

Draft: 11/16/21

Producer Licensing (D) Task Force  
E-Vote  
October 29, 2021

The Producer Licensing (D) Task Force conducted an e-vote that concluded Oct. 29, 2021. The following Task Force members participated: Elizabeth Kelleher Dwyer, Co-Chair (RI); Larry D. Deiter, Co-Chair (SD); Lori K. Wing-Heier (AK); Jim L. Ridling represented by Jimmy Gunn (AL); Ricardo Lara represented by Charlene Ferguson (CA); Trinidad Navarro represented by Robin David (DE); David Altmaier represented Matt Tamplin (FL); Dean L. Cameron represented by Lisa Tordjman (ID); Sharon P. Clark (KY); Grace Arnold represented by Peter Brickwedde (MN); Mike Causey represented by Angela Hatchell (NC); Eric Dunning (NE); Chris Nicolopoulos represented by Christie Rice (NH); Russell Toal (NM); Barbara D. Richardson represented by Stephanie McGee (NV); Judith L. French represented by Tynesia Dorsey (OH); Glen Mulready represented by Erin Wainner (OK); Jessica K. Altman represented Adriane Force (PA); Jonathan T. Pike represented by Randy Overstreet (UT); Scott A. White represented by Mike Beavers and Richard Tozer (VA); Mike Kreidler represented by Jeff Baughman (WA); Mark Afable represented by Rebecca Rebholz (WI); Allan L. McVey (WV); and Jeff Rude represented by Bryan Stevens (WY).

1. Adopted its 2022 Proposed Charges

The Task Force considered adoption of its 2022 proposed charges, which remained consistent with its 2021 charges.

The following 2021 charges were deleted from the 2022 proposed charges:

- Finalize the white paper on the role of chatbots and artificial intelligence (AI) in the distribution of insurance and the regulatory supervision of these technologies by the 2021 Spring National Meeting.
- Draft procedures for amending the NAIC's uniform producer licensing applications and uniform appointment form to ensure consistency with the NAIC membership's goal of maintaining uniform and stable applications that encourage the efficient use of electronic technology.

The discussion on role of chatbots and AI will be incorporated into the work of the Innovation and Technology (EX) Task Force or the new Innovation, Cybersecurity, and Technology (H) Committee, which may be appointed in 2022. The charge regarding the development of procedures for amending the NAIC uniform producer licensing applications was deleted due to the anticipated completion of this charge in 2021.

The following new charges were added to the 2022 proposed charges:

- Coordinate with the Special (EX) Committee on Race and Insurance on referrals affecting insurance producers.
- Discuss how criminal convictions may affect producer licensing applicants, and review the NAIC's *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* to create a more simplified and consistent approach in how states review 1033 waiver requests.

A majority of the Task Force members voted in favor of adopting its 2022 proposed charges.

Having no further business, the Producer Licensing (D) Task Force adjourned.

[ProdLic Min 10.29.21](#)

## Draft Pending Adoption

Draft: 8/15/21

Producer Licensing (D) Task Force  
Virtual Meeting (*in lieu of meeting at the 2021 Spring National Meeting*)  
August 4, 2021

The Producer Licensing (D) Task Force met Aug. 4, 2021. The following Task Force members participated: Elizabeth Kelleher Dwyer, Co-Chair (RI); Larry D. Deiter, Co-Chair (SD); Ricardo Lara represented by Charlene Ferguson and Tyler McKinney (CA); Michael Conway represented by Steven Giampaolo (CO); Trinidad Navarro represented by Ashley Webb (DE); David Altmaier represented by Matt Guy and Matt Tamplin (FL); Doug Ommen represented by Jackie Russo and Andria Seip (IA); Sharon P. Clark (KY); James J. Donelon represented by Barry Ward (LA); Mike Causey represented by Angela Hatchell (NC); Eric Dunning represented by Kevin Schlautman and Martin Swanson (NE); Chris Nicolopoulos represented by Joan Lacourse (NH); Judith L. French represented by Tynesia Dorsey (OH); Andrew R. Stolfi represented by Kirsten Anderson (OR); Jessica K. Altman represented Christopher Monahan (PA); Doug Slape represented by Chris Herrick (TX); Scott A. White represented by Richard Tozer (VA); Mike Kreidler represented by Jeff Baughman (WA); Mark Afable represented by Rebecca Rebholz and Melody Esquivel (WI); and James A. Dodrill represented by Greg Elam and Robert Grishaber (WV).

