



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
OFFICE OF FINANCIAL AND INSURANCE REGULATION  
R. KEVIN CLINTON  
COMMISSIONER

STEVEN H. HILFINGER  
DIRECTOR

November 28, 2011

Greg Welker  
Market Regulation Specialist, Market Regulation Department  
NAIC - National Association of Insurance Commissioners  
2301 McGee Street, Suite 800  
Kansas City, MO 64108-2662

Re: NAIC - Producer Licensing (EX) Working Group - Testing and Examination

Dear Greg:

Michigan strongly supports the concept of uniformity in producer testing. We have incorporated our comments into the attached working document. Adoption of these standards is a move toward consistency among the states; however, they do not address the variance among states in the level of difficulty used to establish passing scores. The only true way to ensure equity in all state examinations is to develop and administer a national examination. Michigan suggests the NAIC explore the possibility of developing a national examination for major lines of authority to be used by all states. The national examination would cover basic knowledge and principles necessary to become licensed in the particular line of authority. The applicant would be responsible to know the laws and rules for each state in which they apply for licensure. Information about state specific laws and rules could be obtained and/or tested for through prelicensure and continuing education instead of developing state specific examinations. Under present reciprocity standards we license non residents without requiring them to pass state specific examinations; therefore, a national examination devoid of state specific information would not be a change from how the majority of producers get licensed in non resident states.

How it would a national examination work? The NAIC (perhaps through NIPR or a spinoff organization devoted specifically to development and administration of the examinations) would contract with one or more of the major test development companies to create the examinations. All states would be invited to participate in the job surveys and item development processes. The NAIC would also contract with vendors for the administration of the examinations in all states and territories. Producers would apply to the vendor to take the examination and the vendor would

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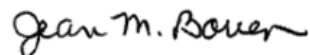
supply examination results to the candidate and to the states (or to NIPR where the states could access the information). Then NAIC would then have access to exam performance by line of authority and could work closely with the test vendor to ensure all items and test forms were performing within predetermined expectations. A uniform national examination would eliminate the claim of examination disparity by state. Further, if particular states did not perform well, it may suggest other variables, such as prelicensure education, should be examined. With member consensus, the NAIC may also want to take on the task of approving prelicensure education coursework to ensure the course content is consistent with the information tested for on the national examination.

Models for national examinations and credentialing include mortgage loan originators examined through the National Mortgage Licensing System, certified public accountants examined through the American Council of CPAs/National State Boards of Accountancy, professional engineers and surveyors examined through the National Council of Examiners of Engineers and Surveyors, and architects examined through the National Council of Architect Regulatory Boards.

The proposal for the NAIC to take responsibility to contract for development and administration of insurance examinations would be a long term commitment that would pay for itself in fees applicants will pay to the contract vendors and would ensure consistency and fairness in examinations administered from state to state. Should the NAIC determine this idea is worth exploring, Michigan would be eager to participate in the exploration of the viability of such an endeavor.

Thank you for the opportunity to comment on the proposed testing standards.

Respectfully,



Jean M. Boven  
Deputy Commissioner  
Michigan Office of Financial and Insurance Regulation

Attachment: Michigan Comments to NAIC PLWG -  
Discussion Topics for Standards for Producer Testing