Adopted by the Producer Licensing (D) Task Force, Oct. 7, 2026

Chapter 8

Testing Programs

Introduction

The states have a responsibility to ensure that licensing examinations are fair, sound, valid and secure. Directors must consider how an exam is developed, who is involved in the development process, how the exam is offered and how its security is maintained. Nearly every state has contracted with an outside testing vendor to assist in examination development and administration. These ~~testing~~ vendors ~~employ~~ consult with test development experts and psychometricians to construct and evaluate examinations.

The primary purpose of a state examination and licensing program is to protect consumers. Examinations should be consistent across the states in difficulty level, content and subject matter. They should be uniformly administered and scored. Examinations should be psychometrically sound, using methods for setting and maintaining passing standards—i.e., cut scores—that are in accordance with testing industry best practices. They should use resources ~~such as~~like: 1) "Standards for Educational and Psychological Testing," developed jointly by the American Educational Research Association (AERA), American Psychological Association (APA) and National Council on Measurement in Education (NCME); and 2) the U.S. Equal Employment Opportunity Commission's (EEOC) Uniform Guidelines on Employee Selection Procedures (29 CFR 1607).

These resources allow states to provide consistency and uniformity in producer licensing.Through valid, reliable and legally defensible test development practices, candidates will have a fair and equitable opportunity to pass a~~n~~ state exam, regardless of which ~~state exam~~one they take. Ideally, pass rates should be consistent throughout the states; however, statistics from national examination administration have shown that ~~the~~ pass rates for examinations for the same line of insurance vary significantly among ~~the~~ states. Other variables may contribute to pass rates, such as state education systems, demographics, ~~the existence of a prelicensing education requirement, and~~ the quality of ~~such~~ prelicensing education, but the states should work with their test vendors to ~~be sure that they~~ eliminate any practices that do not measure the entry-level knowledge, duties and responsibilities of an insurance producer.

Different states take different approaches to the development and administration of producer license examinations. Some ~~of the~~ states exercise significant control over test development and review.~~:~~ ~~O~~others ~~states~~ rely almost entirely on outside experts. ~~In m~~Most ~~of the~~ states, ~~the state does~~do not pay any fee to a testing vendor, and the cost of test development and administration is passed ~~through~~ on to ~~the~~ test-takers. Most ~~of the~~ states reserve the right to preapprove any fees charged by testing vendors.

With ~~the~~ a state licensing system increasingly built on reciprocity, it is in the best interest of consumers, state insurance regulators, industry, producers, and prospective producers for state licensing directors to establish guidelines that promote efficiency and consistency ~~throughout~~ across the licensing process. Directors should also reduce or eliminate artificial barriers that ~~impede~~ prevent qualified applicants from obtaining a license.

The purpose of this chapter is to recommend best practices for the states in testing administration in the following areas:

1. Test development and review.
2. Test administration.
3. Test results.
4. Expectations for test vendors.

This chapter was developed with assistance from insurance test vendors, industry representatives, education providers, and state insurance regulators.

Producer Licensing Model Act Guidelines on Examinations

Section 5 of the *Producer Licensing Model Act* (#218) contains guidance for administering licensing examinations. Under Section 5, ~~all~~ residents are expected to complete a written examination unless exempt pursuant to Section 9, which should include the following:

1. The entry-level knowledge required for an individual concerning the lines of authority (LOAs) for which the application is made.
2. The duties and responsibilities of an insurance producer.
3. The applicable insurance laws and regulations of the state.

Section 5 grants the insurance commissioner authority to hire an outside testing service to administer examinations and impose nonrefundable examination fees.

Model #218 contains several exemptions from prelicensing education and examination requirements. An individual who is licensed as a nonresident in a state and who moves into that state, or an individual who moves from his or her home state to another state and seeks a resident license, is not required to complete an examination for the LOA(s) ~~previously~~ already actively held in the prior resident state as long as application is made within 90 days of the change in residence and the prior resident state indicates that the producer was licensed in good standing. Verification shall be done via the State Producer Licensing Database (SPLD). In this situation, a nonresident state should never impose prelicensing education or examination requirements.