### 1. Adopted its March 26 Minutes

Commissioner Clark a motion, seconded by Ms. Ferguson, to adopt the Task Force’s March 26 minutes (*see NAIC Proceedings – Spring 2021, Producer Licensing (D) Task Force*). The motion passed unanimously.

### 2. Heard an Update on the State Implementation of Online Examinations

Director Deiter said 40 jurisdictions offer online examinations. He said South Dakota implemented online examinations in April, and 28% of the exams since April have been administered online. He said the pass rate for online examinations is a little higher than in-person examinations. Mr. Tozer said Virginia implemented online examinations in June 2020, and approximately 40% of its examinations are administered online. Ms. Ferguson said California administers 35–40% of its examinations in the online format and has not seen any difference in pass rates from in-person examinations. She said the online format has provided candidates with greater access to examinations with online examinations being available seven days a week and 24 hours a day. Mr. Baughman said Washington began offering online examinations in October 2019 and has not seen any difference in pass rates from in-person examinations. He said 80% of Washington’s exams are administered online. Superintendent Dwyer said Rhode Island has had a similar experience, and she questioned if any states have had security issues.

Joel Norris (Pearson VUE) said the security of online examinations is very important, and while a camera and microphone can pick up what can be seen and heard in view of the camera, there are instances where a candidate leaves the view of the camera. He said there are also instances where a candidate does not follow the proctor’s instructions, and there is the possibility that an applicant has another person present outside the view of the camera. He said the physical management of the remote exam environment is very important, and the proctor can revoke the administration of an exam if the candidate leaves the view of the camera and does not follow the proctor’s instructions. He said proctors have escalated issues, and Pearson VUE has both an incident level response and a broader review of how to curtail certain behavior for all online exams. He said incidents are reported to the client, and the client can then share the information with other states. He said Pearson VUE supports transparency, but it also has contract obligations with clients.

In response to Commissioner Clark’s question about what percentage of candidates have their online exam revoked, Mr. Norris said Pearson VUE keeps track of specific incidents and reports, and exams may also be revoked due to technology issues. Commissioner Clark said she would like to know what percentage of all online exams are revoked because of security concerns.

### 3. Discussed a Referral from the Special (EX) Committee on Race and Insurance

Superintendent Dwyer said she anticipates the Special (EX) Committee on Race and Insurance to refer the following change to the Producer Licensing (D) Task Force: “The Producer Licensing (D) Task Force will receive a report on the availability of producer licensing exams in foreign languages, the steps exam vendors have taken to mitigate cultural bias, and the number and location of producers by company compared to demographics in the area.”

Superintendent Dwyer said the Task Force has solicited examination vendors on the processes they follow to eliminate bias in examinations. She said the Task Force does not plan to circulate information about specific vendors. She said information is being sought from continuing education (CE) providers. She said there would be more detail shared at the next Task Force

## Draft Pending Adoption

meeting. Mr. Tozer said Virginia reviews examinations for bias on an annual basis and works with their examination vendor to identify questions that should be revised.

### 4. Discussed the Review of the NAIC's *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994*

Superintendent Dwyer suggested that the Task Force review the guidelines to create a more user-friendly resource for states to create greater consistency in how states review 1033 waiver requests. She said the Task Force should also be reviewing how criminal convictions affect producer licensing applicants, and she referenced a new pilot program implemented by the Pennsylvania Department of Insurance (DOI) for prospective insurance agents with criminal records.

Mr. Monahan said the Pennsylvania DOI allows a person with a criminal conviction to voluntarily provide criminal record information through an electronic portal. The Pennsylvania licensing and legal teams review the information and provide non-binding feedback on how the criminal activity might affect his/her ability to obtain a producer license. This helps the person determine if he/she should spend time and effort with pre-licensing education. Mr. Monahan said Pennsylvania had 10–20 people use this service in the first two weeks. He said the service is free, and nobody, to date, has had a conviction that would have prohibited the issuance of a license. Superintendent Dwyer said Rhode Island has had a similar program for 10 years, and she said the program in Pennsylvania is very nicely done.

