



Comments of The Council of Insurance Agents and Brokers
Public Hearing on Producer Licensing Testing and Examinations
Producer Licensing Working Group
August 17, 2010

The Council of Insurance Agents and Brokers (The Council) appreciates this opportunity to provide comments to the NAIC's Producer Licensing Working Group on producer licensing testing and examinations. The Council represents the nation's leading commercial insurance agencies and brokerage firms. Council members specialize in a wide range of insurance products and risk management services for business, industry, government, and the public. Operating both nationally and internationally, Council members conduct business in more than 3,000 locations, employ more than 120,000 people, and annually place more than 80 percent – well over \$200 billion – of all U.S. insurance products and services protecting business, industry, government and the public at-large, and they administer billions of dollars in employee benefits. Since 1913, The Council has worked to secure innovative solutions and create new market opportunities for its members at home and abroad.

The Council has been working for more than half a century to make the insurance producer licensing process more streamlined and uniform. We were an early and enthusiastic supporter of the National Association of Registered Agents and Brokers (NARAB) proposal when first introduced by then-House Energy and Commerce Chairman John Dingell (D-MI) in the early 1990s, and through its eventual enactment as a part of the Gramm-Leach-Bliley reform bill in 1999. While the states chose to take the reciprocity path to avoid the formation of NARAB, we continue to believe that the key to true reciprocity is increased uniformity in the producer licensing and regulatory process. It is only when states are comfortable that producers are meeting consistent standards that we will be able to achieve reciprocity across the board.

The testing and examination process seems to be an area that is very well-suited to this goal. While it is true that there are some laws and regulations that vary among the states because of geographical or socio-economic differences, there are also many common principles of insurance law and regulation that the states share. To the extent that this commonality of regulatory principles exists, states should be encouraged to collaborate on developing exam questions in these areas. This goes to the notion raised above that when states are comfortable that producers are meeting consistent standards, they will be more comfortable with permitting reciprocity.

We also agree that there should be a standard requirement for states to review and revise examinations on a periodic basis. The insurance industry is not static – it is a dynamic and vibrant industry that must nimbly adapt to new risks that surface for businesses and for individuals. This engenders not only new coverages, but new laws and regulations. Periodic review and revision of exams is necessary to ensure that producers are being tested on the current state of the marketplace.

Similarly, we think that additional uniformity in developing so-called “cut” scores would be helpful. For example, when a one state has a “cut” score of 55 percent and another has a score of 85 percent, it tends to undermine the goal of consistency (which leads to uniformity). We would encourage that the states seek to become more uniform in this area.

We thank you for the opportunity to offer these comments

Should you have questions concerning our statement, please contact Nicole Allen, Senior Vice President, Strategic Resources, at 202.662.4437 or nicole.allen@ciab.com.