The Uniform Licensing Standards (ULS) provide that states do not have to require examinations ~~are not generally required~~ for limited lines, but they are permited ~~it is acceptable~~ to require examinations for areas ~~such as~~ like crop and surety. States requiring testing for crop may waive it upon verification of passing the Unites States Department of Agriculture's (USDA) Risk Management Agency (RMA) required basic competency test. No state shall require additional pre-licensing education or testing for nonresident applicants or non-resident producers who change their state of residency.

Model #218 ~~leaves~~ provide states with discretion over test development and administration ~~to the discretion of the individual states.~~ Section 5(A) of the ~~M~~model ~~#218~~ requires, ~~"[a] resident individual applying for an insurance producer license shall~~ applicants to pass a written examination,~~"~~ and the examination is required to ~~must~~ test the knowledge of the ~~individual~~ applicant in the following three areas:

1. The specific LOAs for which the application is made.
2. The entry-level duties and responsibilities of an insurance producer.
3. The applicable insurance laws and regulations of the state.

Beyond these broad subject matter categories, Section 5 requires the state insurance commissioner to prescribe the rules and regulations governing the manner in which ~~states that~~ such tests ~~"shall be~~ are developed and conducted ~~under rules and regulations prescribed by the insurance commissioner~~.~~"~~

~~In order to~~To provide more uniformity in state licensing practices, the 2018~~2~~ revised ULS for Exam Content or Subject Area and Testing Administration Standards establishes as the uniform standard ~~implementation of~~ the ~~"~~Exam Content and Testing Administration Recommended Best Practices found in Chapter 8 of the NAIC *State Licensing Handbook*~~"~~ ~~as the uniform standard~~.

Test Development and Review

Test development experts ~~believe~~ recommend that licensing examinations ~~should~~ measure the minimum competency required for a candidate to perform at an entry level. Therefore, ~~test~~ exam content and curriculum development should be focused on assessing ~~whether~~ a candidate demonstration~~s~~ of sufficient knowledge to pass an examination that is appropriately targeted to an entry-level producer.

The examination should not dictate the curriculum that an entry-level insurance producer should master. Instead, the test content should be developed using the steps outlined below. Examinations and curriculums should be updated to regularly reflect ~~any~~ changes in insurance laws, regulations or industry practice. An online candidate guide should be available and provide detailed testing and licensing procedures, as well as content outlines with cross-references to the curriculum.

~~Input from t~~Trainers who conduct test preparation courses may assist in the development of the curriculum and the exam content outline; however, in some state~~s insurance regulators believe it is not appropriate to invite these trainers d~~to not participate in reviewing final examination questions. Education providers who do not offer prelicensing education courses (such as continuing education [CE] providers) are sometimes used during test development.

There are ~~generally two~~ different approaches to examination construction. ~~A~~

1. The bank-based test generates individual examinations from a large bank of items.

2. The~~A~~ form-based examination ~~will~~ consists of a specified set of predesigned test forms that are rotated.

3. The Linear-on-the-fly testing, often referred to as LOFT. Is a method including traditional linear fixed-form delivery and computerized adaptive testing in an attempt to reduce item exposure and enhance test security.

The ~~states~~ above~~use~~ ~~both~~ methods, and ~~both~~ are psychometrically acceptable. Although contracted outside experts play a major role in test development in most jurisdictions, the state should have a regular process and procedures for developing and reviewing licensing examinations to ensure that those examinations are properly focused on the minimum competencies required of an entry-level producer. Some items that should be included in the plan ~~include~~are:

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1. Procedures to ensure that a job analysis survey that includes input from state insurance regulators and the industry is conducted at regular intervals to determine the requirements and work performed by an entry-level insurance producer.
2. Regular, ongoing review and assessment of producer licensing examinations in the ~~event~~ context of legislative or regulatory changes that could affect the accuracy of exam content.
3. An annual review of the examination development process conducted with the state and the testing vendor.
4. Depending on test volume, ~~test~~ producer performance, and the need for content changes, either an annual, or at least biannual, substantive review of the examination and the psychometric properties of the test. These efforts should include the involvement of content or test development professionals, department personnel and industry representatives, including recent and experienced~~, entry level~~ producers.
5. A fair and valid state-based test should incorporate knowledge, skills and abilities that measure state-specific and national expertise. This balance will shift depending on the subject matter. For example, life insurance laws and regulations tend to be more similar among the states, while health insurance standards can vary widely.
6. If the state collects demographic data, such data~~it~~ should be reviewed annually.