David Leifer (American Council of Life Insurers—ACLI) said the ACLI is supportive of the NAIC looking at how criminal background checks and the 1033 waiver process affects applicants for producer licenses. He said the ACLI also supports the implementation of online examinations, and this has benefited applicants in geographic areas where there is not easy access to examinations centers. He said the ACLI supports licensing standards that ensure qualified producers, but he believes it is important to look at licensing practices that create unnecessary barriers to individuals seeking a producer license.

Mr. Tozer said Virginia has a 1033 waiver process and is working with other states that contract with Sircon to develop best practices for the review of 1033 requests. He said Virginia does not require a separate application for a 1033 waiver if the disclosure of the criminal information is part of the normal, electronic application process. He said the NAIC Uniform Producer Licensing Applications have a question relevant to 1033 waivers, and Virginia can review court records without requiring the resident applicant to submit additional information to Virginia. If needed, he said Virginia may look at a non-resident candidate if there is a 1033 waiver concern and the resident state did not issue a waiver. Superintendent Dwyer encouraged Mr. Tozer to provide additional information on the recommendations from the states that contract with Sircon.

### 5. Discussed Procedures for Amending Uniform Applications

Director Deiter said the draft procedures are being developed to ensure that the consideration of changes to the uniform applications support the NAIC members' goal of providing stable applications and encourage the use of electronic technology for licensing. The Task Force is seeking comments on the procedures through Sept. 3.

### 6. Received Reports from the Producer Licensing Uniformity (D) Working Group and the Uniform Education (D) Working Group

Superintendent Dwyer said the chair position for the Producer Licensing Uniformity (D) Working Group remains open, and the leadership for both working groups continues to be in a state of flux. She said Director Deiter and she are working to transition to new leadership for the working groups.

Having no further business, the Producer Licensing (D) Task Force adjourned.

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## NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

### *Virtual Meeting*

#### **PRODUCER LICENSING UNIFORMITY (D) WORKING GROUP**

Wednesday, November 3, 2021

#### **Summary Report**

The Producer Licensing Uniformity (D) Working Group met Nov. 3, 2021. During this meeting, the Task Force:

1. Discussed licensing standards for pet insurance. The Working Group heard from members, state insurance regulators, and interested parties. The Working Group reviewed the survey results regarding the licensing standards for pet insurance. The survey asked state insurance regulators to choose between four options for the recommendation: 1) confirm that current uniform licensing standards for pet insurance are the correct policy direction; 2) recommend that pet insurance become a core limited line all states shall adopt; 3) recommend that the major lines of authority of property/casualty (P/C) be required to sell pet insurance; and 4) recommend that a full license with any major line of authority is required to sell pet insurance.
2. Adopted a motion to provide the Task Force with the results of the survey, which has seven votes to confirm that current uniform licensing standards for pet insurance are the correct policy direction; seven votes to recommend that the major lines of authority of P/C be required to sell pet insurance; one vote to recommend that pet insurance become a core limited line all states shall adopt; and one vote to recommend that a full license with any major line of authority be required to sell pet insurance.

[https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/fall 2021/tf/prodlic/working groups/ntl mtg summary/pluwg.docx](https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member%20meetings/fall%202021/tf/prodlic/working%20groups/ntl%20mtg%20summary/pluwg.docx)



## NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

*Virtual Meeting*

### **UNIFORM EDUCATION (D) WORKING GROUP**

Thursday, October 7, 2021

#### **Summary Report**

The Uniform Education (D) Working Group met Oct. 7, 2021. During this meeting, the Working Group:

1. Discussed course instructors' requirements. The Working Group discussed the various state requirements for course instructors to find uniformity between all states. The Working Group distributed a survey to all state licensing directors to determine similar state course instructor qualifications to develop a uniform process. The deadline for survey was Nov. 12.

[https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/fall 2021/tf/prodlic/working groups/ntl mtg summary/uewg.docx](https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member%20meetings/fall%202021/tf/prodlic/working%20groups/ntl%20mtg%20summary/uewg.docx)

Draft: 6/10/21

Revision marks reflect changes from draft of Nov. 4, 2020.

