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Producer Licensing

Pre-Licensing Education Mandate: Sample Testimony

By: NAIFA Government Relations, Updated May 2024

Testimony

Chairman/Chairwoman **NAME** and members of the [Senate/House COMMITTEE NAME]. The National Association of Insurance and Financial Advisors, better known as NAIFA and NAIFA-XX) would like to express our thanks to the [HOUSE/SENATE COMMITTEE NAME] for their consideration of **BILL NUMBER**, which eliminates unnecessary, antiquated, and burdensome rules mandating pre-licensing education courses for insurance producer exam candidates.

Founded in 1890, NAIFA represents the interests of more than 20,000 licensed insurance agents and financial advisers across the country. Ninety percent of NAIFA members serve middle-income clients and lower-income individuals and families. I am the current **LEADERSHIP POSITION** of the **STATE** Chapter, which has close to **XXX** members that serve our community.

Americans' financial needs continue to drive demand for more licensed, highly skilled life insurance producers and financial professionals. However, the insurance industry lacks an adequate number of producers to serve the needs of Americans as recruiting, and retention for new producers continues to decline. Providing access to a wide range of insurance and financial services to help Americans plan for life's big moments is critical for financial security.

Pre-licensing education mandates currently serve as an unnecessary barrier for new producers entering the industry and potentially have a disproportionate impact on minority candidates with no discernable benefit. NAIFA strongly supports states maintaining high standards of knowledge and professionalism for producers entering the industry and that these applicants continue to require that new producers must demonstrate the necessary knowledge required to obtain an insurance license.

Insurance licensing exams remain the most important and valid component for testing adequate knowledge for licensing, separating the qualified from the unqualified. Of the 28 states, plus the District of Columbia, that have removed pre-licensing education barriers, none report an adverse impact on exam passing rates or exam scores. Further, states that collect study data show that exam takers nearly universally report they

engage in pre-licensing education. This indicates that the mandate is not necessary to ensure exam takers will adequately study.

All applicants, especially those who might also be caregivers, considering insurance as a second career, or who come from non-traditional educational backgrounds, should be free to study in a way that best fits their schedule, budget, and study habits. This approach is widely accepted in the financial services industry and is in line with similar financial services licensing exams administered by FINRA.

Thank you for allowing me to speak today, and I'm happy to answer questions.

Additional Questions? Contact Us.

For additional questions or assistance, please contact the NAIFA State Government Relations, Bianca Alonso Weiss at bweiss@naifa.org or visit advocacy.naifa.org.