Developing the Questions~~e~~

Developing a valid and sound bank of test questions, often called "items," is perhaps the most critical piece of any testing program. The items need to be at ~~the~~ an appropriate level of difficulty and readability to test for entry level candidates. Items should be relevant to the profession and effective in evaluating whether the person taking the exam possesses the knowledge, skills and abilities critical to competently performing the job and safely practicing in the profession. To create this balance, most ~~of the~~ states use a combination of local subject matter experts (SMEs) and content or test development professionals. The local panel should include new and experienced producers to help establish ~~such a~~ the proper balance.

Using multiple item writers to develop test content is a common practice, but it can lead to variation in test item style, format and difficulty. Developing a style guide with templates, development standards and rules can go a long way in improving item consistency, format and variety. Content development training can ensure that writers have the tools they need to develop credible, legally defensible items and templates that can be leveraged to create multiple variations of the same question.

Passing Score vs. Pass Rate

A passing score, sometimes called a "cut score," is the minimum score one needs to achieve in order to pass the exam. The "pass rate" is the percentage of candidates who ~~actually~~ pass ~~the exam~~. The test development process will consider data from actual tests and data from reviewers rating the items and exams in evaluating the cut score.

In some ~~of the~~ states, ~~the~~ cut scores are arbitrarily established by rule or regulation: ~~.~~ ~~T~~this is not a valid testing practice. Cut scores should be based on data collected through the test-development process. Regulatory licensing exams typically target a level referred to as "minimum" competency, rather than "average" competency. Licensing examinations try to determine who has the minimum competency to safely practice in ~~a~~ the profession without compromising the health and safety of the public. An arbitrary cut score, ~~which is the practice in some of the states~~ by contrast, tends to focus on ~~the~~ average, rather than minimum, competency. Thus, qualified candidates could be unjustly cut because they fall below the average, not because their competency below an ~~is un~~acceptable level.

Exam Scoring

States typically administer exams using one of three structures. Some ~~of the~~ states administer a one-part or one-score exam, while others administer two-part exams. In ~~the~~ a one-part exam, general product knowledge and state-specific content are scored together. In the states with a two-part exam, the candidate must separately pass both the general product knowledge exam and the state-specific exam ~~in order~~ to be eligible to apply for a license for the LOA requested. A third variation is to require the first-time test-taker to pass an exam on state-specific insurance laws and regulations once: ~~.~~ ~~A~~all additional LOAs are tested on general product knowledge only.

Preliminary review of pass rates indicates a tendency for more candidates to fail in ~~the~~ states that require two-part exams. There is no evidence that two-part exams increase consumer protections or that ~~the~~ states that administer one-

part exams license producers who do not know applicable state law. The states are encouraged to move to one-part exams to afford ~~allow for more~~ a greater rate of success among candidates without jeopardizing consumer protections.

Exam Content

As of May 2013, ~~the~~ states have no standard exam curriculum. The NAIC is encouraging more uniform approaches by ~~considering~~ treating the best practices for testing programs listed at the end of this chapter to be standards ~~for~~ that all jurisdictions ~~to~~ should work toward. ~~The Producer Licensing (EX) Task Force formed a subgroup of five states to develop a draft national content outline using the life and annuity LOA as a pilot. The national content outline provides guidance for entry-level subject matter that the states should test for, as well as information that will assist candidates in identifying relevant knowledge to study in preparation for the exam.~~

Some experts have recommended that examinations ~~should~~ be constructed with the following considerations in mind:

1. The states should not target examinations to an artificially set passing score. A state should construct ~~determine whether~~ its test with the goal of~~is focused on~~ assessing the knowledge needed by potential new producers, and only applicants who lack that level of knowledge should fail. ~~The s~~States should use legally defensible, recognized methodology when establishing a cut score.