*DRAFT FOR DISCUSSION***PROCEDURES GUIDELINES FOR AMENDING THE UNIFORM LICENSING APPLICATIONS**

The mission of the Producer Licensing (D) Task Force includes the development and implementation of uniform standards with a primary emphasis on encouraging the use of electronic technology. As part of this mission, the Task Force has appointed a Producer Licensing Uniformity (D) Working Group to “review and update, as needed, the NAIC’s uniform producer licensing applications and uniform appointment form.” In support of this mission and charge, the Producer Licensing (D) Task Force recognizes the importance of having stable, streamlined, and consistent NAIC’s Uniform Producer Licensing Applications, which comply with the statutes and regulations of the NAIC Membership and encourage the use of electronic technology in the most efficient manner.

In support of this mission and the importance of maintaining stable and consistent NAIC Uniform Licensing Applications, the Producer Licensing (D) Task Force will ~~adhere to the following process~~ use the following guidelines for substantive changes to the NAIC’s Uniform Licensing Applications.

1. On a biennial basis, the Producer Licensing (D) Task Force will ~~receive~~ send an email notification by Dec. 1<sup>st</sup> asking for proposed changes to the NAIC Uniform Licensing Applications, ~~through~~ The submission of requested changes are to be submitted using the NAIC Uniform Licensing Application Change Request as a Word document. The form should be completed in its entirety, attached to ~~an~~ the Producer Licensing (D) Task Force e-mail notification as a Word Document, and submitted to NAIC staff providing primary support for the Producer Licensing (D) Task Force. All requests ~~must~~ should be submitted by Feb. ~~ruary~~ ruary 1.
- ~~2. NAIC staff will coordinate with NAIC and NIPR technology staff on a preliminary analysis of the time and cost estimate to implement each proposed change. NAIC and NIPR staff will spend no more than two hours for each request in this preliminary analysis phase. By March 15, NAIC staff support for the Producer Licensing (D) Task Force will provide the change requests and preliminary analysis to the Chair of the Producer Licensing (D) Task Force for further review and discussion by the Task Force, at the discretion of the Chair.~~
- ~~3.~~ 2. If the Producer Licensing (D) Task Force recommends further analysis of the request, the Task Force will assign the request to the Producer Licensing Uniformity (D) Working Group ~~for review~~ by the NAIC Spring National Meeting. The Working Group will review the request pursuant to the following guiding questions:
  - a. Does the proposed change maintain the NAIC Membership’s mission of uniform licensing standards with a primary emphasis on encouraging the use of electronic technology?
  - b. Does the proposed change serve a regulatory purpose of stronger consumer protection while maintaining an efficient licensing process for producer applicants? This should include documentation on why the existing Uniform Applications do not meet these objections.
  - c. Does the proposed change comply with the statutes and regulations of the NAIC Membership and encourage the use of the NAIC’s Uniform Applications in all jurisdictions?
- ~~4.~~ 3. The initial comment period on exposure drafts for the Producer Licensing Uniformity (D) Working Group ~~is~~ should be 30 calendar days. The Working Group may consider additional exposure periods of less than 30 days for revisions to the same draft.
- ~~5.~~ 4. Revisions to the NAIC’s Uniform Applications ~~must~~ should be adopted by the Producer Licensing Uniformity (D) Working Group ~~by August 1 and~~ the Producer Licensing (D) Task Force by Sept. 1, the NAIC Summer National Meeting.<sup>1</sup> ~~the Market Regulation and Consumer Affairs (D) Committee by Oct. 1, and the Executive (EX) Committee and Plenary by Dec. 31.~~
5. If the Producer Licensing Uniformity (D) Working Group recommends not to proceed with a request, the request will be updated with that decision, filed for future reference, and a copy to the requestor.

<sup>1</sup> This timeline will require the charges assigned to the Producer Licensing Uniformity (D) Working Group to be revised to reflect the Working Group should provide recommended changes to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting instead of June 1.

6. ~~The implementation timeline for the revised Uniform Licensing Applications will be coordinated with NAIC and NIPR staff and communicated to the Producer Licensing (D) Task Force.~~ If the Producer Licensing Uniformity (D) Working Group recommends proceeding with a request, NAIC and NIPR staff will perform analysis during the next 30 days and provide a time and cost estimate for the Producer Licensing (D) Task Force's review and prioritization with an identified implementation date.
7. Revisions to the NAIC's Uniform Applications should be adopted by the Market Regulation and Consumer Affairs (D) Committee by Oct. 1, and the Executive Committee and Plenary by the NAIC Fall National Meeting.

