



**David Leifer**

*Vice President & Associate General Counsel*

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Anne Marie Narcini, CPCU, CIE  
Manager of the Office of Consumer Protection Services  
New Jersey Department of Banking and Insurance  
P. O. Box 329  
Trenton, NJ 08625-0329

Re: Testing & Examination Standards

Dear Ms. Narcini,

Thank you for the opportunity to comment on the proposed work plan of the NAIC Producer Licensing Working Group (PLWG) as it looks to fulfill the 2012 NAIC Producer Licensing Task Force charge regarding developments of pre-licensing materials and review of the processes for examination development and oversight. ACLI fully supports this charge as we believe a uniform, efficient producer licensing examination process is essential to ensuring that all consumers have access to qualified financial professionals and that potential barriers to enter the profession are eliminated. In addition to this charge and with respect to the potential standards we thought it would be most useful to offer a number of areas for the PLWG's attention. These could be combined under a single standard or treated separately.

ACLI suggests the following four items that the PLWG could take up for action during 2012:

*1) Publication of examination pass rates in a consistent and uniform manner by all States.*

As you are aware from surveying Working Group members, it is a difficult proposition to determine accurate exam pass rates across the States. Some States do not publish pass rates at all. Other States do so sporadically, and with differing criteria for a successful candidate (first time passer vs. candidate who passes regardless of the number of attempts). It may be the case that in certain smaller States the number of candidates in a particular time period may skew the pass rate data one way or another. But a template that sets forth a uniform format and timetable of reporting pass rates would go a long way toward helping everyone have an accurate picture of exam outcomes across the country.

*2) Development of an NAIC Uniform Standard for examination development and oversight.*

The NAIC State Licensing Handbook contains very useful guidance for States to employ when developing and overseeing their exam process. The document distributed to the PLWG entitled "Discussion Topics for Standards for Producer Testing" is an excellent starting point, and we suggest the PLWG use this as the basis for a Uniform Standard. We believe each of the items set forth in the document merit study and discussion. Whether this is developed as a single standard or multiple standards (perhaps one for the national portion and one for the state

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portion of the exam), we would urge the material take the form of a Uniform Standard as opposed to “best practices”, the latter being easier to ignore.

3) *Develop an NAIC Uniform Study Guide Outline for pre-licensing education.*

ACLI has concluded from our study of pre-licensing education that there is a notable lack of consistency among the States as far as the publication of course outlines. Some States have very detailed course outlines whereas other States rely on reference to applicable State statutes and regulations. In addition, there is often little communication between testing vendors and education providers, which in our view only makes everyone’s job more difficult. Life insurance products vary little, if at all, across State boundaries. A uniform study guide outline would promote a more uniform exam, and make it easier for education providers (including companies that wish to recruit and train new candidates) to provide accurate study materials.

4) *Develop guidelines for the state-specific exam*

One of the many benefits of the NAIC public hearing and numerous meetings conducted over the past several years on licensing exam issues has been the spotlight shone on the State-specific exam. It is our understanding that the State-specific portion of the exam typically constitutes only 10% - 20% of the overall exam content. Yet it appears that this portion often determines success or failure for an applicant. One contributing factor is that in some states an applicant must pass the national and State-specific portions separately, regardless of the overall exam score. Another reason is likely the differing quality of course/study outlines that also characterizes the national content exam.

ACLI believes the State-specific portion of the exam merits separate attention. Perhaps a template for states to use when drafting outlines would be useful. A more far reaching idea would be to dispense with the State-specific portion of the exam, and instead incorporate this content into the continuing education curriculum. We do not question the appropriateness of requiring producers to be familiar with important State-specific requirements. However, continuing education might be a better method of achieving this goal with no adverse impact on consumer protection.

Thank you again for the opportunity to comment on the PLWG exam review work plan. We realize this is a substantial endeavor, and we look forward to assisting the PLWG in any way possible.

Sincerely,



David M. Leifer

cc: Greg Welker, NAIC