2. The editing and review process used ~~P~~prior to releasing items into an exam form~~, the editing and review process employed~~ is critical. This editing process should include the psychometric evaluation of the cognitive level of the items and the reading level of the items, as well as such editorial issues as grammar, sensitivity and style. Psychometric editing is best performed by test development professionals, not state SMEs or item writers. Individuals trained in the complexity of psychometric editing evaluate items in a different, critical light than SMEs or item writers. ~~It is critical,~~ Hhowever, ~~to have~~ all final items must be reviewed and approved by state and national SMEs in ~~the given~~each field for accuracy and relevancy.

3. Each examination should consist of pre-test questions that are being evaluated for performance and questions that previously have been evaluated (pre-tested) and determined to be statistically effective. Each candidate's score should be based only on ~~the previously~~ pre-tested and approved questions. Any time used to respond to pre-test items should not be counted against ~~the~~ test-takers, and responses to pre-test items should not be calculated in ~~the~~ test-taker's score. Pre-test items should not be used as scored items until they have been statistically proven to be effective. T~~he t~~est questions for any new examination should be chosen from the pool of test questions to properly represent the subject-matter outline of the examination.

4. Reports regarding exam pass rates, candidate demographics when collected, and the number of exams administered should be made available to the public. Reports should include first-time pass success by ~~subject area~~exam and separated between in-person vs remote testing.~~.~~ Whenever possible, this information should be tracked by, and be made available to, each education provider so they may evaluate their programs and instructors and ~~be provided with~~ receive the data needed for course development. ~~The s~~States may ask for, but generally cannot require, information on candidate population, gender, ethnicity, education level and income level. When candidate demographics are collected, reports should include the percentage and number of examinees who passed the examination by race, ethnicity, gender, education level and native language. This information is necessary for the selection of future test questions, and it will aid in ~~making~~ improving testing transparen~~t~~cy and the assessment~~ing~~ of whether differences in test scores are correlated with ~~relevant~~ demographic factors.

5. A state advisory committee consisting of state insurance regulators and the industry, including, where possible, recently licensed producers, should annually or~~, if changes are not needed every year,~~ at least ~~biannually~~ biennially work with the testing vendor to review the questions on each examination form or bank of items for substantive and psychometric requirements. During the examination review process, an advisory committee should ~~Adjustments should be made to the examination to~~ eliminate ~~any~~ from the exam questions that ~~might~~ may be inaccurate or unclear, that ~~might~~ may test subject matter ~~that is~~ beyond what a new producer should know, or that exhibit unsatisfactory psychometric properties.

   ~~6.~~ 6. Licensing examinations should be reviewed at least annually. However, if during any rolling 12-month period, a licensing examination exhibits uncharacteristically high (above 80%) or low (below 60%) pass rates, ~~such as less than 60% or~~

more than 80%; unexplained fluctuations in testing volume; or other significant deviations, that examination should be reviewed immediately.

A state testing program should include statistical analysis of test items in the field and gather feedback on the candidate performance on the individual items. The most obvious and critical use of this information is to ensure that exams are equivalent and to evaluate the accuracy with which items differentiate between candidates who are minimally qualified and from candidates who are not. The psychometric review can result in the continued use of items, the modification of items, or the deletion of items from the bank.

A professional test vendor should use a comprehensive strategy for developing test items and ensuring measurement of the knowledge, skills and abilities necessary for initial insurance licensees to perform their jobs effectively. The steps may include:

1. Conducting a committee-based job analysis.
2. Developing content specifications and weightings.
3. Developing items.
4. Editing and reviewing items with SMEs to ensure that items meet the required criteria.
5. Obtaining item difficulty (e.g., Angoff method) estimates to establish a passing score.
6. Developing item sampling groups to structure each examination.
7. Creating equivalent forms.

Test Development Deliverables

A state licensing director should expect to receive the following items to ensure that the testing vendor has provided all items necessary to administer a successful testing program:

1. Finalized task and knowledge statements reflecting the requirements of each licensed insurance position.
2. Content specifications for each licensing examination.
3. A set of approved, relevant and important items for use on each licensing examination.
4. A list of references used to develop the test items.
5. Candidate Information Bulletins (CIBs).
6. A technical report describing the procedures used and results obtained from the test development process for each licensing examination.

Candidate Information Bulletin

A CIB should describe the examinations, examination policies and procedures for in-person vs remote testing, and the consequences of violating security procedures. A testing vendor should be capable of making changes to the information contained within the CIB during any contract year at the state's request.