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## NAIC Uniform Application Change Request

**Date Submitted:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**State:** \_\_\_\_\_

**E-Mail:** \_\_\_\_\_

**Phone:** \_\_\_\_\_

**Change Request to Following NAIC Uniform Application (Check all that apply)**

- Uniform Application for Individual License/Registration
- Uniform Application for Individual License Renewal/Continuation
- Uniform Application for Business Entity Licensing Registration
- Uniform Application for Business Entity License Renewal/Continuation

**Provide Concise Description of Proposed Change**

**Provide Reason for the Proposed Change**

**Provide Supporting Information Related to the Proposed Change**

**To Be Completed by NAIC/NIPR Staff**

Change Request ID #	Date Received	Estimated Hours	Recommendation

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November 1, 2021

Superintendent Elizabeth Kelleher Dwyer  
Department of Business Regulation  
Rhode Island  
Insurance Regulation Division  
1511 Pontiac Avenue, Bldg. 69-2  
Cranston, RI 02920

Director Larry D. Deiter  
Department of Labor and Regulation  
South Dakota  
Division of Insurance  
124 S. Euclid Ave, 2nd Floor  
Pierre, SD 57501

Dear Superintendent Dwyer and Director Deiter:

Thank you for your continued leadership of the NAIC's Producer Licensing (D) Task Force (PLTF). This letter is a follow-up to recent communications around ACLI's diversity and inclusion initiatives, and how those initiatives may complement the important work of the PLTF.

As we stated during the NAIC's August meeting, ACLI supports licensing standards that ensure the licensure of qualified producers. We believe, however, there are some practices used by states that can create unnecessary barriers to individuals seeking a license. As states and the NAIC pursue the goals of diversity, equity, and inclusion, we believe it is important that these barriers be addressed in an effort to open the doors to the insurance profession to more qualified individuals.

As we have discussed, ACLI has identified at least two unnecessary barriers to entry that warrant action in the short-term. The first barrier centers on the 1033 waiver process. We have shared some findings from ACLI member companies around this issue, and we are pleased to see that exploring the 1033 waiver process is a proposed PLTF charge for 2022. We look forward to an ongoing discussion of possible reform in this area, including simplified guidance/best practices.

A second barrier to entry that ACLI believes states should address is the presence of unnecessary pre-licensing education mandates. From a public policy standpoint, pre-licensing mandates are becoming increasingly difficult to justify. The ostensible purpose of pre-licensing mandates is to ensure candidates are prepared for the profession by helping them pass the licensing exam. Yet more than a decade ago, the NAIC's Producer Licensing Working Group determined that pre-licensing mandates do not achieve this goal. In a 2011 memo (attached), the Working Group

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American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 95 percent of industry assets in the United States.

[acli.com](http://acli.com)

stated that it was unable to conclude that pre-licensing education “*impacts test scores in a positive or negative way.*”<sup>1</sup>

At first, the fact that pre-licensing mandates do not produce better agents more prepared to pass the exam may seem counterintuitive. Upon reflection, however, it makes sense. After all, pre-licensing education still happens in states without a mandate. This is because applicants for a license do not need to be told by the state to study. Reports from states without a mandate suggest the overwhelming majority of candidates for license still take a course, buy materials, or otherwise prepare.<sup>2</sup> The difference in non-mandate states is candidates for a license are free to study in a way that best fits their schedule, budget, and study habits.

Interestingly, the NAIC’s 2011 survey was not the first-time it was acknowledged that there is no correlation between pre-licensing and better agents. Materials in the NAIC’s library reveal that stakeholders understood in the early 1980s that pre-licensing did not correlate with better exam performance. Despite this acknowledgement, pre-licensing mandates were pushed as a way to “*professionalize*” insurance agents. Unfortunately, there appears to have been little discussion at the time about how the pursuit of an ill-defined “*professionalism*” could result in licensing hurdles that might limit diversity in the licensed agent population.<sup>3</sup>

There are many ways pre-licensing mandates serve as barriers to entry, including requiring commitments of time, money and methods of study that discourage applicants who might also be caregivers, considering insurance as a second career or who come from non-traditional education backgrounds. These barriers — not to mention the costs states incur keeping them in place — might be acceptable if mandates were producing a public policy benefit, but the evidence shows they are not.

