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April 28, 2022

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Commissioner Sharon P. Clark
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Department of Insurance
500 Mero Street
Frankfort, KY 40601

Director Deiter and Commissioner Clark:

On behalf of Finseca's members, thank you for your work on the NAIC's Producer Licensing (D) Task Force (PLTF). We look forward to working with you as you move forward with the task force for this year. As you begin that work, we wanted to take this opportunity to highlight some ideas that are important to the financial security profession.

By way of introduction, Finseca represents financial security professionals. Our mission is to advocate for the profession, develop and grow its leaders and promote the noble and necessary work our members do to provide financial and retirement security for the individuals, families, and businesses they serve. By serving and elevating the financial security profession and working with policy makers like you—we advance the goal of delivering [financial security](#) for all.

One of our goals is to increase the diversity, equity and inclusion of the profession. We feel strongly that careful examination of both recruitment and retention within the profession is essential to addressing that goal. We work closely and are aligned with the good work being done by our sister trade organizations such as the American Council of Life Insurers (ACLI) and the National Association of Independent Financial Advisors (NAIFA), among others.

Finseca supports NAIC's mission of state regulation of our industry. To that end, the NAIC Producer Licensing Handbook is critical in providing consistent guidance and best practices to departments across the nation. We support and offer our assistance in the review of the Handbook so it can be updated to potentially reflect some of the ideas we are sharing with you via this communication.

Mandatory Pre-Licensing Education Hours

More than 25 states have eliminated their pre-licensing education mandate and we believe it is time for the NAIC to consider eliminating this requirement altogether. The continuation of these mandated hours is another obstacle for people who wish to enter this profession that other, similar professions, do not have.

Originally, it was believed that these mandatory education hours would better prepare candidates for passing the licensing exam, but a 2011 study conducted by this working group stated “it does not appear we can conclude that requiring pre-licensing education impacts test scores in a positive or negative way”¹

Applicants must pass an exam to be licensed in our profession, they do not need to be told to study and by allowing them to prepare in a way that is most suited to their needs it will open the profession to a wider variety of individuals.

Producer Exams

Finseca supports changes to ensure that there is no cultural bias or screening that hurts the ability for diverse candidates to pass the licensing exam. We would appreciate the ability to collaborate with the task force to develop a better testing process.

Further, one of the lessons drawn from experience during COVID-19 is the use of online proctored exams. Proctored exams can offer the same security measures as in-person exams, pass rates are virtually the same and an online option makes the exam process more convenient for a wider variety of individuals. Professional organizations and associations of life insurance companies can be a partner in these efforts by providing licensed and regulated proctored exams. This is something currently being done in other licensed sectors of the insurance industry.

Mentoring Programs

While recruitment, testing and licensing are vital to the ability to deliver financial security to more people, improving training and retention rates in the profession is also essential. An increased focus on retention will also help diverse recruits succeed as financial security professionals.

Ed Deutschlander, CEO of Northstar Resource Group and incoming Chair of Finseca’s Board of Directors partnered with LIMRA to develop a whitepaper² that found retention sits at a mere 14 percent after four years.

Building a stronger support system for new producers in their first five years as professionals can help ensure more of them transition into lifelong practitioners. To that end, one of Finseca’s initiatives is to improve the current on-boarding and support processes being offered to new professionals. We believe that promoting mentorships will vastly improve the quality and longevity of our profession.

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

² “Adoption. Solving for the Retention, Practice Continuation, and Talent Shortage Challenge Within the Financial Service Profession”, Edward G. Deutschlander, Patrick T. Leary, 2018



If mentorships within the first five years of licensure were counted as continuing education credits it would go a long way in supporting new financial advisors in the profession. Finseca recognizes that professional organizations such as ours are a key part in this effort and hope to be a partner to you as we tackle the 'retention problem' currently before us.

Please count Finseca as a resource to you and your colleagues in the important work of the PLTF. Working together we can extend the benefits of financial security to more people across this great nation.

If you have any additional questions or would like more information, please contact, Melissa Bova, VP, State Affairs at mbova@finseca.org.

Sincerely,

A handwritten signature in black ink that reads 'Armstrong Robinson'.

Armstrong Robinson
Chief Advocacy Officer
Finseca

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