made. Mistakes are not disasters. None of this is true of insurance.¹⁴

Although some insurance contracts or portions of them can be written in ordinary layman's language, the public is generally ignorant of the meaning of insurance terms. Virtually all contracts require either some "trade terms" or special meanings of simple terms.¹⁵

In addition, the general public does not understand the basic principles of insurance, such as the significance of rates, financial statements, and other insurance problems and techniques. While it is not beyond the realm of possibility for the ordinary layman to acquire a general understanding of much which is mysterious to him today, there will always be certain highly specialized insurance techniques which will be beyond the comprehension of the public. One author ably summarized this point when he stated: "The very language of insurance seems to be a barrier that causes many persons to abdicate when insurance questions, even those affecting their personal or business affairs, are up for discussion."¹⁶ For these and other reasons the state is gradually accepting the principle of protecting the public on the points at which insurance touches the insured most intimately, that of planning and buying insurance. This objective is being sought by establishing minimum standards of conduct and competence for insurance agents through examination and education requirements.

SPECIFIC STATE LICENSING PROCEDURES

Since the state of New York is considered to be one of the leading regulatory states in the field of insurance and is a model that others have followed, a closer look will be taken at that state's licensing and qualification procedures. The requirements to obtain a license to sell insurance in Minnesota and North Dakota will also be investigated.

14. Marryott, *Development of Governmental Supervision*, Multiple Line Insurance 526 (1957).

15. For example, one child could cite many court cases interpreting the simple term "accidental bodily injury."

16. MOWBRAY & BLANCHARD, *INSURANCE*, Its Theory and Practice in the United States 448 (5th ed. 1957).

The New York Insurance Law¹⁷ provides that the prospective agent must file a written application with the Superintendent of Insurance. The application contains a number of questions designed to obtain information as to the applicant's competence and trustworthiness. The application must be signed under oath before a notary. The insurance company which is sponsoring the agent must then complete a certificate stating that the applicant is reputable and competent and that the company will appoint the applicant to act as its agent. The certificate is then signed by a responsible officer of the company and sent to the superintendent. The New York Insurance Department then examines the responses of the applicant for any evidence which might disqualify him. If the applicant has never been licensed before, he is required to pass a written examination before the license will be issued. The superintendent has the authority to prescribe classifications of the various lines of insurance for which an examination must be taken. Two such classifications are separate examinations for a life insurance agent's license and an accident and health insurance agent's license. The New York law prescribes the following types of examinations:

(a) For individuals seeking to qualify to obtain a license under section 113, one examination adapted to test the qualifications for a life insurance agent's license, and the other adapted to test the qualifications for an accident and health insurance agent's license. Each type or types of examination prescribed by the superintendent shall be for the kind or kinds of insurance, as specified in section 113, for which the license is sought.¹⁸

The New York Insurance Law, as amended in 1955, imposes even a stricter standard on all agents other than life and accident and health. The law requires the completion of 90 hours of course work in "institutions of learning" meeting prescribed standards before becoming eligible to take the written examination. The statute specifies:

No individual shall be deemed qualified to take the examination unless he shall have successfully completed a course or courses, approved as to method and content by the superintendent, covering the principal branches of the insurance business and requiring not less than 90 hours of classroom work, in institutions of learning meet-

17. N.Y. Ins. Law §§ 113-115.

18. *Id.* § 114 (2) (a).

ing the standards prescribed by paragraph (a) of subdivision three of section 119 of this chapter.¹⁹

The prescribed standards mentioned in the foregoing section require that the courses be taken in a degree-conferring college or university whose curriculum or curricula is registered with the New York state education department. Courses may also be taken with the insurance society of New York, or "by any other institution which maintains equivalent standards of instruction."²⁰

Minnesota, which was selected only because of its geographical proximity to North Dakota, generally follows the same licensing pattern as New York. The Minnesota insurance law,²¹ as in New York, requires the applicant to file a sworn written application with the Commissioner of Insurance. The application is then investigated for any evidence of untrustworthiness or incompetence. In 1955 Minnesota added a written examination requirement for prospective agents. The statute provides:

To become qualified, a person shall complete a written examination furnished by the commissioner, and he shall take and pass the examination prescribed for one or more of the lines of insurance provided for in section 60.68.²²

The lines of insurance referred to in the aforementioned statute are fire and marine, automobile, accident and health, life, general casualty, fidelity and surety, and farm wind-storm and hail.²³ Minnesota does not require any course or courses in "institutions of learning" as a prerequisite for taking the examination.

ANALYSIS OF NORTH DAKOTA LICENSING PROCEDURES

To obtain a license to sell insurance in North Dakota, the prospective agent must file a written application with the Commissioner of Insurance. The application, which is written under oath, contains questions concerning the applicant's experience and general background. In order to test the applicant's honesty and "competence," the application makes him promise to "be good" by prescribing that he shall state that he will hold himself out in good faith as an insurance agent

19. *Id.* § 114 (2) as amended in 1955.

20. *Id.* § 119 (3) (a).

21. Minn. Stat. Ann. §§ 60-64-60.68.

22. *Id.* § 60.65 (Supp. 1961).