Today, there are still over twenty states with pre-licensing education mandates, although the trend is for states to eliminate these mandates. The NAIC’s official position on pre-licensing mandates is that no pre-licensing education requirement is necessary. This position is articulated in the Uniform Licensing Standards. While the Standards give safe harbor to states that have a mandate of 20 hours per line, ACLI hopes the PLTF can have a discussion around this as part of the race and inclusion agenda. Our view is that the best course is to remove pre-licensing mandates altogether, as the evidence shows these requirements are both unnecessary from a consumer protection standpoint and are undermining the pursuit of diversity, equity, and inclusion in insurance.

Consistent with the removal of unnecessary barriers, ACLI also supports exploration of proactive initiatives that can foster the growth of licensed producers. The availability of online proctored exams is an example of this kind of initiative. As the PLTF has learned, an overwhelming number of states currently allows online exams, and there does not appear to be much if any variance in pass rates. The testing vendors have described the steps taken to ensure the integrity of online exams. A best practices/guidance document generally setting forth such steps would be another excellent project for the PLTF in our view.

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<sup>1</sup> Producer Licensing Working Group Memo to Task Force Chair Roger Sevigny, 8/12/2011.

<sup>2</sup> Texas Department of Insurance, Demographic Analysis, 2014-2020.

<sup>3</sup> “Life Agent Qualifications and Mandatory Continuing Education,” William Albus, *Journal of Insurance Regulation*, 1984.

Thank you again for your continued leadership of the PLTF, and the important work underway in support of diversity and inclusion within the producer community.

Sincerely,

David Leifer



Vice President & Associate General Counsel  
American Council of Life Insurers

Ian Trepanier



Policy Analyst  
American Council of Life Insurers

CC: Tim Mullen, Director, Market Regulation, National Association of Insurance Commissioners

Attachment: 2011 NAIC Producer Licensing Working Group Memo

**Date:** August 12, 2011

**To:** Roger Sevigny, Chair of the Producer Licensing (EX) Task Force

**From:** Anne Marie Narcini, Chair of the Producer Licensing (EX) Working Group

**Re:** Survey of States Regarding Prelicensing Education and Testing Processes

In 2011 the Producer Licensing Working Group was charged with “Continuing to review the process for examination development and delivery of education materials for pre-licensing education and provide recommendations for best practices to ensure the timely review and updates of exam material and a process geared toward testing the qualifications for an entry-level position as a producer.” In an effort to provide necessary information regarding current state processes, earlier this year all jurisdictions were sent a survey regarding their current prelicensing education and examination processes. They were also asked to provide 2010 data on first time pass rates by major line of authority as well as the number of first time test takers. Forty two jurisdictions responded to the survey and forty provided first time pass rates; not all of them including the number of exam candidates. In an effort to provide as complete results as possible, we followed up several times with states that had not responded. Since we have not been able to compile information yet from all jurisdictions, we wish to report on the data received to date. The following states provided information:

Alabama  
Alaska  
Arkansas  
Arizona  
California  
Colorado  
Connecticut  
Delaware  
Florida  
Hawaii  
Idaho  
Iowa  
Illinois \*  
Kansas  
Louisiana  
Massachusetts  
Maine

Maryland  
Michigan  
Minnesota  
Mississippi  
Montana  
Nebraska\*  
North Carolina  
North Dakota  
New Hampshire  
New Jersey  
New Mexico  
New York  
Ohio  
Oklahoma  
Pennsylvania  
Rhode Island  
South Dakota

Texas

Utah

Virginia

Vermont

\* = No test score data provided

Washington

Wisconsin

West Virginia

We have compiled the aggregate responses below. Findings include the following:

- Almost half the jurisdictions now have no pre-licensing education mandate. Several states made this switch rather than increase the number of hours required to the Uniform Licensing Standard (ULS) of 20 hours per major line of authority.
- Only one state that requires prelicensing education has less than 20 hours per line, and that is only if a producer selects more than one line. The mandatory 12 hour state specific education is only required once.
- Eight states require more education than the ULS.
- The vast majority of jurisdictions have an exam composed of two parts – general product knowledge and state specific requirements. Of the five stating they did not, most indicated that state specific information was scattered within the exam.
- States are divided in how exams are scored. The majority responding indicated they view the combined score of both parts of the exam to determine the passing grade, while 40% require the candidate to pass both parts separately in order to pass the total exam.
- The vast majority of states define the first time pass rate as the percent of applicants who pass the entire test the first time; however four states are reporting data using a different definition.
- All but one responding state use a test vendor. The state that did not develops the exam in house with help of an independent committee.
- The clear majority of states indicate they review both the general product knowledge and the state specific portions of their exams every one to two years. Most use a similar process, using department staff, Subject Matter Experts (SME's) and the testing vendor to review questions for relevancy, clarity, testing performance, and updates due to law and policy changes.
- Most states do not publish first time pass rates or pass rates by education providers; however most do provide those results to education providers or will do so upon request.
- Fourteen states indicate they do or will soon track demographic data including education level, gender, native language, race, ethnicity, study method of examinees, country of birth, and age.
- Most states have no mandated limit on the number of times an applicant can take the exam.

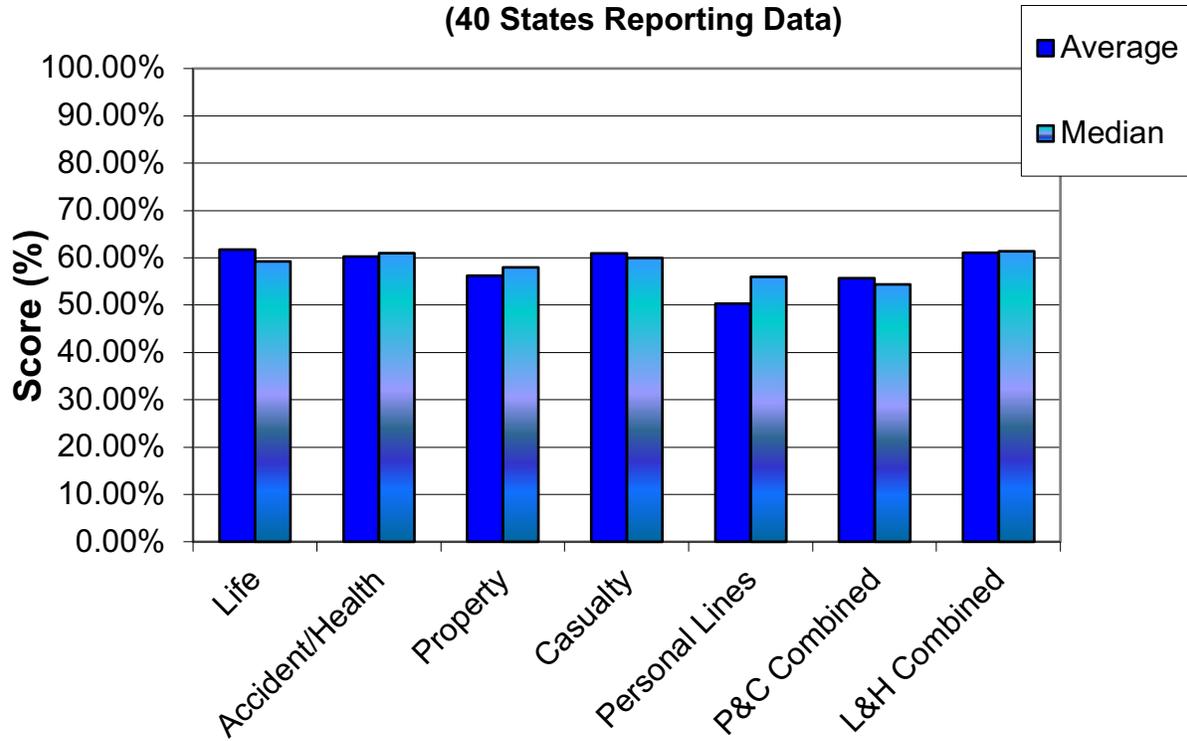
<b>Question</b>	<b>Response</b>
Does your jurisdiction require prelicensing education for major lines?	<b>22</b> Yes <b>20</b> No
If yes, how many Hours	<b>13</b> 20 Hours <b>1</b> 20 Hours for 1 <sup>st</sup> line; 12 for additional lines <b>8</b> More than 20 hours
Do you have two parts to your exam: State Specific & General Product Knowledge (or equivalent)	<b>37</b> Yes <b>5</b> No
If yes, do you require individuals to pass each part of the exam individually or that the combined score is a pass?	<b>15</b> Must pass each part individually <b>22</b> Combined Score is a pass
How do you define first time pass ratio?	<b>38</b> The percent of applicants who pass the entire test the first time <b>3</b> The percent of applicants who pass at least one part of the test the first time <b>1</b> The percent of applicants who pass the test within a certain number of days of first taking the exam.
Do you use a test vendor?	<b>41</b> Yes <b>1</b> No
If no, how do you develop your exam?	Develop in-house, with input and assistance from an Advisory Committee.
How often do you review the General Product Knowledge portion of the exam?	<b>27</b> Annual <b>7</b> 18 months – 2 years <b>2</b> Every 4 years <b>7</b> Other (vendor review)
How often do you review the state specific portion of the exam?	<b>31</b> Annual <b>6</b> 18 months – 2 years <b>5</b> Other (no State specific test)
Do you publish first time pass rates?	<b>12</b> Yes <b>30</b> No
Do you publish pass rates by education provider?	<b>9</b> Yes <b>33</b> No