The CIB should be available at no charge to candidates, trainers and insurers in hard copy ordifferent formats. in electronic format via the internet. The state licensing director should consider including the following topics in the CIB:

1. How to contact the testing vendor.
2. Requirements for taking an examination.
3. How to apply for an examination, including receiving state authorization of eligibility from the state, prelicensing education, and background checks.
4. Links to current application forms.
5. How to obtain current forms in hard copy, if so available in hard copy.
6. Examination fees.
7. Scheduling procedures.
8. The content outline and format of the examination.
9. Supplies provided at the test center.
10. The time limit for the examination.
11. The scoring system.
12. Security procedures.

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13. Examination process and procedures.
14. Appropriate examination-taking strategies (e.g., "There is no penalty for incorrect answers, so be sure to answer every question.").
15. Appropriate use of scratch paper, calculators, and/or other support material.
16. ~~Sample questions~~Practice exams designed to help the candidate become familiar with computer-based testing.
17. Specific information about taking the test on the computer.
18. List of approved reference materials.
19. List of test centers, alternative test centers, and driving directions to each.
20. Procedures for requesting special accommodation.
21. Examination registration forms.
22. Licensing requirements and procedures.
23. Refund policies.
24. Holiday or weather-related test center closures.
25. Instructions about how to contact the state insurance department.

A state should approve each CIB before it is published. The licensing director should work with the vendor to set a timeline that will allow for final publication of an updated CIB in advance of the expiration of the CIB prior edition ~~of the CIB~~. Test preparation trainers should receive the new edition ~~should be provided to test preparation trainers~~ at least six weeks in advance of implementation so that training materials can be updated.

Technology Issues

Each states ~~A~~ licensing director should consult with the state's information technology (IT) staff to ensure that the testing vendor can deliver data to the state insurance department. This is critical when a state changes testing vendors or~~. This is also critical~~ if the state directs a vendor to send data to a ~~different~~ location other than the state insurance department. Any transition should include a testing phase for hardware, software, and state insurance department staff.

The state and the testing vendor should jointly agree on a timeline for introducing new or updated examinations. State IT staff also should be consulted.

Legal Defensibility

Items developed must also be legally defensible to protect the state from liability in ~~the event of~~ a legal challenge. ~~To protect the state from liability, e~~Each exam should be critically reviewed from a content and psychometric perspective to ensure that the exam was developed according to recognized standards. Validation procedures for licensing examinations should be designed to comply with content validation requirements of the EEOC's Uniform Guidelines on Employee Selection Procedures (29 CFR 1607).

States should require testing vendors to follow ~~and document~~ standardized methods and document their use. ~~This should~~ including ~~e~~ suitable~~appropriate~~ test development personnel in the process. Using ~~the~~ appropriate, credentialed professionals is critical, as ~~there are multiple steps involved in~~ the test development process involves multiple steps, and various methodologies ~~that~~ can be used for each step. State licensing directors should discuss all options with qualified professionals.

Vendor Responsibilities

Test vendors should be able to meet minimum guidelines for sufficient availability, facilities, personnel and openness ~~in terms~~ of providing information related to their operations.

The states, and not the test vendors, must be responsible for all examination content and content outlines. The vendor should provide accessible information regarding the registration system through the internet, toll-free telephone numbers, email, online automated messaging processes, interactive voice response, fax, and other available technologies. ~~The a~~Available information should ~~include permitting~~ allow candidates to view exam test dates and access forms and content guidelines without requiring prior payment and scheduling of an exam.

The vendor should promptly provide the state with all pertinent information, including prompt notification of any candidate complaints, changes to test administration, conflicts at examination test sites, or other information requested or required by the state.

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The vendor should provide quality, accessible facilities, with an established system of examination site supervision that ensures ~~that~~ competent site administrators are available to consistently provide accurate information to applicants.

Where a vendor operates test sites in multiple states, the vendor should permit any applicant to take a state's examination in another state, under the same conditions that would apply if the exam were taken at an in-state location.

Vendors should be required, ~~on an ongoing basis,~~ to regularly collect ~~the~~ data on customer satisfaction and, if directed by the state, to make those data available to state insurance regulators, the industry, and the public.