23. *Id.* § 60.68.

and to abide faithfully by the insurance law and rules and regulations of the commissioner. Such questions caused Patterson to quip: "While these coerced confessions of faith will probably not be efficacious deterrents to the wicked, they will, where sufficiently specific, inform the ignorant that an agent's license is not to be obtained for the mere purpose of procuring a reduction in premiums on the insurance of the applicant himself or his employer."²⁴

Other inquiries contained in the application relate to such matters as whether the applicant is engaged in any business other than insurance, what portion of his time will be devoted to the insurance business, whether the applicant has had any previous license revoked, whether he has ever been arrested or convicted of a crime and whether the applicant was assisted in answering any of the questions. Seven questions in the application pertain to whether the applicant understands that certain practices are illegal. For example, the following questions appear in the blank:

20. Do you understand that it is illegal to rebate, to twist policies, or to misrepresent policy conditions or misrepresent the standing of companies?
21. Do you understand that it is illegal to share commissions with a policyholder or any other person who is not a licensed insurance agent?²⁵

The applicant must give three references of representative business men of his community. In addition an endorsement by an official or representative of the agent's company is contained on the blank stating that the agent is "an individual of sufficient underwriting experience, of good business standing, and one who is worthy of an agent's license." On the basis of the contents of the written application and payment of a license fee the agent is issued a license. No independent investigation of the applicant's qualifications is made.

From the preceding summary of the licensing procedure in North Dakota it can be seen that the primary emphasis of the application is on the agent's moral fitness rather than on mental competency. In fact, the term "competence" cannot be found in any of the statutes concerning insurance agents. Although the commissioner has the implied discretion to re-

24. Patterson, *supra* note 2, at 167.

25. See Application for Agent's License, N.D. Department of Insurance, Rev. Form 1960.

fuse to issue or renew a license to a person who is "unworthy" of such license,²⁶ the administrative policy of the insurance department is, as mentioned previously, to issue a license *pro forma* on the contents of the application with no independent investigation being made concerning the applicant's competence. The fact that approximately 20,000 licenses are issued or renewed annually in North Dakota²⁷ makes such an investigation nearly impossible.

The agent's license in North Dakota can be said to be almost wholly a revenue-getting device. It is regulatory in the sense that the insurance commissioner has the right to refuse or renew a license on the basis of illegal activities on the part of an agent. Illegal practices include rebating and discrimination,²⁸ misrepresentation and practices commonly known as "twisting."²⁹ Miscellaneous grounds for revocation are reinsuring for an unlicensed company,³⁰ selling corporation stock with insurance,³¹ and paying commissions to a non-licensed, non-resident agent.³²

The greatest problem with these business-getting method statutes is their extreme difficulty to enforce, particularly those statutes dealing with misrepresentation and "twisting." For example, in the life insurance field it is illegal for the agent to make misleading estimates of future dividends or misleading statements concerning dividends previously paid.³³ Since any estimate of future dividends is nothing more than a statement of opinion such an estimate is illegal only when the statement is made with intent to deceive, which is very difficult to substantiate. In addition, statements by agents in

26. N.D. Cent. Code § 26-17-01 (1961).

27. Although the North Dakota Insurance Department keeps no records of the number of licenses issued or renewed, this estimate was made by Mr. Joe Fevold, acting actuary of the Insurance Department. It undoubtedly includes multiple licenses, i.e., many agents hold licenses for several lines and occasionally hold licenses for several lines in more than one company.

28. N.D. Cent. Code §§ 26-10-09, 26-10-10 (1961). A rebate is the giving of a benefit or advantage to a policyholder which is not specified in the policy. For example, an agent remitting all or part of his commission to an insured for the purpose of inducing him to purchase insurance would be a case of rebating. Most methods of rebating are much more subtle.

29. N.D. Cent. Code § 26-10-12 (1961). Misrepresentation and twisting refer to acts of agents who try to effect a sale through the misrepresentation of benefits, dividends or other policy provisions. The term "twisting" means the misrepresentation of policy provisions or the incomplete comparison of policy provisions for the purpose of inducing the replacement of existing insurance with new insurance. Note that the replacement of existing insurance by itself is not illegal. The element of misrepresentation or an incomplete comparison must be involved for the practice to be illegal.

30. N.D. Cent. Code § 26-17-15 (1961).

31. *Id.* § 26-10-09.

32. *Id.* §§ 26-17-02, 26-17-06, 26-17-11.

33. *Id.* § 26-10-11.

regard to past dividends usually imply that future dividends will be at least as liberal. Again the element of intent to deceive must be present to make such a statement illegal. One author makes the following observation:

The problem of supervising the selling methods of agents and insurance companies themselves involves much more serious administrative difficulties than the regulation of company assets and financial conditions. The latter can be effectively checked from home office records and statements and on-the-spot examinations. In contrast, selling methods involve, to a great extent, oral transactions by a large number of agents and a much larger number of prospective insurance purchasers. The difficulty exists in bringing to light unfair selling practices.³⁴

Mr. Joe Fevold, acting actuary of the North Dakota Insurance Department, comments: "Each week we get numerous complaints of various kinds, but in many instances the complainant cannot furnish substantiating proof in order for this department to proceed with an investigation."³⁵

The general problem, of course, is one of raising the standards of ethical conduct and mental competence among insurance agents. It is the contention of this paper that the present system of licensing insurance agents in North Dakota does nothing more than eliminate the obviously unfit and fails to keep out the incompetent. At best it eliminates the agents who are *caught* in illegal practices.