Do you provide pass rates to the education providers?	22 Yes or Upon Request 20 No
If yes, do you give them all data or just the individual school?	15 – All 6 - Individual School 1 - No answer
Do you track demographic data such as race, gender, and ethnicity?	14 – Yes (or will in 2011) 28 – No
If yes, what information do you track?	Responses include: Education level, gender, native language, race, ethnicity, study method of examinees, country of birth, age
Do you limit the number of times an applicant can take the exam?	8 Yes (Wait times or maximum # of attempts allowed) 34 No

Below are aggregate findings for the 40 jurisdictions that provided first time pass rates for calendar year 2010. The following points should be noted.

- Several smaller jurisdictions indicated that pass rates for certain lines, such as personal lines or individual property rather than a combined property/casualty exam, may distort overall pass rates since only a handful of people took the exam. For example, in one state, only two people took the personal lines exam and both failed the first time, resulting in a 0% pass rate. Similarly, if both passed, it would have resulted in a 100% pass rate.
- Although ULS require that states offer exams for each major line individually, many states, as a courtesy, still offer combined exams and find the majority of candidates opt for these combined tests, particularly for property and casualty. As a result, where reported, we have included combine line pass rates as well.
- As noted previously, four jurisdictions have a different definition of first time pass rate than the majority, but that data is included in the aggregate findings based upon what they have reported.

**Aggregate Average and Median Producer Test Scores for  
First Time Test takers  
by Line Calendar Year 2010  
(40 States Reporting Data)**



**Line of Authority (Not all states offer combined)**

	Life	Accident/Health	Property	Casualty	Personal Lines	P&C Combined	L&H Combined
<b>Average</b>	61.77%	60.26%	56.29%	60.92%	50.28%	55.73%	61.08%
<b>Median</b>	59.26%	61.00%	58.00%	60.00%	56.00%	54.40%	61.40%

We also reviewed whether the data indicated if mandatory prelicensing education impacted first time pass rates. Based upon information reported, it does not appear we can conclude that requiring prelicensing education impacts test scores in a positive or negative way.

Average and Median First time Pass Rates Based on Requirements for Prelicensing Education							
State Requirement	Life	Accident/Health	Property	Casualty	Personal Lines	P&C	L&H
No PreLic Ed Average	62.97%	55.55%	51.92%	60.50%	44.43%	59.35%	61.37%
No PreLic Ed Median	65.71%	57.50%	50.00%	58.86%	50.00%	60.22%	61.80%
Pre Lic Average	60.69%	64.29%	60.96%	61.37%	55.25%	52.76%	60.71%
Pre Lic Median	58.00%	62.00%	61.09%	60.61%	60.60%	50.40%	61.00%

We hope these survey findings are helpful as we continue to review the process for examination development and delivery of education materials for pre-licensing education and provide recommendations for best practices. I will continue to follow up with the jurisdictions that have not reported and those that did not provide complete data, so we may have the most relevant and up to date material possible to continue our review. I would be happy to discuss the results with you and/or the members of the Task Force at any time.