Test Administration

The testing process should be fair and accessible for all candidates. A state should consider including the following elements below in its licensing process to ensure that applicants have equal access to examinations.

Secure Administration

The security of the ~~test~~ exam ~~center network~~ is essential ~~important in~~ to maintaining the integrity of a test. A vendor should be equipped with adequate security features and qualified ~~test center~~exam administrators. Each proctor should be trained and tested on his or her ability to supervise exams. A vendor should have systems in place to ensure the fair, consistent and even administration of the exam ~~in every location~~. A vendor should also have a method to detect attempts to record questions. For example, a vendor should track multiple examination attempts by individuals to assess if the candidate is intentionally failing the exam so it can be repeated. A vendor should be required to notify the state immediately if the vendor suspects that the integrity of an examination has been compromised.

~~*Test Locations and*~~ *Registration and Testing*

Test registration should be available online or by telephone and allow for next day testing when space is available. A state should consider tracking telephone hold and wait times to monitor how long callers wait. State guidelines should provide flexible means for payment of fees for testing, fingerprinting and other licensing. States should consider methods that facilitate payment by companies.

In-person Testing

Testing sites ~~locations~~ should be ~~set up~~located to ~~provide~~ maximize flexibility and convenience. Realizing that the states all have different geographic challenges and diverse population density, a state should consider, where possible, requiring the following elements:

1. Testing should be made available at locations convenient to residents of all areas of the state.
2. Test locations should provide enough testing capacity so a candidate can test at the desired location within two to five business days of registration.
3. Exam site hours should include evening and weekend hours.
4. Test vendors should provide regular reports, as required by the state, detailing site usage and availability data.
5. ~~1. Test registration should be available online or by telephone and allow for next day testing when space is available. A state should consider tracking telephone hold and wait times to monitor how long callers wait.~~
6. ~~State guidelines should provide for flexible means for payment of fees for testing, fingerprinting and other licensing. States should consider methods that facilitate payment by companies.~~

Remote Testing

Remote testing may allow~~s~~ candidates to take the exam anytime and anywhere, providing a convenient alternative to traditional in-person test sites. Allows greater accessibility to the insurance industry especially in rural areas where the nearest in-person test site maybe two or more hours away. Remote testing offers the same support as in-person test sites, and provides candidates with a flexible, comfortable, and secure test experience.

1. Procedures for conducting a system check of the candidate's computer and internet service are sufficient.
2. The installation of ~~any~~necessary software to facilitate the delivery of the exam.
3. Conduct a comprehensive security check including verifying the identity of the candidate.
4. Candidates must be in a distraction free environment, where they can complete the exam unassisted in a

secure environment.
5. Exams are continuously monitored by video and audio recording similar to in-person test sites as well as AI-enhanced monitoring proctoring.
6. Exam hours should include evening and weekend hours.
7. Testing vendors should establish procedures that analyze post- exam data for patterns of suspicious activity.

Disabilities

A state should require a vendor to develop a testing system that accommodates the physically impaired that is not related to a testing candidate's knowledge of insurance. ~~Disablilities~~Disabilities of ~~V~~visually-impaired and hearing-impaired persons should be accommodated throughout all steps of the licensing process, pursuant to the national standards set by the federal Americans with Disabilities Act (ADA).

Examinations in Languages Other Than English

In recent years. ~~A~~a number of states have ~~determined~~ begun ~~to offer~~offering ~~the~~ producer licensing exams in a language other than English (typically Spanish) ~~in recent years, and this trend appears to be growing~~. The decision to offer ~~the~~ exams in other than English may turn on several factors, including state demographics and testing provider resources.

Providing the exam in other than English may be tool that increase access to otherwise qualified applicants from diverse communities. Some industry ~~experts~~experts: however, ~~suggest~~ have cautioned of risks associated with~~about~~ using translated or interpreted exams. ~~The m~~The exam ~~M~~material may not directly translate into terms with equivalent ~~terms or~~ meaning. Cultural biases might cause incorrect interpretation of ~~a meaning~~terms. Some experts recommend that tests ~~should~~ be developed and administered in English, especially if other materials, like insurance contracts licensed professionals will be selling, that are only written in English necessary to ~~perform~~ the understanding of ~~job~~ producer professional duties ~~for the profession, such as contracts,~~ are in English.

