



Anne Marie Narcini, Chair
NAIC Producer Licensing (EX) Working Group
Chief of Market Regulation, New Jersey Department of Business & Insurance

Re: Comments Regarding the Public Hearing on Producer Testing and Exam
Development set for August 17, 2010

Dear Ms. Narcini:

PreLicense.com™, a service of WebCE®, welcomes the opportunity to comment on the NAIC's initiative to review producer license examinations and their development. We believe that by focusing on this threshold of entry into the industry, the NAIC's Producer Licensing Working Group is performing an important service to not only license applicants, but to exam developers and vendors, and to producer license education providers like PreLicense.com.

We therefore wish to offer the following comments to the Working Group as it studies the matter of producer licensing examination. Here we address two issues presently before the Working Group:

1. With respect to whether the NAIC should establish a more uniform process for exam development and delivery, and if so, how:

The establishment of a uniform process for exam development and delivery may be in the best interests of all concerned. The objective of every state license exam is the same: to provide a measurement of the preparedness of an entry-level producer with respect to a given state's minimal education requirements for an insurance producer. The objective of every state exam outline is the same: to convey to the applicant the topics on the examination, and the approximate number of questions devoted to each topic.

Among the various exam providers, we note that some publish more comprehensive exam outlines—and presumably test on a wider scope of subjects—than other providers. Yet we also observe that there are more similarities between the state exams than dissimilarities. All exam outlines cover general insurance topics, and these are substantially similar across the states. State-specific topics are identified with citations to the relevant statutes. Even among these state-specific topics, similarities exist so that some topics can be treated in similar fashion from state to state (i.e. powers and duties of the Commissioner, Director, or Superintendent; prohibited marketing practices, etc.)

As a provider of pre-license education, we follow a development model for publishing our content that appears to be common among many education providers: a core

publication addressing the topics in the exam providers' general insurance topic outlines. Supplementary content addresses the state-specific topics in these outlines. The state-specific topics are prone to change more often than the general outlines, so this model lends itself to frequent modification of the state-specific content for an individual state. (This is especially helpful to publishers who print their content.) Because the general topic outlines do not change significantly from year to year, a core publication can remain effective with periodic updates for more than one year. State content is subject to change more often as state insurance laws and regulations are revised or adopted. By separating this state content from the general content and providing it as supplementary material, a publisher can address changes that affect only one state without having to revise an entire course that is delivered to all states for which it publishes content.

If the NAIC were to establish a uniform process for exam development and delivery, it could result in a single exam content outline that is common to all states with respect to general insurance topics and, to a somewhat lesser degree, with respect to state-specific topics. This would be a significant step toward uniformity among the states on these general topics, with the following potential benefits:

- a. Improved standardization among content from education providers;
- b. Improved ability by applicants, training managers and directors, and education providers to compare content between education providers;
- c. Meaningful, uniform standards for interpreting exam pass rates where states exams cover the same topics and pass rates are uniform from state to state; and
- d. Uniformity among state standards for approving pre-license education content and methods of delivery.

2. With respect to whether there is a need for a more extensive study guide for applicants and, if so, whether this could be developed on a national level:

In following the points we raise above, and assuming that the term “study guide” refers to the material with which an applicant prepares for the producer license exam, we offer the following comments.

Whether a study guide is adequate depends on what the Working Group determines the purpose of pre-license education should be. If such education is simply to prepare applicants to pass the producer license exam, the study guide should contain only enough information to prepare the applicant for that purpose (often called “exam prep.”) If the education is intended to provide applicants with the minimal knowledge to meet the state's requirements to be an effective, entry-level producer, then perhaps the content should look beyond the exam date.

We do not view the two approaches as mutually exclusive. In preparing applicants for the exam, we believe some education is necessary beyond minimal “exam prep” in order to maximize an applicant's ability to pass the exam. Yet an applicant (or the employing insurer) does not want more education than is necessary for the applicant to pass the exam within the shortest time.

When developing any study guide on a national level, we believe it would be most helpful to the publisher to base the guide's content on a single outline of exam topics that are common to every state. (The potential benefits were noted above.) Any study guide must fully address the topics listed in the exam topic outline. Therefore, a uniform exam topic outline would be primary to development of a national study guide.

Even in the absence of a single, uniform exam outline (i.e. the status quo), a national study guide is still feasible if it encompasses the most comprehensive exam topic outlines available. While this is not the most desirable result because it requires applicants to study topics often beyond those in their own state's exam, it is the only way to ensure that every topic on a given state's exam is addressed in a single, national study guide.

The above comments are offered in response to the specific questions posed by the Working Group. However, a fully-informed discussion of producer testing should include a study of the applicant group as well. Much of their success in passing the producer licensing exam depends on their ability to apply themselves to their studies. Recruitment methods of employers and employer support during preparation for the exam can also contribute to an applicant's success. It has been our experience that applicants who are carefully recruited by their employers and who devote sufficient time and attention to complete their pre-license education courses usually succeed in passing the producer exam on their first attempt. A course of the highest quality cannot prepare an applicant to pass the state exam if the applicant does not devote sufficient time and attention to complete the course.

These subjects also deserve attention, and while they are beyond the scope of our comments here, we believe that they merit consideration by the Working Group.

In conclusion, PreLicense.com and WebCE wish to offer the Working Group any assistance it needs to carry out this charge, and welcomes the opportunity to work with members of the Working Group and other interested parties in reaching an effective and satisfactory resolution to the Working Group's concerns on these matters. We also look forward to the opportunity to discuss our comments at the Working Group's meeting during the NAIC national conference in August, and otherwise at your convenience.

Respectfully submitted,

Arthur G. Carvajal

Executive Editor and General Counsel
PreLicense.com™
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cc: All members of the Producer Licensing Working Group
Other Interested Parties