To raise the standards of insurance selling and to have a genuine agent qualification law in North Dakota, a written examination of all new applicants each year is the least that can be accomplished. Agent qualification laws operate in the public interest in that they raise standards of insurance selling.³⁶

34. Lineen, Procter & Gardner, *supra* note 11, at 40. For a more complete analysis of the problems involved in supervising agent practices, see Kimball and Jackson, *Regulation of Insurance Marketing*, 61 Col. L. Rev. 141 (1961).

35. Letter from Joe Fevold, Jr., July 13, 1961.

36. The core of the agent qualification bill which was introduced and defeated in the 1961 North Dakota Legislature was the requirement of a written examination. The law would have applied only to life and accident and health insurance agents. Although one might argue that the public interest perhaps would be more adversely affected by these lines, the author sees no logical reason why property-casualty and other agents should be exempt from a qualification law. Evidently the state of New York believes that property-casualty agents and agents of other lines of insurance should be required to show quite a high level of competence. As pointed out previously, these agents are required to have 90 hours of instruction in a college or university. At the present time, all states require written examinations for life insurance agents except North Dakota, Kansas, Nebraska, Missouri, and Louisiana.

The main objection that has been raised to an agent qualification law in North Dakota is that such a law would restrain competition among agents or would be "fence-building."

This notion is fallacious. The purpose and the effect of a qualification law is to prevent incompetent persons from entering the field of insurance sales and thus protect the insuring public. A qualification law does not prevent persons from entering the selling field in the sense of limiting the number of potential agents, but it does require that those who do enter achieve some minimum level of ethical and mental competence. The state requires a person who wishes to drive an auto to obtain a license, and to do so one must pass a written and driving test. Can one say that this is "fence-building" because it eliminates the unfit drivers? The analogy is clear. The state also requires a level of minimum competence in many fields—doctors, dentists, barbers, accountants, lawyers, teachers, nurses, etc.

Another objection which might be raised to a law requiring an examination for agents is that such a law would be too expensive to administer. To answer this contention one has to look only at the cost of supervision relative to the revenue received by the state from the insurance industry. In 1958 the state of North Dakota had cash receipts in the form of insurance premium taxes, license fees, etc., of approximately \$1,512,000. The total expenditures or the cost of supervision by the state insurance department in the same year was \$72,600 or a ratio of funds spent to total revenue of only approximately 4.80 per cent.³⁷ This ratio has not changed significantly since 1958. This fact leads to the important question, if the insurance industry is affected by as great a public interest as it is generally assumed to be, are we spending enough to protect this public interest?

CONCLUSION

It has been noted that historically the state supervision of insurance agents has changed from only revenue considerations to include regulatory aspects. This shift in emphasis is reflected in the change of agent licensing requirements. In former times an agent's license was issued as a matter of

37. Dineen, Procter & Gardner, *supra* note 11, at 53. This ratio can be compared to New York's ration of 7.78 percent.

course. Today in the leading regulatory states agents are licensed on satisfaction of relatively specific formal, technical, and moral requirements under carefully-drafted qualification laws and regulations. In North Dakota licensing has been too largely a matter of fees and forms. In order to raise the standards of insurance selling in North Dakota and thus improve the public's confidence in the insurance industry a stricter agent qualification law with a written examination requirement should be instituted.

Although there is no magic in a law or set of rules, qualification requirements are a better guarantee of minimum competence than is licensing *pro forma*, and the addition of an examination requirement is an integral part of a qualification law. An insurance industry spokesman, commenting on the need for competence in the insurance selling field, states:

It must be recognized that as a product (insurance) and its market become more complex, the quality and knowledge of the agent must be raised if the public is to be served properly. Yet, insurance licensing requirements are lower than those of any other profession or trade for the responsibilities assumed. Agents' qualifications will surely have to be raised if the insurance profession is to be fully recognized by the public and if it hopes to attract more qualified people to enter the insurance business in the future . . . *There is no reason why every state should not raise its licensing standards.*³⁸ (emphasis supplied).

The fact the Federal Government has taken renewed interest in the adequacy of state regulation of insurance makes it all the more important for North Dakota to re-examine its present licensing procedures.³⁹ It should be remembered that Congress does have the power to regulate the insurance business and the current investigation of insurance reflects the concern of Congress over the adequacy of state regulation as the instrument for properly serving the public interest in accordance with the mandate of the McCarran Act.

38. Suter, **Professionalism—A Basic Need**, *Best's Insurance News* 23B (Fire & Casualty ed., Aug. 1961).

39. See Subcommittee, **Committee of the Judiciary, 86th Cong., 2d. Sess., REPORT ON ANTITRUST AND MONOPOLY**, Report No. 1834 (Comm. Print 1960).