State licensing directors should review state law and consult with legal counsel about the appropriateness of offering examinations in a foreign language.

Reporting Examination Results

State licensing procedures should include guidelines that facilitate the prompt issuance of licenses once an applicant passes a test. Elements might include:

1. Pass/fail notices should be issued at exam sites upon completion of the exam. ~~If an a~~Applicants ~~has~~ having not achieved a passing score, ~~the applicant~~ should receive immediate notification of failure. States vary as to whether successful completion is reported with a precise score or merely an indication that the candidate passed the exam. When a candidate does not pass the exam, the state should provide the precise score and the percentage of questions in each subject area that the applicant answered incorrectly.

~~2. If a state issues a paper license, and if it has been predetermined that an applicant has met all requirements necessary for licensure, including any required fingerprint report, a license should be issued at the exam site, or within 48 hours of completing all necessary requirements.~~

~~3. The state should send an email or other timely communication to a candidate to whom a license has been issued outside the test site or provide information to applicants as to how to check online.~~

~~4. Within 24 hours of license issuance, the new licensee's information should be added to the state's database, and the updated status should be sent to the National Insurance Producer Registry (NIPR).~~

~~5.~~2. The states should work with their vendors to report aggregate results in a way that is more consistent ~~uniform~~ with reporting done by other states.

~~6.~~3. First-time pass rates should be maintained and made available to the public. First-time pass rates are defined as the percentage of candidates who pass the whole test the first time.

~~7. In performing background checks, the use of an electronic process should be required whenever possible.~~

~~8. In those states requiring fingerprints, where possible, exam sites should have the capability to collect electronic fingerprints.~~

Retesting or Notice of Failure

A state licensing plan should include a method to facilitate prompt retesting of applicants who have failed a test. The "non-passing" notice should break scores out by each subject area. If the candidate requests to make another attempt, an examination should be made available within a reasonable time ~~period~~.

Producer Exam Content and Testing Administration Recommended Best Practices for State Insurance Regulators

- States should use accepted psychometric methods, including job analysis, to determine whether ~~if the~~ examination content falls within the content domain that a minimally competent candidate of that specific line of authority tested would be expected to know.
- States should set passing scores—cut scores—and difficulty level using psychometric methods and input frp appropriate SMEs ~~based~~ to determine ~~on~~ what an entry-level producer needs to know.
- States are encouraged to move to one-part exams to allow for ~~more~~ greater success among candidates without jeopardizing consumer protections.
- States should require the test vendor, or other entity responsible for test development, to document the process for ensuring quality control and validity of the examination, including psychometric review and editing and analysis of item bias or cultural and gender sensitivity.
- To allow for meaningful comparison, all jurisdictions should define first-time pass rate as the percentage of candidates who pass the whole test the first time.
- At least annually, reports regarding exam pass rates, candidate demographics when collected, and number of exams administered should be made available to the public. Reports should include first-time pass success and average scoring by subject area. Whenever possible, ~~the~~ such reports should be available to the public by th education provider ~~and provided to them~~.
- A state advisory committee consisting of state insurance regulators and the industry—including, where possible, recently licensed producers—should annually work with the testing vendor to review the questions on each examination form for substantive and psychometric requirements. If, during any other time, any examination results yield significant unexplained deviations, the examination should be reviewed.
- States should work with testing vendors to approve and issue CIBs that acuratley describe the examinations and examination policies and procedures, and provide sufficient examination content outline and study references for the candidate to prepare for the examination. Prelicensing education providers should receive updated editions of the CIB/content outline at least six weeks in advance of implementation so that training materials can be updated.
- Testing should be made available at locations reasonably convenient to residents of all areas of the state, with registration available online or by telephone and the ability for a candidate to schedule testing within two (2) to five (5) business days of registration.
- Pass/fail notices should be issued at exam sites upon completion of the exam. Fail notices should break out scores by subject area. The state should provide a method to facilitate prompt retesting, while also allowing a reasonable time for candidates to review and prepare for retest.
- States should deliver exams in a secure test center network that employs qualified test proctors.
- States should set clear performance standards for test vendors and require accountability.

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